Multnomah County Oregon

Board of Commissioners & Agenda

connecting citizens with information and services

BOARD OF COMMISSIONERS

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R-11 CORRECTION

FEBRUARY 10 & 12, 2009
BOARD MEETINGS

FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:00 a.m. Tuesday New Board Orientation Budget Overview Work Session
Pg 2	9:30 a.m. Thursday Opportunity for Public Comment on Non-Agenda Matters
Pg 2	9:30 a.m. Thursday Multnomah County's Comprehensive Annual Financial Report
Pg 2	10:00 a.m. Thursday Tax Abatement Report
Pg 3	10:30 a.m. Thursday Resolution Accepting Portland-Multnomah County Animal Services Taskforce Report and Creating a Joint City-County Animal Services Implementation Team
Pg 4	11:30 a.m. Thursday Resolution Approving Department of Health Rules and Regulations Implementing Nutrition Labeling Policy

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Tuesday, February 10, 2009 - **9:00 AM**
Multnomah Building, Sixth Floor Commissioners Conference Room 635

WORK SESSION

9:00 to 10:30 New Board Orientation Budget Overview: Information Technology. Presented by Sherry Swackhamer, Tim Boylan, Keith Johnson and Gary Wohlers.

10:30 to 12:00 New Board Orientation Budget Overview: Capital and Infrastructure Needs. Presented by Cecilia Johnson, Jane McFarland, Bob Thomas, John Lindenthal, Mindy Harris and Mark Campbell.

Thursday, February 12, 2009 - **9:30 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

REGULAR AGENDA
PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on non-agenda matters. Testimony is limited to three minutes per person. Fill out a speaker form available in the Boardroom and turn it into the Board Clerk.

AUDITOR'S OFFICE - 9:30 AM

R-1 Presentation of Multnomah County's Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards and Management Advisory Comment Letter for the year ending June 30, 2008. Presented by The Multnomah County Audit Committee represented by LaVonne Griffin-Valade, Mindy Harris, and Craig Stroud and by Moss Adams represented by Jim Lanzarotta and Debbie Smith-Wagar. 30 MINUTES REQUESTED.

NON-DEPARTMENTAL – 10:00 AM

R-2 Tax Abatement Report Presentation from City of Portland Commissioner Nick Fish. 30 MINUTES REQUESTED.

DEPARTMENT OF COMMUNITY SERVICES – 10:30 AM

R-3 RESOLUTION Accepting the City of Portland-Multnomah County Animal Services Taskforce Report and Creating a Joint City-County Animal Services Implementation Team. Presented by City of Portland Commissioner Randy Leonard, Mike Oswald, and Taskforce Members. 30 MINUTES REQUESTED.

COMMISSION ON CHILDREN, FAMILIES AND COMMUNITY – 11:00 AM

R-4 NOTICE OF INTENT to Submit a $200,000 Grant Request to the United Way for Coalition for Homeless Families Infrastructure Development and Homeless Family Advocacy

DEPARTMENT OF COUNTY HUMAN SERVICES – 11:05 AM

R-5 BUDGET MODIFICATION DCHS-21 Appropriating $1,513,732 in Additional Case Management Funding from the State of Oregon, and Making Position Changes to Implement the Approved Developmental Disabilities Services Division Reorganization

R-6 BUDGET MODIFICATION DCHS-22 Appropriating a Total of $335,488 in Additional State Funding for Community Service's, Energy Services Program to Increase Number of Households that Receive Assistance and Increase Staffing to Manage Increased Inspection Caseload

DEPARTMENT OF COMMUNITY SERVICES – 11:10 AM

R-7 First Reading and Possible Adoption of an ORDINANCE Amending County Land Use Code, Comprehensive Plans and Maps to Adopt Portland's Recent Land Use Code, Plan and Map Revisions Related to the Retail Sales and Services Regulations for Division Main Street in Compliance with Metro's Functional Plan and Declaring an Emergency

R-8 RESOLUTION Granting the City of Portland Access to County Property for Road Purposes

DEPARTMENT OF HEALTH – 11:20 AM

R-9 NOTICE OF INTENT to Submit a Grant Application to the United Way of the Columbia-Willamette Community Investment Grant Program

R-10 NOTICE OF INTENT to Submit a Grant Application of up to $200,000 to the United Way of the Columbia-Willamette to Support an Initiative to Address Disparities in the Latino Teen Birth Rate

MULTNOMAH COUNTY BOARD OF HEALTH – 11:30 AM

(Recess as the Multnomah County Board of Commissioners and convene as the Multnomah County Board of Health)

R-11 RESOLUTION Approving the County Department of Health Rules and Regulations Implementing the Nutrition Labeling Policy

(Adjourn as the Multnomah County Board of Health and reconvene as Multnomah County Board of Commissioners)

BOARD COMMENT

Opportunity (as time allows) for Commissioners to provide informational comments to Board and public on non-agenda items of interest or to discuss legislative issues.

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MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only	
Meeting Date:	02/12/09
Agenda Item #:	R-1
Est. Start Time:	9:30 AM
Date Submitted:	02/03/09

Agenda Title:	**Presentation of Multnomah County's Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards and Mangement Advisory Comment Letter for the year ending June 30, 2008**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	30 minutes
Department:	Non Departmental	**Division:**	Auditors Office
Contact(s):	Judy Rosenberger		
Phone:	503 988-3320 **Ext.** 83320	**I/O Address:**	503/601
Presenter(s):	The Multnomah County Audit Committee represented by LaVonne Griffin-Valade, Mindy Harris, and Craig Stroud and by Moss Adams represented by Jim Lanzarotta and Debbie Smith-Wagar		

General Information

1. **What action are you requesting from the Board?**

   Board briefing of Comprehensive Annual Financial Report, Report for the Schedule of Expenditures of Federal for Awards and review of Best Practices letter for the year ending June 30, 2008. The Financial reports can be accessed via the internet at the following URL:

   http://www.co.multnomah.or.us/reports

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   The County's Comprehensive Annual Financial Report provides a summary of the County's overall financial condition, the status of each fund managed by the County for the fiscal year ending June 30, 2008. The report for the Schedule of Expenditures of Federal Awards notes the County's level of compliance with federal requirements for grant funded programs for the fiscal year ending June 30, 2008.

The highlights of the reports are:

a. The County received an unqualified opinion from the auditors, indicating that the financial statements fairly represent the financial position of Multnomah County.

b. The auditors and management did not encounter any disagreements.

c. The financial reports were prepared according to generally accepted accounting principles.

d. The auditors did not determine any audit adjustments.

e. The County complied with:

i. The legal requirements related to debt.

ii. The appropriate laws pertaining to programs funded by other governmental agencies.

iii. ORS 279 regarding awarding of public contracts.

iv. Cost accounting guidelines

f. In connection with the financial statement audit, there were no significant deficiencies. However the auditors provided the County with recommendations based on best practices.

g. In connection with the audit of the County's expenditures of Federal awards, the auditors identified findings and related questioned costs. Additional information on the findings and questioned costs is noted in the report for the schedule of expenditures of Federal awards.

3. Explain the fiscal impact (current year and ongoing).

No fiscal impact.

4. Explain any legal and/or policy issues involved.

N/A - none

5. Explain any citizen and/or other government participation that has or will take place.

N/A - none

Required Signature

Elected Official or Department/ Agency Director:	Lavonne Griffin-Valade	**Date: Feb. 3, 2009**

Department of County Management
Multnomah County Oregon
501 SE Hawthorne, Suite 531
Portland, Oregon 97214-3501

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon as of and for the year ended June 30, 2008. We have issued a separate letter to the Audit Committee where we have documented certain required communications under our professional auditing standards.

During the course of our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did have a few observations and recommendations we consider to be best business practices for management to consider as noted below.

Follow up on Prior Year Observations & Recommendations

Timely Processing of Reimbursement Requests - Federally Qualified Health Center

> ***Finding:*** In prior years, we identified that the County was behind in its reconciliation of revenues and receivables between the EPIC software and SAP general ledger, as well as related reimbursement requests from the Federal Government for services provided by its Federally Qualified Health Center. We estimated the impact to the County at roughly $17M in reduced cash balances, between $.5M and $.7M of lost interest earnings annually, and increased interest expenses of $.3M.
>
> ***Update:*** As a result of our finding from prior years, the County Health Department put together an action plan to get reconciliations completed timely, and billings sent to the Federal Government soon after the eligible billing dates. We found that the County had brought its reconciliations and billings current by the end of its fiscal year ending June 30, 2008. This and other improvements in the County's management of cash flow contributed to the County's ability to avoid the need to get external financing from July through November 2008 as it historically was required to do to bridge the gap between the start of the year and the time of concentrated property tax collections.

Current Year Observations & Recommendations

Proper Accounting for State Mental Health Grants

> ***Finding:*** While reviewing the accounting for the State Mental Health Grant, we observed that the State changed its method of paying the ultimate service providers by

making direct payments to the providers instead of its prior practice of paying the County, and then requiring the County to pay the service providers. As a result, the County stopped recording revenues and expenses under these grants. However, we determined that the County has retained certain administrative and or monitoring responsibilities for these grants, and as such, should continue recording the revenues and expenditures for the activity within these grants. It appears that the County did not have controls in place to identify that the revenues and expenditures needed to be included in its financial statements. The error resulted in an underreporting of revenues and expenditures only, and had no impact on fund balances or net assets, and fortunately, no federal grant programs were involved.

Recommendation: We recommend that the County consider a process to route significant grant agreements and amendments to a member of finance management to determine the proper accounting and reporting requirements.

Management's Response: Management properly adjusted the financial statements to reflect this grant transaction upon review with the auditors and prior to issuance. When this change was occurring at the State, the Department of County Human Services involved Central Finance in discussions due to the significance of this funding stream. Therefore, Central Finance was aware of this change by the State in this particular grant funding stream and appropriate controls were in place to notify Central Finance. However, Central Finance erroneously concluded the transaction did not need to be recorded in the general ledger because there was no budgetary impact. As a result the revenues and expenditures associated with these service elements in the State Mental Health Grant were not properly recorded in SAP at the time. In the future Central Finance will more closely review unusual and infrequent accounting transactions to ensure the general ledger reflects the appropriate accounting treatment.

Formal Account Reconciliation & Review Process

Finding: We found that the County has implemented a periodic account reconciliation process as part of its controls over the financial close and reporting function. However, we were unable to find formal documentation of the accounts reconciled, timing, and County staff members involved.

Recommendation: We recommend that the County develop a monthly or quarterly checklist for key account reconciliations, noting performance dates, review dates, and individuals involved.

Management's Response: Management has already begun to implement a process to track the status and reviews of various reconciliations, including bank statements, trust funds, most balance sheet accounts, and applicable revenue and expense accounts. Each status log spreadsheet tracks the individual responsible for the reconciliation, the date started and date completed, and the number of reconciling items, as well as the individual responsible for reviewing the reconciliation, the date reviewed, the number of errors (if any), and whether the errors have been resolved. The frequency of tracking will vary, with all bank accounts and several trust funds and other balance sheet accounts reconciled on a monthly basis, other trust funds and balance sheet accounts tracked on a quarterly basis, and remaining accounts analyzed annually in preparation for the external audit. Management believes this status tracking tool will effectively assist in ensuring accounts are reconciled and reviewed timely, and that it fully addresses the auditors concerns.

Formal CAFR2000 Reconciliation & Review Process

Finding: The County uses the software program CAFR 2000 that is able to use account balance information from the general ledger in SAP, make certain adjusting and reclassifying entries, and produce the Comprehensive Annual Financial Report (CAFR). The review and approval process for adjustments made to CAFR 2000, as well as a reconciliation process between CAFR 2000 and balances in SAP is not currently being documented.

Recommendation: We recommend a review and approval of all adjusting and reclassification entries made in CAFR 2000, as well as a reconciliation of fund balances or net assets from the final balances in the CAFR 2000 with final general ledger balances in SAP, be documented to show proper approval similar to any adjusting entry that is posted during the year in SAP.

Management's Response: Management has mitigating controls and processes in place to ensure journal entries posted in CAFR2000 have been properly reviewed. The existing control processes successfully identified three posting errors during the drafting of this year's financial statements, which management corrected prior to submitting statements for review by Moss Adams. All journal entries posted to CAFR2000 are supported by audit work papers or other analyses. Final fund balances are reconciled back to SAP as a standard procedure to ensure entries have been properly posted in both systems. The reconciliations are completed at a level of detail that is designed to (and did) detect any posting errors in CAFR2000. Before next year's financial statement preparation process, management will consider this recommendation and determine whether it would be beneficial and cost effective to design and implement a summary review process in addition to the control processes that are already established.

Vendor Disbursements

Finding: According to the Administrative Procedures FIN-16, "Direct Payments to Vendors for Small and Exception Purchases," is permitted without a formal or informal procurement process for purchases that are generally for goods or services equal to or less than $5,000. During our audit, we identified and tested items that did not exceed $5,000, however the total amounts paid to the individual vendor in the fiscal year exceeded $5,000. Per discussion with the accounts payable manager, the indicated control procedure should be performed at the department level. MA found an instance during control testing where the County did not follow their administrative procedures.

Recommendation: We recommend that vendor disbursements be reviewed periodically for compliance with the County's purchasing policies. This procedure should include a review of vendors with individual payments under $5,000 but total payments exceeding $5,000 to look for instances of possible abuse of or non-compliance with current Administrative Procedures.

Management's Response: Departments are expected to self-monitor their vendor payments to ensure they comply with the County's financial administrative procedure FIN-16, Direct Payments to Vendors for Small and Exception Purchases. This practice was reviewed with the two departments noted in this audit finding. Central Accounts Payable will generate a monthly SAP vendor report for Central Procurement and Contracts Administration (CPCA) to review direct pay activity and ensure compliance with County administrative procedures. In addition, the County is currently evaluating the $5,000 threshold to determine whether a change to the amount will result in more efficient business practices.

Improving Cash-flow Through Timely Billing

Finding: As of June 30, 2008, billings to the Oregon Department of Transportation for reimbursement of expenditures for repair of the Sellwood Bridge were 12 months behind, resulting in $2.5M of unbilled revenue at June 30. This has resulted in a reduced cash balance over the past year of $2.5M, and reduced interest income estimated at $.04M for the year.

Recommendation: We previously recommended that the County route grant agreements to a member of Finance Management to facilitate a review for accounting and reporting issues. We further recommend that this review include a review of billing or reimbursement request requirements. Finance Management staff could work with other departments on the development of a billing due date or tickler system that can be monitored on a periodic basis to ensure more timely billings or reimbursement claims get processed.

Management's Response: It has been the practice of the Transportation Division to bill the Oregon Department of Transportation on a quarterly basis. However, during fiscal year 2008, this practice was not adhered to by the Division. When this finding was brought to management's attention during the external audit, the Department of Community Services created a new procedure and developed a process to monitor the timeliness of billings on all Transportation grants. This procedure changed the frequency of billing from the previous practice of quarterly to monthly.

Review of Old Accounts Payable

Finding: During our audit, we identified an old account payable with a debit balance that had not been addressed in a timely manner. The County had attempted to resolve this issue during the year, but in part due to employee turnover and re-assigning departmental review duties, this item was overlooked.
Recommendation: We recommend that the County establish stronger controls to identify and resolve issues pertaining to older accounts payable balances.

Management's Response: Central Accounts Payable has an exception reporting handling process that occurs at least monthly. This process was adhered to on these particular transactions and communicated to Department finance staff on numerous occasions during the fiscal year. Unfortunately this issue wasn't resolved in a timely manner and therefore was noted during the year-end audit. Accounts Payable believes this is an isolated incident and has since reviewed and revisited the process and controls over the process to ensure that accounts payable transactions are processed on a timely basis.

Review of Debt Covenants

Finding: From our review of the County's internal control documentation in the Borrowing Cycle, we determined the County did not have a process in place to monitor compliance with debt covenants or financing terms. Finance Management is considering implementing a process where Treasury would prepare a spreadsheet when debt is issued that would list any specific debt requirements, covenants, payment terms, etc. That spreadsheet would be used to track and monitor specific terms on debt agreements.

Recommendation: We support Finance Management's efforts to institute a Treasury department tracking spreadsheet as soon as possible. This should provide additional assurance to the County that it is managing its debt in compliance with applicable covenants.

Management's Response: Management has started to review all County debt instruments and specific clauses and verbiage in our agreements related to debt covenants. We have also engaged in discussions with our bond counsel and banking representatives to ensure we have appropriately identified all debt covenants. Once we have properly identified debt covenants in our bond issues, we will implement a process where covenants are noted and reviewed by Treasury on a regular basis.

Asset Impairment

Finding: From our review of the County's internal control documentation in the Fixed Asset Cycle, we determined the County did not have a procedure or policy in place to periodically evaluate the County's capital assets for possible impairments requiring a reduction in the recorded book value. In addition, we did not observe specific processes used by the County to periodically re-evaluate remaining useful lives of its fixed assets.

However, we do know that specific assets have been reviewed on a case-by-case basis in the past when the circumstances have warranted further analysis.

Recommendation: We recommend implementing a periodic review and evaluation of possible impairments to capital assets, as well as a reevaluation of remaining useful lives. The review should include documentation of the date it was performed, the assets evaluated and other information considered to support any conclusions reached as to the need, or lack of a need, to adjust recorded fixed asset values or useful lives.

Management's Response: Currently General Ledger oversees an annual fixed asset verification and disposition process where Departmental finance staff confirms capital assets still in use at year-end. Before fiscal year-end 2009, General Ledger will review our existing capital asset forms and make revisions in order to identify any impairments to County capital assets and to properly account for any asset impairments. In addition, we will perform an annual review of all capital asset useful lives and assess whether or not the useful life is appropriate or if any adjustment or write-down to a capital asset is necessary.

Management Advisory Comments – Single Audit (A-133):

In addition to the findings noted in the Schedule of Findings and Questioned Costs, we also became aware of three other matters that provide for an opportunity for strengthening internal controls and operating efficiency. These matters are noted below as management advisory comments.

Central Store Purchases: No Documentation of Approval – CFDA #10.561 Food Stamps, 10.557 WIC, 93.268 Immunization Grant and 97.008 UASI

During our review of general disbursements, we noted several instances (8 of 10 for Food Stamp Cluster 10.561; 4 of 4 for WIC 10.557; 4 of 9 for Immunization Grant 93.268; and 5 of 5 for UASI 97.008) in which internal purchases from the Multnomah County Central Stores had no evidence of proper authorization. Central Stores purchases are for low cost, general supplies and operate similar to a store with self-service shopping by County departments. We did note that there were other mitigating controls for these types of purchases, such as program personnel making the purchases were authorized through Central Stores to make those purchases and that those expenses are being monitored regularly through budget to actual expenditure reviews. Purchases were also reviewed for allowable activities and we found no instances that they were not allowable to the grant. Therefore, we did not note this as an instance of non-compliance.

Recommendation: We recommend management document the controls over all purchases from the County Central Stores to ensure purchases are appropriate and classified to the correct account. We would also encourage the County to implement a process where clear authorization of these purchases can be documented.

Management Response: The County uses SAP to record reservations for supply purchases from the County Central Stores. Currently, Departments have an informal review and approval process for Central Stores transactions. In some instances however, that documentation is not being maintained. Management is considering an electronic review and approval process within SAP for all internal Central Stores transactions. If SAP is unable to provide for an electronic audit trail, management will develop a process by which internal Central Stores purchases are evidenced with appropriate review and approval.

Vendor Invoice: No Documentation of Approval – Urban Areas Security Initiative, CFDA #97.008

During the review of cash disbursements, we noted that a reimbursement to the City of Gresham did not contain authorized approval for payment. This was the only vendor invoice that we tested that did not contain an approval. Upon further inquiry, we obtained evidence that the invoice was reviewed for allowable activities and that the costs were allowable. Since this incident was isolated, we do not consider this an instance of noncompliance.

Recommendation: We recommend that the County ensure that all program expenditures are properly reviewed and that there is a clear indication of that approval.

Management's Response: : In this specific instance, the Department of Community Services was able to locate the approved and authorized invoice for the City of Gresham; however management did not provide the supporting documentation in a timely manner to our auditors. In the future management will better coordinate external audit requests and provide supporting documentation timely. In addition, Emergency Management program is in the process of reviewing program controls over invoice review and approval processes to ensure invoices have evidence of appropriate approvals, clerical accuracy and programmatic applicability prior to payment.

Schedule of Expenditure of Federal Awards (SEFA) Reporting

During the review of the Schedule of Expenditure of Federal Awards, we noted that the presentation of the SEFA does not necessarily meet all the requirements as recommended by the AICPA Government Auditing Standards and Circular A-133 Audit Guide, paragraph 7.06. Per the circular, the schedule should provide the total federal awards expended for each individual federal program and CFDA number. The schedule is currently listed by direct and pass through awards and does not include a subtotal per each federal program and CFDA number. Since this is a minor presentation issue, we do not consider this an instance of noncompliance.

Recommendation: We recommend that the County revise their SEFA presentation during the next fiscal year in order to meet the minimum recommendations of the AICPA guidance.

Management's Response: Management will prepare the fiscal year 2009 SEFA following the recommended guidelines.

This communication is intended solely for the use of the County's financial management and is not intended to be and should not be used by anyone other than these specified parties. We were pleased to serve and be associated with the County, as their independent auditors for fiscal year 2008. We provide the above information to assist you in performing your oversight and accounting responsibilities.

Moss Adams, LLP

Eugene, Oregon
November 25, 2008

MULTNOMAH COUNTY, OREGON

Schedule of Expenditures of Federal Awards and Reports of Independent Certified Public Accountants

For the Fiscal Year Ended June 30, 2008

Prepared by:
Department of County Management
Mindy Harris, Chief Financial Officer
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards and
Reports of Independent Certified Public Accountants
For the Year Ended June 30, 2008
Table of Contents

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of County Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 25, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated November 25, 2008.

This report is intended solely for the information and use of the audit committee, management, the Board of County Commissioners and the Secretary of State, Divisions of Audits, of the State of Oregon and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
November 25, 2008

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of County Commissioners
Multnomah County, Oregon

COMPLIANCE

We have audited the compliance of Multnomah County (County) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-01 and 2008-02.

INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-01 and 2008-02 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 25, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Board of County Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
January 20, 2009, except for
the Schedule of Expenditure of
Federal Awards, which is dated November 25, 2008

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture				
Passed Through State Department of Administrative Services:				
Schools and Roads Grants to States		10.665	PL 106-393	$ 1,038,348
Passed Through State Department of Education:				
Commodity Supplemental Food Program		10.555	2613007	34,418
School Breakfast Program		10.553	2613007	63,448
National School Lunch Program		10.555	2613007	113,160
Passed Through State Department of Human Services:				
Special Supplemental Nutrition Program for Women, Infants and Children	*	10.557	1936002309	2,370,828
WIC Grants to States (WGS)		10.578	1936002309	1,725
State Administrative Matching Grants for Food Stamp Program	*	10.561	1936002309	1,880,565
Total Department of Agriculture				5,502,492
U.S. Department of Defense				
Passed Through Oregon Department of Administrative Services:				
Payments to States in Lieu of Real Estate Taxes		12.112	1936002309	2,250
Total Department of Defense				2,250
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants		14.218		399,162
Supportive Housing Program	*	14.235		2,246,930
Healthy Homes Demonstration Grants		14.901		345,714
Passed Through City of Portland-Bureau of Community Development:				
Housing Opportunities for Persons with AIDS		14.241	37470	15,657
Lead-Based Paint Hazard Control in Privately-Owned Housing		14.900	35679	16,581
Passed Through City of Portland-Water Bureau:				
Lead-Based Paint Hazard Control in Privately-Owned Housing		14.900	36728	120,000
Total Department of Housing and Urban Development				3,144,044
U.S. Department of Interior				
Direct Programs:				
Payment in Lieu of Taxes		15.226		15,151
Distribution of Receipts to State and Local Governments		15.227		1,242,813
Total Department of Interior				1,257,964
U.S. Department of Justice				
Direct Programs:				
Services for Trafficking Victims		16.320		78,823
Supervised Visitation, Safe Havens for Children		16.527		181,401
Grants to Encourage Arrest Policies and Enforcement of Protection Orders		16.590		389,492

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice (continued)			
Community Capacity Development Office	16.595		217,282
State Criminal Alien Assistance Program	16.606		211,591
Bulletproof Vest Partnership Program	16.607		10,516
Community Prosecution and Project Safe Neighborhoods	16.609		160,582
Public Safety Partnership and Community Policing Grants	16.710		255,079
Reduction and Prevention of Children's Exposure to Violence	16.730		177,558
Anti-Gang Initiative	16.744		324,139
Passed Through City of Portland Bureau of Police:			
Public Safety Partnership and Community Policing Grants	16.710	2006CKw0500	52,170
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-F3851-OR-DJ	369,388
Passed Through SE Uplift:			
Community Capacity Development Office	16.595	Multnomah County	6,003
Passed Through Oregon Department of Corrections:			
Prisoner Reentry Initiative Demonstration	16.202	3518	15,000
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	04-2266/05-2440	138,054
Passed Through State Police:			
Juvenile Accountability Incentive Block Grants	16.523	2006-6362	55,685
Juvenile Accountability Incentive Block Grants	16.523	03-659/04-625	55,686
Violence Against Women Formula Grants	16.588	05-766/06-761	50,000
Byrne Memorial Formula Grant Program	16.579	01-05/10-02	83,433
Total Department of Justice			2,831,882
U.S. Department of Labor			
Passed Through Worksystems, Inc.:			
WIA Pilots, Demonstrations, and Research Projects	17.261	07-75059	86,641
Total Department of Labor			86,641
U.S. Department of Transportation			
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	1936002309	2,734,972
Total Department of Transportation			2,734,972
Institute of Museum and Library Services			
Passed Through Oregon State Library:			
Grants to States	45.310	08-05-5P	33,857
Grants to States	45.310	08-04-5P	5,782
Grants to States	45.310	05-05-1P	4,547
Grants to States	45.310	05-0-1/06-01-1	255,415
Grants to States	45.310	07-06-5P	41,526
Total Institute of Museum and Library Services			341,127

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Endowment for the Humanities (continued)			
Direct Programs:			
Promotion of the Humanities Division of Preservation and Access	45.149		5,000
Total National Endowment for the Humanities			5,000
U.S. Environmental Protection Agency			
Direct Programs:			
Brownsfield Assessment and Cleanup Cooperative Agreement	66.818		22,243
Passed Through State Department of Human Resources:			
State Public Water System Supervision	66.432	113327-1	7,960
Capitalization Grants for Drinking Water State Revolving Funds	66.468	122710-1	7,690
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	10,000
Surveys, Studies, Training Demonstrations and Educational Outreach	66.716	1936002309	32,183
Total U.S. Environmental Protection Agency			80,076
U.S. Department of Energy			
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	210009	148,458
Total Department of Energy			148,458
U.S. Department of Education			
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	02-21CCLC	527,661
Passed Through Oregon Department of Human Resources:			
Safe and Drug Free Schools and Communities State Grants	84.186	1936002309	100,000
Passed Through Portland Community College:			
Adult Education State Grant Program	84.002	0410557-2	24,180
Total Department of Education			651,841
Elections Assistance Commission			
Passed Through Oregon Secretary of State:			
Help America Vote Requirements Payments	90.401	1936002309	37,136
Total Elections Assistance Commission			37,136
U.S. Department of Health & Human Services			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		578,831
Admin for Children & Families - Enhanced the safety of affected by Parental Methamphetamine Abuse	93.087		447,789
Injury Prevention and Control Research and State and Community Based Programs	93.136		540,772

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)		93.224		6,499,859
Substance Abuse and Mental Health Services Projects of State Capacity Building		93.240		86,566
Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243		546,470
Drug Abuse and Addiction Research Programs		93.279		83,016
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283		31,633
Cancer Cause and Prevention Research		93.393		32,221
Refugee and Entrant Assistance Discretionary Grants		93.576		150,000
Health Care and Other Facilities		93.887		20,828
HIV Emergency Relief Project Grants		93.914		3,074,530
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		93.918		839,501
Healthy Start Initiative		93.926		884,962
Special Projects of National Significance		93.928		28,847
Passed Through John Hopkins University:				
Nursing Research		93.361	1936002309	11,683
Passed Through Mount Hood Community College Head Start:				
Head Start		93.600	0210115-6	61,500
Passed Through National Association of City and County Health Officials:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	2007-050201	25,875
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	2007-092705	8,448
Medical Reserve Corps Small Grant Program		93.008	MRC 07223	5,038
Passed Through NW Family Services:				
Healthy Marriage Promotion and Responsible Fatherhood		93.086	90FE0079	298,123
Passed Through Oregon Association of Hospitals and Health Systems:				
National Bioterrorism Hospital Preparedness Program		93.889	Multnomah County	23,737
Passed Through Oregon Commission on Children and Families:				
Promoting Safe and Stable Families		93.556	1936002309	204,203
Child Care and Development Block Grant		93.575	1936002309	277,422
Social Services Block Grant		93.667	1936002309	563,884
Social Services Block Grant		93.667	0709Mult	108,346
Passed Through Oregon Housing and Community Services:				
Temporary Assistance for Needy Families		93.558	0310559	105,395
Low-Income Home Energy Assistance	*	93.568	0310559	3,977,749
Community Services Block Grant		93.569	0310559	783,623

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)				
Passed Through Oregon Health Sciences University:				
Nursing Research		93.361	GS0N00191-MUL.1	65,920
Ryan White HIV/AIDS Dental Reimbursements / Community Based Partnerships		93.924	GPBH0012A©	14,157
Maternal and Child Health Services Block Grant to the States		93.994	4 B04MC06604-01-03	127,382
Passed Through State Department of Human Resources:				
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect and Exploitation		93.041	1936002309	9,096
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services		93.043	1936002309	52,045
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	*	93.044	1936002309	764,091
Special Programs for the Aging Title III, Part C Nutrition Services	*	93.045	1936002309	944,672
Special Programs for the Aging Title IV and Title III Discretionary Projects		93.048	1936002309	60,226
National Family Caregiver Support		93.052	1936002309	296,713
Nutrition Services Incentive Program	*	93.053	1936002309	402,506
Project Grants & Cooperative Agreements for Tuberculosis Control Programs		93.116	1936002309	151,879
Projects for Assistance in Transition From Homelessness (PATH)		93.150	1936002309	235,063
State Capacity Building		93.240	1936002309	23,300
Family Planning Services		93.217	1936002309	257,245
Immunization Grants	*	93.268	1936002309	2,170,635
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	1936002309	660,797
Temporary Assistance for Needy Families		93.558	1936002309	214,788
National Bioterrorism Hospital Preparedness Program		93.889	1936002309	323,089
HIV Care Formula Grants		93.917	1936002309	12,756
HIV Prevention Activities Health Department Based		93.940	1936002309	876,213
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		93.944	1936002309	183,207
Block Grants for Community Mental Health Services		93.958	1936002309	516,163
Block Grant for Prevention and Treatment of Substance Abuse	*	93.959	1936002309	3,592,991
Maternal and Child Health Services Block Grant to the States		93.994	1936002309	446,887
Passed Through Oregon Department of Justice:				
Child Support Enforcement		93.563	1936002309	1,557,200
Passed Through Oregon Research Institute:				
Alcohol Research Programs		93.273	R01 AA011510	84,541

(continued)

* Indicates a Major Program

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)				
Passed Through Portland State University:				
Injury Prevention and Control Research and State and Community Based Programs		93.136	CDC sub050139 MCHD	416,933
Passed Through University of California:				
Drug Abuse and Addiction Research Programs		93.279	2000 G FN565	63,661
Passed Through University of Washington:				
AIDS Education and Training Centers		93.145	269812	99,311
Passed Through Washington County Public Health:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	CA 08-0271 PO# 141766	48,000
Passed Through Washington State Department of Health:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	N15002	50,262
Total Department of Health and Human Services				35,022,580
US Department of Homeland Security				
Passed Through City of Portland Department of Emergency Communications:				
Urban Areas Security Initiative	*	97.008	52304	403,146
Passed Through Oregon State Police:				
Law Enforcement Terrorism Prevention Program (LETPP)		97.074	1936002309	188,869
Emergency Management Performance Grants		97.042	1936002309	164,398
Passed Through Oregon State Marine Board:				
Boating Safety Financial Assistance		97.012	1936002309	707,722
Passed Through United Way:				
Emergency Food and Shelter National Board Program		97.024	708000-009	236,234
Total Department of Homeland Security				1,700,369
Total Federal Expenditures				53,546,832

* Indicates a Major Program

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2008. The County's reporting entity is defined in Note 1 to the County's June 30, 2008 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. The Schedule provides the summary of expenditures of federal awards by program or program cluster, by State Agency, if applicable, and by detailed passed through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Admcinistration. Any programs without a CFDA number are presented with only the federal agency's two-digit prefix in place of a CFDA number.

Note C – Relationship to Basic Financial Statements

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

Note D – Noncash Awards

The accompanying Schedule of Expenditures of Federal Awards includes three noncash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the Grantor; $34,418.

An award from the Department of Health and Human Resources is in the form of vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2008 is calculated on a proportionate basis; $2,096,037.

An award from the Department of Homeland Security (CFDA #97.008 Urban Areas Security Initiative) passed through the City of Portland provided an Emergency Response Vehicle valued at $55,614.

Note E - Subrecipients

Of the Federal expenditures presented in the schedule, Multnomah County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA number	Amount provided to subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 357,970
Supportive Housing Program	14.235	1,843,150
Supervised Visitation, Safe Havens for Children	16.527	117,508
Edward Byrne Memorial Formula Grant Program	16.579	43,067
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	150,953
Community Capacity Development Office	16.595	217,160
Community Prosecution and Project Safe Neighborhoods	16.609	53,913
Public Safety Partnership and Community Policing Grants	16.710	17,115
Reduction and Prevention of Children's Exposure to Violence	16.730	140,241
Anti-Gang Initiative	16.744	166,727
Safe and Drug-Free Schools and Communities	84.186	650,014
Twenty-First Century Community Learning Centers	84.287	359,978
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	38,474
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	223,214
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	944,672
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	51,692
National Family Caregiver Support, Title III, Part E	93.052	97,175
Nutrition Services Incentive Program	93.053	150,583
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	304,263
Injury Prevention and Control Research and State and Community Based Programs	93.136	90,316
Projects for Assistance in Transition From Homelessness (PATH)	93.150	206,250
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	499,740
Alcohol Research Programs	93.273	1,325
Drug Abuse and Addiction Research Programs	93.279	7,518
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	14,500
Temporary Assistance for Needy Families	93.558	93,549
Low-Income Home Energy Assistance Program	93.568	453,780
Community Services Block Grant	93.569	635,741
Social Services Block Grant	93.667	601,591
HIV Emergency Relief Project Grants	93.914	2,039,103
HIV Care Formula Grants	93.917	20,755
HIV Prevention Activities Health Department Based	93.940	298,001
Block Grants for Community Mental Health Services	93.958	329,470
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,321,662
Urban Area Security Initiative	97.008	157,795
Total subrecipient pass-through		$ 14,698,965

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ______ yes __X__ no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? ______ yes __X__ none reported

Noncompliance material to financial statements noted? ______ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ yes __X__ no
- Significant deficiencies (s) identified that are not considered to be material weaknesses? __X__ yes ______ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? __X__ yes ______ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
10.561	Food Stamp Cluster
14.235	Supportive Housing Program
93.268	Immunization Grants
93.283	Centers for Disease Control
93.568	Low Income Home Energy Assistance Program
93.959	Block Grant for Prevention and Treatment of Substance Abuse
97.008	Urban Areas Security Initiative
	Aging Cluster
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers
93.045	Special Programs for the Aging Title III, Part C Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs: $ 1,606,405

Auditee qualified as low-risk auditee? X yes ______ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

FINDING 2008-1 - Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)

Federal Programs: Supportive Housing Program, 14.235;
Aging Cluster, 93.044, 93.045, 93.053
Centers for Disease Control, 93.283;
Low-Income Home Energy Assistance Program, 93.568;
Urban Areas Security Initiative, 97.008

Federal Agency: U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, U.S. Department of Homeland Security

Award Year: 2007-2008

Criteria: Per OMB Cost Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, 2 CFR Part 225, Appendix B, paragraph 8(h)(3) states where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. In addition, paragraph 8(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8 (h)(5), such as after-the-fact distribution of the actual activity, account for total activity in which the employee was compensated and must be prepared monthly and signed by the employee. Paragraph 8 (h)(5)(e) goes on to state that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim account purposes if the estimates produce reasonable approximation of the activity actually performed, if quarterly comparisons are made of actual to budgeted costs and the budgeted estimates are revised quarterly, to reflect changed circumstances. Paragraph 8 (h)(6) states that substitute systems for allocating salaries and wages to Federal awards are acceptable, but are subject to approval by cognizant agency.

Condition: During the prior year audit, as part of a finding in Allowable Costs and Activities, a recommendation was made to the County in January 2008 regarding the documentation of time and effort reporting for payroll costs. Upon notification of the recommendation, the County implemented Time and Effort study procedures and processes, however, this occurred for the second half of the current fiscal year and was not retroactively applied for the entire fiscal year. Therefore, for the first six months of the current fiscal year, the County did not require periodic certifications where the employee worked solely on a single Federal award or cost objective, or require actual time records, time studies or the equivalent thereof in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, were charged to the Federal grants based on budgeted or estimated amounts. As of June 30, 2008, it appears that the County has implemented policies and procedures to address documentation of time and effort reporting of payroll costs going forward. However, due to not applying these procedures retroactively for the entire fiscal year, there is a repeat finding regarding time and effort payroll allocation.

Questioned Costs: Questioned costs for payroll allocation are approximately $344,000. Specifically, questioned costs for each program are as follows: approximately $10,000 for the Supportive Housing Program, $188,000 for the Centers for Disease Control, $109,000 for the Low Income Energy Assistance Program and $37,000 for the Urban Areas Security Initiative Program. For the Aging Cluster, we did not question those payroll costs as the employees were working solely on a single Federal award and we were able to obtain job descriptions, time cards and other supporting documentation to substantiate those costs. However, periodic certifications were not obtained or were not completed timely and we will therefore document this in our recommendation.

Context: The County requires semi-monthly timesheets that are certified by supervisors. However, for the first half of the fiscal year, employees were not required to record their actual time per program or the County did not perform time studies to document actual payroll costs charged to the grant. Instead, budgeted amounts are used to charge payroll costs to the individual Federal grants. In addition, for those employees that work solely on a single Federal award, the County employees are not consistently completing periodic certifications signed by the employee or supervisor having first hand knowledge of the work performed by the employee.

Effect: Personnel costs charged to the Federal grant are not adequately supported per OMB Circular A-87 and may not be reflective of the personnel costs actually attributable to the program.

Cause: Prior year recommendation was made in January 2008 and the County implemented a corrective action for only the second half of the fiscal year. Therefore, for the first six months of fiscal year 2008, recording actual time for employees working on grants, or the equivalent thereof, was not being done. In addition, periodic certifications for employees working solely on single Federal awards were not consistently being obtained.

Recommendation: We recommend that the County continue to develop and implement a system to track actual personnel compensation for those individuals working on multiple Federal grants. We recommend that those allocations, based on actual amounts, be reflected in the accounting system and properly allocated to the federal grants. We also recommend that for those employees working 100% on Federal awards, the County should consistently obtain periodic certifications, at least semi-annually, and that they be signed by the employee or supervisor having first hand knowledge of the work performed by the employee. Finally, as the County did in fact implement a Time and Effort system in accordance with OMB A-87 during January 2008, we recommend that the County consider a retroactive review (time study) of the first six months of the fiscal year.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

FINDING 2008-2 – Program Subrecipient Monitoring - Significant Deficiency in Internal Control and Instance of Noncompliance

Federal Program: Urban Areas Security Initiative, 97.008

Federal Agency: U.S. Department of Homeland Security

Award Year: 2007-2008

Criteria: OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contract or grant agreements and that performance goals are achieved. In addition, the Intergovernmental agreement between the County and the pass-through entity (the City of Portland), item #9 states that "Neither party will subcontract or assign any part of this agreement without the written consent of the other party."

Condition: While testing all 16 subrecipient invoices, there was no clear indication of review over the subrecipient invoices by County personnel overseeing the program, although the activities appear to be allowable. In addition, four of the 16 invoices tested contained mathematical errors that were not noticed by County personnel. Finally, there was no written consent found between the County and the pass-through entity (the City of Portland) with respect to subcontracting and/or assigning of program services.

Questioned Costs: Questioned costs were well below the reporting threshold of $10,000.

Context: The County is responsible for ensuring that invoices submitted by the subrecipient are both accurate and in compliance with program requirements. In all subrecipient reimbursement requests tested, there was no clear indication of the invoices being reviewed. Also, the lack of proper dollar amount review is pervasive to the program, as indicated by the mathematical errors noted. Furthermore, the agreement with the funding agency required written consent for subcontracting and/or assigning of program work, yet no such written consent was found. However, the pass-through entity did receive and pay these invoices, so they were aware of the assigned program services.

Effect: As evidenced by mathematical errors found in the subrecipient reimbursement requests, the County requested and provided inaccurate amounts to the funding agency. These mathematical errors were immaterial and did not rise to the level of questioned costs to be reported. In addition, although the funding agency paid the reimbursement requests, all such transactions by and with subrecipients could be considered in violation of the agreement as there was no clear indication of written consent for subcontracting and/or assigning of program services.

Cause: Proper controls over the review of subrecipient invoices did not exist. County personnel considered programmatic review of subrecipient invoices adequate and believed that the funding agency bore the responsibility for mathematical review. Finally, with respect to the contract terms, it appears that the requirement for written consent was overlooked.

Recommendation: We recommend that the County develop and implement program monitoring procedures over subrecipients, specifically over the review of subrecipient invoices. In addition, we recommend that the County obtain proper written consent to subcontract program services from the funding agency, as required within their agreement.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

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MULTNOMAH COUNTY OREGON
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Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2008

FINDING 2008-1 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)

Federal Programs: Supportive Housing Program, 14.235;
Aging Cluster, 93.044, 93.045, 93.053;
Centers for Disease Control, 93.283;
Low-Income Home Energy Assistance Program, 93.568;
Urban Areas Security Initiative, 97.008

Management understands the importance of accurately accounting, tracking, and documenting actual personnel costs charged to Federal awards in-order to adhere to OMB Circular A-87. Due to the wide array of services provided by multiple County departments, procedures and processes to track and record actual payroll costs charged to Federal awards will vary across the County. Therefore, County departments may be addressing this finding differently in order to best fit the Department's operations and business needs.

The Health Department (HD) provided presentations to staff on tracking actual personnel costs charged to multiple Federal grants. The presentations were used to develop time and effort accounting and reporting processes in HD service areas and to comply with the Federal rules and requirements. Effective December 2008 Health Department staff working under multiple Federal funding sources are required to record time charged to grants on their time sheet. Automatic system allocations based on budgets have been eliminated. In addition, semi-annual time certifications have been required of HD staff working solely on one Federal grant activity since the beginning of fiscal year 2009.

The Department is currently implementing a time study method for payroll costs charged to Federal grants for the period from July 2008 through November 2008. The time study will be used to document HD staff time charged to multiple Federal funding sources. Finally, the Health Department has developed a matrix to track the various methods used across the Department for time and effort reporting on Federal awards. The matrix notes each Federal award by CFDA number along with the current methodology for time and effort reporting. This matrix will be updated routinely and used by the Department to ensure continuous compliance to A-87 time and effort guidelines.

The Department of County Human Services (DCHS) has worked closely with our external auditors and our cognizant agency in order to develop time and effort reporting processes over specific Federal awards to meet the requirements of OMB A-87. Due to the timing of the completion of the fiscal year 2007 single audit, there were two quarters in fiscal year 2008 that did not have documented time studies. For all of fiscal year 2009, DCHS has implemented time studies to ensure payroll costs charged to Federal awards in the Department are substantiated and in compliance with OMB A-87. In addition the Department will review all DCHS personnel costs charged to Federal awards to ensure time and effort reporting is not a repeat finding for next year's single audit.

The Multnomah County Sheriff's Office (MCSO) uses a public safety scheduling system, Telestaff, in order to manage law enforcement schedules, track staff time, overtime and related costs. Telestaff was used as the system of record for law enforcement time charged to the UASI grant. The Telestaff system does not interface with the County's enterprise system, SAP, where payroll is recorded in the general ledger and charged to grants. During the audit of the UASI grant, the auditors informed MCSO management that Telestaff does not have adequate review and time approvals in order to be in compliant with OMB A-87 for time and effort reporting. Before the end of fiscal year 2009, the Sheriff's Office will review payroll costs charged to Federal awards and develop and implement an approach that meets the Federal rules and requirements. An approved time and effort approach will be implemented in fiscal year 2009 in order for MCSO's Federal awards to be in compliance with the OMB for next year's single audit. MCSO will require semi-annual time certifications for any staff time charged to a single cost objective. The time certifications will be signed by the individual working on a Federal award along with an approval from his or her supervisor.

FINDING 2008-2 – Program Subrecipient Monitoring – Significant Deficiency in Internal Control and Instance of Noncompliance

Federal Program: Urban Areas Security Initiative, 97.008

Multnomah County is responsible for programmatic and fiscal subrecipient monitoring of Federal pass through awards. Programmatic subrecipient monitoring occurs at the department or program level and fiscal subrecipient monitoring is managed by central fiscal compliance. At the program level, the Department is responsible for reviewing and approving subrecipient invoices for accuracy and completeness as well as monitoring the program activities of the subrecipient to ensure Federal pass-through awards are used appropriately and in compliance with laws, regulations and provisions of the contract. The Emergency Management (EM) program will assure programmatic subrecipient monitoring activities are performed in order to meet legal, grantor and contractual requirements as well as any performance goals noted in contracts. Program staff shall evidence their review and approval of subrecipient invoices for accuracy and completeness by noting an authorized signature and date on invoices or other supporting documentation. In addition, EM will closely review contracts and sub-award agreements and obtain the appropriate written consent prior to assigning or delegating program activities, if applicable, in order to be in compliance with contract provisions.

MULTNOMAH COUNTY OREGON
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Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2007

FINDING 2007-02 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance

Federal Programs:	Supportive Housing Program, 14.235 Centers for Disease Control, 93.283 Low-Income Home Energy Assistance Program, 93.568 Block Grant for Treatment of Substance Abuse, 93.959

Condition: The County does not currently require periodic certifications that the employee worked solely on a single Federal award or cost objective. In addition, the County does not currently require actual time records, time studies or the equivalent in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, are charged to the Federal grants based on budgeted or estimated amounts. The County has not adopted a substitute system as permitted by Circular A-87.

Recommendation: We recommend that the County develop and implement a system to track actual personnel compensation by program for those individuals working on multiple Federal grants. Further, while initial allocations may be made based on budget estimates, we recommend that the County revise its processes so that adjustments are made to reflect actual payroll costs by program on at least a quarterly basis to enable proper allocations to each Federal grant. We also recommend that for those employees working on Federal awards, the County should obtain periodic employee certifications, at least semi-annually, signed by the employee or supervisor having first hand knowledge of the work performed by the employee.

Status of Finding: *In-progress:* The County has been working closely with our auditors and certain State agencies to develop and implement methods to allocate payroll costs in compliance with A-87. The approved methods, however, were not implemented until late in fiscal year 2008 or in some instances in fiscal year 2009, and therefore the County received this comment as a repeat finding for the fiscal year 2008 single audit. Management is confident that the payroll allocation methods implemented by the Departments will meet the OMB requirements and this will not be a repeat finding for fiscal year 2009.

FINDING 2007-03 Eligibility – Instance of Noncompliance

Federal Program: Low-Income Home Energy Assistance Program, 93.568

Condition: Weatherization program staff has procedures in place to verify applicant information. However, during testing we noted that one out of the five applications sampled did not have an income verification completed, though the proper documents were filed. Therefore, the person did not meet the eligibility requirements to receive Weatherization awards.

Recommendation: We recommend that income eligibility calculations are performed on all weatherization applications, regardless of applicants' eligibility determination by another program.

Status of Finding: *Fully Corrected*: Income verification procedures are being performed on each Weatherization applicant.

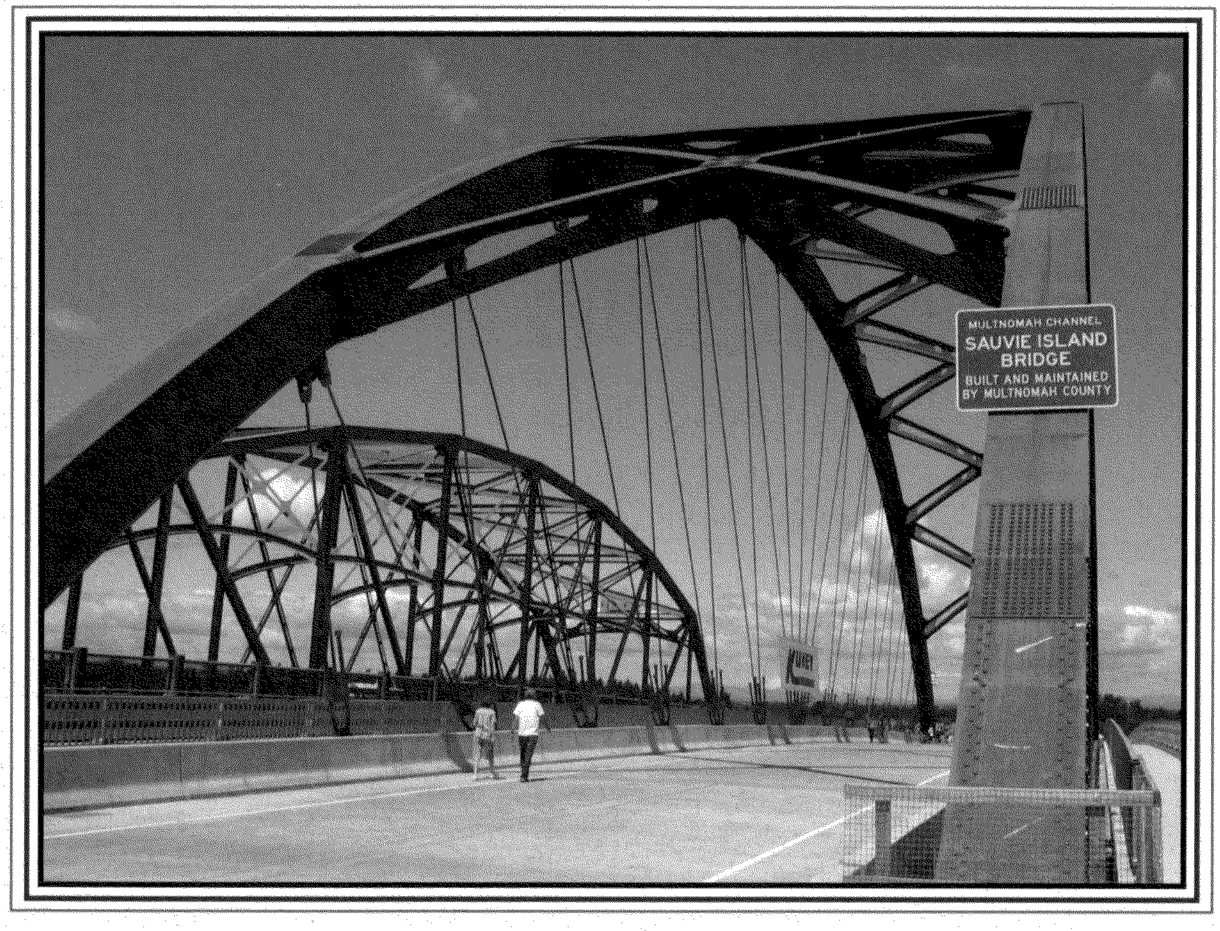
FINDING 2007-4 Allowable Costs – Fraud, Significant Deficiency in Internal Controls and Instance of Noncompliance
Federal Program: Centers for Disease Control, CFDA #93.283

Condition: From March 2006 to August 2007, a County employee embezzled Federal funds from a petty checking account. The funds were intended to be used to issue checks to clients in exchange for completing a survey. The employee issued checks to herself from this account and created fraudulent client names for the check register, passing them off as client payments. The fraud was eventually detected by a program manager during budget development. The County performed an investigation, and the internal controls over petty checking accounts within the Health Department have been revised.

Recommendation: We recommend the continued implementation of revised internal controls over petty checking and petty cash accounts in the Health Department. We also recommend the review of internal controls in all petty checking accounts across Multnomah County to ensure proper segregation of duties and monitoring.

Status of Finding: *Fully Corrected:* The County has made changes to strengthen internal controls over bank accounts in addition to providing additional training on petty cash accounts.

MULTNOMAH COUNTY OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2008

MULTNOMAH COUNTY OREGON
ALIS VOLAT PROPRIIS
1854

About the Cover

For a few weeks in 2008, the old and new Sauvie Island Bridges sat side by side above Multnomah Channel. The old bridge opened in 1950. It had deteriorated to the point that it could no longer support trucks carrying full loads. The new bridge opened with a community celebration on June 23, 2008. By late summer the old bridge was removed, its steel and concrete recycled for future use. The new bridge was designed by David Evans & Associates of Portland and constructed by Max J. Kuney Co. of Spokane. Multnomah County staff managed the design and construction contracts. The bridge cost approximately $46 million, including $25 million from the Oregon Transportation Investment Act. The new tied-arch bridge can support the weight of modern trucks, which will help ensure that Sauvie Island's agricultural economy continues to thrive.

Photo by Mike Pullen.

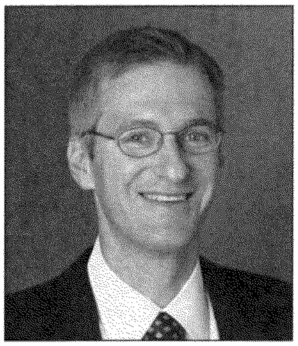
MULTNOMAH COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

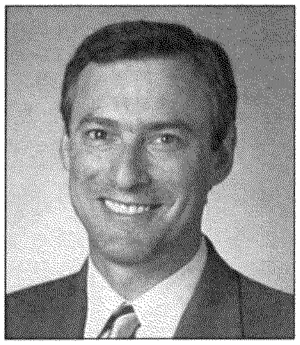
Prepared by:
Department of County Management
Mindy Harris, Chief Financial Officer
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON

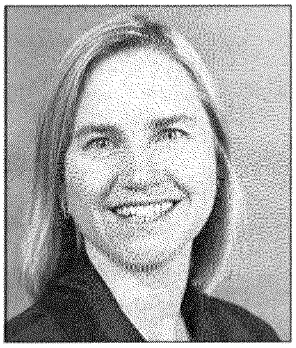


TED WHEELER
Chair

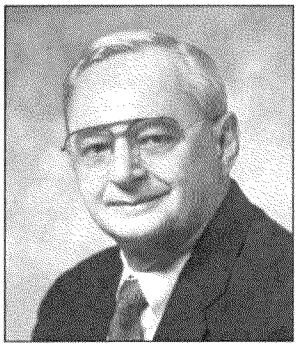
MARIA ROJO DE STEFFEY
Commissioner District 1



JEFF COGEN
Commissioner District 2

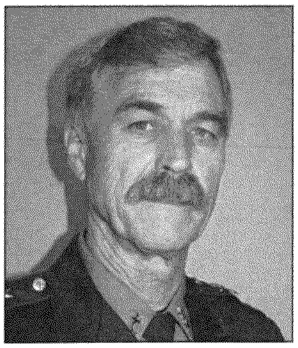


LISA NAITO
Commissioner District 3

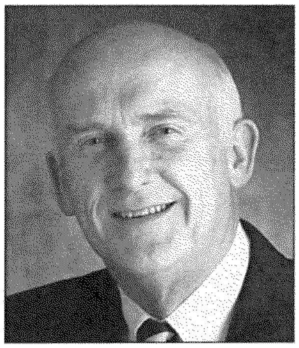


LONNIE ROBERTS
Commissioner District 4

LAVONNE GRIFFIN-VALADE
Auditor



BOB SKIPPER
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2008
Table of Contents

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INTRODUCTION

INTRODUCTORY SECTION

Department of County Managment
MULTNOMAH COUNTY OREGON
501 SE Hawthorne Blvd, Suite 531
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November 25, 2008

Honorable County Chair, Board of County Commissioners
and Citizens of Multnomah County, Oregon

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2008, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP.. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the County's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is issued under separate cover and is available by request from the Department of County Management.

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the County at June 30, 2008, and the results of operations of such funds and the cash flows of the proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP). The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Multnomah County's MD&A can be found immediately following the independent auditors' report. Unless otherwise noted, dollar amounts are expressed in thousands.

PROFILE OF MULTNOMAH COUNTY, OREGON

Multnomah County, incorporated in 1854, is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, and serves a population of 710,025 citizens. The cities of Portland and Gresham are the largest incorporated cities in the County.

Multnomah County is governed according to its Home Rule Charter, which became effective January 1967. The County's charter adopted in 1967 has had several subsequent amendments. The County is governed by a Board of County Commissioners consisting of four non-partisan members elected from designated districts within the County and the Chair of the Board, elected at large. The Board of County Commissioners conducts all legislative business of the County.

Multnomah County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and therefore are included in the County's financial statements as component units. Also included in the County's financial statements is information on the Library Foundation, a tax-exempt foundation whose primary purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. The County also maintains a Hospital Facilities Authority whose primary purpose is to issue conduit debt for health care facilities. The Hospital Facilities Authority is also considered a component unit but it is not included in the County's financial statements. Additional information on these legally separate entities can be found in note 1 of the notes to the financial statements.

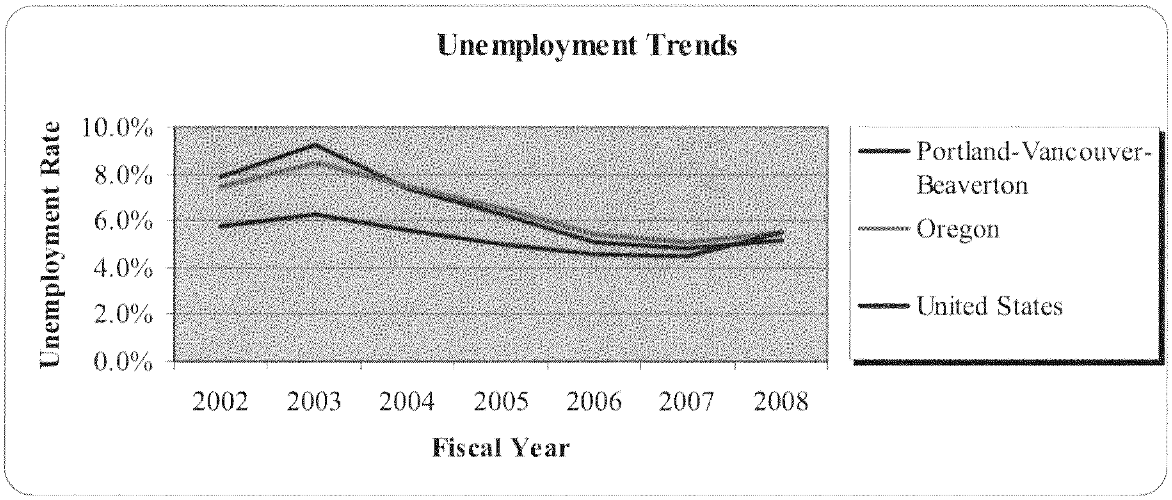
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse at the end of the fiscal year. Additional resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation transfers between categories. The appropriation transfers must be approved by the Board of County Commissioners in public meetings. During the fiscal year, one supplemental budget was adopted.

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund and the Federal State Program special revenue fund the budget to actual comparisons are provided on pages 35-36 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 76.

FACTORS AFFECTING FINANCIAL CONDITION

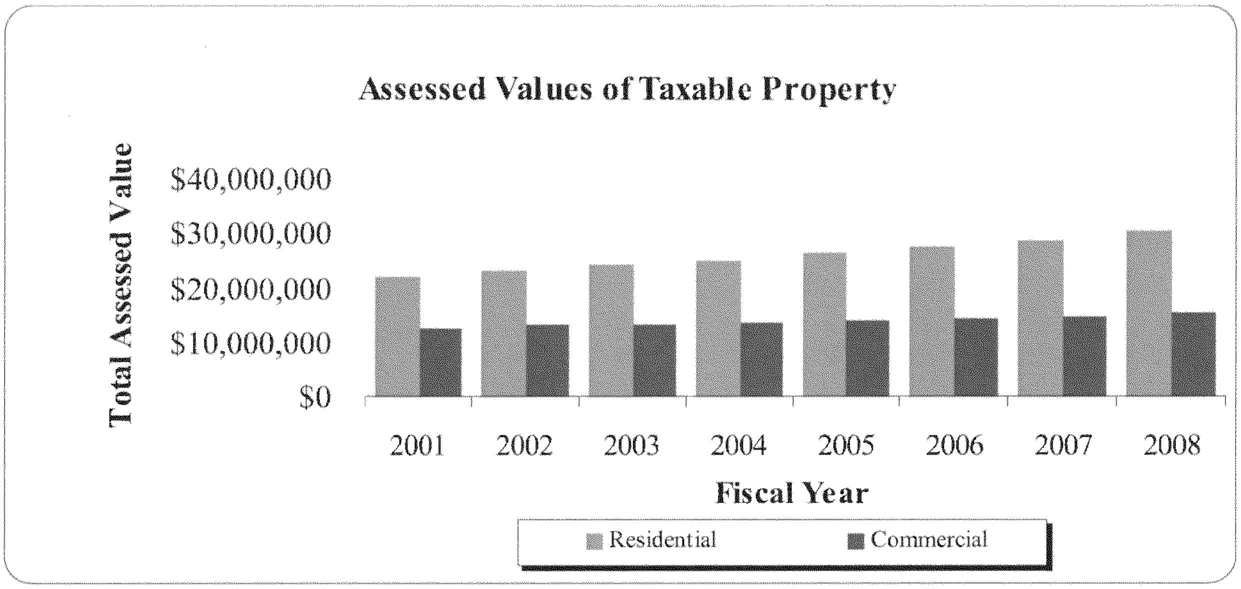
Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy began to weaken as fiscal year 2008 progressed. The area's unemployment rate increased to 5.2% at June 30, 2008 as compared to 4.8% a year ago. The unemployment rate for the area is close to the national average of 5.5% for June of 2008 compared to 4.5% for June 2007. The chart below compares the area's unemployment rate to the rates for the State and the Nation.



Financial outlook: The financial outlook for the County's general fund over the next five years is weaker than previous forecasts primarily due to an anticipated moderate to severe recession. While less pronounced than other regions, the regional economy has experienced falling real estate values and rising unemployment. The impacts of the turmoil in the financial and housing markets and slowing of consumer spending are beginning to be seen locally and are expected to worsen over fiscal year 2009. The State of Oregon, which is heavily dependent on income taxes, provides a significant portion of the County's funding. The County expects it will be impacted by financial conditions faced by the State as well as nationally.

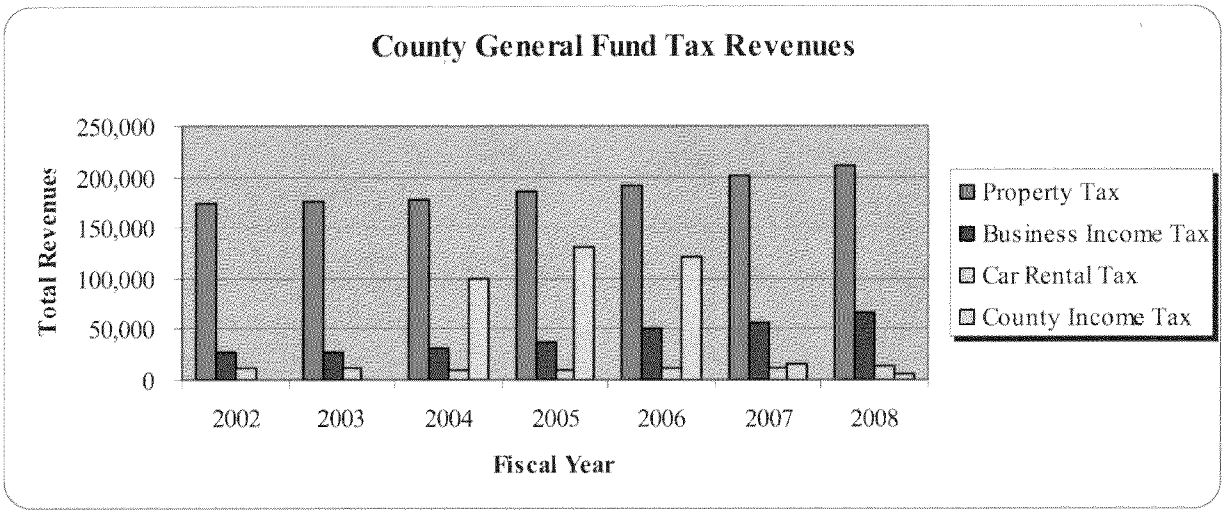
The region's slowing economy will have an impact on the County's revenue stream. Property taxes are expected to grow at 2.5% over the next year, but new residential and commercial construction are expected to slow significantly. The chart on the following page shows the County's residential and commercial assessed property tax values over the past eight years. Residential properties have experienced a 38% increase in taxable property values over an eight year period compared to a 24% increase for commercial property values over the same period. Because assessed, or taxable values, are significantly below real market values for most properties, property tax collections should be relatively inelastic despite falling real market values.



Business income tax is the second largest source of revenue for the County and it has been set at a rate of 1.45% of net income. Business income tax collections parallel the business cycle. Increased business income tax collections in fiscal year 2008 reflect double-digit growth for the fifth year in a row. Business income tax collections in fiscal year 2008 rose by 14%, following on fiscal year 2007 collections that were 12% higher than the previous year. Tax code changes enacted for tax year 2008 are expected to reduce collections by approximately 2%. The forecast for fiscal year 2009 calls for a 16% decrease in collections. If the economy weakens faster than anticipated, collections could be significantly lower over the next several fiscal years.

Motor vehicle rental taxes, which decreased in each of the three years immediately following the September 11th terrorist attacks, are expected to level off after growing by 30% from fiscal year 2004 to 2008. Fiscal year 2009 collections are expected to be down 2% and fall another 4% to 6% in fiscal year 2010. Overall, ongoing General Fund revenue is expected to fall by 1% going into fiscal year 2010. Subsequent growth is forecast between 2.5% to 3.5% depending on the length of the anticipated recession. Expenditures, before any Board actions to balance revenues and expenditures, are expected to grow between 4.5% and 6.0% annually, taking into account the normal rate of inflation, employee benefits and long term fixed costs.

During 2003 Multnomah County voters approved a temporary personal income tax of 1.25% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax would be imposed, and in fiscal year 2008 the County's general fund recognized $6,611 in collections on delinquent accounts as compared to $16,038 in tax revenue in fiscal year 2007. The graph on the following page highlights the County's major tax sources.



Financial and budget policies. As a guideline for the budget process the County has established financial and budget policies which are reviewed and adopted annually by the Board of County Commissioners in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County, and to leverage local dollars with Federal and State funding grants. These financial policies ensure the County has appropriately recorded and accounted for transactions in our financial statements.

The County's adopted financial and budget policies generally provide for the County to use one time only resources for costs that will not recur in future years. However, the policies allow the use of one-time only resources when in the short run it appears more beneficial to allocate such resources to the highest priority public service that would otherwise be unfunded, than to restrict them to non-recurring costs. The result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding which can lead to future budget shortfalls. As mentioned earlier, fiscal year 2006 was the last year of the three year temporary personal income tax measure and the County has established necessary general fund reserves to reduce the impact of the loss of the personal income tax revenues due to the sunset of the tax. The 2009 adopted budget includes approximately $43.3 million of one-time only funds. These one-time only funds include $24.4 million to buy down debt which will in turn free $4 million of ongoing resources. In preparing the 2010 budget, the County will be in the position of identifying programs that will no longer receive funding due to a lack of ongoing resources.

By adopting the financial and budget policies, the Board acknowledges that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain two general fund reserves designated as unappropriated fund balance and funded at approximately 5% each of budgeted "corporate" revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) of the general fund. These reserves are to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond rating, which is currently Aa1 from Moody's Investors Services.

Long-term financial planning. The County's Chief Financial Officer and Budget Director work closely with the Chair's Chief Operating Officer and Department Directors to develop short-term and long-term financial goals and to address the financial stability of the County. The County's Chief Financial Officer and Budget Director also meet with City of Portland Financial and Budget

Officers and with representatives from the City of Gresham as needed, to confer on financial issues that either overlap or impact each entity.

Major initiatives. The construction on the County's new 525-bed Wapato jail and secure alcohol and drug treatment facility was completed during fiscal year 2005. Currently there are insufficient funds to operate this facility and as a result the jail remains empty. The Chair and the Sheriff are in discussions with State of Oregon corrections officials and other local jurisdictions to seek possible options to make use of the facility. Other capital project initiatives include addressing the County's bridge rehabilitation and replacement needs. Thus far the County has been successful in obtaining $25,000 in State and Federal awards for current bridge projects but an estimated long-term shortfall of $280,000 still exists between identified needs and identified funds over the next twenty years. The County has completed a project to replace the Sauvie Island bridge, with the new bridge opened to traffic in June 2008. The total cost of the bridge was $45,711. The County will continue to seek additional Federal and local funding for the repair and replacement on County bridges, specifically the Sellwood bridge. In addition, the County is working on developing a plan for a new courthouse and discussions are in place to consider available funding options. The County is also currently in the process of acquiring land to proceed with the construction of a new East County Justice facility to coordinate law enforcement efforts between the County and other jurisdictions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2007. This was the twenty-third year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the employees in the Department of County Management who maintained the records and assisted in the preparation of this report. Special thanks are extended to the General Ledger Staff who were instrumental in preparing this report. Appreciation is also extended to the Chair of the Board, Board of County Commissioners, Department Directors, and other County personnel for their assistance and support in planning and conducting the financial operations of the County in a prudent manner.

Respectfully Submitted,

Mindy Harris

Mindy Harris
Chief Financial Officer

Cara Fitzpatrick

Cara Fitzpatrick
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Multnomah County Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

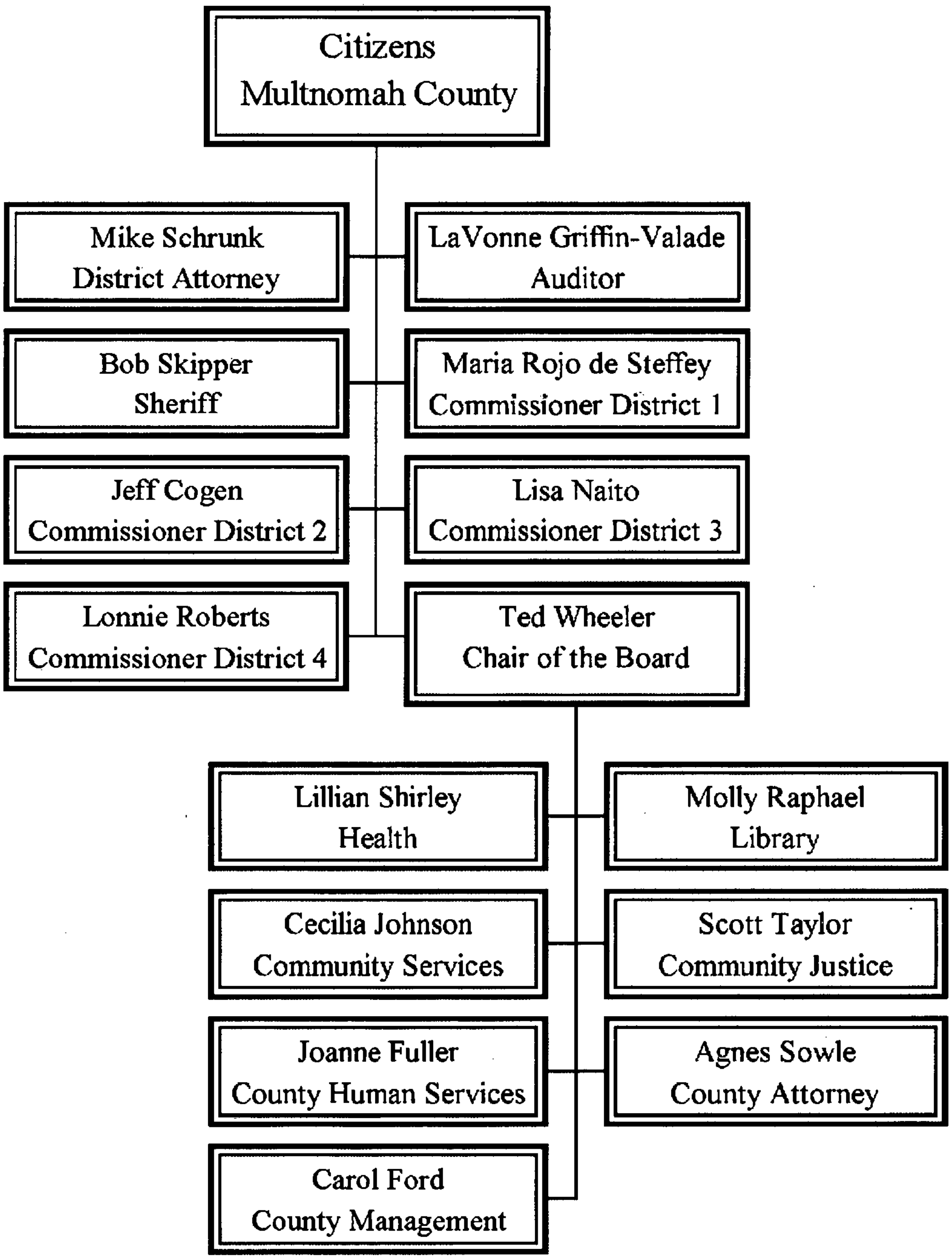
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

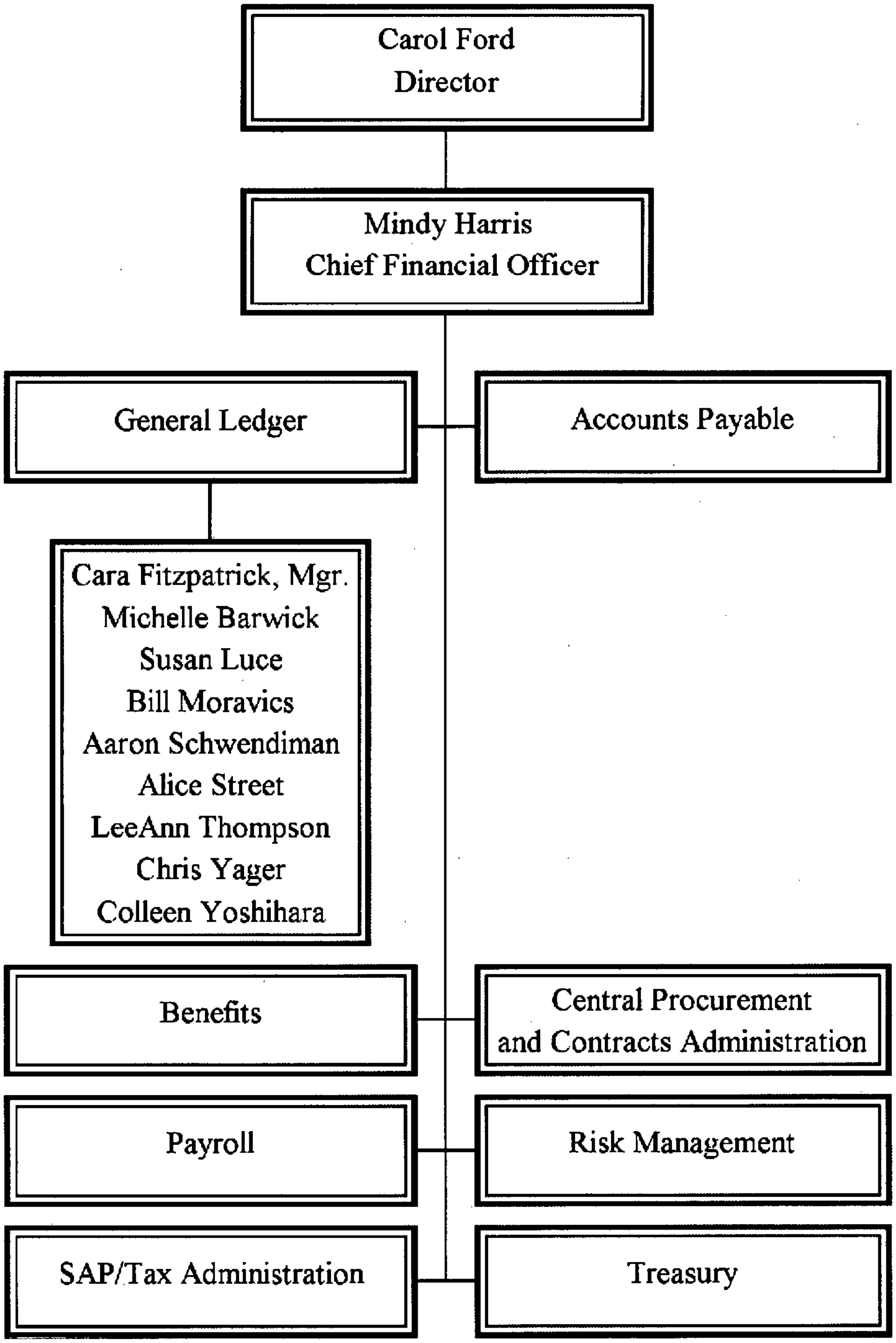
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management

- Carol Ford, Director
  - Theresa Sullivan, Director's Office
  - Arnold Quigley, Department HR
  - Robert Phillips, Affirmative Action/EEO Officer
  - Bob Thomas, Department Budget/Sustainability
  - Mindy Harris, Finance & Risk Management
  - Randy Walruff, Assessment & Taxation
  - Travis Graves, Human Resources
  - Karyne Dargan, Budget & Evaluation
  - Rich Swift, FREDS
  - Bob Thomas, Interim Facilities & Property Management
  - Tim Boylan, Interim Information Technology

MULTNOMAH COUNTY, OREGON
Department of County Management
Finance & Risk Management Division



MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2008
Principal Officers

Title	Name	Term Expires
Board of County Commissioners		
Chair of Board	Ted Wheeler 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2010
District No. 1	Maria Rojo de Steffey 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2008
District No. 2	Jeff Cogen 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2010
District No. 3	Lisa Naito 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2008
District No. 4	Lonnie Roberts 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2008
Other Elected Officers		
County Auditor	Lavonne Griffin-Valade 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2010
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2008
County Sheriff	Bob Skipper (Appointed/Interim) 501 SE Hawthorne Blvd, 3rd Floor Portland, OR 97214	12/31/2008
Other Appointed Officers		
Chief Financial Officer	Mindy Harris	Not elected
County Attorney	Agnes Sowle	Not elected

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FINANCIAL SECTION

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Multnomah County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, a discretely presented component unit, which represents 1.37% and 0.55% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon, as of June 30, 2008, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparisons for the General Fund and the Federal and State Program Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and OPEB information on pages 14 through 27 and 75 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis on pages 14 through 27 which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The schedule of OPEB funding progress on page 75 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Multnomah County, Oregon's, basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

James C. Lazarotti

For Moss Adams LLP
Eugene, Oregon
November 25, 2008

Department of County Managment
MULTNOMAH COUNTY OREGON
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3903 phone
(503) 988-3292 fax

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Multnomah County, Oregon, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2008, by $577,364 (*net assets*). Of this amount, $21,587 is restricted for capital improvement projects, $7,369 is restricted for various community support programs, $47,277 is restricted for future years' debt service, and $1,746 is restricted for library operations.
- Total net assets increased by $19,233 or 3% in fiscal year 2008. There is not one primary factor for the increase in net assets, but rather various reasons account for the overall increase in net assets which are discussed by management below.
- In governmental activities, business income tax revenues increased by $8,251 or 14% over the prior year. In recent years County management has made collection efforts on business income taxes a higher priority leading to increased revenues, though total collections will likely decline as the economy weakens.
- Property tax revenues continue to increase steadily each year and were up by 8% or $18,201 over the prior year. This is partially the result of an increase in the rate assessed for the Library local option levy. Voters approved an increase in the rate from 75.5 cents per thousand to 89 cents per thousand, accounting for $7,679 of the total revenue growth.
- Personal income tax revenues decreased by $18,489 or 87% from the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections of delinquent accounts are recognized in fiscal year 2008.
- General government expenses for governmental activities decreased by $11,925 or 14% from the prior year. The primary reason for the decrease is due to the reduction in the distribution of personal income tax collections reflecting a decrease in expected future collections and distributions from what was accrued in fiscal year 2007. Calendar year 2006 was the last year the tax was in effect.
- Net assets for business-type activities decreased by $1,280 or 17% in fiscal year 2008. The decrease is primarily recorded in the net assets of the Behavioral Health Managed Care fund, and is related to a a change in the process to provide mental health services on a fee for service basis rather than a capitated services model. The change resulted in higher overall expenses in the prior year due to the partial year of capitated services and the higher incurred but not reported liability. In the current year, a further increase in the incurred but not reported liability was offset by increases in revenue from the State and additional interest earnings. In addition interest and investment earnings for business-type activities increased by $244 or 97% over the prior year as a result of a greater return on investments in the current year.
- Total assets for business-type activities decreased by $1,774 or 14% over the prior year and total liabilities decreased by $494 or 9% from fiscal year 2007. The decrease is primarily in the Behavioral Health Managed Care fund. Cash balances have increased for the fund over the prior year as a result of fee for service premiums received from the State and a lag in the corresponding disbursements for

services using a fee for service model. The fund's incurred but not reported liability increased over the prior year due to additional historical claims data available to calculate the liability, as the fee for service model has now been in place for just over one year.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of $189,081, an increase of $28,411 in comparison with the prior year's decrease of $5,515.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $51,474, or approximately 16% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Multnomah County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The S*tatement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The S*tatement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, health and social services, public safety and justice, community services, roads and bridges, and libraries. The business-type activities of the County include sanitary sewer and street lighting districts, and a behavioral health managed care operation.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate sanitary sewer district and a legally separate street lighting district, for which the County is financially accountable. The statements also include a legally separate, tax exempt foundation whose purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Financial information for the two *blended component units* and one *discretely presented component unit* is reported separately from the financial information presented for the County itself.

The government-wide financial statements can be found on pages 28-30 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Federal State Program Fund, which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements and respective reconciliations can be found on pages 31-34 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer and lighting operations, and for behavioral health managed care services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses *internal service funds* to account for its risk management activities, fleet operations, telephone and data processing systems, mail distribution, and facilities management operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide aggregate information for the sewer and lighting districts and the behavioral health fund. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the proprietary and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support County programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 40 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 123-124 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 41 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 76 of this report.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its other post employment healthcare benefits obligations. Required supplementary information can be found on page 75.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by $577,364 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 469,917	$ 448,340	$ 7,865	$ 9,643	$ 477,782	$ 457,983
Capital assets	613,142	623,885	3,424	3,420	616,566	627,305
Total assets	1,083,059	1,072,225	11,289	13,063	1,094,348	1,085,288
Long-term liabilities outstanding	382,106	392,124	28	19	382,134	392,143
Other liabilities	129,941	129,603	4,909	5,412	134,850	135,014
Total liabilities	512,047	521,727	4,937	5,431	516,984	527,157
Net assets:						
Invested in capital assets, net of related debt	465,079	456,502	3,424	3,420	468,503	459,522
Restricted	77,979	76,266	-	-	77,979	76,266
Unrestricted	27,954	17,731	2,928	4,212	30,882	22,343
Total net assets	$ 571,012	$ 550,499	$ 6,352	$ 7,632	$ 577,364	$ 558,131

The largest portion of the County's net assets, approximately 81%, reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the outstanding debt used to acquire the assets in the amount of $468,503 as compared to $459,522 a year ago. The increase in the investment in capital assets net of related debt is primarily due to the completion of the new Sauvie Island bridge, begun in fiscal year 2004 and opened to traffic in June 2008. During fiscal year 2008 the County paid approximately $15,517 in debt related to capital assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net assets in the amount of $77,979 or approximately 14% are restricted for capital projects, debt service, library operations and various community support programs. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of $30,882 or approximately 5%. At the end of the current year, the County is able to report positive balances in all categories of net assets for the government as a whole.

Total net assets increased by $19,233 during the current fiscal year. This increase is attributable to various factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net assets for fiscal years 2007 and 2008.

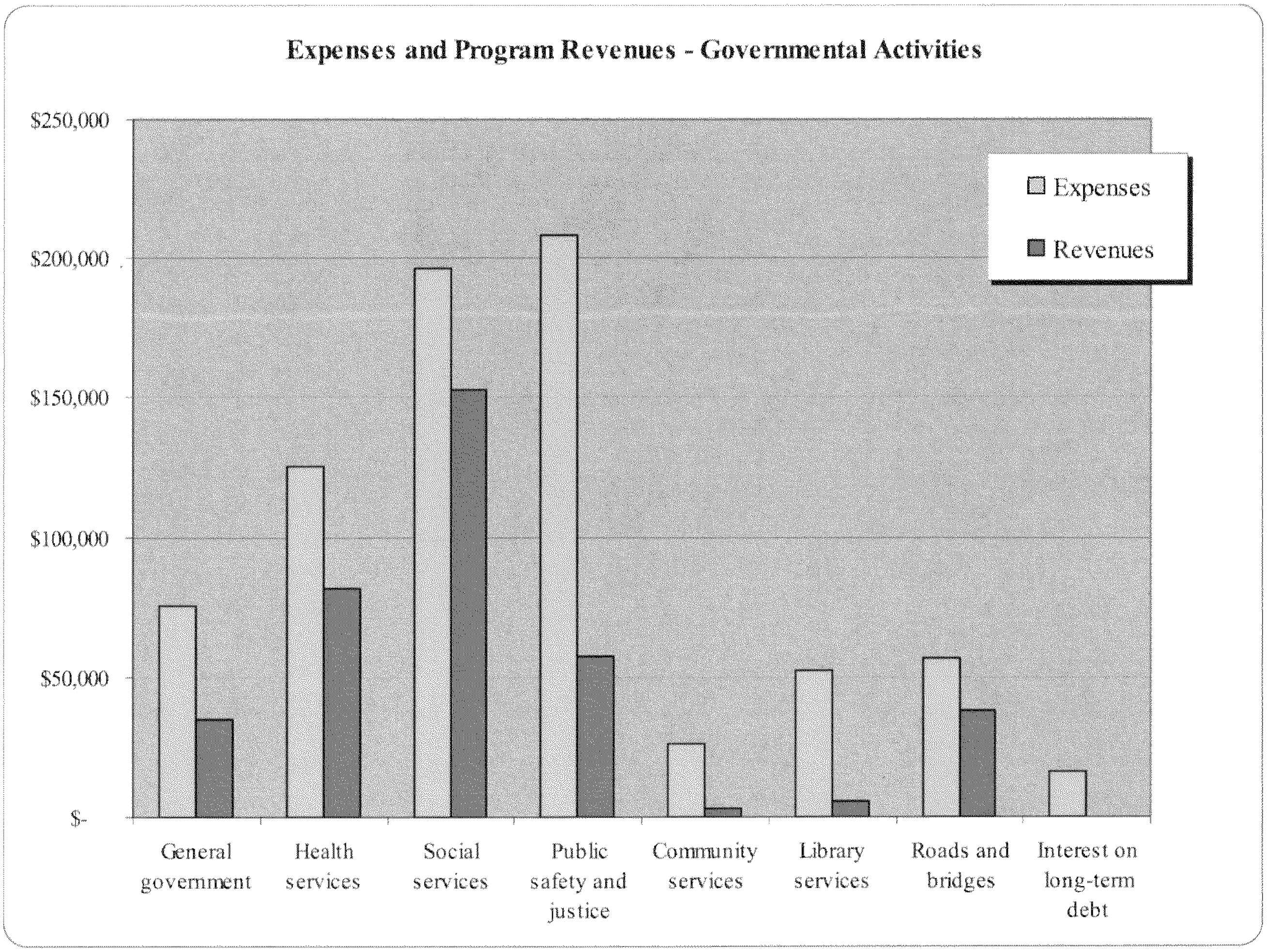
Multnomah County's Changes in Net Assets

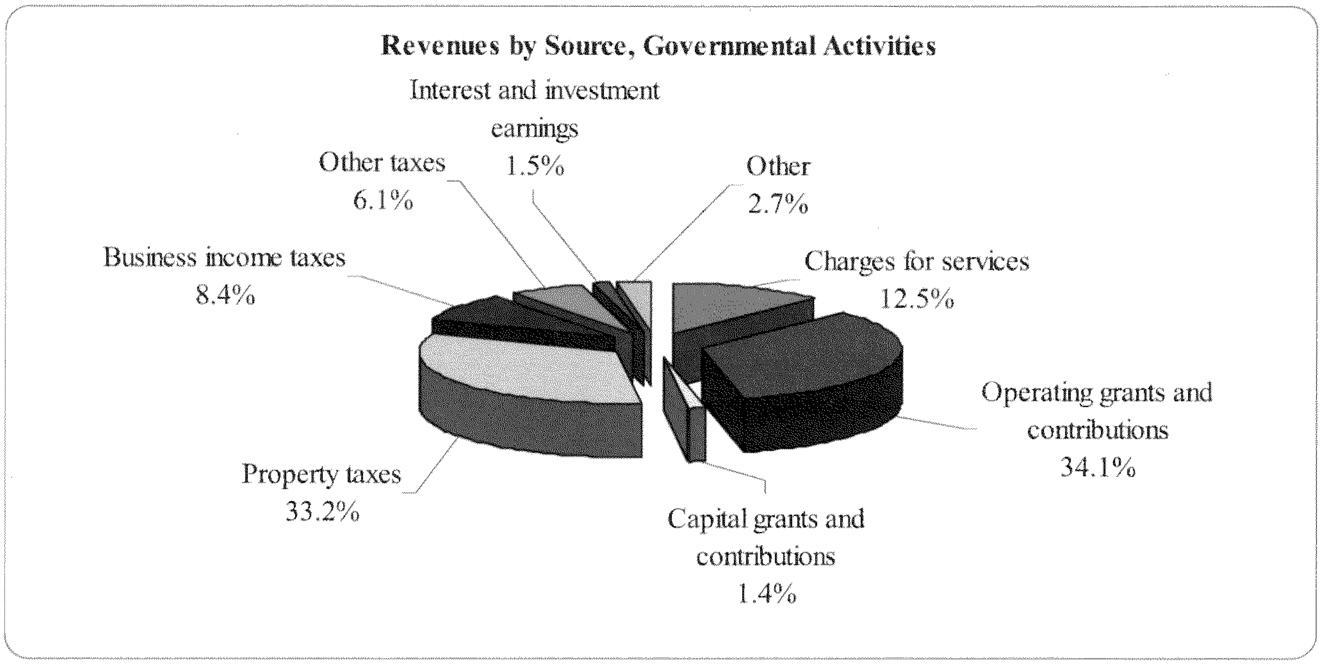
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 97,348	$ 92,419	$36,967	$35,759	$134,315	$128,178
Operating grants and contributions	265,271	257,810	-	-	265,271	257,810
Capital grants and contributions	10,505	5,594	10	76	10,515	5,670
General revenues:						
Taxes:						
Property taxes	258,523	240,322	-	-	258,523	240,322
Personal income taxes	2,748	21,237	-	-	2,748	21,237
Business income taxes	65,650	57,399	-	-	65,650	57,399
Other taxes	44,349	41,320	-	-	44,349	41,320
State government shared revenues	9,613	9,517	-	-	9,613	9,517
Grants and contributions not restricted to specific programs	10	6	-	-	10	6
Interest and investment earnings	11,887	13,454	398	495	12,285	13,949
Miscellaneous	1,410	6,771	1	467	1,411	7,238
Gain on sale of capital assets	10,206	228	-	-	10,206	228
Total revenues	777,520	746,077	37,376	36,797	814,896	782,874
Expenses:						
General government	75,547	87,472	-	-	75,547	87,472
Health services	125,355	118,380	-	-	125,355	118,380
Social services	196,537	185,672	-	-	196,537	185,672
Public safety and justice	208,253	199,850	-	-	208,253	199,850
Community services	26,069	24,136	-	-	26,069	24,136
Library services	52,087	47,872	-	-	52,087	47,872
Roads and bridges	56,716	53,701	-	-	56,716	53,701
Interest on long-term debt	16,443	16,954	-	-	16,443	16,954
Dunthorpe-Riverdale Service District Number 1	-	-	476	405	476	405
Mid County Service District Number 14	-	-	377	354	377	354
Behavioral Health Managed Care	-	-	37,803	34,221	37,803	34,221
Total expenses	757,007	734,037	38,656	34,980	795,663	769,017
Increase (decrease) in net assets	20,513	12,040	(1,280)	1,817	19,233	13,857
Beginning net assets	550,499	538,459	7,632	5,815	558,131	544,274
Ending net assets	$571,012	$550,499	$ 6,352	$ 7,632	$577,364	$558,131

Governmental activities. Governmental activities increased the County's net assets by $20,513; key elements of this increase are highlighted below:

- General revenues for personal income taxes decreased by $18,489 or 87% due to the sunset of the County's three year temporary personal income tax. Total distributions recorded in general government expenses are directly related to personal income tax revenues and were down by $12,535 over the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections on delinquent accounts are recognized in fiscal year 2008.
- Business income taxes increased over the prior year by $8,251 or 14%. Business income tax revenues have grown an average of 20% annually over the past five years. This growth in revenue has mirrored growth in the regional economy. Current forecasts estimate that revenue from the business income tax will decline in proportion to an anticipated economic contraction.
- Property taxes increased by $18,201 or 8% over the prior year. This is partially the result of an increase in the rate assessed for the Library local option levy. Voters approved an increase in the rate from 75.5 cents per thousand to 89 cents per thousand, accounting for $7,679 of the total revenue growth.

The following graphs show the County's Governmental Activities expenses and revenues by program area and revenue by sources.



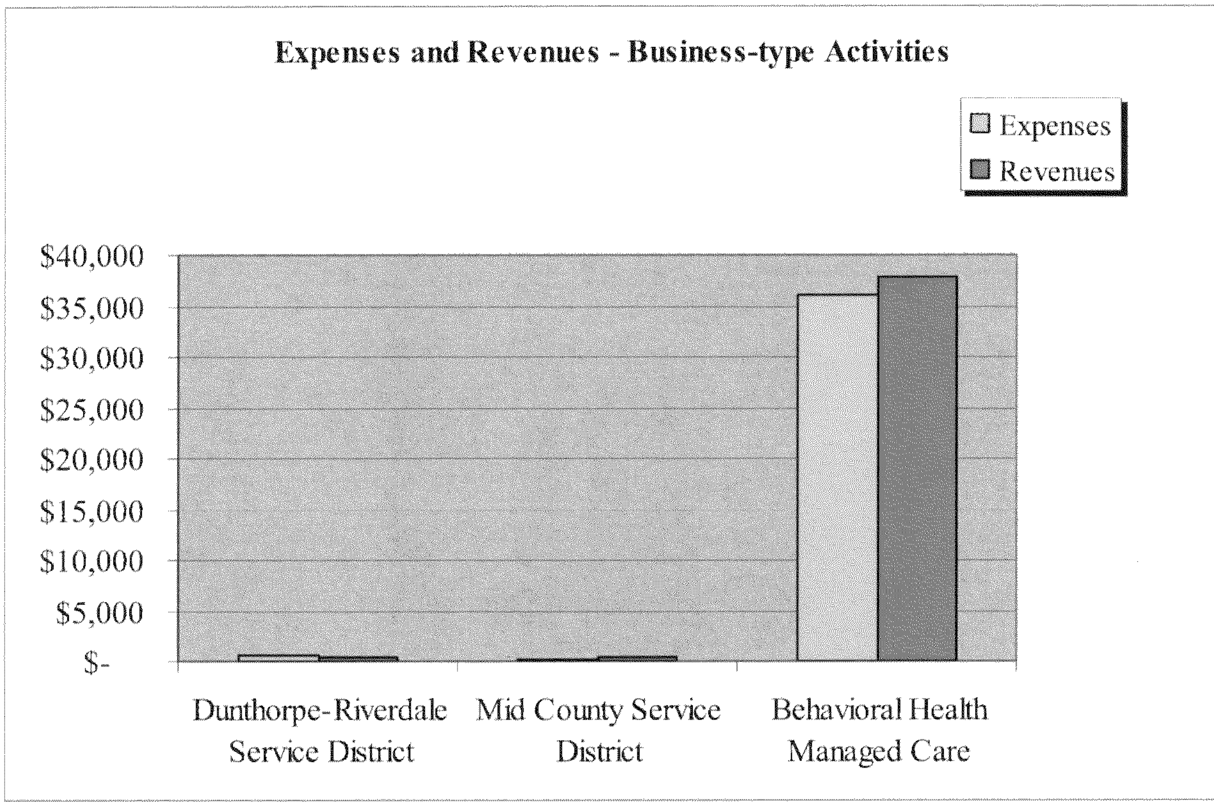


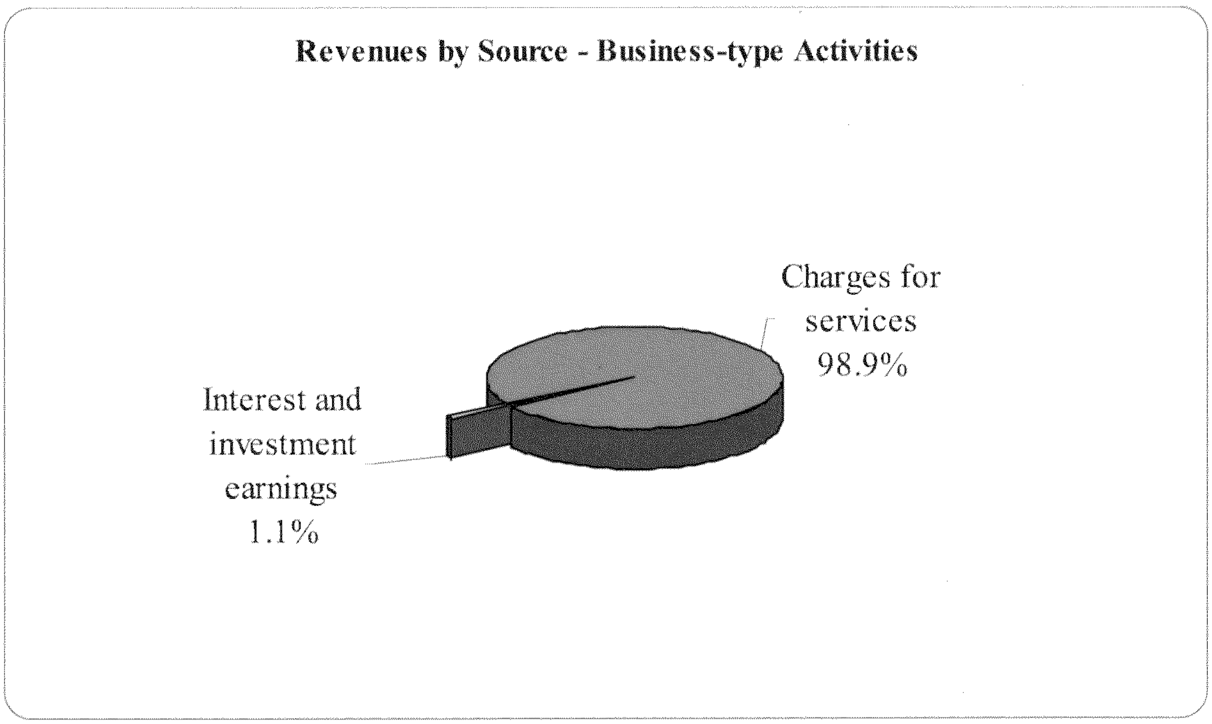
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

Business-type activities. Business-type activities decreased the County's net assets by $1,280, compared to an increase of $1,817 in the prior year. The primary reasons for the current year's decrease are:

- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2008 the District collected $268 in fines, fees and charges for services which is a decrease from the prior year of $38 or 12% due to a reduction in the street lighting assessment fees as capital projects were completed over the past several years.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2008 the District collected $627 in fines, fees and charges for services which is an increase over the prior year of $53 or 9% due to an increase in customer sewer user assessment fees to assist with rising utility costs and needed capital improvements.
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health plan enrolled members within Multnomah County. Revenues in the Behavioral Health Managed Care fund were steady compared to the prior year with an increase of $1,193 or approximately 3%. For the same period expenses increased by $3,582 or 10%. The expenses for system of care were greater in fiscal year 2008 due to increased services to children receiving intensive service array care over the prior year. In addition the safety net expenses were greater due to increases in the call center services.
- Miscellaneous revenues in the prior year included $467 for the Behavioral Health Managed Care fund as a result of adjustments to the fund's incurred but not reported liabilities. This adjustment was a one-time event and reflected changes by the County in redesigning the capitated services model to a fee for service model.

The following graphs show the County's Business-type Activities expenses and revenues by program area and revenue by sources.


Expenses and Revenues - Business-type Activities
Expenses
Revenues
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$-
Dunthorpe-Riverdale Service District
Mid County Service District
Behavioral Health Managed Care


Revenues by Source - Business-type Activities
Charges for services 98.9%
Interest and investment earnings 1.1%

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $189,081, an increase of $28,411 over the prior year. Approximately 52% or $98,337 of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed 1) to interfund receivables ($19,475), 2) to prepaid items and inventories ($2,763), 3) to pay debt service ($46,915), or 4) to pay for ongoing capital projects ($21,591).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was $51,474 in the General Fund or approximately 72% of the total fund balance of $71,613. This indicates a high degree of liquidity of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 22% of total General Fund expenditures.

The fund balance of the County's General Fund increased by $11,395 during the current fiscal year. The primary factor for this increase can be attributed to unanticipated growth in business income tax revenues. Business income tax revenues were budgeted at $52,815 while actual revenue collections were $65,650 for the year.

The Federal and State Program Special Revenue Fund has a total fund balance of $4,429, of which $917 is reserved for prepaid items and inventories. The remaining $3,512 is unreserved. Federal revenues are closely matched with Federal expenditures and the fund balance increased over the prior year by $997.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at year end amounted to:

- Dunthorpe-Riverdale Service District Fund, $(18)
- Mid County Service District Fund, $339
- Behavioral Health Managed Care Fund, $2,607

The total change in net assets for all proprietary funds was $1,280. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for some of the differences between the original General Fund budget and the final adopted budget. Total budgeted revenues were increased by $3,840 and total budgeted expenditures were increased by $10,948. Contingency was reduced by $6,160 for increases in budgeted expenditures not related to increased revenues, and may only be used only when approved by the Board for a specific purpose and department. There was an increase to the projected General Fund budgetary fund balance of $48 as a result of these budget amendments.

The following list highlights department expenditures that had changes from the original budget to the final adopted budget in the General Fund greater than $2,000:

- Community justice – The department's final budget exceeded the original budget by $2,899. This was primarily due to cuts made to the final biennial budget for the State, which was adopted after the County had adopted the budget for fiscal year 2008 and was funded with contingency funds. Included in these cuts were $548 in juvenile services and $1,755 for adult services. There was also another $240 from contingency to expand the Court Appearance Notification System and to shift responsibility for this project from the Local Public Safety Coordinating Council to the department of Community Justice.
- Nondepartmental – The final budget for nondepartmental offices and agencies exceeded the original budget by $2,280 due to increases to distribute business income tax and personal income tax revenues that were higher than expected collections. Distributions of business income taxes to east county cities increased by $805, and distributions of personal income taxes to county schools increased by $1,475.
- Sheriff – The Sheriff's office final budget exceeded the original budget by $3,576. Of this, $973 was part of the budget modification mentioned above to offset cuts to the State budget, to cover a shortfall in funding for senate bill 1145 for the first year of the biennium. Other changes include $1,500 to keep additional jail beds open, $614 for a field based work release and supervision program, and $201 for additional deputies to form a warrant strike force.

Capital Projects and Debt Administration

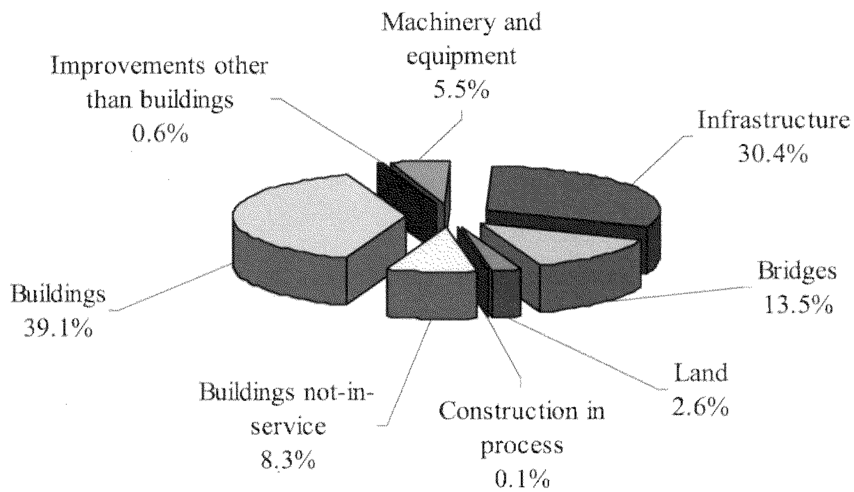
Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to $613,566 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County's investment in capital assets for the current fiscal year was a decrease of $13,739 or approximately 2%. Major capital asset events during the current fiscal year included:

- Governmental construction in progress decreased by $35,418 or 99% over the prior year as the construction on the Sauvie Island bridge project concluded. The final cost of the bridge when completed was $45,711, making up most of the increase in governmental bridges.
- Governmental buildings decreased by $12,385 or 4%, partially due to depreciation on existing buildings but also related to the disposition of surplus property of $4,106. This property was disposed of at a gain of $10,105, with part of the proceeds being used to acquire land for a new East County Justice facility.
- Buildings not-in-service represents a County jail facility whose construction was completed in fiscal year 2005. However, the County does not have sufficient resources to operate the facility.

Multnomah County's Capital Assets
(net of depreciation, where applicable)

	Governmental Activities		Business- Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 16,296	$ 13,787	$ -	$ -	$ 16,296	$ 13,787
Construction in process	317	35,735	-	-	317	35,735
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	240,967	253,353	-	-	240,967	253,353
Improvements other than buildings	188	197	3,424	3,420	3,612	3,617
Machinery and equipment	34,003	31,606	-	-	34,003	31,606
Bridges	83,033	37,585			83,033	37,585
Infrastructure	187,174	200,458	-	-	187,174	200,458
Total capital assets	$ 613,142	$ 623,885	$ 3,424	$ 3,420	$ 616,566	$ 627,305

The following chart indicates the County's capital assets as of June, 30, 2008. Additional information on the County's capital assets can be found in note 3.C on pages 58-59 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of $317,900. Of this amount, $63,125 comprises debt backed by the general obligation bonds; $235,609 represents debt backed by the full faith and credit bonds; $242 comprises long term loan obligations; and the remainder of the County's debt represents bonds secured solely by specified sources (e.g., revenue bonds, capitalized leases). Both general obligation bonds and full faith and credit bonds are direct obligations pledging the full faith and credit of the County.

Multnomah County's Outstanding Debt

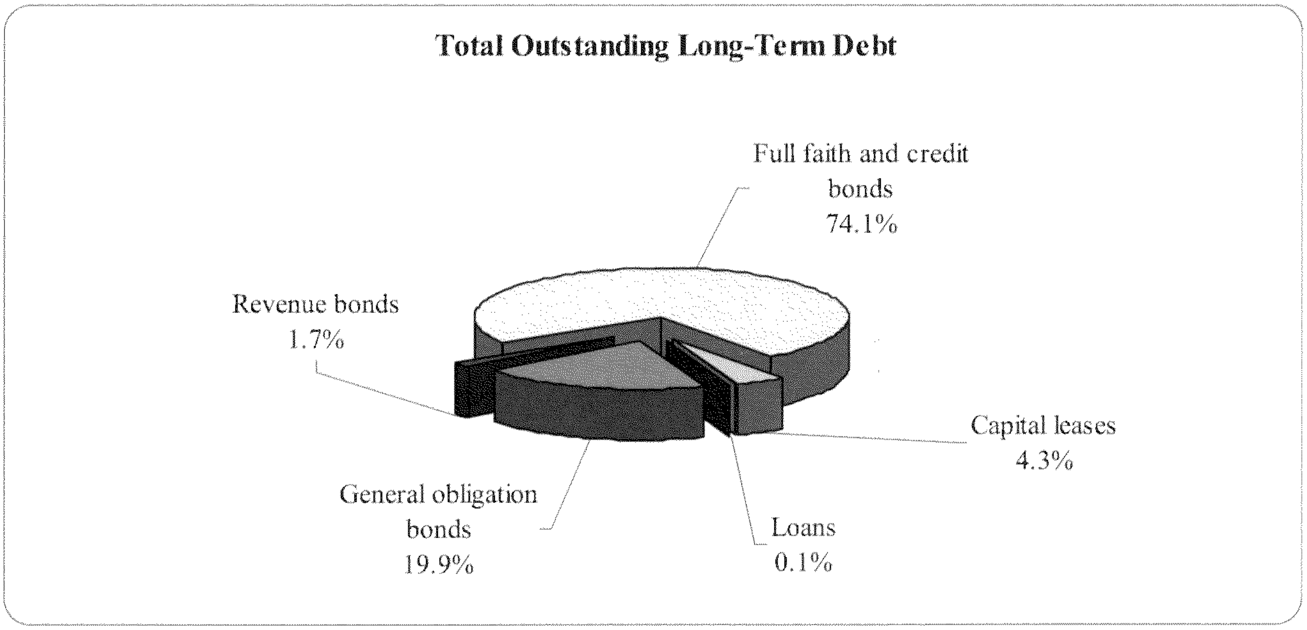
	Governmental Activities		Business- Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	$ 63,125	$ 69,380	$ -	$ -	$ 63,125	$ 69,380
Revenue bonds	5,320	5,880	-	-	5,320	5,880
Full faith and credit bonds	235,609	247,413	-	-	235,609	247,413
Capital leases	13,604	16,620	-	-	13,604	16,620
Loans	242	362	-	-	242	362
Total outstanding debt	$ 317,900	$ 339,655	$ -	$ -	$ 317,900	$ 339,655

The County's total debt decreased by $21,755 or approximately 6% during the current fiscal year. Changes to the County's long-term debt during fiscal year 2008 consisted primarily of principal payments.

The County maintains an "Aa1" rating with a stable outlook from Moody's, for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is $2,006,055, which is significantly in excess of the County's outstanding general obligation debt. State statutes also limit the amount of full faith and credit obligations to one percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for full faith and credit obligations is $1,003,028, which is in excess of the County's outstanding full faith and credit debt.

The following chart indicates the County's long-term liabilities as of June 30, 2008. Additional information on the County's long-term liabilities can be found in note 3.G on pages 61-68 of this report.



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 5.2% which is higher than the prior year's rate of 4.8%. The rate has been trending upward in recent months as economic conditions have begun to show signs of weakening.

- It is anticipated that business income tax revenues will decrease in the coming year as compared to the 2008 budgeted amount. Business income tax is highly sensitive to economic conditions. In a weakening economic climate it would not be surprising for revenues to drop by 15% or more.
- Property tax revenues are not expected to be significantly different than the original budget estimates.

All of these factors were considered in preparing the County's budget for fiscal year 2008-2009.

During the current fiscal year, unreserved fund balance in the General Fund decreased to $51,474. At this level, the County is able to maintain fully funded reserves as described in the Financial and Budget policies.

Requests for Information

This financial report is designed to provide a general overview of Multnomah County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for separately issued component unit reports should be directed to the following address:

Multnomah County
Department of County Management
501 SE Hawthorne Blvd. Suite 531
Portland, OR 97214

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2008
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Library Foundation
ASSETS				
Current assets:				
Cash and investments	$ 228,242	$ 8,157	$ 236,399	$ 12,709
Receivables (net of allowance for uncollectibles):				
Taxes	31,297	-	31,297	-
Accounts	66,461	1	66,462	89
Loans	756	-	756	-
Interest	847	-	847	-
Special assessments	11	36	47	-
Contracts	3,982	-	3,982	-
Contributions	-	-	-	570
Internal balances	329	(329)	-	-
Inventories	3,237	-	3,237	-
Prepaid items	2,047	-	2,047	21
Contributions receivable from charitable remainder	-	-	-	
unitrust and life insurance policy	-	-	-	1,535
Restricted cash and investments	598	-	598	-
Capital assets:				
Land and construction in progress	16,613	-	16,613	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	545,365	3,424	548,789	16
Other assets, net of amortization	132,110	-	132,110	-
Total assets	1,083,059	11,289	1,094,348	14,940
LIABILITIES				
Accounts payable	68,473	4,888	73,361	18
Claims and judgments payable	11,414	-	11,414	-
Accrued salaries and benefits	7,658	11	7,669	-
Accrued interest payable	2,854	-	2,854	-
Gift annuity payable	-	-	-	7
Unearned revenue	9,540	-	9,540	-
Due within one year:				
Compensated absences	6,498	10	6,508	-
Bonds payable	20,415	-	20,415	-
Capital leases payable	2,847	-	2,847	-
Loans payable	242	-	242	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	15,856	28	15,884	-
Bonds payable	283,639	-	283,639	-
Capital leases payable	10,757	-	10,757	-
Deferred lease obligation	1,718	-	1,718	-
Net other postemployment benefits obligation	70,136	-	70,136	-
Total liabilities	512,047	4,937	516,984	25
NET ASSETS				
Invested in capital assets, net of related debt	465,079	3,424	468,503	16
Restricted:				
Nonexpendable - Library operations	-	-	-	4,033
Expendable:				
Capital projects	21,587	-	21,587	-
Community support programs	7,369	-	7,369	-
Debt service	47,277	-	47,277	-
Library operations	1,746	-	1,746	4,387
Unrestricted	27,954	2,928	30,882	6,479
Total net assets	$ 571,012	$ 6,352	$ 577,364	$ 14,915

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 75,547	$ 21,721	$ 4,497	$ 8,826
Health services	125,355	52,241	29,266	-
Social services	196,537	1,615	151,290	-
Public safety and justice	208,253	17,765	39,599	-
Community services	26,069	10	3,117	69
Library	52,087	1,855	3,504	-
Roads and bridges	56,716	2,141	33,998	1,610
Interest on long-term debt	16,443	-	-	-
Total governmental activities	757,007	97,348	265,271	10,505
Business-type activities:				
Dunthorpe-Riverdale service District Number 1	476	627	-	-
Mid County service District Number 14	377	268	-	10
Behavioral health managed care	37,803	36,072	-	-
Total business-type activities	38,656	36,967	-	10
Total primary government	$ 795,663	$ 134,315	$ 265,271	$ 10,515
Component unit:				
The Library Foundation	$ 2,736	$ -	$ 1,963	$ -

General revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Personal income taxes
Business income taxes
Selective excise and use taxes
Payments in lieu of taxes
State government shared unrestricted revenues
Grants and contributions not restricted to specific programs
Interest and investment earnings
Miscellaneous
Gain on sale of capital assets
Total general revenues
Change in net assets
Net assets - beginning
Net assets - ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
$ (40,503)	$ -	$ (40,503)	$ -
(43,848)	-	(43,848)	-
(43,632)	-	(43,632)	-
(150,889)	-	(150,889)	-
(22,873)	-	(22,873)	-
(46,728)	-	(46,728)	-
(18,967)	-	(18,967)	-
(16,443)	-	(16,443)	-
(383,883)	-	(383,883)	-
-	151	151	-
-	(99)	(99)	-
-	(1,731)	(1,731)	-
-	(1,679)	(1,679)	-
(383,883)	(1,679)	(385,562)	-
-	-	-	(773)
249,446	-	249,446	-
9,077	-	9,077	-
2,748	-	2,748	-
65,650	-	65,650	-
42,812	-	42,812	-
1,537	-	1,537	-
9,613	-	9,613	-
10	-	10	1,409
11,887	398	12,285	(628)
1,410	1	1,411	4
10,206	-	10,206	-
404,396	399	404,795	785
20,513	(1,280)	19,233	12
550,499	7,632	558,131	14,903
$ 571,012	$ 6,352	$ 577,364	$ 14,915

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2008
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 60,312	$ 21	$ 113,540	$ 173,873
Receivables:				
Taxes	26,445	-	4,852	31,297
Accounts	7,410	49,594	8,682	65,686
Loans	-	756	-	756
Interest	847	-	-	847
Special assessments	11	-	-	11
Contracts	1,383	-	2,599	3,982
Due from other funds	19,475	-	-	19,475
Inventories	394	359	993	1,746
Prepaids and deposits	270	558	189	1,017
Restricted cash and investments	-	275	323	598
Total assets	$ 116,547	$ 51,563	$ 131,178	$ 299,288
LIABILITIES				
Accounts payable	$ 21,835	$ 20,508	$ 12,363	$ 54,706
Payroll payable	3,816	2,272	904	6,992
Due to other funds	-	19,475	-	19,475
Deferred revenue	19,283	4,879	4,872	29,034
Total liabilities	44,934	47,134	18,139	110,207
FUND BALANCES				
Reserved for capital projects	-	-	21,591	21,591
Reserved for debt service	-	-	46,915	46,915
Reserved for interfund receivable	19,475	-	-	19,475
Reserved for inventories	394	359	993	1,746
Reserved for prepaid items	270	558	189	1,017
Unreserved, reported in:				
General fund	51,474	-	-	51,474
Special revenue funds	-	3,512	43,351	46,863
Total fund balances	71,613	4,429	113,039	189,081
Total liabilities and fund balances	$ 116,547	$ 51,563	$ 131,178	$ 299,288

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2008
(amounts expressed in thousands)

Fund Balances - Governmental Funds		$ 189,081
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	1,219,956	
Less accumulated depreciation	(612,950)	607,006
Other long-term assets		
Negative net pension asset	131,747	
Bond issuance costs	363	132,110
Accrued interest payable		(2,854)
Amount payable to other Governments under Intergovernmental Agreement for financial support of community based health organization		(308)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(304,054)	
Capital leases payable	(13,604)	
Loans payable	(242)	(317,900)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(20,048)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(7,341)
Net other post-employment benefits obligation		(70,136)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	9,827	
Personal income taxes	9,783	19,610
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities.		41,792
Net Assets of Governmental Activities		$ 571,012

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 297,372	$ -	$ 77,672	$ 375,044
Intergovernmental	18,452	214,795	43,852	277,099
Licenses and permits	8,763	2,432	4,246	15,441
Charges for services	9,365	51,362	7,023	67,750
Interest	5,073	11	4,473	9,557
Other	13,279	3,244	33,819	50,342
Total revenues	352,304	271,844	171,085	795,233
EXPENDITURES				
Current:				
General government	62,495	-	6,729	69,224
Health services	50,188	77,312	1,414	128,914
Social services	45,156	151,942	112	197,210
Public safety and justice	165,768	38,854	4,497	209,119
Community services	-	2,485	23,419	25,904
Library services	-	-	48,051	48,051
Roads and bridges	-	-	40,723	40,723
Capital outlay	574	254	26,539	27,367
Debt service:				
Principal	11	-	21,511	21,522
Interest	1,262	-	15,132	16,394
Total expenditures	325,454	270,847	188,127	784,428
Excess (deficiency) of revenues over (under) expenditures	26,850	997	(17,042)	10,805
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	8	-	14,211	14,219
Transfers in	1,854	-	27,412	29,266
Transfers out	(17,317)	-	(8,562)	(25,879)
Total other financing sources (uses)	(15,455)	-	33,061	17,606
Net change in fund balances	11,395	997	16,019	28,411
Fund balances - beginning	60,218	3,432	97,020	160,670
Fund balances - ending	$ 71,613	$ 4,429	$ 113,039	$ 189,081

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds		$ 28,411
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	27,367	
Current year depreciation expense	(32,305)	(4,938)
Contributed and donated capital assets	1,649	
Proceeds on sale of capital assets	(14,220)	
Gain on termination of capital lease	153	
Gain on disposal of capital assets	10,117	
Loss on disposal of capital assets	(4,263)	(6,564)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Increase in deferred revenues - property taxes	1,298	
Decrease in deferred revenues - personal income taxes	(3,863)	(2,565)
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net assets. The premium is amortized to interest income in the statement of activities.		
Current year premium amortization		339
Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Current year amortization expense		(32)
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(260)
Amount received from other Governments for financial support of community based health organization but not yet distributed is a liability on the Statement of Net Assets		(308)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets.		21,522
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(1,614)	
Decrease in accrued interest expense	211	
Decrease in personal income tax distribution liability	4,251	2,848
Amortization expense on the net pension asset.		(6,152)
Current year expense for net other post-employment benefits obligation		(12,146)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.		358
Change in net assets of Governmental Activities		$ 20,513

The notes to the financial statements are an integral part of this statement.

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MAJOR GOVERNMENTAL FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same item. The general fund is always classified as a major fund. The modified accrual basis of accounting is used to record revenues and expenditures.

- **General Fund** – accounts for the financial operations of the County which are not accounted for in any other fund. The principal sources of revenues are property taxes, personal income taxes, and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, and health and social services.

- **Federal and State Program Fund** – a special revenue fund that accounts for the majority of revenues and expenditures related to Federal and State financial assistance programs.

MULTNOMAH COUNTY, OREGON
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes				
Property:				
Current	$ 199,204	$ 199,204	$ 204,708	$ 5,504
Prior	4,171	4,171	3,886	(285)
Penalties and interest	1,299	1,299	1,642	343
Payments in lieu of taxes	800	910	1,388	478
Transient lodging	-	-	5	5
Business income	52,215	53,020	65,650	12,630
Personal income	5,000	6,475	6,611	136
Motor vehicle rental	12,359	12,359	13,482	1,123
Intergovernmental:				
Federal	2	468	-	(468)
State	10,398	10,398	14,568	4,170
Local	3,784	3,993	3,884	(109)
Licenses and permits	9,250	9,363	8,763	(600)
Charges for services	9,255	9,514	9,365	(149)
Interest	3,110	3,110	5,073	1,963
Other:				
Service reimbursements	13,636	14,004	12,399	(1,605)
Miscellaneous	1,114	1,149	880	(269)
Total revenues	325,597	329,437	352,304	22,867
EXPENDITURES				
Community justice	51,108	54,007	51,349	2,658
Community services	11,114	11,219	10,517	702
County management	31,867	31,896	30,220	1,676
District attorney	19,636	19,787	18,712	1,075
Health services	53,361	53,797	50,188	3,609
Human services	44,823	46,293	45,156	1,137
Nondepartmental	20,782	23,064	23,061	3
Sheriff	96,065	99,641	96,251	3,390
Total expenditures	328,756	339,704	325,454	14,250
Excess (deficiency) of revenues over (under) expenditures	(3,159)	(10,267)	26,850	37,117
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	1,000	-	(1,000)
Proceeds from sale of capital assets	-	-	8	8
Transfers in	2,067	2,067	1,854	(213)
Transfers out	(17,313)	(17,317)	(17,317)	-
Total other financing sources (uses)	(15,246)	(14,250)	(15,455)	(1,205)
Contingency	(8,361)	(2,201)	-	2,201
Net change in fund balances	(26,766)	(26,718)	11,395	38,113
Fund balances - beginning	40,266	40,266	60,218	19,952
Fund balances - ending	$ 13,500	$ 13,548	$ 71,613	$ 58,065

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Program Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 209,172	$ 171,013	$ 162,578	$ (8,435)
Licenses and permits	2,469	2,470	2,432	(38)
Charges for services	54,240	54,336	51,362	(2,974)
Interest	9	9	11	2
Other:				
Non-governmental grants	1,451	2,924	2,522	(402)
Service reimbursements	80	80	92	12
Miscellaneous	614	554	630	76
Total revenues	268,035	231,386	219,627	(11,759)
EXPENDITURES				
Community justice	28,094	26,525	24,555	1,970
Community services	409	1,013	770	243
County management	121	121	83	38
District attorney	5,678	6,157	5,628	529
Health services	77,389	80,463	77,372	3,091
Human services	144,680	107,678	99,725	7,953
Nondepartmental	1,516	1,742	1,632	110
Sheriff	10,184	9,972	8,865	1,107
Total expenditures	268,071	233,671	218,630	15,041
Excess (deficiency) of revenues over (under) expenditures	(36)	(2,285)	997	3,282
Fund balances - beginning	36	2,285	3,432	1,147
Fund balances - ending	$ -	$ -	4,429	$ 4,429

Reconciliation to GAAP Basis:	
Intergovernmental revenues for State payments to County service providers	52,217
State payments to County service providers	(52,217)
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 33	$ 4,429

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS

The County utilizes ten Proprietary Funds made up of three Enterprise Funds and seven Internal Service Funds. Internal Service Funds' statements begin on page 115.

Enterprise Funds:
These funds are used to finance and account for the acquisition, operation and maintenance of sewage treatment facilities, street lighting facilities and mental health claims administration, which are supported by user charges. The County accounts for certain expenditures of the enterprise funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes the accrual basis of accounting is used. The difference in the accounting basis used relates primarily to the methods of accounting for depreciation and capital outlay. Funds included are:

- **Dunthorpe-Riverdale Service District No. 1 Fund** - accounts for the operation of the sanitary sewer system in southwest unincorporated Multnomah County. (A blended component unit of Multnomah County.)

- **Mid County Service District No. 14 Fund** - accounts for the operation of street lights throughout unincorporated Multnomah County. (A blended component unit of Multnomah County.)

- **Behavioral Health Managed Care Fund** - accounts for all financial activity associated with the State required behavioral health services.

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
Proprietary Funds
June 30, 2008
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe-Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	$ 482	$ 386	$ 7,289	$ 8,157	$ 54,369
Receivables (net of allowances for uncollectibles):					
Accounts	1	-	-	1	775
Special assessments	24	12	-	36	-
Due from other funds	-	-	-	-	76
Inventories	-	-	-	-	1,491
Prepaid items	-	-	-	-	1,030
Total current assets	507	398	7,289	8,194	57,741
Noncurrent assets:					
Advances to other funds	-	-	-	-	253
Capital assets (net of accumulated depreciation)	1,916	1,508	-	3,424	6,137
Total noncurrent assets	1,916	1,508	-	3,424	6,390
Total assets	2,423	1,906	7,289	11,618	64,131
LIABILITIES					
Current liabilities:					
Accounts payable	196	59	4,633	4,888	6,119
Claims and judgments payable	-	-	-	-	11,414
Payroll payable	-	-	11	11	666
Deferred revenue	-	-	-	-	116
Compensated absences	-	-	10	10	611
Due to other funds	76	-	-	76	-
Total current liabilities	272	59	4,654	4,985	18,926
Noncurrent liabilities:					
Compensated absences	-	-	28	28	1,695
Advances from other funds	253	-	-	253	-
Incremental leases payable	-	-	-	-	1,718
Total noncurrent liabilities	253	-	28	281	3,413
Total liabilities	525	59	4,682	5,266	22,339
NET ASSETS					
Invested in capital assets, net of realted debt	1,916	1,508	-	3,424	6,137
Unrestricted	(18)	339	2,607	2,928	35,655
Total net assets	$ 1,898	$ 1,847	$ 2,607	$ 6,352	$ 41,792

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe-Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges for sales and services	$ 627	$ 268	$ 36,072	$ 36,967	$ 140,703
Insurance premiums	-	-	-	-	6,360
Experience ratings and other	-	-	1	1	839
Total operating revenues	627	268	36,073	36,968	147,902
OPERATING EXPENSES					
Cost of sales and services	354	275	36,032	36,661	140,757
Administration	37	43	1,771	1,851	3,221
Depreciation	62	59	-	121	2,219
Total operating expenses	453	377	37,803	38,633	146,197
Operating income (loss)	174	(109)	(1,730)	(1,665)	1,705
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	24	18	356	398	1,991
Interest expense	(23)	-	-	(23)	-
Gain on disposal of capital assets	-	-	-	-	89
Loss on disposal of capital assets	-	-	-	-	(41)
Total nonoperating revenues	1	18	356	375	2,039
Income (loss) before contributions and transfers	175	(91)	(1,374)	(1,290)	3,744
Capital contributions in	-	10	-	10	3
Capital contributions out	-	-	-	-	(2)
Transfers in	-	-	-	-	1,496
Transfers out	-	-	-	-	(4,883)
Change in net assets	175	(81)	(1,374)	(1,280)	358
Total net assets - beginning	1,723	1,928	3,981	7,632	41,434
Total net assets - ending	$ 1,898	$ 1,847	$ 2,607	$ 6,352	$ 41,792

The notes to the financial statements are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Business Type Activities - Enterprise Funds				
	Dunthorpe - Riverdale Service District	Mid County Service District	Behavioral Health Maneged Care	Total	Governmental Activities - Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	$ 640	$ 268	$ 36,074	$ 36,982	$ 148,061
Payments to suppliers	(540)	(249)	(34,249)	(35,038)	(93,653)
Payments to employees	(14)	(18)	(3,400)	(3,432)	(33,544)
Internal activity - payments to other funds	(23)	(22)	(493)	(538)	(12,708)
Net cash provided (used) by operating activities	63	(21)	(2,068)	(2,026)	8,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	1,496
Transfers out	-	-	-	-	(4,883)
Net cash used by noncapital and related financing activities	-	-	-	-	(3,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(97)	(17)	-	(114)	(3,177)
Internal loan repayment	(71)	-	-	(71)	71
Interest on debt	(23)	-	-	(23)	-
Proceeds on sales of capital assets	-	-	-	-	90
Net cash used by capital and related financing activities	(191)	(17)	-	(208)	(3,016)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	24	18	356	398	1,991
Net cash provided by investing activities	24	18	356	398	1,991
Net increase (decrease) in cash and cash equivalents	(104)	(20)	(1,712)	(1,836)	3,744
Balances at beginning of the year	586	406	9,001	9,993	50,625
Balances at end of the year	$ 482	$ 386	$ 7,289	$ 8,157	$ 54,369
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 174	$ (109)	$ (1,730)	$ (1,665)	$ 1,705
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Cash flows reported in other categories:					
Depreciation	62	59	-	121	2,219
Changes in assets and liabilities:					
Receivables, net	13	-	-	13	210
Inventories	-	-	-	-	535
Prepaid items	-	-	-	-	(227)
Accounts payable	(186)	29	(346)	(503)	698
Claims and judgments payable	-	-	-	-	2,746
Deferred revenue	-	-	-	-	31
Compensated absences	-	-	9	9	82
Incremental leases payable	-	-	-	-	57
Payroll payable	-	-	(1)	(1)	100
Total adjustments	(111)	88	(338)	(361)	6,451
Net cash provided (used) by operating activities	$ 63	$ (21)	$ (2,068)	$ (2,026)	$ 8,156
Noncash financing activities:					
Contributions of capital assets	$ -	$ 10	$ -	$ 10	$ 1

The notes to the financial statements are an integral part of this statement.

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FIDUCIARY FUNDS

These funds account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. The modified accrual basis of accounting is used to record transactions in the agency funds. The accrual basis of accounting is used in the Library Retirement Pension Trust Fund. The funds included are:

- **Agency Funds** – account for resources held by the County in a purely custodial capacity (assets equal liabilities).

MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(amounts expressed in thousands)

		Agency Funds
ASSETS		
Cash and investments	$	16,898
Taxes receivable		39,733
Restricted cash		15
Total assets		56,646
LIABILITIES		
Accounts payable		10,054
Due to other governmental units		37,395
Amounts held in trust		9,197
Total liabilities		56,646
NET ASSETS		
Total net assets	$	-

The notes to the financial statements are an integral part of this statement.

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Note 1. Summary of Significant Accounting Policies

A. Reporting entity

Multnomah County, Oregon (the County) was established in 1854 and is organized under the Oregon Revised Statutes (ORS) as a municipal corporation. The County is governed by an elected Board of Commissioners, comprised of a Board Chair and four commissioners. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's governing board and where (1) the County is able to significantly influence the programs or services performed or provided by the organization or (2) the County is legally entitled to or can otherwise access the organization's resources. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Component units may also include organizations which are fiscally dependent on the County in that the County approves the budget, the issuance of debt or levying of taxes. Multnomah County has two blended component units which are included in this report.

Blended component units. The Dunthorpe-Riverdale Sanitary Service District and the Mid County Street Lighting Service District serve residents within each district's geographical boundaries and are governed by a board comprised of the County's elected Board. The rates for user charges for both districts are approved by the Board. Each District is reported as an enterprise fund. Complete financial statements for each of the individual component units may be obtained at the County's administrative offices.

The County also maintains a Hospital Facilities Authority (Authority) that issues conduit debt for health care facilities. The Authority is considered to be a blended component unit of the County because the board for the Authority consists of board members from the County. There are no balances or activity of the Authority and therefore the financial statements of the County do not include the Authority. The County is not fiscally accountable for the Authority, nor does there exist any financial benefit or burden relationship between the County and the Authority.

Discretely presented component unit. The Library Foundation (TLF) is a legally separate, tax exempt component unit of the County. TLF's purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Although the County does not control the timing or amount of receipts from TLF, the majority of resources, or income thereon that TLF holds and invests are restricted to the County libraries' activities by the donors. TLF is a discretely presented component unit as the nature and relationship with the County is significant and to exclude TLF would cause the County's financial statements to be misleading.

TLF is a private non-profit organization that reports under the Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to TLF's financial information in the County's financial reporting entity for these differences. TLF is an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. A complete copy of The Library Foundation's financial statements can be obtained by contacting: The Library Foundation, 522 SW Fifth Ave, Suite 1103, Portland, Oregon, 97204

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the County is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. In addition, functional expenses on the statement of activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement preparation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excise taxes, personal income taxes, business income taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

> The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The *Federal State Program Fund* accounts for the majority of revenues and expenditures related to federal and state financial assistance programs.

Proprietary Funds account for the operations of predominantly self-supporting activities. Proprietary funds are classified as either enterprise or internal service. *Enterprise Funds* account for services rendered to the public on a user charge basis. The following are the County's major enterprise funds:

> The *Dunthorpe-Riverdale Service District No. 1 Fund* accounts for the operation of the sanitary sewer system in southwest unincorporated Multnomah County.
>
> The *Mid County Service District No. 14 Fund* accounts for the operation of the street lighting system throughout unincorporated Multnomah County.
>
> The *Behavioral Health Managed Care Fund* accounts for all financial activity associated with the State required behavioral health capitated services.

Additionally, the County reports the following fund types:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital projects funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of County-owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.

Internal Service funds account for activities and services performed primarily for other organizational units within the County. The County reports five internal service funds: Risk Management Fund, Fleet Management Fund, Information Technology Fund, Mail/Distribution Fund and the Facilities Management Fund.

Fiduciary Funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four categories: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement or applicable legislative enactment for individuals, private organizations or other governments and are therefore, not available to support the County's own programs. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. The County's agency funds are primarily established to account for the collection and disbursement of various taxes and to account for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer and lighting functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and lighting districts, of the Behavioral Health Managed Care fund, and of the County's internal service funds are charges to customers for sales and services. The sewer district also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Cash and investments

The County's cash and cash equivalents are comprised of cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, each fund's share of pooled cash is treated as cash and equivalents.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

The County reports cash with fiscal agent and cash and investments with special restrictions imposed by grantors or regulations from other governments as restricted cash and investments.

2. *Receivables and payables*

Activities between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectibles.

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date.

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax generated an estimated $120,000 for each calendar year the tax was in effect. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2008, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of $4,941 for personal income taxes. This amount is shown net with taxes receivable on both the fund financial statements and the statement of net assets. In the statement of activities the reduction is recorded to the related income tax revenues, and on the fund financial statements the offset is recorded in deferred revenues.

3. *Inventories and prepaid items*

Inventories of materials and supplies in the governmental funds are valued at average cost and are offset by a reservation of fund balance. Inventories of materials and supplies in the internal service funds are valued at the lower of average cost or market. All inventories are recorded as expenditures when consumed rather than when purchased.

Payments in excess of $10 to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

4. *Fund balances and net assets*

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus used in the reporting fund.

On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved fund balances are generally available for appropriation by segregating them for a specific use. However management may also make designations of unreserved fund balance that define management's intent that certain fund balance amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

On the government-wide *Statement of Net Assets,* the proprietary funds' *Statement of Net Assets,* and the fiduciary funds' *Statement of Fiduciary Net Assets,* net assets are segregated into restricted and unrestricted balances. Restrictions are limitations on how the net assets may be used. Restrictions may be placed on net assets by an external party that provided the resources, by enabling legislation or by the nature of the asset.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include dedicated property taxes, temporary personal income tax, state gas tax, intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities. In addition, proceeds from general obligation bonds, revenue bonds, and full faith and credit bonds are restricted to support the specific purpose for which the debt was issued. Such net assets are reported as restricted on the Statement of Net Assets and are recorded in separate funds supporting the specific function or operation.

5. *Capital assets*

Capital assets, which includes property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5 for equipment and \$10 for infrastructure with an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets for business-type activities.

Property, plant, and equipment of the County, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

• Motor vehicles	3 to 10 years
• Sewer systems	50 years
• Street lighting	30 years
• Equipment, including software	3 to 20 years
• Roads and bridges	40 years
• Buildings and improvements	40 years

6. *Other assets*

Included in other assets are unamortized bond issuance costs and the unamortized pension asset. In governmental fund types, bond issuance costs are recognized in the current period. In the government-wide financial statements bond issuance costs are capitalized and amortized over the term of the bond using the straight-line method, which approximates the effective interest method. The net pension asset in the Statement of Net Assets has been recognized in connection with the debt issued by the County in 1999 to fund the County's Public Employees Retirement System (PERS) unfunded accrued actuarial liability (UAAL). The pension asset is amortized over the life of the debt or thirty years. Amortization expense on the pension asset and the bond issuance costs are included in the general government line item on the Statement of Activities.

7. *Unearned / Deferred revenues*

Unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in the governmental fund financial statements represent unearned revenues or revenues which are measurable but not available. In accordance with the modified accrual basis of accounting, these items are reported as deferred revenues.

8. *Compensated absences*

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay and compensatory time is accrued when incurred in the government-wide statements and proprietary funds statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

9. Long-term obligations

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying value of the refunded debt is an economic gain or loss, and is treated as a deferred charge on refunding. This deferred charge is reported as a reduction to the bonds payable on the Statement of Net Assets and is being amortized as a component of interest expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Certain facility leases contain fluctuating or escalating payments, where the rent expense is recorded on a straight-line basis over the lease term. This liability is recorded on the Statement of Net Assets as a deferred lease obligation representing the cumulative difference between rent expense and rent payments.

10. Net other post-employment benefits obligation (Net OPEB Obligation)

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006. The County used a five year look-back approach to compute its net OPEB obligation. The net OPEB obligation is recognized as a long-term liability in the government-wide financial statements. The liability reflects both the lump sum payments to employees and the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

11. Contributions and in-kind donations

Contributions of cash, property or equipment received from other governments are credited directly to the contribution accounts recorded in the government wide financial statements. The County also receives financial gifts and gifts in-kind from The Library Foundation. These in-kind donations from The Library Foundation are recorded at fair value upon receipt in the government wide and fund financial statements.

12. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

13. Reclassifications

Certain amounts from the financial statements of the discretely presented component unit have been reclassified to conform with the presentation requirements of the primary government's financial statements. In addition, reclassifications were made to certain prior year amounts in order to be consistent with the current year's presentation.

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the trust funds. All annual appropriations lapse at fiscal year end.

During the month of February each year, all agencies of the County submit requests for appropriations to the County Chair so that a budget may be prepared. By May 15, the proposed budget is presented to the County Board of Commissioners for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30.

The adopted budget is prepared by fund and department. The County's department managers may make transfers of appropriations within a department and fund. Transfers and changes (increases) of appropriations between departments or funds require the approval of the Board. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level. The Board approved one supplemental budget and several other budgetary appropriations throughout the year.

Note 3. Detailed notes on all funds

A. Cash and investments

Multnomah County pools virtually all funds for investment purposes. All appropriate funds are allocated interest based on the average daily cash balance of the fund and the average monthly yield of the County's investment portfolio. Each fund's portion of this pool is displayed as "Cash and Investments."

State law requires that collateral be deposited with a value of 25% of the balances above federal deposit insurance, but in some instances, the Oregon State Treasury can require banks to provide more than 25% of the balances of municipal corporations' deposits as collateral. The County cannot, however, determine which, if any, institutions have been required to meet a collateral requirement larger than 25%. The County independently monitors its depository institutions for indications that could potentially cause loss of County funds. Funds deposited with fiscal agents for the purpose of meeting the payment of principal or interest on bonds or like obligations are not required to be collateralized per Oregon Revised Statutes, Chapter 295.005.

Oregon Revised Statutes, Chapter 294, authorizes the County to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool (LGIP), and various interest-bearing bonds of Oregon and other municipalities.

The County's investments are governed by a written investment policy that is reviewed annually by both the Oregon Short-Term Fund Board and the Multnomah County Investment Advisory Board, and is adopted annually by the Board of County Commissioners. The policy specifies the County's investment objectives, benchmarks, required diversification by security type and by maturity, and the reporting requirements.

The County's investment policy requires that a third party be used for safekeeping of investment instruments. Investment securities purchased or sold pursuant to the County's investment policy are delivered via payment by book entry or physical delivery to a third party custodian.

The County's investment policy also requires that the market value plus accrued interest of the securities collateralizing repurchase agreements exceeds the face amount of the repurchase agreement by margins prescribed in writing by the Oregon Short-Term Fund Board, providing the County with a margin against a decline in the market value of the securities. The market value plus accrued interest of the securities purchased under repurchase agreements did not fall below the required level during the year.

(dollar amounts expressed in thousands)

The County is authorized to invest in the LGIP, an external investment pool, within prescribed limits. The investments are booked at fair value and are the same as the value of the pool shares. The LGIP investments and all other investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. LGIP is not rated by any national rating service.

At year-end, the carrying amount of the County's deposits was $88,943 and the bank balance was $88,908. The bank balance was covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers in the name of the County as the County's agent. The remaining balance of $35 represents petty cash accounts that were uninsured and uncollateralized.

As a means of limiting its exposure to fair value losses resulting from rising interest rates, the County's investment policy limits maturities as follows:

Maturity	Cumulative Constraint
Less than 30 days	10%
Less than 90 days	25%
Less than 270 days	50%
Less than 1 year	70%
Less than 3 years	100%

If the goals of maturity limits are exceeded by 5% or more for ten successive business days, prompt notification to the County's Chief Financial Officer and the County's Investment Advisory Board is required. In addition, to limit its exposure to losses due to asset concentration, the County's investment policy and Oregon Revised Statutes limit asset concentration as follows:

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service, or the equivalent rating by any nationally recognized statistical rating organization.

2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its permanent workforce in Oregon, or has more than 50% of its tangible assets in Oregon.

(dollar amounts expressed in thousands)

3. Purchase of commercial paper and other corporate debt up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.

Additionally, to limit its exposure to asset concentration risk, the County restricts the total investment that can be made in the corporate indebtedness of a single corporate entity and its affiliates and subsidiaries to 5% of the total investment portfolio. The County did not have any investments that exceeded this limit during the year.

Multnomah County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. Deposits of public funds are collateralized at 25% of balances above federal deposit insurance pursuant to ORS 295. As of June 30, 2008, $35 of the County's bank balance of $88,908 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2008, the County had the following corporate debt in our investment portfolio with the credit ratings noted by Standard & Poor's and Moody's respectively:

Investment Type / Issuer	Fair Value	Credit Rating	Maturity
Corporate note – General Electric	$ 2,998	AAA / Aaa	10/15/2008
Corporate note – General Electric (Heller Financial, Inc)	1,045	AAA / Aaa	11/01/2009
Commercial paper – Bank of America	7,744	A1+ / P1	07/11/2008
Commercial paper – Toyota Motor Credit Corp.	3,242	A1+ / P1	08/05/2008
Commercial paper – General Electric	3,988	A1+ / P1	08/13/2008
Commercial paper – US Bancorp	2,590	A1+ / P1	08/19/2008
Commercial paper – Toyota Motor Credit Corp.	4,970	A1+ / P1	09/16/2008
Totals	$ 26,577		

(dollar amounts expressed in thousands)

At June, 2008, the County had the following investments in US Government Agencies that were implicitly guaranteed by the US Government:

Investment Type / Issuer	Fair Value	Credit Rating
Agency notes – Federal Home Loan Bank	$ 34,243	AAA
Agency notes – Federal Farm Credit Bank	7,002	AAA
Agency notes – Tennessee Valley Auth.	1,828	AAA
Total	$ 43,073	

As of June 30, 2008, the County had the following unrestricted cash and investments:

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration	Weighted Average Maturity (in months)
US Agencies	$ 42,797	3.37%	16.9%	< 1
Corporate Debt	4,043	4.77%	1.6%	< 1
Commercial Paper	22,534	2.41%	8.9%	< 1
US Treasuries	9,942	1.61%	3.9%	< 1
Bankers' Acceptances	28,322	2.65%	11.2%	< 1
Local Government Investment Pool	56,707	3.16%	22.4%	< 1
Cash and Equivalents	88,943	2.30%	35.1%	< 1
Total unrestricted cash and investments	$ 253,296		100%	
			Portfolio weighted average maturity	2.5

As of June 30, 2008, the County had the following restricted cash and investments. All restricted cash and investments maintained a weighted average maturity of less than one month.

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration
Cash with Fiscal Agent	$ 613	1.39%	100%

The County maintains cash with fiscal agent accounts to set aside for debt service requirements per the trustees and bond indentures.

(dollar amounts expressed in thousands)

The County's unrestricted and restricted cash and investments are reported in governmental activities, business-type activities, and in fiduciary funds.

	Unrestricted	Restricted	Total
Governmental Activities	$ 228,242	$ 598	$ 228,840
Business-type Activities	8,157	-	8,157
Fiduciary Funds	16,898	15	16,913
Total Cash and Investments	$ 253,297	$ 613	$ 253,910

B. Receivables

Receivables as of year-end for the County's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

(dollar amounts expressed in thousands)

MULTNOMAH COUNTY
Accounts Receivable

	Governmental Activities						
	General Fund	Federal State Program Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business-type Activities	Total
Receivables:							
Taxes:							
Income	$ 15,390	$ -	$ -	$ -	$ 15,390	$ -	$ 15,390
Property	9,946	-	-	2,115	12,061	-	12,061
Other	6,050	-	-	2,737	8,787	-	8,787
Accounts	9,357	51,134	775	8,682	69,948	1	69,949
Loans	-	756	-	-	756	-	756
Interest	847	-	-	-	847	-	847
Special assessments	11	-	-	-	11	39	50
Contracts	1,383	-	-	2,599	3,982	-	3,982
Gross receivables	42,984	51,890	775	16,133	110,053	40	111,822
Less: allowance for discounts/uncollectibles	(6,888)	(1,540)	-	-	(8,428)	(3)	(8,431)
Net total receivables	$ 36,096	$ 50,350	$ 775	$ 16,133	$103,354	$ 37	$103,391

(dollar amounts expressed in thousands)

Revenues of Dunthorpe-Riverdale and Mid County Service Districts are reported net of uncollectible amounts. Total uncollectible amounts related to revenues are all for prior periods.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Personal income tax receivable	$ 14,724	$ -	$ 14,724
Allowance for doubtful accounts – personal income tax	(4,941)	-	(4,941)
Property taxes receivable (General Fund)	8,102	-	8,102
Property taxes receivable (other governmental funds)	1,725	-	1,725
Grant draws prior to meeting all eligibility requirements	-	4,147	4,147
Contracts receivable	-	3,982	3,982
Contract revenue received in advance	-	187	187
Loans receivable	-	756	756
Tax title land sales inventory	-	341	341
Special assessments receivable	-	11	11
Total deferred revenue for governmental funds	$ 19,610	$ 9,424	$ 29,034

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the Statement of Net Assets. Governmental activities also include Internal Service Funds, which report $116 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of $9,540.

(dollar amounts expressed in thousands)

C. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 13,787	$ 4,060	992	$ (2,543)	$ 16,296
Construction in process	35,735	317	(35,735)	-	317
Buildings-not in service	51,164	-	-	-	51,164
Total capital assets, not being depreciated	100,686	4,377	(34,743)	(2,543)	67,777
Capital assets, being depreciated:					
Buildings	368,897	2,186	-	(5,959)	365,124
Improvements other than buildings	343	-	-	-	343
Machinery and equipment	124,597	10,135	45	(12,597)	122,180
Bridges	99,501	13,621	34,698	(1,641)	146,179
Infrastructure	553,645	1,874	-	(3,921)	551,598
Total capital assets being depreciated	1,146,983	27,816	34,743	(24,118)	1,185,424
Less accumulated depreciation for:					
Buildings	(115,544)	(10,596)	-	1,984	(124,156)
Improvements other than buildings	(146)	(9)	-	-	(155)
Machinery and equipment	(92,991)	(7,741)	-	12,555	(88,177)
Bridges	(61,916)	(2,362)	-	1,131	(63,147)
Infrastructure	(353,187)	(13,816)	-	2,579	(364,424)
Total accumulated depreciation	(623,784)	(34,524)	-	18,249	(640,059)
Total capital assets being depreciated, net	523,199	(6,708)	34,743	(5,869)	545,365
Governmental activities capital assets, net	$ 623,885	$ (2,331)	-	$ (8,412)	$ 613,142
Business-type activities:					
Capital assets, being depreciated:					
Improvements other than buildings	$ 5,640	$ 125	-	$ -	$ 5,765
Machinery and equipment	41	-	-	(41)	-
Total capital assets being depreciated	5,681	125	-	(41)	5,765
Less accumulated depreciation for:					
Improvements other than buildings	(2,220)	(121)	-	-	(2,341)
Machinery and equipment	(41)	-	-	41	-
Total accumulated depreciation	(2,261)	(121)	-	41	(2,341)
Business-type activities capital assets, net	$ 3,420	$ 4	-	$ -	$ 3,424

(dollar amounts expressed in thousands)

During fiscal year 2005 the County finalized the construction of the Wapato Jail. The total cost of the jail was $51,164 and is included in the above capital asset schedule. Currently the County has not approved an operating budget for the jail and therefore the jail has not been placed into service and is not being depreciated. When the jail becomes operational it will be depreciated over forty years. The County is currently considering various plans to operate the Wapato Jail.

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:	
General government	$ 14,352
Health services	130
Public safety & justice	1,169
Community services	162
Library	4,012
Roads and bridges	14,699
Total depreciation expense – governmental activities	$ 34,524
Business-type activities:	
Sewer	$ 62
Lighting	59
Total depreciation expense – business-type activities	$ 121

D. Other assets

Other assets, net of accumulated amortization at June 30, 2008 consist of the following:

Bond issuance costs	$ 363
Negative net pension asset	131,747
	$ 132,110

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were $32 and $6,152, respectively for the year ended June 30, 2008.

E. Interfund receivables, payables, and transfers

Due from / to other funds:

The County records "due from" and "due to" transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from reporting a negative cash balance. The $19,745 is also noted as a reservation of the General Fund's fund balance. The amount payable to the Risk Fund is related to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. These balances are expected to be collected in the subsequent year. The composition of interfund balances as of June 30, 2008 is as follows:

(dollar amounts expressed in thousands)

Receivable Funds	Payable Funds	Amount
General Fund	Federal State Fund	$ 19,475
Risk Fund*	Dunthorpe Riverdale Service District Fund	76
		$ 19,551

*Internal service fund

Advances to / from other funds:

The amounts payable to the Risk Fund relate to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. None of the balance is scheduled to be collected in the subsequent year.

Receivable Funds	Payable Funds	Amount
Risk Fund*	Dunthorpe Riverdale Service District Fund	$ 253

*Internal service fund

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2008. The general fund transfers to nonmajor governmental funds include one large transfer to the Library special revenue fund to provide for various County Library upgrades and projects.

	Transfers in:			
Transfers out:	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 17,317	$ -	$ 17,317
Nonmajor Governmental Funds	1,854	5,212	1,496	8,562
Internal Service Funds	-	4,883	-	4,883
Total transfers out:	$ 1,854	$ 27,412	$ 1,496	$ 30,762

F. Short-term debt

Tax Revenue Anticipation Note

The County issues short-term debt in order to meet current operational needs during months when property tax collections are slow. On July 1, 2007 the County issued $29,850 in short-term debt, Series 2007. The County received $500 in June 2007 as a good faith deposit and the remaining $29,350 in tax revenue anticipation notes were issued on July 2, 2007. The notes carried an interest rate of 4.25% and were due at June 30, 2008. Short-term liability activity for the year-ended June 30, 2008 was as follows:

(dollar amounts expressed in thousands)

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax revenue anticipation note, Series 2007	$ 500	$ 29,350	$ 29,850	$ -	$ -
Total	$ 500	$ 29,350	$ 29,850	$ -	$ -

G. Long-term debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the rehabilitation, construction and acquisition of various library and public safety facilities and related equipment. General obligation bonds have been issued for these governmental activities. The 1996 general obligation issue in the amount of $108,700 is subject to Federal arbitrage regulations. In February 1999, the County advance refunded a portion of these general obligation bonds by issuing $66,115 in new general obligation bonds.

General obligation bonds are direct obligations, pledge the full faith and credit of the County and are backed by the County's authority to levy property taxes. These bonds are generally issued as 20-year serial bonds with equal amounts of principal and interest maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	3.70-5.65%	$ 63,125

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Principal	Interest
2009	$ 6,555	$ 2,677
2010	6,860	2,387
2011	7,160	2,093
2012	7,470	1,780
2013	7,490	1,451
2014 – 2017	27,590	2,503
Total	$ 63,125	$ 12,891

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In October 1998, the County issued $3,155 of revenue bonds to finance constructing, renovating, improving and equipping County-owned facilities, and entered into a public / private partnership with the Regional Children's Campus (RCC), a 501(c)(3) non profit agency. Total lease revenues from RCC for fiscal year 2008 were $339. The total principal and interest paid during the fiscal year were $285. The outstanding balance on the debt was $1,710 at June 30, 2008. On October 1, 2008 the County paid off the remaining balance of $1,710 on the 1998 revenue bonds as a result of revenues recognized on a property sale committed for future revenues on this debt.

(dollar amounts expressed in thousands)

In November 2000, the County issued $2,000 of revenue bonds to finance the costs of acquiring land and constructing, renovating, improving and equipping certain facilities to be used as a vocational training center for developmentally disabled residents of Multnomah County. This debt issue is subject to Federal arbitrage regulations. The County entered into a public / private partnership agreement with Port City Development (Port City), a 501(c)(3) non profit agency. The future lease payments from Port City are pledged revenues for the debt service on these bonds. The term of the agreement with Port City for future pledged revenues is through fiscal year 2034, and the outstanding balance on these future lease payments at June 30, 2008 was $1,720. As a result of a current year restructuring of the agreement between the County and Port City, the County forgave $259 in lease payments in fiscal year 2008. The total principal and interest paid during the fiscal year were $198. The outstanding balance on the debt was $1,310 at June 30, 2008. The debt matures in fiscal year 2016.

Also in November 2000, the County issued $3,500 of revenue bonds to re-finance the costs of acquiring real property and constructing facility improvements related to the Oregon Food Bank. In fiscal year 2006 the Oregon Food Bank satisfied their commitment to pledge future lease payments and no longer has any commitment to the County for this debt issue. The total principal and interest paid during the fiscal year were $344. The outstanding balance on the debt was $2,300 at June 30, 2008. The debt matures in fiscal year 2016.

Revenue bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	4.00-5.20%	$ 5,320

(dollar amounts expressed in thousands)

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	Principal	Interest
2009	$ 2,080	$ 209
2010	395	152
2011	415	133
2012	435	113
2013	460	91
2014 – 2016	1,535	121
Total	$ 5,320	$ 819

Full Faith and Credit Bonds

On April 1, 1999, the County issued $36,125 in Certificates of Participation with interest rates from 4.00% to 4.75% to finance the costs of acquiring land and facilities. In October 2004, the County advance refunded $22,015 of the 1999 Certificates of Participation by issuing $54,235 in full faith and credit bonds. Certificates of Participation are direct obligations and pledge the full faith and credit of the County. At June 30, 2008, $3,300 of the 1999 Certificates of Participation were outstanding.

On December 1, 1999, the County issued $184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about $35,776 between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Payment of principal and interest, except for a term bond, will be guaranteed by MBIA. At June 30, 2008, $165,583 of these bonds were outstanding.

On April 1, 2000, the County issued $61,215 in Full Faith and Credit Bonds with interest rates from 5.00% to 5.50% to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. In October 2004, the County advance refunded $27,985 of these full faith and credit bonds by issuing $54,235 in full faith and credit bonds. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2008, $5,495 of these bonds were outstanding.

On May 15, 2003, the County issued $9,615 in Full Faith and Credit Refunding Obligations, Series 2003 with interest rates from 1.50% to 3.25%. At June 30, 2008, $6,075 of these bonds were outstanding.

On October 1, 2004, the County issued $54,235 in Full Faith and Credit Refunding Obligations, Series 2004 at a premium of $5,089, with interest rates from 3.00% to

(dollar amounts expressed in thousands)

5.00%. At June 30, 2008 the unamortized premium on the debt was $3,902. This issue was used to refund $27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50%, $22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and $4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is a deferred charge of $3,887, which is amortized as a component of interest expense over the life of the new debt. At June 30, 2008 the deferred charge was $2,980. The entire amount of this debt issue was outstanding at June 30, 2008.

Full faith and credit bond obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	$ 234,688

Annual debt service requirements to maturity for full faith and credit bonds are as follows:

Year Ending June 30	Principal	Interest
2009	$ 11,700	$ 10,246
2010	13,770	9,535
2011	15,550	8,633
2012	17,440	7,662
2013	11,549	14,512
2014 – 2018	79,956	54,269
2019 – 2023	52,744	91,082
2024 – 2028	23,355	151,525
2029 – 2030	8,624	75,450
Total, before deferred charge	234,688	$ 422,914
Deferred charge, net	(2,981)	
Premium on long-term debt, net	3,902	
Total	$ 235,609	

(dollar amounts expressed in thousands)

Capital Leases

The County has entered into various lease/purchase agreements to acquire property and equipment. These lease agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with accounting principles generally accepted in the United States of America. Total assets acquired through capital leases are as follows:

Asset	Governmental Activities
Buildings	$ 69,135
Less: Accumulated depreciation	(26,216)
Total	$ 42,919

Capital lease obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2.50-7.25%	$ 13,604

Future minimum lease payments are as follows:

	Governmental	
Year Ending June 30	Principal	Interest
2009	$ 2,847	$ 743
2010	2,277	723
2011	2,384	584
2012	2,500	436
2013	2,622	276
2014 – 2018	116	476
2019 – 2023	192	398
2024 – 2028	321	270
2029 – 2032	345	68
Total	$ 13,604	$ 3,974

(dollar amounts expressed in thousands)

Loans Payable

The County has entered into several loans with other governmental agencies for the purpose of making capital improvements. Subsequent to year-end the County paid off the loan obligations early. The loan obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	5.65-7.20%	$ 242

Annual debt service requirements to maturity for long term loans outstanding at year-end are as follows:

Year Ending June 30	Principal	Interest
2009	$ 242	$ 6

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

Governmental Activities	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 69,380	$ -	$ 6,255	$ 63,125	$ 6,555
Revenue Bonds	5,880	-	560	5,320	2,080
Full Faith and Credit Bonds	247,413	-	11,804	235,609	11,780
Capital Leases	16,620	-	3,016	13,604	2,847
Loans Payable	362	-	120	242	242
Long-term debt before other long-term liabilities	339,655	-	21,755	317,900	23,504
Compensated Absences	20,659	26,183	24,488	22,354	6,498
Governmental activity long-term liabilities	$ 360,314	$ 26,183	$ 46,243	$ 340,254	$ 30,002
Business-Type Activities					
Compensated Absences	$ 29	$ 38	$ 29	$ 38	$ 10

Defeased Full Faith and Credit Bonds

On October 1, 2004 the County defeased certain full faith and credit bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future service on the old bonds. Accordingly, the trust account assets and related liability for the defeased bonds are not included in the County's financial statements. At June 30, 2008, Series 2000A and Series 1999A were outstanding in the amount of $27,985 and $22,015, respectively.

Defeased Certificates of Participation

On October 1, 2004 the County defeased certain Certificates of Participation by placing the proceeds of the new Full Faith and Credit bonds in irrevocable trusts to provide for all future service on the old debt. Accordingly, the trust account assets and related liability for the defeased debt are not included in the County's financial statements. At June 30, 2008, the amount of these bonds outstanding totaled $4,960.

Conduit Financing

Multnomah County Conduit Financing

On November 1, 1997, the County issued $31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements. The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund $17,750 of the Series 1994 issue. On April 1, 2000, the County issued an additional $17,160 in Conduit Educational Revenue Bonds for the University to finance the construction of a student housing facility, parking garage and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds. Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2008, $32,915 of Educational Facilities Revenue Bonds were outstanding.

On December 1, 1999, the County issued $9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2008, $8,285 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2008 was $41,200. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. On March 1, 1999, the Authority issued $26,000 in Hospital Revenue Bonds (Terwilliger Plaza). On December 4, 2003, the Authority issued an additional $17,200 in Hospital Revenue Bonds (Holladay Park Plaza). On July 13, 2004, the Authority issued $100,000 in Hospital Revenue Bonds (Providence Health Systems). On December 12, 2006, the Authority issued $39,765 in revenue bonds (Terwilliger Plaza). On July 2, 2007, the Authority issued $8,200 in Revenue Bonds (Pacific Mirabella). The proceeds of these bonds were used by health care facilities to finance various capital projects and refund outstanding bonds. The Hospital Revenue Bonds have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. As of June 30, 2008, $185,885 of these bonds were outstanding.

Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2008, interfund premiums exceeded reimbursable expenditures.

(dollar amounts expressed in thousands)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess liability coverage insurance policy covers claims in excess of $750 for workers' compensation and $1,000 for all other claims. Settlements have not exceeded coverages for each of the past three fiscal years. The County anticipates the balance in the claims liability account at year-end will be paid within the next fiscal year.

Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal Year Ended 6/30/08	Fiscal Year Ended 6/30/07
Unpaid claims, beginning of fiscal year	$ 8,668	$ 10,627
Incurred claims (including IBNRs)	21,726	18,794
Actuarial adjustment	489	(4,157)
Claim payments	(19,469)	(16,596)
Unpaid claims, end of fiscal year	$ 11,414	$ 8,668

B. Subsequent events

In October of 2008, the Hospital Facilities Authority of Multnomah County issued $221,645 as a tax-exempt loan. The tax-exempt debt has not been recognized as a liability of the County or the Authority because the notes are secured solely by the provisions of the loan agreement and payments are made by the retirement facility.

Also in October of 2008 the County issued higher-education revenue bonds as conduit debt in the amount of $7,400. The tax-exempt debt has not been recognized as a liability of the County.

In November of 2008 the Board of County Commissioners approved a short-term internal loan from the Risk Fund to the General Fund for an amount not to exceed $10,000. The loan is to assist with current operational needs during months when property tax collections are slow.

(dollar amounts expressed in thousands)

Subsequent to year-end the County paid off the outstanding balance of the loan obligations. The total principal balance on the loans that were paid off subsequent to year-end was $242.

C. Commitments and contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The following is a schedule by years of future minimum rental payments required under operating leases for certain land, buildings and equipment used in governmental operations that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2008.

Year ended June 30	
2009	2,956
2010	2,378
2011	2,180
2012	2,033
2013	1,920
2014 – 2018	5,940
2019 – 2023	19
2024 – 2025	7
Total minimum payments	$ 17,433

The County recorded $3,312 in rent expense for the year ended June 30, 2008.

D. Post employment benefits other than pensions

Plan description. The County administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postretirement healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which cover both active and retired participants. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. The County's post employment medical plan does not issue a publicly available financial report. The County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006.

(dollar amounts expressed in thousands)

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County pays 50% of the premiums of health care coverage for retirees from age 58 to age 65. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to contribute 1.1% of annual covered payroll. At June 30, 2008, there were 629 retirees that were receiving the post employment healthcare benefit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008, the County contributed $2,756 to the plan or approximately 45% of total premiums. Plan members receiving benefits contributed $3,338 or approximately 55% of the total premiums during fiscal year 2008.

Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending June 30, 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	$ 15,696
Interest on net OPEB obligation	2,610
Adjustment to annual required contribution	(3,404)
Annual OPEB cost (expense)	14,902
Contributions made	(2,756)
Increase in net OPEB obligation	12,146
Net OPEB obligation - beginning of year	57,990
Net OPEB obligation - end of year	$ 70,136

(dollar amounts expressed in thousands)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/05	$ 12,438	18%	$ 34,099
6/30/06	12,716	16%	44,742
6/30/07	15,083	12%	57,990
6/30/08	14,902	18%	70,136

Funded status and funding progress. As of the most recent actuarial report, January 1, 2007, the actuarial accrued liability for benefits was $122,905, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $122,905. The covered payroll (annual payroll of active employees covered by the plan) was $246,343 for fiscal year 2008 and the ratio of the UAAL to the covered payroll was 50%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recently conducted, actuarial valuation (as of January 1, 2007), the unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 4.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending down from 9.5% in 2007 to 5.0% in 2014 for the major medical component, which is representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is being amortized using the level-dollar method with a closed group rolling 30 year amortization methodology. The remaining amortization period at June 30, 2008 is 30 years.

E. Employee retirement systems, pension plans and deferred compensation plan

Pension plans

The County participates in the Oregon Public Employees Retirement System, a cost-sharing multiple-employer defined benefit public employee pension plan that covers substantially all employees and maintains a defined contribution plan for substantially all County employees for the purpose of individual retirement savings.

Oregon Public Employees Retirement System (PERS)

Plan description. The County participates in PERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the PERS Pension board. PERS provides retirement, disability, and death benefits to plan members and their beneficiaries. State statutes authorize the State to establish and amend all plan provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The reports may be obtained by writing:

PERS
PO Box 23700
Tigard, OR 97281-3700

Summary of significant accounting policies – basis of accounting and valuation of investments. The financial statements of PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair market value.

Funding policy. The contribution requirements of the County are established and may be amended by the State. The County is contractually obligated by collective bargaining agreements to pay the required employee contribution of 6.0% of annual covered payroll. The County is also required to contribute at an actuarially determined rate; the current rate is 11.05% of annual covered payroll. In addition to the funding requirements, the County also charges an internal rate of 6.75% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

(dollar amounts expressed in thousands)

Annual pension cost. For 2008, the County's annual pension cost of $41,686 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, and (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2003, was 24 years.

Three Year Trend Information for PERS

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	$ 41,686	100%	$ -
6/30/07	42,557	100%	-
6/30/08	39,337	100%	-

Deferred Compensation Plan

Plan description. The County offers employees a deferred compensation plan (the Plan) administered by the County. The Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all represented and non-represented County employees, and permits them to defer a portion of their salary until future years. Amounts deferred are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. No Plan assets have been used for purposes other than the payment of benefits.

At June 30, 2008, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to $166,350. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

(dollar amounts expressed in thousands)

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Unit Credit (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c)]
01/01/02	$ -	$ 61,290	$ 61,290	0%	$212,833	29%
01/01/05	-	109,895	109,895	0%	228,597	48%
01/01/07	$ -	$ 122,905	$ 122,905	0%	$246,343	50%

The above table presents the three most recent actuarial valuations for the County's postretirement medical plans and provides information that approximates the funding progress of the plan.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Strategic Investment Program Fund
- Road Fund
- Emergency Communications Fund
- Bicycle Path Construction Fund
- Recreation Fund
- County School Fund
- Tax Title Land Sales Fund
- Animal Control Fund
- Willamette River Bridges Fund
- Library Fund
- Special Excise Tax Fund
- Land Corner Preservation Fund
- Inmate Welfare Fund
- Justice Services Special Operations Fund
- General Reserve Fund

Debt Service Funds

- Capital Debt Retirement Fund
- General Obligation Bond Fund
- PERS Pension Bond Fund
- Revenue Bond Fund

Capital Projects Funds

- Justice Bond Project Fund
- Financed Projects Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 44,319	$ 46,511	$ 22,710	$ 113,540
Receivables:				
Taxes	4,409	443	-	4,852
Accounts	8,657	-	25	8,682
Contracts	366	1,720	513	2,599
Inventories	993	-	-	993
Prepaid items	189	-	-	189
Restricted assets:				
Cash with fiscal agent	-	323	-	323
Total assets and other debits	$ 58,933	$ 48,997	$ 23,248	$ 131,178
LIABILITIES				
Accounts payable	$ 11,410	$ -	$ 953	$ 12,363
Payrolls payable	901	-	3	904
Deferred revenue	2,089	2,082	701	4,872
Total liabilities	14,400	2,082	1,657	18,139
FUND BALANCES				
Reserved for capital projects	-	-	21,591	21,591
Reserved for debt service	-	46,915	-	46,915
Reserved for inventories	993	-	-	993
Reserved for prepaid items	189	-	-	189
Unreserved, undesignated	43,351	-	-	43,351
Total fund balances	44,533	46,915	21,591	113,039
Total liabilities and fund balances	$ 58,933	$ 48,997	$ 23,248	$ 131,178

MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 68,622	$ 9,050	$ -	$ 77,672
Intergovernmental	35,002	-	8,850	43,852
Licenses and permits	4,246	-	-	4,246
Charges for services	6,741	80	202	7,023
Interest	2,267	1,760	446	4,473
Other	3,362	30,315	142	33,819
Total revenues	120,240	41,205	9,640	171,085
EXPENDITURES				
Current:				
General government	339	10	6,380	6,729
Health services	1,414	-	-	1,414
Social services	112	-	-	112
Public safety and justice	4,495	-	2	4,497
Community services	22,558	-	861	23,419
Library services	48,051	-	-	48,051
Roads and bridges	40,723	-	-	40,723
Capital outlay	19,691	-	6,848	26,539
Debt service:				
Principal	-	21,511	-	21,511
Interest	213	14,919	-	15,132
Total expenditures	137,596	36,440	14,091	188,127
Excess (deficiency) of revenues over (under) expenditures	(17,356)	4,765	(4,451)	(17,042)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1	1,706	12,504	14,211
Transfers in	21,029	-	6,383	27,412
Transfers out	(7,066)	-	(1,496)	(8,562)
Total other financing sources (uses)	13,964	1,706	17,391	33,061
Net change in fund balances	(3,392)	6,471	12,940	16,019
Fund balances - beginning	47,925	40,444	8,651	97,020
Fund balances - ending	$ 44,533	$ 46,915	$ 21,591	$ 113,039

The notes to the financial statements are an integral part of this statement.

NONMAJOR SPECIAL REVENUE FUNDS

These funds account for revenue derived from specific taxes or other earmarked revenue sources, including state gas tax, grants, and charges for services which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make the expenditures. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

- **Strategic Investment Program Fund** - accounts primarily for monies received from corporations receiving property tax abatements and paying fees for specific purposes as a part of the reduced tax agreement to be used for community service.

- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.

- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.

- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.

- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.

- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school districts.

- **Tax Title Land Sales Fund** - accounts for the receipt and sale of real property foreclosed upon by the County because of unpaid property taxes. Proceeds are subsequently distributed to all taxing districts.

- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.

- **Willamette River Bridges Fund** - accounts for capital grants and contributions for County bridges, motor vehicle fees, and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.

- **Library Fund** - accounts for the public library operations.

- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.

- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.

- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.

- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.

- **General Reserve Fund** – accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2008
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	Recreation
ASSETS					
Cash and investments	$ 374	$ 3,683	$ 1	$ 553	$ 8
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	3,976	63	-	18
Contracts	-	17	-	-	-
Inventories	-	652	-	-	-
Prepaid items	-	-	-	-	-
Total assets	$ 374	$ 8,328	$ 64	$ 553	$ 26
LIABILITIES					
Accounts payable	$ -	$ 6,239	$ -	$ 2	$ 26
Payroll Payable	-	123	-	-	-
Deferred revenue	-	17	-	-	-
Total liabilities	-	6,379	-	2	26
FUND BALANCES					
Reserved for inventories	-	652	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved, undesignated	374	1,297	64	551	-
Total fund balances	374	1,949	64	551	-
Total liabilities and fund balances	$ 374	$ 8,328	$ 64	$ 553	$ 26

(concluded on the following pages)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet (concluded)
June 30, 2008
(amounts expressed in thousands)

	County School	Tax Title Land Sales	Animal Control	Willamette River Bridges	Library
ASSETS					
Cash and investments	$ 1	$ 139	$ 534	$ 3,194	$ 16,751
Receivables:					
Taxes	-	-	-	-	1,672
Accounts	-	-	6	2,548	1,279
Contracts	-	349	-	-	-
Inventories	-	341	-	-	-
Prepaid items	-	-	-	-	189
Total assets	$ 1	$ 829	$ 540	$ 5,742	$ 19,891
LIABILITIES					
Accounts payable	$ -	$ 9	$ -	$ 563	$ 1,117
Payroll Payable	-	3	-	78	628
Deferred revenue	-	690	-	-	1,363
Total liabilities	-	702	-	641	3,108
FUND BALANCES					
Reserved for inventories	-	341	-	-	-
Reserved for prepaid items	-	-	-	-	189
Unreserved, undesignated	1	(214)	540	5,101	16,594
Total fund balances	1	127	540	5,101	16,783
Total liabilities and fund balances	$ 1	$ 829	$ 540	$ 5,742	$ 19,891

Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	General Reserve	Total
$ 597	$ 1,677	$ 879	$ 888	$ 15,040	$ 44,319
2,732	5	-	-	-	4,409
-	-	32	735	-	8,657
-	-	-	-	-	366
-	-	-	-	-	993
-	-	-	-	-	189
$ 3,329	$ 1,682	$ 911	$ 1,623	$ 15,040	$ 58,933
$ 3,025	$ 18	$ 69	$ 342	$ -	$ 11,410
-	14	17	38	-	$ 901
-	-	-	19	-	$ 2,089
3,025	32	86	399	-	14,400
-	-	-	-	-	993
-	-	-	-	-	189
304	1,650	825	1,224	15,040	43,351
304	1,650	825	1,224	15,040	44,533
$ 3,329	$ 1,682	$ 911	$ 1,623	$ 15,040	$ 58,933

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction
REVENUES				
Taxes	$ 431	$ 8,039	$ -	$ -
Intergovernmental	-	31,386	299	-
Licenses and permits	-	74	-	-
Charges for services	-	993	-	-
Interest	-	214	-	20
Other:				
Non-governmental grants	-	-	-	-
Service reimbursements	-	-	-	-
Miscellaneous	-	27	-	-
Total revenues	431	40,733	299	20
EXPENDITURES				
Current:				
General government	-	-	-	-
Health services	-	-	-	-
Social services	112	-	-	-
Public safety and justice	-	-	-	-
Community services	-	-	235	3
Library services	-	-	-	-
Roads and bridges	-	34,065	-	-
Capital outlay	-	1,819	-	-
Debt service, interest	-	-	-	-
Total expenditures	112	35,884	235	3
Excess (deficiency) of revenues over (under) expenditures	319	4,849	64	17
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	57
Transfers out	(350)	(5,212)	-	-
Total other financing sources (uses)	(350)	(5,212)	-	57
Net change in fund balances	(31)	(363)	64	74
Fund balance - beginning	405	2,312	-	477
Fund balance - ending	$ 374	$ 1,949	$ 64	$ 551

Recreation	County School	Tax Title Land Sales	Animal Control	Willamette River Bridges	Library	Special Excise Tax
$ 112	$ 227	$ 18	$ -	$ -	$ 37,938	$ 21,857
-	16	22	60	2,611	497	-
-	-	-	1,008	314	216	-
-	-	56	112	3	1,639	-
-	1	33	20	366	835	40
-	-	-	142	-	3,007	-
-	-	-	-	20	-	-
-	-	-	-	27	-	-
112	244	129	1,342	3,341	44,132	21,897
-	-	300	39	-	-	21,965
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
112	243	-	-	-	-	-
-	-	-	-	-	48,051	-
-	-	-	-	5,737	-	-
-	-	-	-	12,121	5,751	-
-	-	-	-	213	-	-
112	243	300	39	18,071	53,802	21,965
-	1	(171)	1,303	(14,730)	(9,670)	(68)
-	-	-	-	-	-	-
-	-	-	-	5,155	15,817	-
-	-	-	(1,217)	(287)	-	-
-	-	-	(1,217)	4,868	15,817	-
-	1	(171)	86	(9,862)	6,147	(68)
-	-	298	454	14,963	10,636	372
$ -	$ 1	$ 127	$ 540	$ 5,101	$ 16,783	$ 304

(concluded on the following page)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (concluded)
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	General Reserve	Total
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 68,622
Intergovernmental	-	-	111	-	35,002
Licenses and permits	-	-	2,634	-	4,246
Charges for services	758	1,489	1,691	-	6,741
Interest	79	32	14	613	2,267
Other:					-
Non-governmental grants	-	5	1	-	3,155
Service reimbursements	-	-	112	-	132
Miscellaneous	-	11	10	-	75
Total revenues	837	1,537	4,573	613	120,240
EXPENDITURES					
Current:					
General government	-	-	-	-	22,304
Health services	-	-	1,414	-	1,414
Social services	-	-	-	-	112
Public safety and justice	-	1,692	2,803	-	4,495
Community services	-	-	-	-	593
Library services	-	-	-	-	48,051
Roads and bridges	921	-	-	-	40,723
Capital outlay	-	-	-	-	19,691
Debt service, interest	-	-	-	-	213
Total expenditures	921	1,692	4,217	-	137,596
Excess (deficiency) of revenues over (under) expenditures	(84)	(155)	356	613	(17,356)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	1	-	-	-	1
Transfers in	-	-	-	-	21,029
Transfers out	-	-	-	-	(7,066)
Total other financing sources (uses)	1	-	-	-	13,964
Net change in fund balances	(83)	(155)	356	613	(3,392)
Fund balance - beginning	1,733	980	868	14,427	47,925
Fund balance - ending	$ 1,650	$ 825	$ 1,224	$ 15,040	$ 44,533

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Strategic Investment Program Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	$ 350	$ 350	$ 431	$ 81
EXPENDITURES				
Human services	400	400	112	288
Excess (deficiency) of revenues over (under) expenditures	(50)	(50)	319	369
OTHER FINANCING USES				
Transfers out	(350)	(350)	(350)	-
Net change in fund balances	(400)	(400)	(31)	369
Fund balances - beginning	400	400	405	5
Fund balances - ending	$ -	$ -	$ 374	$ 374

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes:				
Gasoline	$ 7,375	$ 7,375	$ 7,356	$ (19)
Forest reserve yield	150	150	683	533
Intergovernmental	36,114	36,114	31,386	(4,728)
Licenses and permits	65	65	74	9
Charges for services	555	555	993	438
Interest	400	400	214	(186)
Other:				
Service reimbursements	599	599	-	(599)
Miscellaneous	3,989	3,989	27	(3,962)
Total revenues	49,247	49,247	40,733	(8,514)
EXPENDITURES				
Community services	46,709	46,709	35,884	10,825
Excess of revenues over expenditures	2,538	2,538	4,849	2,311
OTHER FINANCING USES				
Transfers out	(5,429)	(5,429)	(5,212)	217
Net change in fund balances	(2,891)	(2,891)	(363)	2,528
Fund balances - beginning	2,891	2,891	2,312	(579)
Fund balances - ending	$ -	$ -	$ 1,949	$ 1,949

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts: Original	Budgeted Amounts: Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 240	$ 300	$ 299	$ (1)
EXPENDITURES				
Sheriff	240	300	235	65
Excess of revenues over expenditures	-	-	64	64
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 64	$ 64

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ 10	$ 10	$ 20	$ 10
EXPENDITURES				
Community services	524	524	3	521
Excess (deficiency) of revenues over (under) expenditures	(514)	(514)	17	531
OTHER FINANCING SOURCES				
Transfers in	64	64	57	(7)
Net change in fund balances	(450)	(450)	74	524
Fund balances - beginning	450	450	477	27
Fund balances - ending	$ -	$ -	$ 551	$ 551

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes - Gasoline	$ 120	$ 120	$ 112	$ (8)
EXPENDITURES				
County management	120	120	112	8
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes - forest reserve yield	$ -	$ 230	$ 227	$ (3)
Intergovernmental	75	91	16	(75)
Interest	-	-	1	1
Total revenues	75	321	244	(77)
EXPENDITURES				
Nondepartmental	75	321	243	78
Excess of revenues over expenditures	-	-	1	1
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 1	$ 1

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Title Land Sales Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual Amounts	(Unfavorable)
REVENUES				
Payments in lieu of taxes	44	44	18	(26)
Intergovernmental	100	100	22	(78)
Licenses and permits	-	-	-	-
Charges for services	253	253	56	(197)
Interest	24	24	33	9
Total revenues	421	421	129	(292)
EXPENDITURES				
Community services	721	721	300	421
Deficiency of revenues under expenditures	(300)	(300)	(171)	129
Fund balances - beginning	300	300	298	(2)
Fund balances - ending	$ -	$ -	$ 127	$ 127

MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Animal Control Fund

For the Year Ended June 30, 2008

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 60	$ 60	$ 60	$ -
Licenses and permits	1,052	1,052	1,008	(44)
Charges for services	105	105	112	7
Interest	-	-	20	20
Other - Miscellaneous	90	90	142	52
Total revenues	1,307	1,307	1,342	35
EXPENDITURES				
Community services	124	124	39	85
Excess of revenues over expenditures	1,183	1,183	1,303	120
OTHER FINANCING USES				
Transfers out	(1,217)	(1,217)	(1,217)	-
Total other financing uses	(1,217)	(1,217)	(1,217)	-
Contingency	(218)	(218)	-	218
Net change in fund balances	(252)	(252)	86	338
Fund balances - beginning	252	252	454	202
Fund balances - ending	$ -	$ -	$ 540	$ 540

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Willamette River Bridges Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 5,000	$ 5,000	$ 2,611	$ (2,389)
Licenses and permits	-	-	314	314
Charges for services	563	563	3	(560)
Interest	142	142	366	224
Other:				
Service reimbursements	70	70	20	(50)
Miscellaneous	10	10	27	17
Total revenues	5,785	5,785	3,341	(2,444)
EXPENDITURES				
Community services	21,752	21,752	18,071	3,681
Deficiency of revenues under expenditures	(15,967)	(15,967)	(14,730)	1,237
OTHER FINANCING SOURCES (USES)				
Transfers in	5,365	5,365	5,155	(210)
Transfers out	(500)	(500)	(287)	213
Total other financing sources (uses)	4,865	4,865	4,868	3
Contingency	(3,000)	(3,000)	-	3,000
Net change in fund balances	(14,102)	(14,102)	(9,862)	4,240
Fund balances - beginning	18,465	18,465	14,963	(3,502)
Fund balances - ending	$ 4,363	$ 4,363	$ 5,101	$ 738

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes - property	$ 38,064	$ 38,064	$ 37,938	$ (126)
Intergovernmental	500	500	497	(3)
Licenses and permits	80	80	216	136
Charges for services	1,417	1,417	1,639	222
Interest	200	200	835	635
Other:				
Non-governmental grants	609	1,757	1,815	58
Service reimbursements	63	63	-	(63)
Miscellaneous	1	1	-	(1)
Total revenues	40,934	42,082	42,940	858
EXPENDITURES				
Library	55,112	56,264	52,610	3,654
Deficiency of revenues under expenditures	(14,178)	(14,182)	(9,670)	4,512
OTHER FINANCING SOURCES				
Transfers in	15,813	15,817	15,817	-
Total other financing sources	15,813	15,817	15,817	-
Contingency	(1,686)	(1,686)	-	1,686
Net change in fund balances	(51)	(51)	6,147	6,198
Fund balances - beginning	51	51	10,636	10,585
Fund balances - ending	$ -	$ -	16,783	$ 16,783
Reconciliation to GAAP Basis:				
In kind contributions			1,192	
Consumption of in kind contributions			(1,192)	
Fund balance as reported on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 82			$ 16,783	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Excise Tax Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes	$ 19,166	$ 21,746	$ 21,857	$ 111
Interest	24	24	40	16
Total revenues	19,190	21,770	21,897	127
EXPENDITURES				
Nondepartmental	19,600	22,180	21,965	215
Deficiency of revenues under expenditures	(410)	(410)	(68)	342
Fund balances - beginning	410	410	372	(38)
Fund balances - ending	$ -	$ -	$ 304	$ 304

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 1,100	$ 1,100	$ 758	$ (342)
Interest	-	-	79	79
Total revenues	1,100	1,100	837	(263)
EXPENDITURES				
Community services	1,295	1,295	921	374
Deficiency of revenues under expenditures	(195)	(195)	(84)	111
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1	1
Total other financing sources	-	-	1	1
Contingency	(1,583)	(1,583)	-	1,583
Net change in fund balances	(1,778)	(1,778)	(83)	1,695
Fund balances - beginning	1,778	1,778	1,733	(45)
Fund balances - ending	$ -	$ -	$ 1,650	$ 1,650

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 9	$ 9	$ -	$ (9)
Charges for services	1,518	1,518	1,489	(29)
Interest	52	52	32	(20)
Other:				
Miscellaneous	5	5	16	11
Total revenues	1,584	1,584	1,537	(47)
EXPENDITURES				
Community justice	22	22	16	6
Sheriff	2,470	2,470	1,676	794
Total expenditures	2,492	2,492	1,692	800
Deficiency of revenues under expenditures	(908)	(908)	(155)	753
Fund balances - beginning	908	908	980	72
Fund balances - ending	$ -	$ -	$ 825	$ 825

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Services Special Operations Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 66	$ 66	$ 111	$ 45
Licenses and permits	2,628	2,628	2,634	6
Charges for services	1,618	1,643	1,691	48
Interest	16	16	14	(2)
Other:				
Non-governmental grants	-	-	1	1
Service reimbursements	103	103	112	9
Miscellaneous	478	553	10	(543)
Total revenues	4,909	5,009	4,573	(436)
EXPENDITURES				
Community justice	952	952	946	6
Health services	1,314	1,414	1,414	-
District attorney	124	124	16	108
Sheriff	2,880	2,880	1,841	1,039
Total expenditures	5,270	5,370	4,217	1,153
Excess (deficiency) of revenues over (under) expenditures	(361)	(361)	356	717
Fund balances - beginning	361	361	868	507
Fund balances - ending	$ -	$ -	$ 1,224	$ 1,224

MULTNOMAH COUNTY, OREGON

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Reserve Fund

For the Year Ended June 30, 2008

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	500	500	613	113
Fund balances - beginning	14,250	14,250	14,427	177
Fund balances - ending	$ 14,750	$ 14,750	$ 15,040	$ 290

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NONMAJOR DEBT SERVICE FUNDS

These funds account for the retirement of general obligation bonds, certificates of participation (capitalized leases) and other lease-purchase arrangements. The modified accrual basis of accounting is used. Funds included are:

- **Capital Debt Retirement Fund** – accounts for lease-purchase and full faith and credit principal and interest payments for buildings and major pieces of equipment acquired by the issuance of certificates of participation, lease-purchase arrangements and full faith and credit bonds. Revenues consist of certificates of participation proceeds, bond proceeds, service reimbursements and cash transfers from other County funds.

- **General Obligation Bond Fund** – accounts for payment of principal and interest on general obligation bonds. Revenue is derived from property taxes and interest.

- **PERS Pension Bond Fund** – accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest.

- **Revenue Bond Fund** – accounts for payment of principal and interest on bonds to be issued to construct various facilities. The revenues are derived from the lease payments on the facilities and interest.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2008
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
ASSETS					
Cash and investments	$ 6,812	$ 8,488	$ 27,199	$ 4,012	$ 46,511
Receivables:					
Taxes	-	443	-	-	443
Contracts	-	-	-	1,720	1,720
Restricted assets:					
Cash with fiscal agent	5	-	-	318	323
Total assets	$ 6,817	$ 8,931	$ 27,199	$ 6,050	$ 48,997
LIABILITIES					
Deferred revenue	$ -	$ 362	$ -	$ 1,720	$ 2,082
Total liabilities	-	362	-	1,720	2,082
FUND BALANCES					
Reserved for debt service	6,817	8,569	27,199	4,330	46,915
Total liabilities and fund balances	$ 6,817	$ 8,931	$ 27,199	$ 6,050	$ 48,997

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
REVENUES					
Taxes	$ -	$ 9,050	$ -	$ -	$ 9,050
Charges for services	-	-	-	80	80
Interest	221	314	1,112	113	1,760
Other - service reimbursements	12,538	-	17,777	-	30,315
Total revenues	12,759	9,364	18,889	193	41,205
EXPENDITURES					
Current:					
General government	10	-	-	-	10
Debt service:					
Principal	9,371	6,255	5,325	560	21,511
Interest	4,228	2,973	7,450	268	14,919
Total expenditures	13,609	9,228	12,775	828	36,440
Excess (deficiency) of revenues over (under) expenditures	(850)	136	6,114	(635)	4,765
OTHER FINANCING SOURCES					
Proceeds from sale of capital assets	-	-	-	1,706	1,706
Net change in fund balances	(850)	136	6,114	1,071	6,471
Fund balances - beginning	7,667	8,433	21,085	3,259	40,444
Fund balances - ending	$ 6,817	$ 8,569	$ 27,199	$ 4,330	$ 46,915

MULTNOMAH COUNTY, OREGON
Capital Debt Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ 235	$ 235	$ 221	$ (14)
Other - service reimbursements	11,331	11,331	12,538	1,207
Total revenues	11,566	11,566	12,759	1,193
EXPENDITURES				
Nondepartmental	13,988	13,988	13,609	379
Deficiency of revenues under expenditures	(2,422)	(2,422)	(850)	1,572
Contingency	(5,217)	(5,217)	-	5,217
Net change in fund balances	(7,639)	(7,639)	(850)	6,789
Fund balances - beginning	7,639	7,639	7,667	28
Fund balances - ending	$ -	$ -	$ 6,817	$ 6,817

MULTNOMAH COUNTY, OREGON
General Obligation Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes:				
Property:				
Current year	$ 8,750	$ 8,750	$ 8,841	$ 91
Prior years'	204	204	178	(26)
Penalties and interest	-	-	31	31
Interest	280	280	314	34
Total revenues	9,234	9,234	9,364	130
EXPENDITURES				
Nondepartmental	9,228	9,228	9,228	-
Excess of revenues over expenditures	6	6	136	130
Fund balances - beginning	8,308	8,308	8,433	125
Fund balances - ending	$ 8,314	$ 8,314	$ 8,569	$ 255

MULTNOMAH COUNTY, OREGON
PERS Pension Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ 850	$ 850	$ 1,112	$ 262
Other - service reimbursements	13,000	13,000	17,777	4,777
Total revenues	13,850	13,850	18,889	5,039
EXPENDITURES				
Nondepartmental	12,825	12,825	12,775	50
Excess of revenues over expenditures	1,025	1,025	6,114	5,089
Fund balances - beginning	19,600	19,600	21,085	1,485
Fund balances - ending	$ 20,625	$ 20,625	$ 27,199	$ 6,574

MULTNOMAH COUNTY, OREGON
Revenue Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 2,324	$ 2,324	$ 80	$ (2,244)
Interest	67	67	113	46
Total revenues	2,391	2,391	193	(2,198)
EXPENDITURES				
Nondepartmental	844	844	828	16
Excess (deficiency) of revenues over (under) expenditures	1,547	1,547	(635)	(2,182)
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1,706	1,706
Net change in fund balances	1,547	1,547	1,071	(476)
Fund balances - beginning	3,330	3,330	3,259	(71)
Fund balances - ending	$ 4,877	$ 4,877	$ 4,330	$ (547)

NONMAJOR CAPITAL PROJECTS FUNDS

These funds account for expenditures on major construction projects, proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of County property, revenue bond proceeds and library and public safety general obligation bond proceeds. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

- **Justice Bond Project Fund** – accounts for projects to expand Inverness Jail, construct new jail facilities, upgrade other jail facilities and pay for data processing linkages in the Corrections system.

- **Financed Projects Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.

- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property.

- **Capital Acquisition Fund** - accounts for purchase of personal computers and capital purchases with economic payoffs of less than five years.

- **Asset Preservation Fund** – accounts for the expenditures for building scheduled maintenance projects such as boiler replacement, carpet replacement, roof replacement, etc. Resources are derived from an asset preservation fee that is part of the facilities charges assessed to building tenants.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008
(amounts expressed in thousands)

	Justice Bond Project	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
ASSETS						
Cash and investments	$ 919	$ 334	$ 17,365	$ 484	$ 3,608	$ 22,710
Receivables:						
Accounts	-	-	25	-	-	25
Contracts	-	-	513	-	-	513
Total assets	$ 919	$ 334	$ 17,903	$ 484	$ 3,608	$ 23,248
LIABILITIES						
Accounts payable	$ 1	$ 3	$ 569	$ 9	$ 371	$ 953
Payroll payable	-	3	-	-	-	3
Deferred revenue	-	-	701	-	-	701
Total liabilities	1	6	1,270	9	371	1,657
FUND BALANCES						
Reserved for capital projects	918	328	16,633	475	3,237	21,591
Total liabilities and fund balances	$ 919	$ 334	$ 17,903	$ 484	$ 3,608	$ 23,248

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Justice Bond Project	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
REVENUES						
Intergovernmental	$ -	$ -	$ 8,820	$ -	$ 30	$ 8,850
Charges for services	-	-	202	-	-	202
Interest	26	16	232	18	154	446
Other:						
Service reimbursements	-	-	-	124	-	124
Miscellaneous	-	-	18	-	-	18
Total revenues	26	16	9,272	142	184	9,640
EXPENDITURES						
Current:						
General government	-	-	6,262	118	-	6,380
Public safety and justice	2	-	-	-	-	2
Community services	-	5	-	-	856	861
Capital outlay	85	200	5,845	-	718	6,848
Total expenditures	87	205	12,107	118	1,574	14,091
Excess (deficiency) of revenues over (under) expenditures	(61)	(189)	(2,835)	24	(1,390)	(4,451)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	12,504	-	-	12,504
Transfers in	-	200	3,008	-	3,175	6,383
Transfers out	-	-	-	(1,496)	-	(1,496)
Total other financing sources (uses)	-	200	15,512	(1,496)	3,175	17,391
Net change in fund balances	(61)	11	12,677	(1,472)	1,785	12,940
Fund balances - beginning	979	317	3,956	1,947	1,452	8,651
Fund balances - ending	$ 918	$ 328	$ 16,633	$ 475	$ 3,237	$21,591

MULTNOMAH COUNTY, OREGON
Justice Bond Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	$ -	$ -	$ 26	$ 26
EXPENDITURES				
County management	600	600	87	513
Deficiency of revenues under expenditures	(600)	(600)	(61)	539
Contingency	(86)	(86)	-	86
Net change in fund balances	(686)	(686)	(61)	625
Fund balances - beginning	686	686	979	293
Fund balances - ending	$ -	$ -	$ 918	$ 918

MULTNOMAH COUNTY, OREGON
Financed Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 16	$ 16
EXPENDITURES				
County management	4,100	4,100	205	3,895
Deficiency of revenues under expenditures	(4,100)	(4,100)	(189)	3,911
OTHER FINANCING SOURCES				
Financing proceeds	8,450	8,450	-	(8,450)
Transfers in	200	200	200	-
Total other financing sources	8,650	8,650	200	(8,450)
Net change in fund balances	4,550	4,550	11	(4,539)
Fund balances - beginning	300	300	317	17
Fund balances - ending	$ 4,850	$ 4,850	$ 328	$ (4,522)

MULTNOMAH COUNTY, OREGON
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ -	$ -	$ 8,820	$ 8,820
Charges for services	27,717	27,717	202	(27,515)
Interest	150	150	232	82
Other - miscellaneous	9,050	9,050	18	(9,032)
Total revenues	36,917	36,917	9,272	(27,645)
EXPENDITURES				
County management	60,370	60,370	12,107	48,263
Deficiency of revenues under expenditures	(23,453)	(23,453)	(2,835)	20,618
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	16,000	16,000	12,504	(3,496)
Transfers in	3,008	3,008	3,008	-
Total other financing sources	19,008	19,008	15,512	(3,496)
Net change in fund balances	(4,445)	(4,445)	12,677	17,122
Fund balances - beginning	4,445	4,445	3,956	(489)
Fund balances - ending	$ -	$ -	$ 16,633	$ 16,633

MULTNOMAH COUNTY, OREGON
Capital Acquisition Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 18	$ 18
Other - service reimbursements	124	124	124	-
Total revenues	124	124	142	18
EXPENDITURES				
Nondepartmental	17	17	-	17
County management	900	900	118	782
Total expenditures	917	917	118	799
Excess (deficiency) of revenues over (under) expenditures	(793)	(793)	24	817
OTHER FINANCING USES				
Transfers out	(1,496)	(1,496)	(1,496)	-
Net change in fund balances	(2,289)	(2,289)	(1,472)	817
Fund balances - beginning	2,289	2,289	1,947	(342)
Fund balances - ending	$ -	$ -	$ 475	$ 475

MULTNOMAH COUNTY, OREGON
Asset Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ -	$ -	$ 30	$ 30
Interest	150	150	154	4
Total revenues	150	150	184	34
EXPENDITURES				
County management	5,435	5,435	1,574	3,861
Deficiency of revenues under expenditures	(5,285)	(5,285)	(1,390)	3,895
OTHER FINANCING SOURCES				
Transfers in	3,175	3,175	3,175	-
Net change in fund balances	(2,110)	(2,110)	1,785	3,895
Fund balances - beginning	2,110	2,110	1,452	(658)
Fund balances - ending	$ -	$ -	$ 3,237	$ 3,237

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ENTERPRISE FUNDS

The County's Enterprise Funds are listed below.

- **Dunthorpe-Riverdale Service District No. 1 Fund** - accounts for the operation of the sanitary sewer system in southwest unincorporated Multnomah County. (A blended component unit of Multnomah County.)
- **Mid County Service District No. 14 Fund** - accounts for the operation of street lights throughout unincorporated Multnomah County. (A blended component unit of Multnomah County.)
- **Behavioral Health Managed Care Fund** - accounts for all financial activity associated with the State required behavioral health capitated services.

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Dunthorpe-Riverdale Service District No. 1 Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	$ 605	$ 605	$ 598	$ (7)
Prior	7	7	10	3
Charges for services	2	2	15	13
Interest	12	12	24	12
Total revenues	626	626	647	21
EXPENDITURES				
Community services	662	662	583	79
Excess (deficiency) of revenues over (under) expenditures	(36)	(36)	64	(58)
Contingency	(25)	(25)	-	25
Net change in fund balances	(61)	(61)	64	125
Fund balances - beginning	145	145	227	82
Fund balances - ending	$ 84	$ 84	291	$ 207
Reconciliation to GAAP basis:				
Invested in capital assets			1,916	
Advances from other funds			(329)	
Deferred revenue on assessments			22	
Allowance for uncollectible accounts, assessments			(2)	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 38			$ 1,898	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mid County Service District No. 14 Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	$ 249	$ 249	$ 254	$ 5
Prior	5	5	6	1
Interest	24	24	18	(6)
Charges for services	-	-	7	7
Total revenues	278	278	285	7
EXPENDITURES				
Community services	342	342	334	8
Deficiency of revenues under expenditures	(64)	(64)	(49)	15
Contingency	(25)	(25)	-	25
Net changes in fund balances	(89)	(89)	(49)	40
Fund balances - beginning	385	385	378	(7)
Fund balances - ending	$ 296	$ 296	329	$ 33
Reconciliation to GAAP basis:				
Invested in capital assets			1,508	
Deferred revenue on assessments			11	
Allowance for uncollectible accounts, assessments			(1)	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 38			$ 1,847	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Behavioral Health Managed Care Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state and local	$ 35,403	$ 36,057	$ 36,072	$ 15
Interest	-	-	356	356
Other - miscellaneous	-	-	1	1
Total revenues	35,403	36,057	36,429	372
EXPENDITURES				
Human services	35,403	38,057	37,803	254
Deficiency of revenues under expenditures	-	(2,000)	(1,374)	626
Contingency	(2,658)	(658)	-	658
Net change in fund balances	(2,658)	(2,658)	(1,374)	1,284
Fund balances - beginning	2,658	2,658	3,981	1,323
Fund balances - ending	$ -	$ -	$ 2,607	$ 2,607

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INTERNAL SERVICE FUNDS

These funds account for activities and services performed primarily for other organizational units within the County. Charges to the County agencies are calculated to recover costs and maintain capital. The County accounts for certain expenditures of the Internal Service Funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes the accrual basis of accounting is used. Such differences relate primarily to the methods of accounting for depreciation and capital outlay. Funds included are:

- **Risk Management Fund** - accounts for the County's risk management activities including insurance coverage.
- **Fleet Management Fund** - accounts for the County's motor vehicle fleet operations and electronics.
- **Information Technology Fund** - accounts for the County's data processing and telephone service operations.
- **Mail / Distribution Fund** - accounts for the County's mail / distribution, central stores and records management operations.
- **Facilities Management Fund** - accounts for the management of all County owned and leased property.

MULTNOMAH COUNTY, OREGON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	$ 31,585	$ 3,307	$ 13,487	$ 1,138	$ 4,852	$ 54,369
Accounts receivable	-	229	83	149	314	775
Inventories	-	562	264	665	-	1,491
Due from other funds	76	-	-	-	-	76
Prepaid items	497	-	482	-	51	1,030
Total current assets	32,158	4,098	14,316	1,952	5,217	57,741
Noncurrent assets:						
Advances to other funds	253					253
Capital assets (net of accumulated depreciation)	41	4,444	1,623	14	15	6,137
Total assets	$ 32,452	$ 8,542	$ 15,939	$ 1,966	$ 5,232	$ 64,131
LIABILITIES						
Current liabilities:						
Accounts payable	$ 1,341	$ 301	$ 2,139	$ 369	$ 1,969	$ 6,119
Claims and judgments payable	11,414	-	-	-	-	11,414
Payroll payable	76	44	352	27	167	666
Deferred revenue	49	-	32	-	35	116
Compensated absences	71	41	308	20	171	611
Total current liabilities	12,951	386	2,831	416	2,342	18,926
Noncurrent liabilities:						
Compensated absences	230	110	871	61	423	1,695
Incremental leases payable	-	-	-	-	1,718	1,718
Total noncurrrent liabilities	230	110	871	61	2,141	3,413
Total liabilities	13,181	496	3,702	477	4,483	22,339
NET ASSETS						
Invested in capital assets	41	4,444	1,623	14	15	6,137
Unrestricted	19,230	3,602	10,614	1,475	734	35,655
Total net assets	$ 19,271	$ 8,046	$ 12,237	$ 1,489	$ 749	$ 41,792

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Internal Service Funds
OPERATING REVENUES						
Charges for services	$ 60,010	$ 6,786	$ 30,295	$ 5,833	$ 37,779	$ 140,703
Insurance premiums	6,360	-	-	-	-	6,360
Experience ratings and other	752	64	1	3	19	839
Total operating revenues	67,122	6,850	30,296	5,836	37,798	147,902
OPERATING EXPENSES						
Cost of sales and services	70,490	4,930	28,312	5,314	31,711	140,757
Administration	759	338	993	447	684	3,221
Depreciation	5	1,324	879	9	2	2,219
Total operating expenses	71,254	6,592	30,184	5,770	32,397	146,197
Operating income (loss)	(4,132)	258	112	66	5,401	1,705
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	1,255	145	529	39	23	1,991
Gain on disposal of capital assets	-	55	34	-	-	89
Loss on disposal of capital assets	-	(25)	(16)	-	-	(41)
Total nonoperating revenues	1,255	175	547	39	23	2,039
Income (loss) before contributions and transfers	(2,877)	433	659	105	5,424	3,744
Capital contributions in	-	-	3	-	-	3
Capital contributions out	-	(2)	-	-	-	(2)
Transfers in	-	-	1,496	-	-	1,496
Transfers out	-	-	(200)	-	(4,683)	(4,883)
Change in net assets	(2,877)	431	1,958	105	741	358
Total net assets - beginning	22,148	7,615	10,279	1,384	8	41,434
Total net assets - ending	$ 19,271	$ 8,046	$ 12,237	$ 1,489	$ 749	$ 41,792

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	$ 67,171	$ 6,898	$ 30,324	$ 5,897	$ 37,771	$ 148,061
Payments to suppliers	(62,110)	(2,436)	(9,813)	(3,209)	(16,085)	(93,653)
Payments to employees	(5,390)	(2,233)	(17,004)	(1,579)	(7,338)	(33,544)
Internal activity - payments to other funds	(753)	(764)	(1,293)	(966)	(8,932)	(12,708)
Net cash provided by operating activities	(1,082)	1,465	2,214	143	5,416	8,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	1,496	-	-	1,496
Transfers out	-	-	(200)	-	(4,683)	(4,883)
Net cash provided by (used in) noncapital and related financing activities	-	-	1,296	-	(4,683)	(3,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(2,053)	(1,107)	-	(17)	(3,177)
Internal loan repayment	71	-	-	-	-	71
Proceeds on sales of capital assets	-	53	37	-	-	90
Net cash used in capital and related financing activities	71	(2,000)	(1,070)	-	(17)	(3,016)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	1,255	145	529	39	23	1,991
Net cash provided by investing activities	1,255	145	529	39	23	1,991
Net increase (decrease) in cash and cash equivalents	244	(390)	2,969	182	739	3,744
Balances at beginning of the year	31,341	3,697	10,518	956	4,113	50,625
Balances at the end of the year	$ 31,585	$ 3,307	$ 13,487	$ 1,138	$ 4,852	$ 54,369
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	$ (4,132)	$ 258	$ 112	$ 66	$ 5,401	$ 1,705
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	5	1,324	879	9	2	2,219
Changes in assets and liabilities:						
Receivables	-	48	88	66	8	210
Inventories	-	(60)	587	8	-	535
Prepaid items	(109)	-	(77)	-	(41)	(227)
Accounts payable	307	(99)	541	(1)	(50)	698
Claims and judgments payable	2,746	-	-	-	-	2,746
Deferred revenue	49	-	21	(5)	(34)	31
Compensated absences	41	(7)	(2)	-	50	82
Incremental leases payable	-	-	-	-	57	57
Payroll payable	11	1	65	-	23	100
Total adjustments	3,050	1,207	2,102	77	15	6,451
Net cash (used) provided by operating activities	$ (1,082)	$ 1,465	$ 2,214	$ 143	$ 5,416	$ 8,156
Noncash financing activities:						
Contributions of capital assets	$ -	$ (2)	$ 3	$ -	$ -	$ 1

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for services	$ 6,025	$ 6,025	$ 6,540	$ 515
Interest	400	400	1,255	855
Other:				
Service reimbursements	62,746	63,906	59,967	(3,939)
Experience ratings and other	463	463	687	224
Total revenues	69,634	70,794	68,449	(2,345)
EXPENDITURES				
County management	85,349	86,490	68,310	18,180
Nondepartmental	3,085	3,104	2,939	165
Total expenditures	88,434	89,594	71,249	18,345
Deficiency of revenues under expenditures	(18,800)	(18,800)	(2,800)	16,000
Fund balances - beginning	18,800	18,800	21,701	2,901
Fund balances - ending	$ -	$ -	18,901	$ 18,901

Reconciliation to GAAP basis:	
Advance to service district	329
Invested in capital assets	41
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116	$ 19,271

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fleet Management Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for services	$ 1,034	$ 1,034	$ 1,120	$ 86
Interest	150	150	145	(5)
Other:				
Service reimbursements	5,849	5,948	5,666	(282)
Miscellaneous	56	56	64	8
Total revenues	7,089	7,188	6,995	(193)
EXPENDITURES				
County management	10,798	10,897	7,321	3,576
Deficiency of revenues under expenditures	(3,709)	(3,709)	(326)	3,383
OTHER FINANCING SOURCES				
Proceeds from sale of assets	213	213	53	(160)
Total other financing sources	213	213	53	(160)
Contingency	(531)	(531)	-	531
Net change in fund balances	(4,027)	(4,027)	(273)	3,754
Fund balances - beginning	4,027	4,027	3,875	(152)
Fund balances - ending	$ -	$ -	3,602	$ 3,602
Reconciliation to GAAP basis:				
Invested in capital assets			4,444	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 8,046	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for services	$ 1,123	$ 1,123	$ 560	$ (563)
Interest	-	-	529	529
Other:				
Service reimbursements	29,365	29,690	29,735	45
Miscellaneous	-	-	1	1
Total revenues	30,488	30,813	30,825	12
EXPENDITURES				
County management	37,862	38,187	30,412	7,775
Excess (deficiency) of revenues over (under) expenditures	(7,374)	(7,374)	413	7,787
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	37	37
Transfers in	1,496	1,496	1,496	-
Transfers out	(200)	(200)	(200)	-
Total other financing sources (uses)	1,296	1,296	1,333	37
Contingency	(3,100)	(3,100)	-	3,100
Net changes in fund balances	(9,178)	(9,178)	1,746	10,924
Fund balances - beginning	9,178	9,178	8,868	(310)
Fund balances - ending	$ -	$ -	10,614	$ 10,614
Reconciliation to GAAP basis:				
Invested in capital assets			1,623	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 12,237	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail/Distribution Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 3,312	$ 3,312	$ 2,617	$ (695)
Interest	30	30	39	9
Other:				
Service reimbursements	3,214	3,223	3,216	(7)
Miscellaneous	32	32	3	(29)
Total revenues	6,588	6,597	5,875	(722)
EXPENDITURES				
County management	6,720	6,729	5,761	968
Excess (deficiency) of revenues over (under) expenditures	(132)	(132)	114	246
Contingency	(1,257)	(1,257)	-	1,257
Net changes in fund balances	(1,389)	(1,389)	114	1,503
Fund balances - beginning	1,389	1,389	1,361	(28)
Fund balances - ending	$ -	$ -	1,475	$ 1,475

Reconciliation to GAAP basis:	
Invested in capital assets	14
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116	$ 1,489

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget favorable (unfavorable)
REVENUES				
Charges for services	$ 2,232	$ 2,232	$ 3,058	$ 826
Interest	-	-	23	23
Other:				
Service reimbursements	38,667	38,929	34,721	(4,208)
Miscellaneous	-	-	19	19
Total revenues	40,899	41,161	37,821	(3,340)
EXPENDITURES				
County management	33,793	34,055	32,412	1,643
Excess of revenues over expenditures	7,106	7,106	5,409	(1,697)
OTHER FINANCING USES				
Transfers out	(4,683)	(4,683)	(4,683)	-
Total other financing uses	(4,683)	(4,683)	(4,683)	-
Contingency	(2,423)	(2,423)	-	2,423
Net change in fund balances	-	-	726	726
Fund balances - beginning	-	-	8	8
Fund balances - ending	$ -	$ -	734	$ 734

Reconciliation to GAAP basis:	
Invested in capital assets	15
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116	$ 749

AGENCY FUNDS

These funds account for resources received and held by the County in a purely custodial capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. The modified accrual basis of accounting is used to record transactions in the agency funds. The funds included are:

- **Sundry Taxing Bodies Fund** – accounts for the collection of property taxes for all governmental entities located in Multnomah County and the disbursement of the collections to such entities.

- **Department and Offices Agency Fund** – accounts for the collection and disbursement of various monies held by Multnomah County in a fiduciary capacity.

- **Public Guardian Fund** – accounts for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

- **Visitors' Facilities Trust Fund** – accounts for collection and disbursement of Motor Vehicle Rental Tax and Transient Lodging Tax used for visitor facilities.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Agency Funds
June 30, 2008
(amounts expressed in thousands)

	Sundry Taxing Bodies	Department and Offices Agency	Public Guardian	Visitors' Facilities Trust	Total
ASSETS:					
Cash and Investments	$ 5,841	$ 7,063	$ 794	$ 3,200	$ 16,898
Receivables:					
Taxes	37,395	148	-	2,190	39,733
Restricted cash	-	15	-	-	15
Total assets	$ 43,236	$ 7,226	$ 794	$ 5,390	$ 56,646
LIABILITIES:					
Accounts payable	$ 5,812	$ 1,934	$ 46	$ 2,262	$ 10,054
Due to other governmental units	37,395	-	-	-	37,395
Amounts held in trust	29	5,292	748	3,128	9,197
Total liabilities	$ 43,236	$ 7,226	$ 794	$ 5,390	$ 56,646

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	$ 5,327	$ 1,807,751	$ 1,807,237	$ 5,841
Taxes receivable	32,934	874,650	870,189	37,395
Total assets	$ 38,261	$ 2,682,401	$ 2,677,426	$ 43,236
Liabilities:				
Accounts payable	$ 5,271	$ 809,579	$ 809,038	$ 5,812
Due to other governmental units	32,845	834,712	830,162	37,395
Amounts held in trust	145	815,058	815,174	29
Total liabilities	$ 38,261	$ 2,459,349	$ 2,454,374	$ 43,236
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	$ 6,920	$ 1,371,012	$ 1,370,869	$ 7,063
Taxes receivable	218	1,173,916	1,173,986	148
Accounts receivable	-	-	-	-
Restricted cash	977	2,376	3,338	15
Total assets	$ 8,115	$ 2,547,304	$ 2,548,193	$ 7,226
Liabilities:				
Accounts payable	$ 2,131	$ 41,284	$ 41,481	$ 1,934
Amounts held in trust	5,984	1,160,148	1,160,840	5,292
Total liabilities	$ 8,115	$ 1,201,432	$ 1,202,321	$ 7,226
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	$ 804	$ 2,772	$ 2,782	$ 794
Accounts receivable	-	1,210	1,210	-
Total assets	$ 804	$ 3,982	$ 3,992	$ 794
Liabilities:				
Accounts payable	$ 65	$ 2,601	$ 2,620	$ 46
Amounts held in trust	739	1,292	1,283	748
Total liabilities	$ 804	$ 3,893	$ 3,903	$ 794
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	$ 1,530	$ 21,139	$ 19,469	$ 3,200
Taxes receivable	1,892	10,783	10,485	2,190
Accounts receivable	-	7	7	-
Total assets	$ 3,422	$ 31,929	$ 29,961	$ 5,390
Liabilities:				
Accounts payable	$ 2,124	$ 13,875	$ 13,737	$ 2,262
Amounts held in trust	1,298	11,904	10,074	3,128
Total liabilities	$ 3,422	$ 25,779	$ 23,811	$ 5,390
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	$ 14,581	$ 3,202,674	$ 3,200,357	$ 16,898
Taxes receivable	35,044	2,059,349	2,054,660	39,733
Accounts receivable	-	1,217	1,217	-
Restricted cash	977	2,376	3,338	15
Total assets	$ 50,602	$ 5,265,616	$ 5,259,572	$ 56,646
Liabilities:				
Accounts payable	$ 9,591	$ 867,339	$ 866,876	$ 10,054
Due to other governmental units	32,845	834,712	830,162	37,395
Amounts held in trust	8,166	1,988,402	1,987,371	9,197
Total liabilities	$ 50,602	$ 3,690,453	$ 3,684,409	$ 56,646

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

- **Schedule by Source**
- **Schedule by Function and Activity**
- **Schedule of Changes by Function and Activity**

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2008
(amounts expressed in thousands)

	June 30, 2008	June 30, 2007
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	$ 16,296	$ 13,787
Construction in progress	317	35,735
Buildings-not in service	51,164	51,164
Buildings	365,124	368,897
Improvements other than buildings	343	343
Machinery and equipment	122,180	124,596
Bridges	146,179	99,502
Infrastructure	551,598	553,645
Total governmental funds capital assets	$ 1,253,201	$ 1,247,669

	June 30, 2008	June 30, 2007
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Beginning balance	$ 1,247,669	$ 1,220,614
General fund	(9,680)	(1,108)
Road fund	(2,037)	3,663
Federal and state program fund	58	137
Willamette river bridges fund	13,661	22,240
Library fund	(4,305)	(1,091)
Land corner preservation fund	-	75
Justice services special operations	(23)	23
Justice bond capital project fund	85	467
Financed projects fund	200	(313)
Library construction fund/1996	(42)	(311)
Capital improvement fund	5,833	2,723
Capital acquisition fund	-	(23)
Asset preservation fund	718	1,099
Risk management fund	-	(21)
Fleet management fund	1,240	757
Information technology fund	(193)	(1,290)
Mail distribution fund	-	28
Facilities management fund	17	-
Total governmental funds capital assets, ending balance	$ 1,253,201	$ 1,247,669

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2008
(amounts expressed in thousands)

	Land	Work in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Bridges	Infrastructure	Total
FUNCTION AND ACTIVITY								
General government:								
Legislative	$ 226	$ -	$ 6,928	$ -	$ 77	$ -	$ -	$ 7,231
Administrative	6,920	-	85,054	-	42,882	-	-	134,856
	7,146	-	91,982	-	42,959	-	-	142,087
Health and social services:								
Health	2,294	-	29,693	-	587	-	-	32,574
Social	627	-	9,004	-	199	-	-	9,830
	2,921	-	38,697	-	786	-	-	42,404
Public safety:								
Law enforcement	987	-	143,658	37	6,692	-	-	151,374
Justice services	431	-	51,333	-	1,010	-	-	52,774
	1,418	-	194,991	37	7,702	-	-	204,148
Community services:								
Community service development	136	-	1,343	108	14	-	-	1,601
Recreation	203	-	-	-	-	-	-	203
Library	2,987	317	60,313	140	68,163	-	-	131,920
	3,326	317	61,656	248	68,177	-	-	133,724
Roads and bridges:								
Roads and bridges	1,350	-	5,805	58	2,556	146,179	551,598	707,546
	1,350	-	5,805	58	2,556	146,179	551,598	707,546
External organizations:								
External use	135	-	23,157	-	-	-	-	23,292
	$ 16,296	$ 317	$ 416,288	$ 343	$ 122,180	$ 146,179	$ 551,598	$ 1,253,201

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Governmental Funds Capital Assets June 30, 2007	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2008
FUNCTION AND ACTIVITY				
General government:				
Legislative	$ 7,154	$ -	$ 77	$ 7,231
Administrative	116,478	6,449	11,929	134,856
	123,632	6,449	12,006	142,087
Health and social services:				
Health	32,958	158	(542)	32,574
Social	26,308	24	(16,502)	9,830
	59,266	182	(17,044)	42,404
Public safety:				
Law enforcement	150,778	1,815	(1,219)	151,374
Justice services	51,028	600	1,146	52,774
	201,806	2,415	(73)	204,148
Community services:				
Community service development	2,777	3	(1,179)	1,601
Recreation	203	-	-	203
Library	135,802	6,111	(9,993)	131,920
	138,782	6,114	(11172)	133,724
Roads and bridges:				
Roads and bridges	697,063	15,950	(5,467)	707,546
	697,063	15,950	(5,467)	707,546
External organizations:				
External use	27,120	1,082	(4,911)	23,292
	$ 1,247,669	$ 32,192	$ (26,661)	$ 1,253,201

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OTHER SCHEDULES

- Schedule of Property Tax Collections and Outstanding Balances
- Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
- Schedule of General Obligation Bonds Outstanding
- Schedule of General Capitalized Lease Purchases Outstanding
- Schedule of Revenue Bonds Outstanding
- Schedule of Loans Outstanding
- Schedule of Full Faith and Credit Bonds Outstanding

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2007	Current Levy	Add (Deduct) Corrections and Adjustments	Add Interest on Delinquent Taxes	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Taxes	Taxes Receivable June 30, 2008
2007-08	$ -	$ 1,100,640	$ (4,365)	$ 407	$ (27,072)	$(1,037,326)	$ 32,284
2006-07	26,746	-	(642)	946	14	(17,465)	9,599
2005-06	9,255	-	(400)	658	10	(5,279)	4,244
2004-05 and prior	7,719	-	(843)	867	13	(4,388)	3,368
	$ 43,720	$ 1,100,640	$ (6,250)	$ 2,878	$ (27,035)	$(1,064,458)	$ 49,495

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2008

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	$ 6,373	$ 3,573	$ 9,946	$ 16,499	$ 26,445
Special revenue funds:					
Library fund	1,154	518	1,672	-	1,672
Land corner preservation fund	-	-	-	5	5
Special excise tax fund	-	-	-	2,732	2,732
Total special revenue funds	1,154	518	1,672	2,737	4,409
General obligation bond fund	274	169	443	-	443
Agency funds	24,458	12,937	37,395	2,338	39,733
Sub-total taxes receivable	32,259	17,197	49,456	21,574	71,030
Special assessments collected through taxes	25	14	39	-	39
Total receivables	$ 32,284	$ 17,211	$ 49,495	$ 21,574	$ 71,069

*Note - Other taxes includes personal income, transient lodging, motor vehicle and other tax related transactions.

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
For the Year Ended June 30, 2008
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2007		2007-08 Transactions			Outstanding June 30, 2008	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated October 1, 1996	$ -	$ 7,830	$ -	$ 4,150	$ 4,150	$ -	$ 3,680
Dated February 1,1999	-	61,550	-	2,105	2,105	-	59,445
	-	$ 69,380	-	$ 6,255	$ 6,255	-	$ 63,125

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated October 1, 1996	$ 288
Dated February 1,1999	2,685
	$ 2,973

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 1996B Dated 10/01/96 3.90 to 5.65% Principal	Series 1996B Interest	Series 1999 Dated 2/01/99 3.90 to 5.65% Principal	Series 1999 Interest	Total Principal	Total Interest
2009	$ 3,680	$ 92	$ 2,875	$ 2,585	$ 6,555	$ 2,677
2010	-	-	6,860	2,387	6,860	2,387
2011	-	-	7,160	2,093	7,160	2,093
2012	-	-	7,470	1,780	7,470	1,780
2013	-	-	7,490	1,451	7,490	1,451
2014	-	-	7,835	1,106	7,835	1,106
2015	-	-	6,780	773	6,780	773
2016	-	-	6,330	466	6,330	466
2017	-	-	6,645	158	6,645	158
	$ 3,680	$ 92	$ 59,445	$ 12,799	$ 63,125	$ 12,891

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Purchases Outstanding
June 30, 2008
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 02/01/98 3.75 to 4.90%		Dated 01/01/02 2.50%		Dated 06/30/07		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 2,825	$ 636	$ 11	$ 107	$ 11	$ -	$ 2,847	$ 743
2010	2,265	617	12	106	-	-	2,277	723
2011	2,370	480	14	104	-	-	2,384	584
2012	2,485	333	15	103	-	-	2,500	436
2013	2,605	175	17	101	-	-	2,622	276
2014	-	-	19	100	-	-	19	100
2015	-	-	21	98	-	-	21	98
2016	-	-	23	95	-	-	23	95
2017	-	-	25	93	-	-	25	93
2018	-	-	28	90	-	-	28	90
2019	-	-	31	87	-	-	31	87
2020	-	-	34	84	-	-	34	84
2021	-	-	38	80	-	-	38	80
2022	-	-	42	76	-	-	42	76
2023	-	-	47	71	-	-	47	71
2024	-	-	52	66	-	-	52	66
2025	-	-	57	61	-	-	57	61
2026	-	-	64	55	-	-	64	55
2027	-	-	70	48	-	-	70	48
2028	-	-	78	40	-	-	78	40
2029	-	-	86	32	-	-	86	32
2030	-	-	96	22	-	-	96	22
2031	-	-	106	12	-	-	106	12
2032	-	-	57	2	-	-	57	2
	$ 12,550	$ 2,241	$ 1,043	$ 1,733	$ 11	$ -	$ 13,604	$ 3,974

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

REVENUE BONDS

Fiscal Year of Maturity	Series 1998 Dated 10/01/98 4.00 to 4.75%		Series 2000A Dated 11/01/00 4.45 to 5.20%		Series 2000B Dated 11/01/00 4.45 to 5.20%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 1,710	$ 38	$ 135	$ 62	$ 235	$ 109	$ 2,080	$ 209
2010	-	-	145	55	250	97	395	152
2011	-	-	150	48	265	85	415	133
2012	-	-	160	41	275	72	435	113
2013	-	-	165	33	295	58	460	91
2014	-	-	175	24	310	42	485	66
2015	-	-	185	15	325	26	510	41
2016	-	-	195	5	345	9	540	14
	$ 1,710	$ 38	$ 1,310	$ 283	$ 2,300	$ 498	$ 5,320	$ 819

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2008
(amounts expressed in thousands)

Fiscal Year of Maturity	Dated 02/15/96 7.2% Principal	Dated 02/15/96 7.2% Interest	Dated 07/05/96 5.65% Principal	Dated 07/05/96 5.65% Interest	Dated 08/01/99 5.9% Principal	Dated 08/01/99 5.9% Interest	Dated 10/11/99 5.9% Principal	Dated 10/11/99 5.9% Interest
2009	$ 121	$ 2	$ 22	$ 1	$ 17	$ 1	$ 82	$ 2
	$ 121	$ 2	$ 22	$ 1	$ 17	$ 1	$ 82	$ 2

Total			
Principal		Interest	
$	242	$	6
$	242	$	6

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999A Dated 04/01/99 4.00 to 4.75%		Series 2000A Dated 04/01/00 5.00 to 5.50%		Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2003 Dated 05/15/03 1.50 to 3.25%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 1,615	$ 106	$ 2,675	$ 288	$ 6,470	$ 7,072	$ 940	$ 160
2010	1,685	36	2,820	141	7,740	6,609	960	138
2011	-	-	-	-	9,150	6,052	990	113
2012	-	-	-	-	10,710	5,388	1,025	84
2013	-	-	-	-	4,479	12,563	1,060	52
2014	-	-	-	-	4,472	13,565	1,100	19
2015	-	-	-	-	4,469	14,618	-	-
2016	-	-	-	-	6,845	13,341	-	-
2017	-	-	-	-	16,985	4,358	-	-
2018	-	-	-	-	19,470	3,096	-	-
2019	-	-	-	-	22,200	1,649	-	-
2020	-	-	-	-	5,319	19,876	-	-
2021	-	-	-	-	5,208	21,407	-	-
2022	-	-	-	-	5,098	23,012	-	-
2023	-	-	-	-	4,989	24,686	-	-
2024	-	-	-	-	4,881	26,444	-	-
2025	-	-	-	-	4,775	28,285	-	-
2026	-	-	-	-	4,670	30,215	-	-
2027	-	-	-	-	4,566	32,234	-	-
2028	-	-	-	-	4,463	34,347	-	-
2029	-	-	-	-	4,362	36,563	-	-
2030	-	-	-	-	4,262	38,887	-	-
	$ 3,300	$ 142	$ 5,495	$ 429	$ 165,583	$ 404,267	$ 6,075	$ 566

Series 2004 Dated 10/01/04 3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest
$ -	$ 2,620	$ 11,700	$ 10,246
565	2,611	13,770	9,535
5,410	2,468	15,550	8,633
5,705	2,190	17,440	7,662
6,010	1,897	11,549	14,512
5,965	1,597	11,537	15,181
6,185	1,294	10,654	15,912
4,600	1,027	11,445	14,368
4,810	794	21,795	5,152
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
$ 54,235	$ 17,510	$ 234,688	$ 422,914

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STATISTICAL SECTION

STATISTICAL INFORMATION SECTION
(UNAUDITED)

This part of Multnomah County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. This section contains the following tables and information:

- **Financial Trends** - These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

- **Revenue Capacity** - These schedules contain information to help the reader assess the County's most significant local revenue sources: personal income tax, property tax, and business income tax.

- **Debt Capacity** - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

- **Economic and Demographic Information** - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

- **Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. Note that the County implemented Governmental Accounting Standards Board Statement No. 34 in 2002; therefore schedules presenting government-wide information include only information beginning in that fiscal year and going forward.

MULTNOMAH COUNTY, OREGON
Net Assets by Component
Last Seven Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

	2008	2007	2006	Restated 2005	2004	2003	2002
Governmental Activities:							
Invested in capital assets, net of related debt	$ 465,079	$ 456,502	$ 434,866	$ 523,606	$ 511,277	$ 475,949	$ 472,133
Restricted	77,979	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	27,954	17,731	32,205	18,912	(12,431)	(26,225)	(139,086)
Total governmental activities net assets	$ 571,012	$ 550,499	$ 538,459	$ 642,674	$ 561,800	$ 512,259	$ 408,020
Business-Type Activities:							
Invested in capital assets, net of related debt	$ 3,424	$ 3,020	$ 2,985	$ 2,577	$ 2,480	$ 2,474	$ 2,405
Unrestricted	2,928	4,612	2,830	2,012	1,915	2,095	3,136
Total business-type activities net assets	$ 6,352	$ 7,632	$ 5,815	$ 4,589	$ 4,395	$ 4,569	$ 5,541
Primary Government:							
Invested in capital assets, net of related debt	$ 468,503	$ 459,522	$ 437,851	$ 526,183	$ 513,757	$ 478,423	$ 474,538
Restricted	77,979	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	30,882	22,343	35,035	20,924	(10,516)	(24,130)	(135,950)
Total primary government net assets	$ 577,364	$ 558,131	$ 544,274	$ 647,263	$ 566,195	$ 516,828	$ 413,561

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Changes in Net Assets
Last Seven Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

	2008	2007	2006	2005
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	$ 21,721	$ 23,703	$ 25,531	$ 20,486
Health services	52,241	45,765	44,406	44,145
Social services	1,615	1,309	1,210	1,175
Public safety and justice	17,765	17,904	16,600	16,394
Community services	10	31	8	1
Library	1,855	1,745	1,641	1,887
Roads and bridges	2,141	1,962	1,784	1,867
Operating grants and contributions	265,271	257,810	247,933	256,489
Capital grants and contributions	10,505	5,594	5,272	34,149
Total governmental activities program revenues	373,124	355,823	344,385	376,593
Business-type activities:				
Charges for services:				
Dunthorpe	627	574	455	423
Mid County	268	306	294	289
Behavioral Health	36,072	34,879	34,519	29,472
Operating grants and contributions	-	-	-	-
Capital grants and contributions	10	76	82	238
Total business-type activities program revenues	36,977	35,835	35,350	30,422
Total primary government program revenues	410,101	391,658	379,735	407,015
Expenses				
Governmental activities:				
General government	75,547	87,472	114,378	128,871
Health services	125,355	118,380	112,201	106,551
Social services	196,537	185,672	177,891	181,194
Public safety and justice	208,253	199,850	196,167	192,005
Community services	26,069	24,136	23,336	21,795
Library	52,087	47,872	43,530	41,357
Roads and bridges	56,716	53,701	54,256	56,781
Interest on long-term debt	16,443	16,954	21,822	18,058
Total governmental activities expenses	757,007	734,037	743,581	746,612
Business-type activities:				
Dunthorpe	476	405	407	487
Mid County	377	354	328	495
Behavioral Health	37,803	34,221	33,640	29,480
Total business-type activities expenses	38,656	34,980	34,375	30,462
Total primary government expenses	795,663	769,017	777,956	777,074

2004	2003	2002
$ 16,394	$ 15,976	$ 12,712
44,006	40,901	13,762
1,805	759	543
15,901	23,216	14,224
4	-	6
2,042	2,537	1,745
1,880	1,250	910
249,079	256,659	277,418
9,809	4,461	86
340,920	345,759	321,406
344	248	249
235	233	235
25,603	32,486	32,781
435	897	337
-	-	-
26,617	33,864	33,602
367,537	379,623	355,008
154,646	36,374	17,673
110,968	110,322	92,109
167,746	169,218	188,043
182,941	180,503	184,213
18,391	17,925	23,877
40,843	43,934	39,529
57,374	58,354	57,478
19,543	20,127	21,139
752,452	636,757	624,061
355	344	306
723	468	419
25,787	33,739	34,951
26,865	34,551	35,676
779,317	671,308	659,737

(continued)

MULTNOMAH COUNTY, OREGON
Changes in Net Assets
Last Seven Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

(continued)	2008	2007	2006	2005
Net Expense				
Governmental activities	$ (383,883)	$ (378,214)	$ (399,196)	$ (370,019)
Business-type activities	(1,679)	855	975	(40)
Total primary government net expense	(385,562)	(377,359)	(398,221)	(370,059)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	249,446	231,073	219,854	209,056
Debt service	9,077	9,249	9,373	7,815
Personal income taxes	2,748	21,237	59,764	124,577
Business income taxes	65,650	57,399	50,980	36,463
Selective excise and use taxes	42,812	39,582	36,914	33,646
Payments in lieu of taxes	1,537	1,738	2,249	3,012
State government shared revenues	9,613	9,517	8,692	6,741
Grants and contributions not restricted to specific programs	10	6	2	1,150
Interest and investment earnings	11,887	13,454	10,094	4,943
Miscellaneous	1,410	6,771	4,007	2,233
Gain on sale of capital assets	10,206	228	1,607	166
Transfers	-	-	-	-
Special items:				
Loss on transfer of County roads	-	-	(108,555)	-
Total governmental activities	404,396	390,254	294,981	429,802
Business-type activities:				
Interest and investment earnings	398	495	251	121
Miscellaneous	1	467	-	113
Transfers	-	-	-	-
Total business-type activities	399	962	251	234
Total primary government	404,795	391,216	295,232	430,036
Change in Net Assets				
Governmental activities	20,513	12,040	(104,215)	59,783
Cumulative effect of change in accounting principle	-	-	-	21,091
Total governmental activities	20,513	12,040	(104,215)	80,874
Business-type activities	(1,280)	1,817	1,226	194
Total primary government change in net assets	$ 19,233	$ 13,857	$ (102,989)	$ 81,068

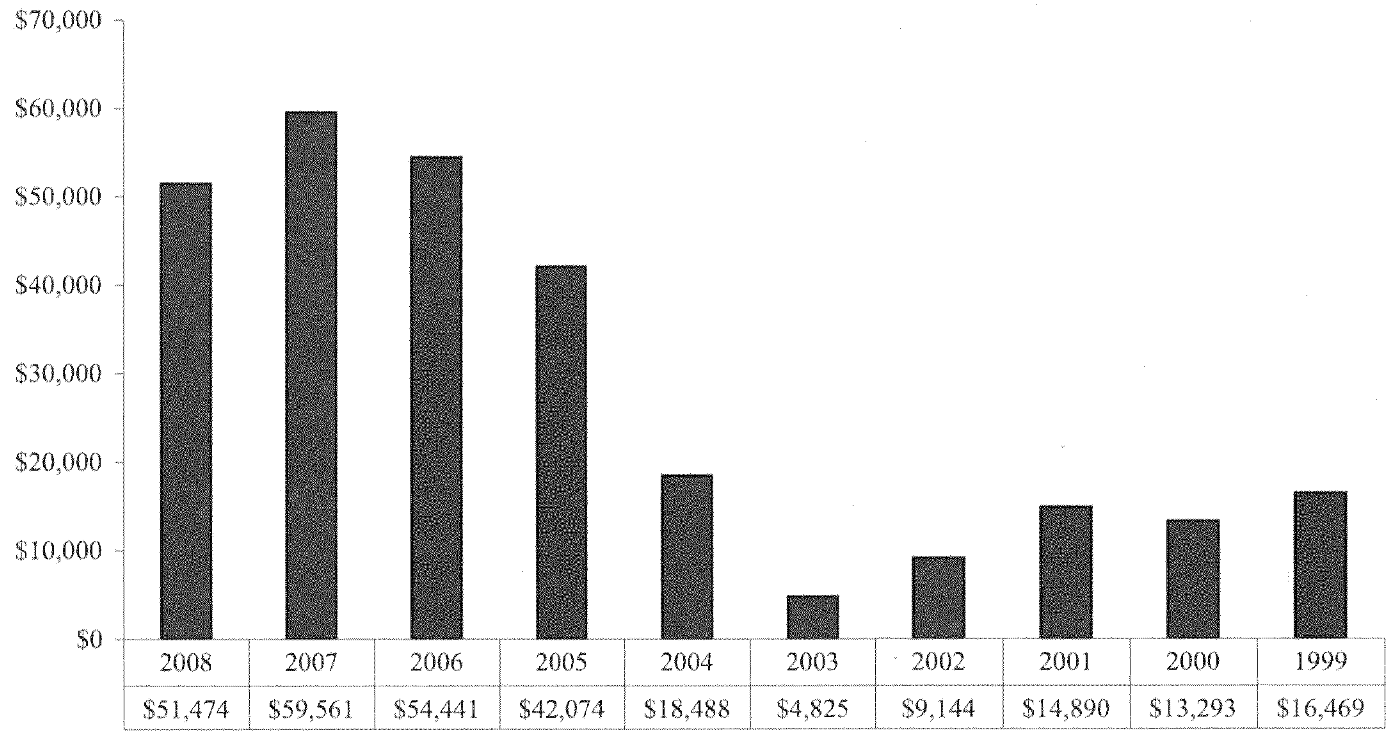
Source: Current and prior years' financial statements

2004	2003	2002
$ (411,532)	$ (290,998)	$ (302,655)
(248)	(687)	(2,074)
(411,780)	(291,685)	(304,729)
201,278	193,912	195,130
7,326	9,699	11,114
175,325	-	-
30,286	26,491	26,935
32,404	33,199	32,799
2,184	2,899	1,810
7,584	6,206	-
166	70	60
2,443	4,226	7,982
1,877	2,917	4,496
200	1,711	-
-	440	(3)
-	-	-
461,073	281,770	280,323
74	131	339
-	24	6
-	(440)	3
74	(285)	348
461,147	281,485	280,671
49,541	(9,228)	(22,332)
-	-	-
49,541	(9,228)	(22,332)
(174)	(972)	(1,726)
$ 49,367	$ (10,200)	$ (24,058)

MULTNOMAH COUNTY, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

	2008	2007	2006	2005
General Fund				
Reserved	$ 20,139	$ 657	$ 523	$ 342
Unreserved	51,474	59,561	54,441	42,074
Total general fund	71,613	60,218	54,964	42,416
All Other Governmental Funds				
Reserved	70,605	51,317	53,964	37,292
Unreserved, reported in:				
Special revenue funds	46,863	49,135	57,257	55,890
Total all other governmental funds	117,468	100,452	111,221	93,182
Total governmental funds	$ 189,081	$ 160,670	$ 166,185	$ 135,598

Unreserved General Fund Balance



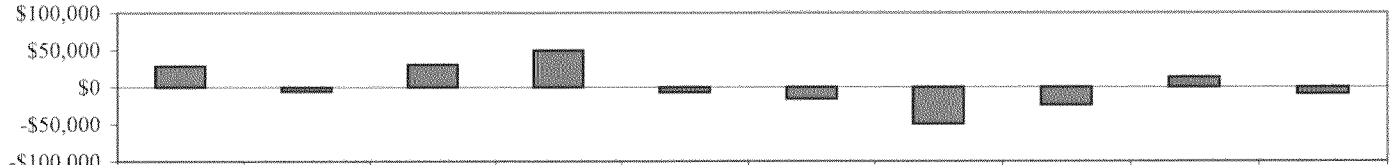
Source: Current and prior years' financial statements

2004	2003	2002	2001	2000	1999
$ 1,004	$ 961	$ -	$ 869	$ 969	$ 605
18,488	4,825	9,144	14,890	13,293	16,469
19,492	5,786	9,144	15,759	14,262	17,074
39,224	63,810	75,627	123,342	145,418	126,815
27,375	23,601	24,563	19,953	23,625	26,250
66,599	87,411	100,190	143,295	169,043	153,065
$ 86,091	$ 93,197	$ 109,334	$ 159,054	$ 183,305	$ 170,139

MULTNOMAH COUNTY, OREGON
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

	2008	2007	2006	2005
Revenues				
Taxes	$ 375,044	$ 356,682	$ 441,579	$ 422,212
Intergovernmental	277,099	260,549	250,855	284,527
Licenses and permits	15,441	15,934	16,025	14,743
Charges for services	67,750	62,791	62,245	61,399
Interest	9,557	10,837	8,347	4,134
Miscellaneous	50,342	46,880	46,090	51,926
Total revenues	795,233	753,673	825,141	838,941
Expenditures				
Current:				
General government	69,224	73,559	136,726	146,626
Health services	128,914	122,029	115,778	112,562
Social services	197,210	187,256	178,736	184,335
Public safety and justice	209,119	202,477	198,774	198,608
Community services	25,904	24,040	23,468	22,266
Library	48,051	44,411	46,228	44,546
Roads and bridges	40,723	39,875	42,283	39,844
Capital Outlay	27,367	31,589	22,150	9,288
Debt service:				
Principal	21,522	19,861	18,256	16,929
Interest	16,394	16,958	18,235	17,928
Total expenditures	784,428	762,055	800,634	792,932
Excess (deficiency) of revenues over (under) expenditures	10,805	(8,382)	24,507	46,009
Other Financing Sources (Uses)				
Certificates of participation proceeds	-	-	-	-
Proceeds from sale of capital assets	14,219	35	1,988	5
Issuance of capital lease	-	33	1,093	-
Bond proceeds	-	-	-	-
Proceeds from refunding bonds	-	-	-	54,235
Loan proceeds	-	-	-	-
Payment to escrow agent - refunded debt	-	-	-	(58,847)
Premium on short-term debt	-	157	-	-
Premium on long-term debt	-	-	-	5,089
Transfers in	29,266	26,996	47,004	29,907
Transfers out	(25,879)	(24,354)	(44,005)	(26,891)
Total other financing sources (uses)	17,606	2,867	6,080	3,498
Net change in fund balances	$ 28,411	$ (5,515)	$ 30,587	$ 49,507
Debt service as a percentage of noncapital expenditures	5.0%	5.0%	4.7%	4.4%

Net Change in Fund Balance, Governmental Funds



2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
$28,411	$(5,515)	$30,587	$49,507	$(7,106)	$(16,137)	$(49,720)	$(24,257)	$13,166	$(8,852)

Source: Current and prior years' financial statements

2004	2003	2002	2001	2000	1999
$ 375,204	$ 268,225	$ 267,641	$ 266,466	$ 254,514	$ 250,416
252,978	261,020	290,077	308,993	242,966	232,715
14,760	14,496	8,134	5,037	2,734	3,026
55,180	66,325	18,586	20,234	15,008	15,515
1,960	3,499	6,972	14,760	12,201	11,688
50,385	37,495	58,415	51,994	49,575	42,337
750,467	651,060	649,825	667,484	576,998	555,697
124,459	52,375	53,134	36,612	219,323	35,786
111,745	106,408	95,847	285,999	237,566	209,788
168,648	168,329	186,280	-	-	-
197,251	200,114	190,122	183,897	179,799	165,792
19,318	19,398	21,552	85,143	72,429	75,996
42,753	40,741	42,706	-	-	-
40,454	39,497	36,829	35,110	35,969	37,604
11,968	17,770	31,822	30,517	37,141	59,425
25,179	15,186	18,711	17,863	13,695	11,540
19,543	20,082	21,050	22,069	14,857	9,953
761,318	679,900	698,053	697,210	810,779	605,884
(10,851)	(28,840)	(48,228)	(29,726)	(233,781)	(50,187)
-	-	-	-	60,835	36,125
425	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,499	184,548	3,155
-	9,615	-	-	-	66,115
-	-	-	-	204	154
-	-	-	-	-	(67,057)
-	-	-	-	-	-
-	-	-	-	-	-
32,641	39,819	128,682	124,819	131,026	126,334
(29,321)	(36,731)	(130,174)	(124,849)	(129,666)	(123,491)
3,745	12,703	(1,492)	5,469	246,947	41,335
$ (7,106)	$ (16,137)	$ (49,720)	$ (24,257)	$ 13,166	$ (8,852)
6.0%	5.3%	6.0%	6.0%	3.7%	3.9%

MULTNOMAH COUNTY, OREGON
Program Revenues by Function/Program
Last Seven Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

Function/Program	2008	2007	2006	2005	2004	2003	2002
Governmental activities:							
General government	$ 35,044	$ 28,530	$ 32,587	$ 33,367	$ 31,429	$ 23,463	$ 24,644
Health services	81,507	74,024	74,003	71,924	77,315	72,730	63,191
Social services	152,905	142,100	134,894	139,569	126,534	136,045	140,391
Public safety and justice	57,364	58,188	54,278	62,497	63,534	71,518	57,336
Community services	3,196	3,278	4,712	4,387	1,830	2,730	2,530
Library	5,359	5,302	4,106	4,079	4,018	4,572	3,502
Roads and bridges	37,749	44,401	39,805	60,770	36,260	34,701	29,812
Total governmental activities	373,124	355,823	344,385	376,593	340,920	345,759	321,406
Business-type activities:							
Dunthorpe-Riverdale	627	574	455	423	344	256	251
Mid County	278	382	376	527	235	484	570
Behavioral Health	36,072	34,879	34,519	29,472	26,038	33,124	32,781
Total business-type activities	36,977	35,835	35,350	30,422	26,617	33,864	33,602
Total primary government	$ 410,101	$ 391,658	$ 379,735	$ 407,015	$ 367,537	$ 379,623	$ 355,008

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
1999	$183,157	$ 40,904	$ 6,192	$ 10,782	$ 7,358	$ -	$ 2,023	$250,416
2000	187,255	39,934	5,956	12,445	7,111	-	1,813	254,514
2001	197,724	30,377	15,228	14,593	7,262	-	1,282	266,466
2002	206,097	26,935	11,131	13,717	7,832	-	1,929	267,641
2003	204,447	26,491	12,227	13,429	7,432	-	4,199	268,225
2004	209,018	30,286	12,352	12,930	7,011	100,114	3,493	375,204
2005	217,750	36,463	13,467	13,321	6,744	130,187	4,280	422,212
2006	229,312	50,980	14,794	14,886	7,115	120,919	3,573	441,579
2007	240,710	57,399	16,726	15,644	7,110	16,038	3,055	356,682
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON

Assessed Valuation and Actual Values of Taxable Property (1)
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except total direct tax rate)

Year		Residential Property	Commercial Property	Public Utility Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (4)	Estimated Real Market Value
1999	(2)	20,156,020	11,350,597	2,107,164	2,169,234	35,783,015	5.28	45,532,239
2000	(3)	21,177,768	11,853,881	2,401,538	2,167,686	37,600,873	5.13	52,268,770
2001		22,163,841	12,407,629	2,709,063	2,315,045	39,595,578	5.19	56,377,119
2002		23,115,866	13,273,892	2,799,601	2,549,782	41,739,141	5.09	61,345,077
2003		24,165,517	13,294,395	2,558,357	2,330,850	42,349,119	4.97	63,391,339
2004		25,057,728	13,606,043	2,392,404	2,352,588	43,408,763	4.96	66,491,001
2005		26,264,819	14,003,443	2,484,887	2,158,073	44,911,222	5.01	70,457,625
2006		27,361,638	14,456,811	2,262,162	2,269,165	46,349,776	5.10	78,109,995
2007		28,695,852	14,825,459	2,376,350	2,328,560	48,226,221	5.12	87,070,081
2008		30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763

(1) Prior to the passage of Measure # 50 in 1997, assessed value equaled real market value.
(2) Since 1998, under Measure #50, assessed value is used for computation of taxes.
(3) Prior to 2000 amounts did not include urban renewal excess in taxable real market value.
(4) See Property Tax Rates - Total Direct on page 150.

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Property Tax Levies And Collections
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
1999	$ 188,837	$ (5,123)	$183,714	$178,736	94.65 %	$ 4,943	$183,679	97.27 %
2000	193,076	(5,751)	187,325	181,772	94.15	5,532	187,304	97.01
2001	205,468	(5,913)	199,555	192,777	93.82	6,748	199,525	97.11
2002	212,329	(7,768)	204,561	198,884	93.67	5,622	204,506	96.32
2003	210,411	(7,122)	203,289	197,233	93.74	5,970	203,203	96.57
2004	215,031	(6,769)	208,262	202,692	94.26	5,416	208,108	96.78
2005	224,978	(7,798)	217,180	211,480	94.00	5,204	216,684	96.31
2006	236,631	(7,065)	229,566	223,312	94.37	5,077	228,389	96.52
2007	246,944	(6,643)	240,301	233,608	94.60	4,134	237,742	96.27
2008	265,938	(7,596)	258,342	250,542	94.21	-	250,542	94.21

Source: Current and prior years' financial statements Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Property Tax Rates - Direct and Overlapping Governments (1)
(Per $1,000 of Assessed Valuation)
Last Ten Fiscal Years

	Multnomah County Direct Rates				Overlapping Rates						
Year	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
1999 (2)	$ 4.32	$ 0.50	$0.46	$5.28	$5.98	$ 0.67	$ 6.95	$ -	$ 0.07	$ 1.00	$19.95
2000	4.31	0.51	0.31	5.13	5.97	0.61	6.93	-	0.07	0.97	19.68
2001	4.32	0.50	0.37	5.19	6.06	0.62	7.21	0.01	0.07	1.06	20.22
2002	4.32	0.50	0.27	5.09	5.91	0.60	7.58	0.01	0.07	1.15	20.41
2003	4.25	0.48	0.24	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68
2004	4.22	0.55	0.19	4.96	6.74	0.55	7.73	0.01	0.08	1.32	21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72

(1) These are average rates and are stated in dollars and cents.
(2) In 1998 Measure #50 went into effect which decreases the assessed valuation and results in an increase in tax rates.

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2007 and December 31, 1998
(dollar amounts expressed in thousands)

	December 31, 2007			
Taxpayer	**Tax**	**Real Property Assessed Valuation (1)**	**Rank**	**Percentage of Total Assessed Valuation**
Port of Portland	$ 7,487	$ 355,509	1	0.70 %
Portland General Electric	5,676	351,457	2	0.69
QWEST Corporation	4,762	294,958	3	0.58
Pacificorp (PP&L)	3,521	219,067	4	0.43
Weston Investment Co LLC	4,543	217,940	5	0.43
Boeing Co	2,940	179,298	6	0.35
Oregon Steel Mills	3,443	170,274	7	0.34
Northwest Natural Gas	2,676	163,572	8	0.32
LC Portland LLC	3,240	148,571	9	0.29
Fred Meyer Stores Inc	2,262	131,388	10	0.26
	$ 40,550	$ 2,232,034		4.40 %
Total Assessed Valuation		$ 50,671,678		

	December 31, 1998		
Taxpayer	**Real Property Assessed Valuation (1)**	**Rank**	**Percentage of Total Assessed Valuation**
Fujitsu Microelectronics Inc.	$ 499,924	1	1.40 %
US West Communications	409,076	2	1.14
Portland General Electric	227,561	3	0.64
Boeing Co	181,502	4	0.51
Pacificcorp (PP&L)	179,416	5	0.50
Alaska Airlines	127,188	6	0.36
United Airlines	114,845	7	0.32
Delta Airlines	91,756	8	0.26
SI - Lloyd Associates	91,606	9	0.26
LSI Logic Corp	87,605	10	0.24
	$ 2,010,479		5.62 %
Total Assessed Valuation	$ 35,783,015		

(1) Assessed valuation based on the valuation of property for tax collection years 2007-08 and 1998-99 respectively.
Note: Tax amounts not available for year ended December 31, 1998

Source: Multnomah County Division of Assessment & Taxation

MULTNOMAH COUNTY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Capitalized Lease Obligations	Full Faith and Credit Bonds	Revenue Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita
1999	$124,170	$ 100,480	$ -	$ 3,155	$ 792	$ 228,597	1.16 %	$ 348
2000	115,555	57,705	281,888	3,155	939	459,242	2.15	694
2001	106,260	51,942	277,713	8,500	870	445,285	1.97	666
2002	96,535	46,613	272,833	8,335	797	425,113	1.84	629
2003	91,610	41,501	276,763	7,890	718	418,482	1.79	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.64	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.54	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.35	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.28	477
2008	63,125	13,604	234,688	5,320	242	316,979	1.20	446

Note: 2007 and 2008 percentages calculated using 2006 personal income data, which is the most recent available.
(1) See population and personal income data on page 158

Source: Current and prior year financial statements and US Departement of Commerce-Bureau of Economic Anaysis

MULTNOMAH COUNTY, OREGON
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
1999	$ 124,170	$ (14,014)	$ 110,156	0.56 %	0.31 %	167
2000	115,555	(11,775)	103,780	0.49	0.28	157
2001	106,260	(12,223)	94,037	0.42	0.24	141
2002	96,535	(9,484)	87,051	0.38	0.21	129
2003	91,610	(10,335)	81,275	0.35	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.30	0.16	106
2006	75,340	(7,993)	67,347	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.23	0.13	86
2008	63,125	(8,569)	54,556	0.21	0.11	77

Note: 2007 and 2008 percentages calculated using 2006 personal income data, which is the most recent available.
(1) See taxable assessed value schedule on page 148.
(2) See population and personal income data on page 158.

Source: Current Prior year financial statements, Multnomah County division of Assessment and Taxation, Center for Population Research and Census at Portland State University and US Department of Commerce-Bureau of Economic Analysis

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2008
(dollar amounts expressed in thousands)
(unaudited)

Overlapping District (1)	Percent Overlapping	Overlapping Gross (2) Direct Debt	Overlapping Net (3) Direct Debt
Clackamas County RFPD #1	0.10 %	$ 27	$ 6
Clackamas County SD 7J (Lake Oswego)	0.31	381	241
City of Lake Oswego	5.11	1,312	1,312
City of Milwaukie	0.54	30	7
Columbia County SD 1J (Scappoose)	18.15	111	111
Northwest Regional ESD	0.54	42	0
Port of Portland	43.92	32,101	0
Multnomah County Drainage Dist No 1	100.00	5,580	0
Metro	47.86	134,062	98,415
Tri-Metropolitan Transport District	48.15	21,374	21,374
Sauvie Island RFPD 30	96.16	154	154
Multnomah County SD 1 (Portland)	99.26	486,788	14,978
Multnomah County SD 3 (Parkrose)	100.00	10,935	10,935
Multnomah County SD 7 (Reynolds)	100.00	148,954	54,460
Multnomah County SD 28J (Centennial)	92.44	34,226	33,670
Multnomah County SD 39 (Corbett)	100.00	4,020	4,020
Multnomah County SD 40 (David Douglas)	100.00	77,925	77,925
Multnomah County SD 51J (Riverdale)	94.74	10,852	9,431
Multnomah County SD 10J (Gresham-Barlow)	92.00	103,950	50,754
Multnomah County SD 10J (Orient 6 Bond)	100.00	288	288
Multnomah ESD	97.76	36,391	0
Mt Hood Community College	81.76	49,085	4,615
Portland Community College	45.40	109,076	20,162
City of Fairview	100.00	2,235	1,750
City of Gresham	100.00	29,123	1,033
City of Portland	99.58	709,147	94,803
City of Troutdale	100.00	12,390	12,390
City of Wood Village	100.00	40	40
Tualatin Valley Fire & Rescue Dist	1.65	338	24
Washington County SD 48J (Beaverton)	0.45	2,540	1,710
Clackamas County ESD	0.06	16	0
East Multnomah Soil & Water Conservation	100.00	1,350	1,350
		$ 2,024,843	$ 515,958

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2008
(2) Gross Direct Debt includes all General Obligation bonds and Full Faith & Credit bonds.
(3) Net Direct Debt includes Gross Direct Debt less self-supporting Unlimited Tax General Obligation and less self-supporting Full Faith & Credit debt.

Note: Full faith and credit obligations (such as pension obligations), revenue bonds, urban renewal and special assessment bonds, certificates of participation and short-term obligations are not included in the calculation of overlapping debt by the Oregon State Treasury. Overlapping debt amounts may differ significantly from previous reports due to changes in calculations because overlapping debt reports prepared prior to July 2005 included pension obligations in Gross and Net Debt calculations.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollar amounts expressed in thousands)

	Revenue Bonds					
		Less:	Net	Debt Service		
Fiscal Year	Charges for Services	Operating Expenses	Available Revenue	Principal	Interest	Coverage
1999	$ -	$ -	$ -	$ -	$ 67	- %
2000	217	-	217	-	134	1.62
2001	292	-	292	155	263	0.70
2002	420	5	415	165	389	0.75
2003	2,389	7	2,382	445	376	2.90
2004	464	5	459	465	357	0.56
2005	450	247	203	490	336	0.25
2006	1,152	5	1,147	515	315	1.38
2007	335	12	323	540	292	0.39
2008	80	-	80	560	268	0.10

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation or amortization expenses.

Source: Current and prior year financial statements

MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

ORS 287.054 provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's boundaries.

	2008	2007	2006	2005
Real market value	$ 100,302,763	$ 87,070,081	$ 78,109,995	$ 70,457,625
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	2,006,055	1,741,402	1,562,200	1,409,153
Less bonded debt at June 30	63,125	69,380	75,340	81,025
Legal debt margin	$ 1,942,930	$ 1,672,022	$ 1,486,860	$ 1,328,128
Total net debt applicable to the limit as a percentage of debt limit.	3.15%	3.98%	4.82%	5.75%

ORS 287.053 provides a debt limit on full faith and credit bonds of 1% of the real market value of all taxable property within the County's boundaries.

	2008	2007	2006	2005
Real market value	$ 100,302,763	$ 87,070,081	$ 78,109,995	$ 70,457,625
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,003,028	870,701	781,100	704,576
Less bonded debt at June 30	234,688	246,413	256,833	266,063
Legal debt margin	$ 768,340	$ 624,288	$ 524,267	$ 438,513
Total net debt applicable to the limit as a percentage of debt limit.	23.40%	28.30%	32.88%	37.76%

Note: The County did not have any full faith and credit bonds prior to 2000.

Source: Current and prior years' finanical statements, Multnomah County Division of Assessment and Taxation

2004	2003	2002	2001	2000	1999
$ 66,491,001	$ 63,391,339	$ 61,345,077	$ 56,377,119	$ 52,268,770	$ 45,532,239
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,329,820	1,267,827	1,226,902	1,127,542	1,045,375	910,645
86,445	91,610	96,535	106,260	115,555	124,170
$ 1,243,375	$ 1,176,217	$ 1,130,367	$ 1,021,282	$ 929,820	$ 786,475
6.50%	7.23%	7.87%	9.42%	11.05%	13.64%

$ 66,491,001	$ 63,391,339	$ 61,345,077	$ 56,377,119	$ 52,268,770
1.00%	1.00%	1.00%	1.00%	1.00%
664,910	633,913	613,451	563,771	522,688
270,203	276,763	272,833	277,713	281,888
$ 394,707	$ 357,150	$ 340,618	$ 286,058	$ 240,800
40.64%	43.66%	44.48%	49.26%	53.93%

MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population		Personal Income (thousands)	Per Capita Income	PMSA* Unemployment Rate	
1999	657,740		$ 19,735,801	$ 30,005	4.3 %	
2000	661,392		21,384,426	32,311	4.5	
2001	668,969		22,589,707	33,705	6.1	
2002	675,438		23,078,170	34,049	7.8	
2003	677,850		23,388,512	34,362	8.3	
2004	685,950		24,052,307	35,656	7.0	
2005	692,825		24,794,403	36,602	5.9	
2006	701,545		26,483,785	38,529	5.0	
2007	710,025		N/A	N/A	4.9	
2008	710,025	(1)	N/A	N/A	5.3	(2)

N/A: Data was not available for this calendar year.
(1) Population data for July 1, 2008 is not available at this time.
(2) As of June 30, 2008
* Portland Metropolitan Statistical Area

Source: US Department of Commerce-Bureau of Economic Analysis, US Department of Labor-Bureau of Labor Statistics

MULTNOMAH COUNTY, OREGON
Principal Employers
Current Year and Nine Years Ago

	2007-08		
Employer	**Employees**	**Rank**	**Percentage of Total PMSA* Employment**
State of Oregon	21,800	1	1.89 %
U.S. Government	18,000	2	1.56
Intel Corporation	16,740	3	1.45
Precision Castparts	15,384	4	1.33
Providence Health System	14,639	5	1.27
Safeway Inc.	13,000	6	1.12
Oregon Health and Science University	11,500	7	1.00
Fred Meyer Stores	8,500	8	0.74
Kaiser Foundation Health Plan	8,221	9	0.71
Legacy Health System	8,196	10	0.71
	135,980		11.78 %
Total PMSA* employment	1,155,683 (1)		

	1998-99		
Employer	**Employees**	**Rank**	**Percentage of Total PMSA* Employment**
U.S. Government	17,800	1	1.65 %
Intel Corporation	11,000	2	1.02
Providence Health System	10,594	3	0.98
Fred Meyer Stores	10,030	4	0.93
State of Oregon	9,900	5	0.92
Oregon Health Sciences University	9,000	6	0.84
Legacy Health System	6,731	7	0.62
U.S. Bancorp	6,242	8	0.58
Portland School District	6,200	9	0.58
Kaiser Foundation Health Plan	6,009	10	0.56
	93,506		8.68 %
Total PMSA* employment	1,077,532		

* Portland Metropolitan Statistical Area
(1) As of June 30, 2008

Source: State of Oregon Employment Department, Portland Business Alliance, Portland Development Commission and Regional Financial Advisors Inc.

MULTNOMAH COUNTY, OREGON
Full Time Equivalent County Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years

	2008	2007	2006	2005
Function/Program				
Governmental activities:				
General government	614.5	603.5	665.5	676.0
Health services	874.5	864.5	841.5	802.5
Social services	621.0	582.5	573.0	596.0
Public safety and justice	1,561.5	1,538.5	1,559.0	1,585.0
Community services	69.5	75.0	81.0	73.0
Library	440.5	423.0	411.0	413.5
Roads and bridges	149.0	150.0	139.0	159.5
Total governmental activities	4,330.5	4,237.0	4,270.0	4,305.5
Business-type activities:				
Behavioral Health	8.0	7.0	11.0	17.0
Total business-type activities	8.0	7.0	11.0	17.0
Total primary government budgeted FTE	4,338.5	4,244.0	4,281.0	4,322.5
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	704	659	668	669
Bargaining units:				
General employees (Local 88)	2,664	2,602	2,623	2,648
Electricians (Local 48)	18	19	17	21
Operating engineers (Local 701)	10	11	12	14
Paint makers (Local 1094)	2	2	2	2
Corrections (Teamsters 223)	437	432	449	450
Deputy sheriffs association	88	91	98	96
Oregon nurses association	221	228	238	239
Juvenile group workers (Local 86)	59	60	58	56
Prosecuting attorneys association	88	83	85	86
Parole and Probation Officers	134	133	133	133
Total bargaining units	3,721	3,661	3,715	3,745
Temporary County employees	103	114	91	109
Total actual County employees	4,528	4,434	4,474	4,523

N/A: Data was not available for this fiscal year.

Source: Multnomah County payroll records

	2004	2003	2002	2001	2000	1999
	695.0	657.5	658.5	565.0	583.0	593.0
	832.5	892.5	884.5	864.5	820.5	853.0
	538.5	565.5	754.0	788.5	783.0	692.0
	1,584.5	1,596.0	1,740.5	1,803.0	1,863.0	1,740.0
	73.0	72.0	96.0	93.0	91.0	N/A
	487.5	465.5	462.0	491.5	456.0	494.0
	164.0	176.0	184.0	182.0	186.0	190.0
	4,375.0	4,425.0	4,779.5	4,787.5	4,782.5	4,562.0
	45.5	34.5	38.0	32.0	35.0	32.0
	45.5	34.5	38.0	32.0	35.0	32.0
	4,420.5	4,459.5	4,817.5	4,819.5	4,817.5	4,594.0
	654	668	735	794	742	N/A
	2,785	2,792	3,012	N/A	N/A	
	21	22	22	N/A	N/A	
	13	12	13	N/A	N/A	
	2	3	3	N/A	N/A	
	454	467	497	N/A	N/A	
	97	93	89	N/A	N/A	
	256	269	263	N/A	N/A	
	58	65	69	N/A	N/A	
	86	79	85	N/A	N/A	
	0	0	0	N/A	N/A	
	3,772	3,802	4,053	4,033	4,068	
	92	100	481	N/A	N/A	
	4,518	4,570	5,269	N/A	N/A	

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2008	2007	2006
Governmental Activities:			
General Government			
Number of property tax accounts - residential	240,212	234,567	225,597
Number of property tax accounts - personal	63,086	63,279	64,126
Number of property tax accounts - commercial	34,226	34,210	34,152
Number of marriage licenses issued	6,310	6,383	6,542
Health Services			
Total clinic visits	329,708	312,661	293,917
County residents who rate their health good or better	N/A	87%	86%
Environmental health inspections	11,672	10,130	9,126
Women, infants, and children (WIC) served in the WIC program	30,850	30,339	30,672
Flu vaccinations at health clinics	7,198	4,690	5,084
Social Services			
Households that have received assistance with energy bills	14,606	13,676	12,482
Clients with developmental disabilities served	3,950	3,780	3,613
Senior and physically disabled clients served	N/A	N/A	44,664
Alcohol and drug treatment clients / episodes (e)	10,503	10,829	9,391
Early childhood mental health clients	4,726	7,700	7,737
Families served in early childhood programs	718	768	887
Students enrolled in extended day school activities	15,041	17,052	16,315
Public Safety and Justice			
Sheriff			
Responses to calls for services	N/A	41,601	43,327
Number of arrests (parts 1, 2 and 3 crimes)	2,938	2,708	3,204
Corrections			
Number of inmates booked	35,533	37,113	38,726
Average daily jail population	1,559	1,641	1,612
Average length of jail stay in days	18	18	17
Inmates held for court at Courthouse	11,737	11,632	13,905
Juvenile			
Youth admitted to detention center	2,021	1,992	2,018
Average length of stay in days in youth detention center	8.3	11.7	10.9
Community service hours completed	6,623	10,894	7,424
Average number of youth on probation per month	533	523	556

(continued)

N/A: Data was not available for this fiscal year.

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements

(e) Prior to 2003, number of Alcohol and Drug Treatment episodes reported

2005	2004	2003	2002	2001	2000	1999
225,445	224,367	219,682	218,911	217,041	214,770	213,138
58,082	63,497	62,171	60,999	60,140	39,346	36,626
34,199	33,173	33,182	33,410	33,683	31,744	33,488
6,203	9,037	6,297	5,878	6,270	6,078	6,006
277,736	288,201	348,619	340,639	342,869	339,478	327,571
85%	82%	84%	86%	88%	N/A	N/A
9,039	9,978	9,204	10,245	9,847	10,503	8,757
31,144	31,471	24,810	25,158	24,091	22,337	23,589
3,283	3,629	3,666	2,640	2,251	3,017	3,197
12,450	10,868	11,787	15,813	15,733	11,754	12,432
3,477	3,417	3,300	3,336	2,577	3,050	2,975
45,241	41,454	44,055	47,678	43,562	N/A	33,688
8,478	8,284	7,508	22,386	23,780	27,114	24,806
7,708	7,899	7,053	7,226	7,000	3,038	1,523
848	687	956	1,004	798	N/A	N/A
14,384	9,721	3,863	3,798	N/A	N/A	N/A
41,260	35,500	36,972	36,063	37,414	36,346	N/A
3,548	3,383	3,714	3,165	3,634	3,311	2,412
37,577	36,260	35,532	37,658	40,120	43,078	N/A
1,577	1,654	1,682	1,871	2,054	2,036	N/A
17	18	19	20	20	18	18
12,506	14,144	13,545	13,558	14,334	14,133	14,319
2,161	2,207	2,357	2,611	2,816	2,913	3,940
9.0	10.0	10.3	11.1	10.9	8.9	11.2
5,531	6,733	7,672	10,117	9,606	11,754	14,142
582	573	606	704	735	850	946

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2008	2007	2006
Public Safety and Justice (continued)			
Adult			
Community service hours completed	82,429	80,131	84,818
Adults participating in educational classes	588	481	584
Clients receiving GED's	38	62	67
Average no. adults on probation & post-prison supervision/month	9,261	9,619	9,763
District Attorney			
Cases of adult criminal activity prosecuted	27,377	21,415	22,563
Juvenile delinquency cases prosecuted	1,064	817	946
Hours of Community Court community service completed	16,742	15,477	16,984
Community Services			
Number of registered voters	380,298	380,298	430,693
Number of votes cast in last general election (a)	262,628	262,628	365,530
Percent of registered voters who voted in last general election	69%	69%	85%
Animal Control - Total Intake - Dogs and Cats	8,886	9,879	9,808
Library			
New library cards issued annually	71,843	67,379	69,973
Books circulated	20,383,292	19,900,816	19,589,530
Borrowers who used their cards in last three years	440,311	431,429	455,296
Library satisfaction (b)	91.3%	92.4%	92.5%
Web site visits/hits(c)	6,695,693	6,647,087	6,410,053
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	583	582	579

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements

(a) Community Service general elections are held in November on even years.

(b) Library satisfaction is % found library materials of interest starting in fiscal year 2004. Library satisfaction is from countywide citizen survey prior to fiscal year 2004.

(c) Website visits starting in fiscal year 2006, website hits in fiscal year 2005 and prior.

2005	2004	2003	2002	2001	2000	1999
91,886	109,349	122,391	127,439	117,890	N/A	105,774
630	554	596	567	531	446	519
99	50	73	95	66	49	64
9,118	9,347	9,171	9,042	10,603	10,674	10,198
21,936	22,008	22,530	20,436	21,933	23,154	22,041
944	1,013	947	1,127	1,487	1,236	1,510
18,123	4,668	8,464	11,403	11,516	3,064	2,719
430,693	363,589	363,843	383,915	365,596	341,210	381,939
365,530	245,238	245,238	300,065	300,065	217,894	217,894
85%	*67%	67%	*82%	82%	*57%	57%
9,597	8,939	8,448	7,739	7,534	6,979	8,763
74,805	76,161	73,012	70,219	68,599	68,752	67,626
19,462,344	18,762,556	17,854,110	16,133,945	14,008,166	12,152,743	9,450,963
474,292	465,223	436,104	509,949	515,184	444,219	393,610
92.5%	86.5%	96.8%	96.1%	97.3%	N/A	N/A
111,433,518	93,764,392	66,650,158	44,568,574	43,346,524	42,323,312	9,203,676
578	578	575	570	569	567	565

MULTNOMAH COUNTY, OREGON
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2008	2007	2006	2005
Governmental Activities:				
General Government				
Buildings owned	79	83	84	87
Buildings leased	53	59	59	59
Automobiles	328	301	311	302
Vehicles (excluding automobiles)	300	292	295	292
Heavy equipment	141	132	136	135
Health Services				
Health & dental centers	8	8	8	8
School based health centers	12	12	12	13
Social Services				
Aging & Disability offices	6	6	7	9
Public Safety and Justice				
Sheriff				
Vehicular patrol units	45	47	43	48
Number of employees (sworn and civilian)	786	798	794	814
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	3	3	3	4
Population	1,633	1,690	1,690	1,537
Community Justice				
Adult probation & parole offices	6	6	6	6
Adult housing program offices	4	4	4	5
Juvenile counseling offices	4	4	4	4
Library				
Regional	2	2	2	2
Neighborhood	14	14	14	14
Leased	4	4	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	271	273	273	326
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	19	19	23
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,484	4,439	4,400	4,219
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2004	2003	2002	2001	2000	1999
88	86	86	85	N/A	N/A
62	67	71	72	N/A	N/A
311	322	339	419	355	371
300	272	289	320	296	275
139	140	138	146	142	142
8	8	8	8	8	8
13	13	13	13	13	12
9	11	13	13	13	13
44	35	36	34	34	30
847	835	896	934	961	914
3	3	3	3	3	3
4	3	5	5	5	5
1,651	1,531	1,775	1,860	2,001	1,990
6	7	8	9	9	8
5	5	6	5	N/A	N/A
5	6	6	6	6	6
2	2	2	2	2	2
13	13	13	15	15	15
4	4	4	1	1	1
326	326	365	365	245	245
24	24	11	11	25	30
6	6	6	6	6	6
23	23	23	23	23	22
3,974	3,710	3,837	3,837	3,612	3,693
1	1	1	1	1	1
15	15	15	15	15	15

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AUDITOR REPORTS

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS REQUIRED BY STATE STATUTES

- Report of Independent Certified Public Accountants on the County's Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with Oregon Auditing Standards

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *OREGON AUDITING STANDARDS*

Board of Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County, Oregon as of and for the year ended June 30, 2008 and have issued our report thereon dated November 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2008 and 2009.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

Collateral

The results of our tests disclosed two instances during the year of actual cash on deposit with banks in excess of insurance and collateral pledged by depositories to secure the deposits.

Public Contracting

The County has a public contract policy with oversight by a public contract review board in accordance with ORS 279. The results of our tests found payments to one vendor complied with the contract on file, but the contract did not have appropriate public bid notification or a recap of bids received – which was found to be out of compliance with the County's public contracting policy.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the County Commissioners, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lagarotta

For Moss Adams LLP
Eugene, Oregon
November 25, 2008

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BOGSTAD Deborah L

From: HARRIS Mindy L
Sent: Wednesday, February 11, 2009 3:48 PM
To: BOGSTAD Deborah L
Subject: FW: 2008 Commission Presentation.ppt

Hi, thanks for the accommodation! Here you go. See you tomorrow.

From: James C. Lanzarotta [mailto:James.Lanzarotta@mossadams.com]
Sent: Wednesday, February 11, 2009 1:52 PM
To: GRIFFIN-VALADE LaVonne L; HARRIS Mindy L; FITZPATRICK Cara; LUCE Susan M; Debbie Smith-Wagar
Subject: 2008 Commission Presentation.ppt

Hello all. Attached is the presentation I was planning to give at the Commission meeting tomorrow. Debbie has graciously accepted my invitation to co-present this even though she has moved on and is now employed by the City of Tigard. If you have any questions or comments on this - please give me a call. I was not planning to spend any time on the slides covering the audit areas of focus and the required communications - but just point out that we went over that information with the Auditor's Office and the Audit Committee in detail - and it's provided so they know more of the types of things discussed with the Audit Committee. I was hoping to spend most of the time on our reports. The 'best practices' slide is also provided just to point out areas we had some recommendations - but I was not planning to spend any time on them either - unless there are questions about them.

I can't recall from last year if we used power point, and I don't need to project this if you would prefer I not do that. Let me know. I could just hand this out - and use it to organize our remarks. Let me know your thoughts. If you are ok with projecting this during the meeting - perhaps I could twist an arm on your side to have this loaded and ready using County equipment?

Let me know - thanks - Jim.

Multnomah County Audit Committee

February 12, 2009

Jim Lanzarotta, Partner

Debbie Smith-Wagar, former Senior Manager

What we will cover

- Nature of services provided
- New/recent auditing standards
- Significant audit areas of focus
- Auditor's opinion and reports
- Best practices observations and recommendations
- SAS 114 required communications
- New accounting/auditing standards
- Comments

Nature of Services Provided

- Audit of the financial statements
- Testing for Oregon Legal Compliance
- Testing County compliance with Federal Grant requirements
- Technical review of the County's Comprehensive Annual Financial Report

New/recent Audit Standards

- SAS 99 (Recent)
  - Auditor responsibility for assessment of fraud risks
- SAS 112 (Recent)
  - Definitions and guidance for reporting deficiencies in internal controls
- SAS 104-111 (New this year)
  - Risk-based standards – requires more understanding and assessment of effectiveness of internal controls
  - Requires direct link of assessed risks to audit procedures
- SAS 114 (New this year)
  - Required communications with 'those charged with governance'

Significant Audit Areas

- Internal controls
  - Sections evaluated for adequate design and implementation – all sections
  - Sections actually tested to place reliance on controls - Payroll; purchasing; revenue; fixed assets; financial close & reporting
- Cash and Investments
- Billed and unbilled receivables, including related revenue recognition
- Capital assets

Significant Audit Areas

- Accrued liabilities and related expenditures
- Long-term debt
- Grants – separate Single Audit covering 9 programs
- Significant non-routine transactions
  - Loan to Cascadia from the County & State

Audit Opinion & Reports

- Unqualified (clean) opinion, page 12
- Report on State Legal Compliance, page 168
  - Two dates identified with deposit balances above collateral
  - Public purchasing – one instance of a contract that file lacked appropriate public bid notification or a recap of bids received that is required by the County's public purchasing policies

Audit Opinion & Reports

- Report on compliance and internal controls required by Government Audit Standards, page 1 (separate bound single audit report)
- Report on compliance and internal controls over Major Federal Grant Programs, page 3 (separate bound single audit report)
  - Payroll reporting non-compliance identified affecting five grants
  - Subrecipient monitoring issue identified on Homeland Security grant

Best Practices / Recommendations

- Formal account reconciliation process / checklist
- Formal CAFR 2000 review & reconciliation process
- Periodic review of vendor disbursements for P.O. policy adherence
- Processes to ensure billings do not get behind
  - ex. Sellwood Bridge – late billing $1.2M
- Timely, periodic review of old accounts payable

SAS 114 Required Communications

- Our responsibilities under GAAS
  - Expression of opinion on the financial statements
  - Concept of reasonable but not absolute assurance
  - Communicating matters to 'those charged with governance'
- Planned scope and timing of the audit
  - Scope and timing did not change

SAS 114 Required Communications, Cont.

- Significant findings (cont.)
  - Qualitative aspects of accounting practices
  - Significant accounting estimates
  - Corrected and uncorrected misstatements
  - Disagreements with management
  - Significant difficulties encountered
  - Management representations
  - Management consultation with other accountants
  - Other significant findings

The Accounting Standards

- New accounting standards - implemented:
  - GASB 45 – Accounting for post-employment benefits
  - GASB 48 – Sales/pledges of receivables
  - GASB 50 – Pension disclosures

The Accounting Standards

- New accounting standards – released - not yet effective:
  - GASB 49 – Pollution remediation liabilities, effective FYE 6/30/09*
  - GASB 51 – Accounting for intangibles, effective FYE 6/30/10
  - GASB 52 – Land/real estate investments in endowments, no impact
  - GASB 53 – Accounting for derivatives, effective FYE 6/30/10

* requires first calculation as of 6/30/08

The Accounting Standards

- Standards in the works:
  - Economic condition reporting
  - Fund balance reporting (will have a significant impact on the County)
  - Service efforts and accomplishments reporting
  - Public/private partnerships
  - Component unit reporting (GASB 14) re-examination

Comments

- Questions?

Acknowledgements

- Thanks to Mindy Harris for her leadership; Cara Fitzpatrick & Susan Luce for their excellent facilitation of our audit procedures; and LaVonne Griffin-Valade and members of the Audit Committee for their guidance and oversight

Multnomah County Audit Committee

February 12, 2009

Jim Lanzarotta, CPA, Partner

Debbie Smith-Wagar, CPA, (former) Senior Manager

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only	
Meeting Date:	02/12/09
Agenda Item #:	R-2
Est. Start Time:	10:00 AM
Date Submitted:	02/03/09

Agenda Title: **Tax Abatement Report Presentation from City of Portland Commissioner Nick Fish**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2009			**Amount of Time Needed:**	30 minutes
Department:	Non-Departmental			**Division:**	Chair's Office
Contact(s):	Tom Rinehart				
Phone:	503.988.5882	**Ext.**	85882	**I/O Address:**	503/600/Chair's Office
Presenter(s):	City of Portland Commissioner Nick Fish				

General Information

1. **What action are you requesting from the Board?**
   Discussion of findings and policy implications of Tax Abatement Report from Commissioner Fish

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**
   On September 20, 2007, the County Board adopted Resolution 07-153, Memorializing Action on the City of Portland's Requests for Tax Exemption Programs Administered by PDC and the Bureau of Planning (attached). In addition to continuing County authorization of four of these programs, the resolution called for the following:

   6. *During 2008, the City of Portland and Multnomah County will discuss measures that could modify these programs to focus on benefits on low income residents of the County. The City will convene those joint sessions and invite representatives from impacted education districts. The initial focus will be on the Single Unit Housing Program. Key topics regarding the single unit program should include a discussion of maximum eligible home price, whether income should be adjusted by household size, geographic emphasis for the program, and the timing and accepting of applications. Subsequent sessions will examine the policy objectives associated with the limited tax abatement*

programs to determine whether existing programs need to be removed, re-engineered, or new ones created to better meet the shared objectives and core mission of the City of Portland and Multnomah County.

7. Decisions on the County's participation in the owner occupied rehabilitation program and the rental rehabilitation tax abatement programs will be made after a review by City, PDC, and County staff on program benefits, administration and implementation. A recommendation from the City is expected by November 1, 2007.

8. The City of Portland/ PDC agree to provide annual reports on the programs to the Board of County Commissioners. These reports shall occur on or before November 1 of each year beginning in 2008. Information shall include:

(a) The outcomes for each program relative to their policy goals and objectives.

(b) Results of monitoring and compliance efforts to insure properties continue to qualify for abatement. Compliance reporting will include an annual compliance certification officially signed off by the Executive Director of the Portland Development Commission and the Director of the Bureau of Planning.

(c) How potential shifts in geographic areas serves or other policy changes impact the County's core mission of serving low income families and individuals.

9. The Board also requests that the City and PDC work collaboratively with Multnomah County in the next state legislative session to clarify the state statutes governing these programs. Specifically, the City and County should cooperate on proposals that will increase the supply of affordable housing for low income residents.

10. The Board will provide notice and an invitation to testify to all impacted jurisdictions concerning actions the Board is considering that would result in the abatement of taxes of another jurisdiction.

The initial report from the City was delayed by changes in City Council membership and the reassignment of responsibility for oversight of these programs.

Since the passage of this resolution, there have been independent audits of the programs by the County and City Auditor.

The multiple tax abatement programs aim to achieve multiple policy goals. The report was done to explain these goals, verify that there is adequate monitoring and evaluation, and begin the discussions concerning whether these programs are in alignment with and provide sufficient return on the investments of the various public authorities who defer taxes to support them.

3. Explain the fiscal impact (current year and ongoing).

Multnomah County currently abates $3,824,803 in property taxes. These amounts support abatements that last ten years, but expire at different times. $1.56 million of this amount is invested in non-profit corporation low income housing and the other $2.33 million goes towards new multiple unit housing, multi-family transit oriented development, single family new construction, and rental rehabilitation programs.

4. Explain any legal and/or policy issues involved.

The City of Portland requires the concurrent of either Multnomah County or Portland Public Schools to continue to abate all property taxes in these programs. (Jurisdictions that represent more than 50% of the taxable value). Acting with the School District, Multnomah County can opt out of participation in any and all of the tax abatements or encourage changes in policy and/or monitoring of existing abatements. The City of Portland can abate the taxes it would otherwise collect without additional approval.

5. **Explain any citizen and/or other government participation that has or will take place.**

   The City of Portland has prepared the report for the Board's review. The County will invite other impacted school districts and governmental agencies to hear the report.

Required Signature

Elected Official or Department/ Agency Director:	TED WHEELER	**Date:**	**02/03/09**

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-153

Memorializing Action on the City of Portland's Requests for Tax Exemption Programs Administrated by the Portland Development Commission and the City of Portland Bureau of Planning

The Multnomah County Board of Commissioners Finds:

a. By Board Resolution 07-129, on June 28, 2007, the Multnomah County Board of Commissioners authorized properties eligible to receive property tax abatements for the 2007-08 tax year under the single-unit housing program, the rehabilitated residential property program, the transit supportive multiple-unit housing program, the multi-unit housing program/core area (low income only), and the nonprofit corporation low income housing program to continue to receive abatements for the full period authorized by statute. The Board further resolved that abatement of Multnomah County's share for properties where applications are submitted for subsequent tax years required explicit authorization from the Board.

b. The County's mission is directly served by the provision of low-income housing and homeownership throughout the county to assist clients of County services and the general public. It is in the best interest of the County to authorize participation in programs that directly serve that population.

c. The single-unit housing program was authorized by the State Legislature under ORS 458.005 to .065 from 1989 to 2003, and was reauthorized in 2005 under ORS 307.651 to .687, until July 1, 2015. This program allows cities and counties to provide a property tax exemption for up to 10 years to stimulate the construction of affordable new single-unit housing in distressed areas, to promote residential infill development on vacant or underutilized lots, to encourage homeownership and to reverse declining property values. Last year, the program exempted \$64,910 in County taxes and \$268,704 in taxes for all local jurisdictions in Multnomah County for 185 homes. In addition, there are approximately 161 homes that will be exempt beginning in 2007-08 and approximately 200 applications pending for exemptions to begin in the 2008-09 tax year. (The 2008-09 tax year is for taxes assessed and collected in the year July 1, 2008 to June 30, 2009). The Portland Development Commission (PDC) only accepts applications in the single unit housing program where the sale is the initial sale of a new unit by a builder or developer to an eligible buyer. After January 1, 2008, the single unit housing program will only accept applications prior to the final approval of the building permit on the structure.

d. The nonprofit corporation low income housing program is authorized by ORS 307.540 - .548 to enable cities and counties to provide an exemption for low-income housing owned, leased or managed by eligible nonprofit organizations, until July 1, 2014. The City of Portland adopted this program in 1985. The exemption is intended to benefit low-income renters. The program currently has 600 properties that include over 7,000 units, with either a partial or full exemption, and abates $1,091,737 in County taxes each year and $4,535,516 in the taxes of all local jurisdictions annually.

e. The multi-unit housing program/ core area housing is authorized by ORS 307.600-.637 to enable cities and counties to stimulate the construction of transit supportive multiple-unit housing in the core areas of urban centers. The City of Portland adopted this program. There must be a minimum of 10 units and projects of more than 15 rental units must have 15% of units for incomes of 80% of median income or less. Where units are for sale, the price must not exceed 95% of FHA mortgage maximum and household income of the purchaser must be less than 100% of median income for a family of four. Finally, the applicant must demonstrate the exemption is required to make the project feasible. The program currently has 192 current properties and exempts $1,020,473 in County taxes annually and $4,192,197 in taxes for all local jurisdictions each year. Three applications were processed for 2006/07 and none for 2007/08. The City of Portland has placed a moratorium on this program except for projects which are 100 percent low income (60 percent or below M.F.I.), and is evaluating their future participation.

f. The State Legislature amended ORS 307.600 to .637 in 1995 to enable cities and counties to provide a property tax exemption for up to 10 years to promote private investment in transit supportive multiple-unit housing in light rail stations areas and transit oriented areas and to attract new development of multiple-unit housing and commercial and retail property in areas located within a light rail station area or transit oriented area. The City adopted the transit oriented development (TOD) program in 1996 to support the development of the metro regional light rail system and other public transit facilities. Multnomah County passed a resolution agreeing to the program in 1996. There must be a minimum of 10 units and projects of more than 15 units must meet affordability requirements. In addition, when the Board approved this program in November, 1996, it specified that the program provide "additional services at housing sites addressing needs of tenants and occupants, such as child care" and "the ability to monitor and review the program's progress towards these objectives". The City of Portland program currently has 126 properties resulting in $277,994 in County taxes abated and $1,201,557 in taxes abated for all local jurisdictions. Two applications were processed for 2006/07 one for 2007/08.

The Multnomah County Board of Commissioners Resolves:

1. Qualifying properties eligible to receive property tax abatements under the single-unit housing program, the nonprofit corporation low income housing program, the multi-unit housing program/ core area housing (limited solely to 100% low income projects), and the multi-family transit oriented program based on applications received during the 2007 calendar year are authorized to receive the abatements for the corresponding statutory abatement period beginning in the 2008/09 tax year.

2. The nonprofit corporation low income housing program is authorized until its statutory sunset date in 2014.

3. The multi-unit housing program/ core area housing (which is currently limited solely to low income projects) is authorized until its statutory sunset date of 2012. If the City of Portland decides to remove or change its current limitations regarding income levels, additional approvals will be required by the County before County taxes can be abated.

4. The multi-family transit oriented program is authorized until its statutory sunset date of 2012.

5. The single-unit housing program is authorized until its statutory sunset date of 2015.

6. During 2008, the City of Portland and Multnomah County will discuss measures that could modify these programs to focus on benefits on low income residents of the County. The City will convene those joint sessions and invite representatives from impacted education districts. The initial focus will be on the Single Unit Housing Program. Key topics regarding the single unit program should include a discussion of maximum eligible home price, whether income should be adjusted by household size, geographic emphasis for the program, and the timing and accepting of applications. Subsequent sessions will examine the policy objectives associated with the limited tax abatement programs to determine whether existing programs need to be removed, re-engineered, or new ones created to better meet the shared objectives and core mission of the City of Portland and Multnomah County.

7. Decisions on the County's participation in the owner occupied rehabilitation program and the rental rehabilitation tax abatement programs will be made after a review by City, PDC, and County staff on program benefits, administration and implementation. A recommendation from the City is expected by November 1, 2007.

8. The City of Portland/ PDC agree to provide annual reports on the programs to the Board of County Commissioners. These reports shall occur on or before November 1 of each year beginning in 2008. Information shall include:

   (a) The outcomes for each program relative to their policy goals and objectives.

   (b) Results of monitoring and compliance efforts to insure properties continue to qualify for abatement. Compliance reporting will include an annual compliance certification officially signed off by the Executive Director of the Portland Development Commission and the Director of the Bureau of Planning.

   (c) How potential shifts in geographic areas serves or other policy changes impact the County's core mission of serving low income families and individuals.

9. The Board also requests that the City and PDC work collaboratively with Multnomah County in the next state legislative session to clarify the state statutes governing these programs. Specifically, the City and County should cooperate on proposals that will increase the supply of affordable housing for low income residents.

10. The Board will provide notice and an invitation to testify to all impacted jurisdictions concerning actions the Board is considering that would result in the abatement of taxes of another jurisdiction.

ADOPTED this 20th day of September 2007.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By____________________
John S. Thomas, Deputy County Attorney

SUBMITTED BY:
Ted Wheeler, Multnomah County Chair

Commissioner Nick Fish
City of Portland

October 22, 2008

During my brief tenure as Housing Commissioner for Portland City Council, I have begun working with stakeholders, my colleagues and staff to undertake a comprehensive review and assessment of the housing system. This process will continue with Council worksessions in late 2008 and early 2009 where we will examine broad policy issues, performance, resources and the financial tools available to the community. I anticipate the review and assessment will prompt us to modify some policies and practices immediately, while more fundamental changes will be included in the Portland Plan (*Comp. Plan/Central Portland Plan update*) to be completed in 2010.

The review will draw upon expertise from the Bureau of Planning (BoP), the Portland Development Commission (PDC), and the Bureau of Housing and Community Development (BHCD), to give Council:

- A snapshot of current housing needs;
- An overview of our current array of housing policy objectives;
- The programmatic tools currently available to achieve them, including those that require public funding through abatements or other forms of investment, and objectives that have been achieved without requiring public funding;
- An assessment of our performance based on objectives; and
- The trends we see developing that may call for policy shifts or a different mix of programmatic tools given an ever changing economic market.

I'll be asking for your input on general policy direction, priorities for limited public dollars, and the suitability of continuing to use tools like limited term property tax abatements to achieve City and regional housing, growth management, and urban development goals.

However, before having a forward looking conversation, there is clearly a need to address some outstanding issues – such as the City's current use of two categories of residential tax abatements: those available to multi-family projects and those applicable to individual home ownership properties. On July 28, 2008 City Auditor Gary Blackmer released his Office's audit on Housing Tax Abatements which are jointly administered by the Portland Development Commission and the Portland Planning Commission.

The Audit asks that by July 28, 2009 the Commissioner-in-Charge deliver a status report on specific recommendations. However, I felt we needed to put this issue behind us sooner rather than later, therefore the following report fulfills my request that PDC and BoP present me with a document that:

1. Identifies actions that have been taken or will be undertaken by PDC and Planning in response to each recommendation, and

2. Includes an annual report on the previous year's tax abatements (this is the identical report that will be submitted to Multnomah annually in November).

1221 SW Fourth Avenue, Room 240 ♦ Portland, Oregon 97204-1998
(503) 823-3589 ♦ FAX (503) 823-3596 ♦ TDD (503) 823-6868 ♦ nick@ci.portland.or.us

In several weeks, per an agreement with Multnomah County, I expect to be making a report that will summarize the cost and evaluate the effectiveness of our current array of limited term property tax abatement programs. My hope is to reach consensus with our taxing district partners about the social utility of certain abatements, so that we may continue to use them as a tool to achieve of our next slate of housing objectives and other policy goals.

Gil Kelley and Bruce Warner are available for any briefings you may need.

Sincerely,

Nic

Nick Fish
Commissioner
City of Portland

Audit of Tax Abatement Programs

January 2008

LaVonne Griffin-Valade
Multnomah County Auditor

Audit Staff
Craig Hunt
Mark Ulanowicz

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

LaVonne Griffin-Valade
Multnomah County Auditor

501 SE Hawthorne Room 601
Portland, Oregon 97214
Phone: (503) 988-3320

MEMORANDUM

Date: January 31, 2008

To: Ted Wheeler, Multnomah County Chair
Maria Rojo de Steffey, Commissioner, District 1
Jeff Cogen, Commissioner, District 2
Lisa Naito, Commissioner, District 3
Lonnie Roberts, Commissioner, District 4

From: LaVonne Griffin-Valade, Multnomah County Auditor

Re: Audit of Tax Abatement Programs

The attached report covers our audit of the participation and role of Multnomah County in the five tax abatement programs administered by the City of Portland. Support for affordable housing efforts has long been an important policy for Multnomah County decision-makers and residents. At the same time, Multnomah County is responsible for maintaining an accurate tax roll and providing a broad array of programs and services.

We initiated this review at the request of the Chair's Office. We verified and quantified a number of compliance concerns that were initially identified by the Assessment & Taxation division. We found several problems that led to improperly approved tax abatements, some going back several years. Further, we were able to calculate an estimate of substantial losses for two recent tax years due to those improper abatements.

Our audit recommendations focus on strengthening assurance procedures and monitoring by Assessment & Taxation. We also recommend that Multnomah County, the City of Portland, and the Oregon Department of Revenue collaborate to clarify and update the statutes governing tax abatement programs.

We want to thank staff from Assessment & Taxation for their assistance and cooperation throughout the audit. We also appreciate the assistance provided by the Multnomah County GIS office and by the City of Portland's Bureau of Planning and the Portland Development Commission.

Table of Contents

Multnomah County Auditor
Tax Abatement Programs Audit
January 2008

LaVonne Griffin-Valade
Multnomah County Auditor

Audit Team:
Craig Hunt
Mark Ulanowicz

Audit Report

Tax Abatement Programs – January 2008

Executive Summary

We reviewed the participation and role of Multnomah County (County) in the five property tax abatement programs administered by the City of Portland (City). The Chair's Office requested this audit after Assessment & Taxation (A&T) identified several compliance concerns. We substantiated and quantified a number of the issues initially raised by A&T.

We identified approximately $4.5 million in property taxes that were improperly abated in the 2004-2005 and 2005-2006 tax years alone. Most of this represented a tax revenue loss to jurisdictions other than the City, such as school districts, service districts, and the County. We found that the improper abatements were the result of the problems listed below:

- The City did not have the level of participation from other taxing jurisdictions required to exempt all property taxes included in the *Single Unit Housing* program from 1998 until June 2007.
- For some programs, the City incorrectly exempted properties that were located outside of the appropriate jurisdictional boundaries.
- The City had not been adequately monitoring the exemption status of properties in some programs.
- In a number of construction projects, the City did not follow statutory requirements regarding the timing of abatement program applications.

Because improper tax abatements existed prior to the two tax years we analyzed, the problems noted above suggest that the total loss of tax dollars was significantly higher than the $4.5 million we identified.

We found that A&T had controls in place to meet the County's statutory responsibilities. However, as a major stakeholder in the City's tax abatement programs, we recommend that the County strengthen assurance procedures and oversight of those programs. We recommend that A&T annually report on these programs to provide information to the Board as part of the regular re-evaluation of County participation with the City. Further, we recommend that the City, County, and Oregon Department of Revenue work together to clarify and update governing statutes to reflect changes in Oregon's property tax laws.

Background

Tax abatement programs provide incentives to help governments accomplish various economic and social objectives. The State of Oregon established several property tax abatement programs that allow cities or counties within the state to temporarily reduce property taxes for certain housing development and rehabilitation projects. These abatement programs are intended to help revitalize targeted areas and improve both the quality and quantity of housing in these areas.

The five tax abatement programs that are the subject of this audit have different objectives, but share roughly the same administrative structure. Four of the five programs are administered by the Portland Development Commission (PDC) in the City and one program is administered by the City's Bureau of Planning.

Tax Abatement Programs

Single Unit Housing **(ORS 307.651 to 307.687)**

- Purpose
  - stimulate the construction of new single-unit housing in distressed urban areas of the city
  - promote residential infill development on vacant or underutilized lots
  - encourage homeownership
  - reverse declining property values
- Requirements for an individual or family to qualify
  - new residence must be constructed in a designated "homebuyer opportunity area" within the city
  - must be occupied by the owner during the exemption period
  - the value of the home must be 120% or less of the median sales price of houses in the city
- Taxes are exempt on the value of the new construction for 10 years, but the land is not exempt
- Program began in 1989, expired in 2003, and was reestablished in 2005

Core Area Multiple-Unit Housing **(ORS 307.600 to 307.637)**

- Purpose
  - encourage the construction of transit-supportive, multiple-unit housing in designated core areas of the city
  - improve the balance between the residential and commercial nature of core areas
  - ensure full-time use of the core areas as places where citizens have an opportunity to live as well as work
- Requirements to qualify
  - preservation, construction, addition to, or conversion of property to new multiple-unit housing must be within a core area designated by the City or within an urban renewal area
  - project must be a minimum of 10 units and meet other City criteria
- Exemption is for a period of 10 years and the associated land is not exempt
- Program began in 1975

***Transit-Oriented Development* (ORS 307.600 to 307.637)**

- Purpose
  - promote private investment in transit-supportive, multiple-unit housing near light rail stations and in transit-oriented areas
  - attract new development of multiple-unit housing and commercial and retail property in areas located within a light rail station area or transit-oriented area
- Requirements to qualify
  - property must be multiple-unit housing located within ½ mile of a light rail station or within ¼ mile of a bus line and within areas designated by the City
- Exemption is for a period of 10 years and the associated land is not exempt
- Program began in 1996

***Nonprofit Corporation Low Income Housing* (ORS 307.540 to 307.548)**

- Purpose
  - benefits low-income renters
  - is available for qualifying property located within the city
- Requirements to qualify
  - program is available for low-income housing property held by charitable, nonprofit organizations
  - applies to residential improvements and land owned, leased, or managed by eligible nonprofit corporations – properties may be fully or partially exempt
- An application is required annually
- Program began in 1985 and is the only one of the five programs administered by the City's Bureau of Planning

***Rehabilitated Residential Property* (ORS 308.450 to 308.481)**

- Purpose
  - make sound additions to the housing stock
  - provide incentives to rehabilitate substandard property and to convert transient accommodations and nonresidential structures to permanent residential units
- Requirements to qualify
  - property must be located within the city
- Increases in the assessed value that result from rehabilitation work is exempt from property tax for 10 years
  - existing value of the improvements before rehabilitation and the land are not exempt
- Program began in 1975

In general, A&T relies on the City to authorize which properties should be included on the tax roll as exempt and which exemptions should be removed when properties no longer qualify. The City is responsible for administering all five tax abatement programs covered in this audit and for complying with Oregon Revised Statutes. The City also added additional requirements for the programs in City code.

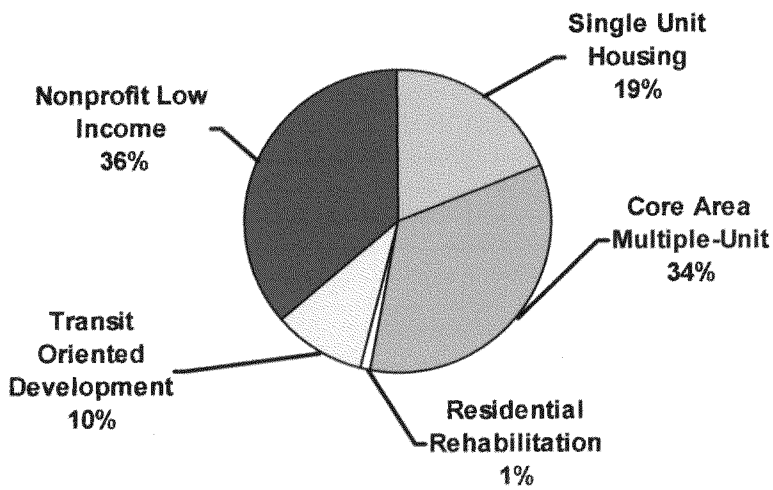
For the *Single Unit Housing, Core Area Multiple-Unit,* and *Transit-Oriented Development* programs, the County's statutory responsibilities are substantially limited to receiving property tax exemption information from the City and making adjustments to the tax roll based on the information received. For the *Nonprofit Low Income* and the *Residential Rehabilitation* programs, the County has a responsibility to determine the proper value of the exemption. The Oregon Department of Revenue is responsible for ensuring that the City properly administers the programs. However, their involvement to date has been limited.

Tax year 2006-2007 abatements

In tax year 2006-2007, approximately $12.5 million of property taxes were abated for the five programs administered by the City. Although the *Single Unit Housing* program represents 19% ($2.4 million) of total exempt taxes, it has most of the administrative workload with 2,021 (67%) of the five programs' 3,038 accounts. In contrast, the *Core Area Multiple-Unit Housing* program has only 192 (6%) accounts but has 34% ($4.2 million) of total exempt taxes.

Exhibit 1

Percent of total tax exemptions by program – 2006-2007



Source: Auditor's Office Analysis
Note: Does not take into account Measure 5 compression, if any

These property tax exemptions can reduce the property tax revenues of multiple taxing jurisdictions, depending on where the properties are located in the city. The extent to which a jurisdiction sees a reduction in revenue depends on the number and value of properties within its boundaries that are granted exemptions.

There were 127 levy areas in Multnomah County in tax year 2006-2007. Each levy area is a unique combination of taxing jurisdictions. Exhibit 2 below shows an example of how the total tax rate for properties can vary depending on the levy area where they are located. Further, Exhibit 2 shows how property tax revenues are distributed within two actual levy areas, the various jurisdictions that receive tax revenue within each levy area, and the amount individual jurisdictions receive.

Exhibit 2

Example comparing two levy areas in Multnomah County – 2006-2007

Levy Area A			Levy Area B		
Jurisdiction	**Tax Rate per $1000**	**Percent**	**Jurisdiction**	**Tax Rate per $1000**	**Percent**
Portland Public Schools	4.843	24.01%	David Douglas School District	6.3497	29.22%
Multnomah Education Service District	0.4238	2.10%	Multnomah Education Service District	0.4238	1.95%
Portland Community College	0.4495	2.23%	Mt. Hood Community College	0.4719	2.17%
City of Portland	7.2349	35.87%	City of Portland	7.2349	33.30%
Multnomah County	4.9031	24.31%	Multnomah County	4.9031	22.57%
Urban Renewal Rate	1.8694	9.27%	Urban Renewal Rate	1.8985	8.74%
Metro Service District	0.2586	1.29%	Metro Service District	0.2586	1.19%
Port of Portland	0.0653	0.32%	Port of Portland	0.0653	0.30%
TriMet	0.0905	0.45%	TriMet	0.0905	0.42%
East Multnomah Soil & Water Conservation	0.0312	0.15%	East Multnomah Soil & Water Conservation	0.0312	0.14%
Total	20.1693	100%	Total	21.7275	100%

51 percent requirement
The City has chosen to participate in all five programs. Oregon Revised Statutes allow the City to exempt its share of property taxes for qualifying property in all of the programs. Other jurisdictions within a levy area can choose to participate with the City for a particular program. If the participating jurisdictions' tax rates, when combined with the City's tax rate, account for 51 percent or more of the total tax rate then all of the remaining jurisdictions in the levy area are obliged to participate. If the combined tax rates of participating jurisdictions are less than 51 percent, then only those taxes associated with the participants are exempt from collection.

In order to reach the 51 percent threshold to exempt all the applicable tax for a specific property, the City needs other jurisdictions to participate in a program. The most expedient way to achieve the 51 percent threshold is to gain the participation of either a school district or Multnomah County. Using Exhibit 2 as an example, combining the City of Portland rate (7.2349) with the Multnomah County rate (4.9031) would yield a combined rate of 12.138 -- 60 percent of Levy Area A's rate and 56 percent of Levy Area B's rate.

Until June of this year, the County had only participated in the *Transit-Oriented Development* program. At one time, Portland Public Schools participated in the other four programs – which satisfied the 51 percent requirement for properties located in the Portland Public Schools district. Other jurisdictions in Multnomah County have not formally adopted resolutions to participate with the City.

In tax year 2006-2007, properties with approximately $3 million of County property taxes were on the tax rolls as exempt under the five tax abatement programs administered by the City. In April 2007, A&T raised questions about the timing and approval of some pending *Single Unit Housing* program exemptions and reported the issues to the County Chair's Office. After a series of discussions with the City, the County decided to participate in all programs except *Residential Rehabilitation*.

Audit Results

After A&T identified several compliance concerns, the Chair's Office asked the Auditor's Office to initiate a review of the County's participation and role in the programs. We substantiated and quantified the issues initially brought forward by A&T. We found that:

- The City did not have the required 51 percent participation for exemption of all property taxes associated with the *Single Unit Housing* program from 1998 until June 2007. During this period, only the City's share of property taxes should have been exempt.
- The City should not have approved exemptions for property that was located outside the Portland Public Schools (PPS) district boundaries because the 51 percent requirement was not met.
- The City approved properties for exemptions that were outside the boundaries of the City of Portland and/or were outside the designated program boundaries.
- The City had not adequately monitored compliance. Based on information recently sent to the City from A&T, many properties no longer qualify for a tax exemption.
- The City did not always send an ordinance or resolution approving the exemptions to A&T by the statutory deadline.
- The City did not follow statutory requirements regarding the timing of abatement program applications in a number of cases.

The County is obligated to put properties on the tax roll for exemptions that the City approves. However, A&T's initial review of the programs and our analysis of program compliance found that the City did not have a strong record of ensuring compliance with the abatement programs' statutory requirements. This puts the County in the position of certifying tax exempt property on the tax roll that is not in compliance with the statutes. Moreover, approving properties that do not comply with program requirements undercuts the intent of the programs themselves and may result in taxing jurisdictions investing money in projects that do not meet program objectives.

We also found that the structure of the programs did not keep up with changes in the property tax environment in the state. The 51 percent requirement was written into the statute at a time when all the taxing jurisdictions had a stake in county tax collections that was equal to the percentage of their taxes in the levy area. The situation has changed for school districts because the way schools are funded has changed, with the state making up for a portion of revenue lost when tax abatements are approved. As a result, a school district now has a vote on tax abatements that is greater than its effect on their revenue.

51 percent requirement was not always met

Since the inception of the abatement programs, affected property owners have received the maximum exemption of property taxes possible. The maximum exemption reduces the property tax revenues for all taxing jurisdictions within levy areas. However, in some cases, the City did not have the authority to grant the maximum exemption because the 51 percent requirement was not met.

The City did not achieve the 51 percent participation necessary for the maximum tax abatement for the *Single Unit Housing* program for eight years (tax years 1998-1999 through 2005-2006). PPS had agreed to participate in this program, but the resolution detailing this agreement expired in 1998 and was not renewed. For those eight years, only the City's share of the taxes for the *Single Unit Housing* program should have been abated. Instead, every taxing jurisdiction lost its share of taxes for these properties. Exhibit 3 shows an estimate of the amount of taxes lost -- by taxing jurisdiction -- for two of the eight years that the *Single Unit Housing* program did not meet the 51 percent requirement.

Exhibit 3

***Single Unit Housing Program*: estimated property taxes improperly approved for full abatement for tax years 2004-2005 and 2005-2006**

Taxing Jurisdiction		Amount
Multnomah Education Service District	$	102,523
Parkrose School District		4,150
David Douglas School District		135,962
Portland Public Schools		1,203,472
Mt. Hood Community College		10,822
Portland Community College		101,365
CFP #1 Fire District		698
Port of Portland		15,806
East Multnomah Soil & Water Conservation		4,761
Metro		63,834
Multnomah County		1,185,458
TriMet		25,808
Urban Renewal		418,502
TOTAL	$	3,273,161

Source: Auditor's Office Analysis
Note: Does not take into account Measure 5 compression, if any

In addition, a smaller number of properties receiving property tax exemptions are within the boundaries of other school districts, such as the David Douglas or Centennial. We did not find the required approval from the appropriate school district for any of these properties for the *Single Unit Housing*, *Nonprofit Low Income*, and *Residential Rehabilitation* programs. Only the City's share of taxes should have been abated for these properties from the programs' inception through tax year 2005-2006.

Exhibit 4 is an estimate of the amount of taxes abated -- by taxing jurisdiction -- for two of the years that the *Nonprofit Low Income* and *Residential Rehabilitation* programs had not met the 51 percent requirement. (Note: The *Single Unit Housing* program amounts are included in Exhibit 3.)

Exhibit 4 ***Nonprofit Low Income & Residential Rehabilitation Programs*: estimated property taxes improperly approved for full abatement for tax years 2004-2005 and 2005-2006**

Taxing Jurisdiction		Amount
Multnomah Education Service District	$	32,169
Parkrose School District		12,885
David Douglas School District		342,722
Reynolds School District		18,831
Centennial School District		98,966
Mt. Hood Community College		35,784
Port of Portland		4,959
East Multnomah Soil & Water Conservation		1,635
Metro		20,031
Multnomah County		372,045
TriMet		8,126
Urban Renewal		123,014
TOTAL	$	1,071,167

Source: Auditor's Office Analysis
Note: Does not take into account Measure 5 compression, if any
Over 99% of the amount shown is for the *Nonprofit Low Income* program

Because the County participated with the City in the *Transit-Oriented Development* program since its inception, the City has met the 51 percent requirement for that program for all applicable properties in the county. Additionally, in 1975, PPS agreed to participate with the City in the *Core Area Multiple-Unit* program for properties located inside PPS boundaries. Based on available data, the 51 percent requirement was met for this program for at least the last three tax years (2004-2005 through 2006-2007). If all properties that received an exemption for this program since 1975 were located within PPS boundaries, the 51% requirement was also met in this program.

Some individual properties did not qualify for exemptions

Recently, County A&T staff discovered that three *Single Unit Housing* program properties which the City granted an exemption were located outside the City of Portland's boundaries. Because these properties are outside the City's boundaries, they do not qualify for the exemption.

Properties included in the *Single Unit Housing* program also must be located within a Homebuyer Opportunity Area (HBO) designated by the City. When the Auditor's Office compared the location of the *Single Unit Housing* properties to HBO areas, we found seven additional properties that do not appear to be located within an HBO and should not have qualified for a tax exemption.

The Auditor's Office also found one property in the *Nonprofit Low Income* program that was located outside the Portland city boundaries. This property also should not have qualified for an exemption.

The length of time these properties received an exemption ranges from one to ten years. In total, A&T estimates that these 11 properties cost applicable taxing jurisdictions about $78,000 in property tax revenues. A&T is allowed to collect back taxes for these properties for up to five years.

Some properties did not continue to qualify for exemptions

Once properties qualify for a tax exemption, they must continue to qualify each year to receive the exemption. For example, when an exempt property in some programs is sold, the new owner must meet income eligibility requirements in order for the property to continue to qualify for the exemption. Also, owner occupancy is now a requirement of the *Single Unit Housing* program. The City is responsible for monitoring exempt properties to ensure that they continue to qualify.

County A&T keeps extensive data on properties, including when a property transfers to another owner and when the mailing address for the tax bill differs from the physical location of the property. A&T provided this information to the City to investigate 109 properties on the 2006-2007 tax roll for the *Core Area Multiple-Unit Housing*, *Transit-Oriented Development*, and the last two years of the *Single Unit Housing* programs.

After the City's investigation, 55 of the 109 properties (50%) did not continue to qualify to receive a tax exemption. The exempt taxes on these 55 properties were approximately $84,000 in tax year 2006-2007.

A&T was not provided information by the statutory deadline

Historically, the City sent A&T the exemption applications for the *Single Unit Housing* program. County A&T used the information in these applications to put properties on the tax roll. According to A&T, some of the applications were received past the statutory deadline. When information needed to claim an exemption is sent to the County late, it can delay the tax exemption. A delayed exemption can confuse and financially stress homebuyers who had counted on their tax exemption to begin earlier.

It is not necessary for the City to send individual exemption applications to A&T. Instead, Oregon Revised Statutes requires the City to send an ordinance or resolution by April 1 of each year that approves all of the applications and authorizes A&T to put the exempt property on the tax roll. A&T did not always receive an ordinance or resolution in the past.

The timing of some applications did not meet statutory requirements

Oregon Revised Statutes limit the exemption for *Single Unit Housing* to construction proposed to take place after the date of the application. A&T and the Auditor's Office found applications that did not meet this statutory requirement.

Because the program is meant to <u>stimulate</u> construction in certain areas of the city, construction that is completed prior to applications raises the question of whether development would have occurred without the program.

In addition to Oregon Revised Statutes, County resolution 07-153 for the *Single Unit Housing* program adopted in September 2007 requires the City to ensure that applications are completed prior to the final approval of the building permit for the structure.

Statutes do not reflect important changes in the property tax system

The *Core Area Multiple-Unit* and *Nonprofit Low Income* programs are currently the two largest City programs accounting for 70 percent of the abated taxes in tax year 2006-2007. Portland Public Schools last approved a resolution for the *Core Area Multiple-Unit* program in 1975 and the *Nonprofit Low Income* program in 1985. These resolutions are still in effect even though conditions over this period of time have changed considerably.

The statutes covering tax abatement programs do not reflect the impact of the significant changes in the property tax system and the way schools are funded. Measure 5, approved in 1990, capped property taxes dedicated for school funding at $5.00 per $1,000 of real market value. This cut school funding and limited local communities' ability to pay for schools.

After passage of Measure 5, the Oregon legislature increased the state's funding for schools and enacted the School Equalization Formula in 1991 to distribute funds among all school districts in the state. Property taxes from each school district's permanent tax rate are included in the equalization formula, but bonds and levies are not included. Once the state distributes funds, school districts end up loosing abated taxes from property taxes attributable to bonds and levies. However, school districts recover all or a portion of abated taxes attributable to the permanent tax rate.

As a result of the changes to the school funding formula, much of the abated taxes for qualifying properties do not result in a loss of revenues for individual school districts. When calculating the 51 percent requirement that allows the City to exempt the taxes of all taxing jurisdictions in the levy area where the properties are located, a school district's actual tax rate is, in effect, lower. This means that the combined tax rate of a participating school district and the City may actually be less than the 51 percent threshold that triggers exemption of all taxes.

Recommendations

The County is a significant stakeholder in the tax abatement programs administered by the City -- in tax year 2006-2007, the County's share of abated taxes was $3 million. The amount of money at stake in these programs argues for greater County involvement. Although the County's authority is limited under Oregon Revised Statutes, as a stakeholder, the County should monitor the programs *as a condition of its continued participation*. The County needs more assurance that the tax abatement programs administered by the City are in compliance with the law and are meeting the programs' objectives.

Recent County resolutions 07-129 and 07-153 have already taken steps to increase the level of County oversight. County Resolution 07-129 states that the City should:

> To the extent they do not exist, adopt clear standards, guidelines, and quality control monitoring systems for each program in accordance with the relevant ORS statutes.
>
> Review each property under the relevant termination provisions and determine whether the current individual properties are meeting the standards as set forth in state law.

County Resolution 07-153 requires the City to provide annual reports on the programs to the Board of County Commissioners that show the results of City monitoring and compliance efforts to insure continued qualification. An annual certification signed by the executive director of PDC and Director of the Bureau of Planning is now required.

We recommend that the level of oversight go beyond what was established in these County resolutions. A&T is positioned with property tax data to assist the City with needed information, to monitor results, and to raise questions based on their expertise. We recommend:

1. Data from A&T should be provided to the City to help administer the programs. A&T can query property tax data on an annual basis for the City to verify that properties qualify and continue to qualify to receive exemptions. A list of properties was recently provided to the City to investigate and it was used to identify 55 properties that no longer qualified for exemptions.

2. The County needs further assurance that the City's internal control systems for the programs are in place and do not deteriorate over time. Accordingly, the County should request that the City put written procedures in place to administer the programs. Written procedures could have helped the City to better administer the programs when their staff turned over.

3. A&T should monitor the tax abatement programs and report to the Board of County Commissioners at least annually. The report should be based on A&T's interaction with the City and its own analysis of program data.

The report should comment on program compliance with applicable statutes, program administrative performance, and any other issues that may come to A&T's attention. This information will be essential to the Board when they regularly re-evaluate County participation with the City in these programs.

4. In addition to the written procedures in place for putting properties on and taking them off the tax roll, A&T should develop written procedures for monitoring and any other administrative responsibilities regarding the programs.

5. Current Oregon Revised Statutes for the tax abatement programs should be clarified and updated. The County and City, along with the Oregon Department of Revenue, should work together to advocate for appropriate revisions. For example:

   The statutes need to be clarified to eliminate ambiguous or seemingly contradictory language in program requirements.

   The statutes need to be updated to reflect the impact of property tax system changes and the resulting effect on the 51% requirement.

We understand that the Oregon Department of Revenue is planning to convene a workgroup in February 2008 to begin work on these and other program issues.

Scope and Methodology

The objectives of the audit were to:

- Evaluate whether Assessment and Taxation has adequate controls in place to ensure that County responsibilities for tax abatement programs are met.

- Determine whether tax abatement programs were properly approved to provide the City of Portland the authority to exempt property taxes in excess of its share.

- Assess whether the County has sufficient assurance that properties qualify to receive property tax exemptions and continue to qualify over the exemption period.

The scope of the audit was generally limited to addressing compliance issues using information available from A&T. We reviewed the County's limited administrative responsibilities and extensive property tax data on exemptions. Our work was primarily focused on three programs administered by the Portland Development Commission (PDC): *Single Unit Housing*, *Core Area Multiple-Unit* and *Transit-Oriented Development*.

Although the PDC and the Bureau of Planning in the City of Portland administer the tax abatement programs, the audit focused on County responsibilities and interests. During the course of the audit, we met with the City of Portland Auditor's Office, and they also recently began an audit of the City's administration of the same tax abatement programs.

We interviewed the Assessor and Special Programs Manager from A&T, the Deputy County Attorney, the Program Director of Data and Policy Analysis at Portland Public Schools, staff from the Portland Development Commission and the City's Bureau of Planning, and a property tax representative from the Oregon Department of Revenue. We reviewed Oregon Revised Statutes for all of the exemption programs. We researched exemption program resolutions in place for the County, City, and Portland Public Schools.

With the help of County GIS, we mapped properties for the *Single Unit Housing* program on the 2006-2007 tax roll that do not appear to be located in Homebuyer Opportunity Areas. We followed-up on the listing of properties A&T sent the City to investigate if the property still qualified for a tax exemption.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Responses to Audit

Ted Wheeler, Multnomah County Chair

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To: LaVonne Griffin-Valade, County Auditor

From: Ted Wheeler, County Chair

TED WHEELER

Date: January 25, 2008

Re: Audit Report on Tax Abatement Programs

Our community faces an affordable housing crisis. Lack of affordable housing is an obstacle to Multnomah County's efforts to improve public safety, fight poverty and support families and children. It is essential that we develop new strategies to create and sustain affordable housing and that we continue to have broad support from the community.

That's why this audit report is so important. You and your staff have shone the bright light of accountability on a disturbing set of errors that inappropriately redirected public funds from other important public services. Demonstrating that these errors can be corrected is an important step in improving public confidence in affordable housing programs. Multnomah County is very interested in continuing to assist the City of Portland as they seek to bring their programs into compliance with Oregon law.

I appreciate the findings of your audit team that "A&T had controls in place to meet the County's statutory responsibilities." I commend the staff of A&T who brought these problems to light. You have all provided good service to the taxpayers.

We have taken the first steps to increase the level of oversight from the Board of County Commissioners regarding abatement programs that reduce funds available for other public services. I agree with you that it is appropriate for us as a major stakeholder in the property tax system to augment our role as the collector of property taxes by doing more to increase the transparency of the tax system including abatements. The Multnomah County Assessor and his staff stand ready to provide extra assistance to city abatement programs and additional reporting to the public as you propose.

As you note, our Assessor has provided the City of Portland with lists of properties with abatements that may not be in compliance with statutory requirements. Multnomah County will continue to provide this service. We look forward to the Oregon Department of Revenue's review of Portland City Council decisions regarding properties with questionable abatements and to a potential additional review from the City of Portland's Auditor.

I agree with the need to clarify and update the laws that authorize tax abatement programs but I also hope to encourage the Oregon Legislature to do more to improve this system. On one hand we need stronger protections for the jurisdictions that represent the services that lose funding through abatements because the conflicting demands should always be balanced. On the other hand we need state authorization for abatement programs that are more narrowly targeted to meet affordable housing needs. Some of the problems that have been uncovered are the result of a mismatch of state law and local needs.

Because every dollar that is lost through abatements reduces public services by a dollar; I believe that we need to be able to scrutinize abatement expenditures in the same way that we scrutinize budget expenditures. Unfortunately, currently abatements that provide affordable housing are often under the same program as abatements that do not support affordable housing and the County's options are limited to approving or disapproving the entire program. I hope to work with City of Portland leaders to improve our ability to balance public service priorities.

In closing, I want to thank you for investigating this issue quickly and thoroughly. The community benefits from the impartial review that your office provides. Your findings will be very useful to the Board of County Commissioners, the Oregon Legislature, Portland City Council and the public. Together we can maintain the effectiveness of tax abatements as a strategy for affordable housing.

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To: LaVonne Griffin-Valade, County Auditor

From: Carol Ford, Department of County Management Director Carol

Randy Walruff, Assessment and Taxation Director/Assessor RW

Date: January 7, 2008

Re: Tax Abatement Program Review

The Department of County Management and the Assessment and Taxation Division (A&T) recognize the time that you and your staff have invested in the review of the tax abatement programs as managed by the Special Programs section. We would like to thank you for the thoughtful recommendations and thorough audit follow up. We appreciate the opportunity to comment on your findings and recommendations.

The audit was initiated as a review of the County's participation and role in the abatement programs. Having read the assessment we find that we are in agreement with your conclusions. Generally, the results of the examination of the abatement programs substantiated the compliance concerns initially raised by A&T staff. Additionally, we agree with your opinion that the structure of the programs have not kept up with changes in the property tax environment.

In your report, you recommend that A&T strengthen assurance procedures and oversight of the property tax abatement programs, annually report on these programs providing information for Board consideration and participation with the City and that the County, City and Department of Revenue (DOR) work together to clarify and update governing statutes to reflect changes in tax law. A&T is currently updating procedures pertaining to these programs to better report findings and we welcome the opportunity to work with both, the City and the DOR, to more efficiently and effectively serve the public.

We appreciate the fact that your report recognizes our reliance on the City to administer the tax abatement programs in a responsible manner that complies with statute. The recommendations in this report will assist us in advancing a collaborative work situation that will benefit all taxpayers and jurisdictions.

Thank you for the care you took in completing this study.

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January 23, 2008

Ms. LaVonne Griffin -Valade
Multnomah County Auditor
501 SE Hawthorne, Room 601
Portland, Oregon 97214

Dear Ms. Griffin-Valade:

Thank you for completing your audit of the five tax abatement programs which are administered by the City of Portland and the Portland Development Commission.

Your audit memorializes nearly all of the issues that were jointly identified by the County Board, City Commissioner Erik Sten, and City/County/PDC staff over the course of the 2007 review of these programs. These programs are key tools for the City and the County to preserve and increase the supply of housing affordable to low-income households, promote transit-oriented development, and increase the home ownership rates in the City, particularly among minorities. We appreciate the county elected officials confirming the importance of all five tax abatement programs through their official action in October 2007.

We credit the new administration under Chair Wheeler and the new assessor, Mr. Randy Walruff, for bringing these improvements to our attention. It marked the first time PDC had been notified of procedural and technical improvements to these programs. PDC encouraged an audit last summer and we are all pleased to see the work is complete. Generally, we support your recommendations. Some of the changes you suggest to the State statutes would be a matter for discussion among the elected officials of the local taxing jurisdictions.

The PDC staff has already begun working with the County Assessment and Taxation office on many of your recommendations. This includes developing monitoring and compliance techniques, clarifying the timing of construction in relation to receipt of abatement. Further, we are following up on the County A&T staff recommendation to increase the cost of applying for the single-family abatement program by $450, which request became effective January 1, 2008.

We concur with your opinion to develop written procedures to guide the oversight of these programs. The abatements began long before Bruce Warner became PDC's Executive Director and will hopefully continue in some form or fashion long after his tenure ends. Lack of clear written procedures, combined with new staff, seems to be at the root of the issues you identified.

It is clear the City, PDC and the County had partnered in administering and implementing these programs for decades. The relationship was very collaborative, and we jointly delivered socially-beneficial programs. However, we understand how the statutory framework and its interplay with our programs could lead to confusion. Also, our programs now address some new housing priorities. For example, the single-family program has become one of the City's best tools for providing home ownership opportunities for minorities but this was not originally envisioned as a purpose of the program. This is a great time to review and make decisions to further our collective objectives.

Above and beyond the administrative improvements, we remain committed to working with City Council, Multnomah County, and other taxing jurisdictions to discuss the policy objectives of these programs. Our expectation is for the elected bodies to discuss the following issues:

- Who/what are the target groups, and what policies are we trying to advance?
- How/should you evaluate whether a program has served it's time and needs to evolve/expire?
- Should programs adjust for household income?
- Should the Single Family New Construction program be complemented by a 1st home-buyer program available in more areas?
- Is the duration of the abatement appropriate?
- Are there other ideas for new abatement programs to help drive City or County priorities (abatements related to housing with amenities for children)?

Also, the City is beginning the *Portland Plan*, which is an update of the City's *Comprehensive Plan*, the *Central City Plan* and some other citywide policies. We intend to examine our residential property tax exemption programs in the context of this overall planning effort.

Thank you again for completing this work. Our primary focus is making sure Portlanders continue to access programs which make both rental housing and home ownership affordable and attainable.

We look forward to continuing the conversation.

Sincerely,

Bruce A. Warner, Executive Director
Portland Development Commission

Gil Kelley, Director
Bureau of Planning

tag

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Audit Report: *Tax Abatement Programs*
Report #08-01, January 2008
Audit Team Members: Craig Hunt & Mark Ulanowicz

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HOUSING TAX ABATEMENTS:
Oversight inadequate to ensure program goals

A REPORT FROM THE CITY AUDITOR
July 2008

Office of the City Auditor
Portland, Oregon

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July 28, 2008

TO: Tom Potter, Mayor
Sam Adams, Commissioner
Nick Fish, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Bruce Warner, Executive Director, Portland Development Commission
Gil Kelley, Director, Bureau of Planning

SUBJECT: Audit – *Housing Tax Abatements: Oversight inadequate to ensure program goals* (Report #362)

Attached is Report #362 containing the results of our audit of the housing tax abatement program in the Portland Development Commission and the Bureau of Planning.

The Portland Development Commission Executive Director and the Director of Planning have responded to the audit, and we have included their written responses at the back of this published report.

We make several recommendations in the report, and as a result we ask the Executive Director of the Portland Development Commission and the Director of Planning, through their Commissioner-in-charge, to provide a status report on implementation of those recommendations within one year.

We appreciate the cooperation and assistance we received from Portland Development Commission and Planning Bureau staff as we conducted this audit.

Gary Blackmer

GARY BLACKMER
City Auditor

Audit Team: Drummond Kahn
Kari Guy
Doug Norman
Scott Stewart

Attachment

HOUSING TAX ABATEMENTS:
Oversight inadequate to ensure program goals

Summary

The City's current tax abatement programs have evolving goals, incomplete reporting and monitoring, and poor verification of either the overall social goals or the specific project benefits that the programs were designed to provide.

The City of Portland exempts some condominium, house, and apartment owners from paying property taxes as an incentive for providing certain public benefits. In this audit, we reviewed three of the City's tax abatement programs: (1) New Multi-Unit Housing, (2) Transit Oriented Development, and (3) Single Family New Construction. These programs exempt the value of new housing construction from property taxes, in exchange for providing public benefits such as building new housing in distressed neighborhoods, or providing transit-friendly development.

Owners of almost 6,000 housing units built over the last 10 years – including single-family homes, apartment buildings, and condominiums – do not pay any property taxes on the value of the new construction. The cost to the City in uncollected property taxes from these housing tax abatement programs has grown from less than $1 million in FY 1997-98, to more than $2.7 million in FY 2006-07. The cost to all taxing districts, including the City, the County, and other governments in the metro area now exceeds $8.5 million per year.

We found that the City has done too little to ensure that property owners with tax abatements follow through to deliver the benefits they promised. For example, one apartment building developer in the Pearl District was required to make some units affordable, and to submit financial statements to prove that the abatement was needed for the project to succeed. However, we found no verification that

project units met the affordability requirement, and the developer had not submitted the required financial statements to the City.

In another example, a condominium developer was required to sell units at a specific, affordable price as a condition of qualifying for the tax abatement. The condominiums were already built at the time the application was submitted and approved. Therefore, the abatement did not provide an incentive for new housing development. Six units were granted tax abatements, but we found that five of the units exceeded the initial sales price, did not meet the standard for having an affordable price, and should not have been approved.

We also found that administration of the tax abatement programs is fragmented between the two primary City agencies responsible for oversight -- the Bureau of Planning (Planning) and the Portland Development Commission (PDC), resulting in a general lack of oversight. Consistent reports on basic information were not available – in part due to this fragmentation.

In addition, since the tax abatement programs were adopted, the stated purpose and goals of the abatement programs have shifted from providing an incentive for new housing construction, to making new housing more affordable. None of the programs include evaluation or reporting components. As a result, it is unclear whether the City's investment of tax funds is yielding the intended benefits.

During the past year, the City made several improvements in program administration. For example, PDC initiated a new monitoring process for ownership properties, and is updating its policies. PDC also initiated monitoring of some rental projects that were initially overlooked for compliance. However, we found that program administration is inadequate to ensure that the intended social goals and project benefits are provided.

To strengthen overall accountability of the City's tax abatement programs, we recommend that City Council:

1. Clarify the goals and objectives of the housing tax abatement programs, and assign responsibility for oversight, evaluation, and reporting.

2. Direct the responsible bureau to submit an annual report of program activities to Council. The annual report should include information on the compliance status of abated properties, annual foregone revenues created by each abatement program, and progress in meeting program goals established by Council.

To improve program administration and ensure ongoing compliance with program criteria, we recommend that PDC:

3. Draft a regulatory agreement with each multi-family project developer that specifies responsibilities for monitoring project financial performance, affordability, and all other required public benefits.

4. Review the method for assessing financial need for multi-family condominium properties and make recommendations to Council for revising City Code.

5. Review and update processes for verifying applicant and tenant incomes.

Background

The City of Portland offers tax abatements to provide an incentive for building or providing housing in certain locations of the City. Tax abatements may reduce some or all of the owner's property tax liability for a period of time. Two City agencies -- the Bureau of Planning and Portland Development Commission -- administer programs that exempt the value of new construction from property taxes for up to 10 years:

- New Multi-Unit Housing (NMUH), for new rental or condominium housing built in the Central City or Urban Renewal Areas
- Transit Oriented Developments (TOD), for new rental or condominium housing built in defined transit areas
- Single-Family New Construction, for new owner-occupied housing, constructed in certain distressed neighborhoods called "Homebuyer Opportunity Areas"

The City has two other housing tax abatement programs: a program for low-income housing operated by nonprofits; and a program for rehabilitation of housing not meeting City housing code.

The multi-unit housing programs were authorized to stimulate the construction of transit supportive multiple-unit housing in core areas of the City, in order to improve the balance between the residential and commercial nature of the areas and to enhance the effectiveness of transit systems. These broad goals are specifically cited in state statute and city code. In the last ten years, the City has approved tax abatements for 45 multi-family housing developments, with 202 condominium units and over 3,800 rental units. Projects include both market rate housing and units affordable to people at less than median income.

The single-family program was authorized to stimulate the construction of new single-unit housing in distressed areas, in order to encourage homeownership, improve the quality of life, and reverse declining property values. In 2002, the program was amended to require owner-occupancy, and require purchasers to be at or below median income for a family of four. Between 1997 and 2007, over 2,000 single-family homes were approved for tax abatements.

Detailed descriptions of the history, outcomes and current status of the three new housing construction incentive programs are included in Appendix A.

Who pays for tax abatements?

Under state law, the City of Portland can exempt its share of property taxes or, with the approval of other taxing jurisdictions, exempt the property taxes for all local taxing districts. The jurisdictional approval process for tax abatements was one subject addressed in a Multnomah County audit in January 2008.[1] The City's tax abatement programs provide qualified property owners an exemption from property taxes for all local taxing districts, including Multnomah County, local school districts, and other districts such as fire districts, soil and water conservation districts, and transit districts.

When a project is approved for a tax abatement, the County Assessor exempts the value of the improvements – the new housing units

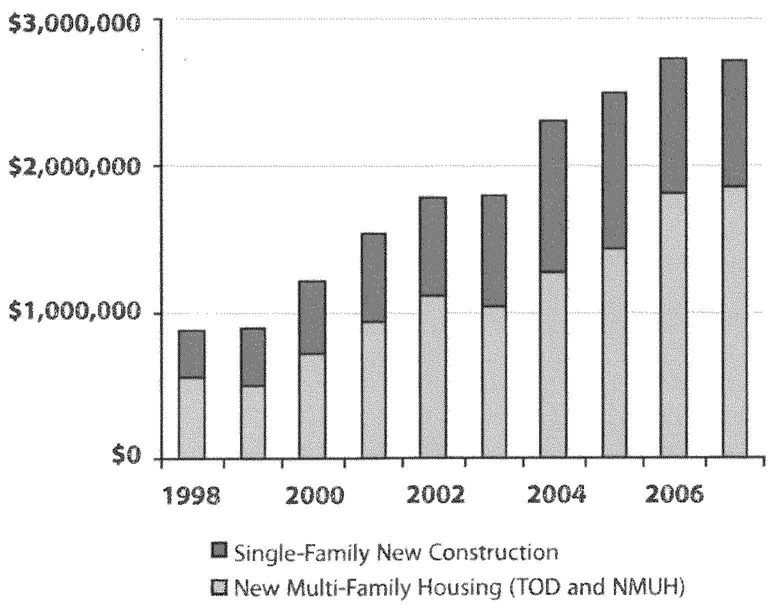
[1] *Audit of Tax Abatement Program*, Multnomah County Auditor, January 2008.

and associated retail areas or amenities – from the assessed value of the property for the period of the abatement. The property owner pays taxes only on the value of the underlying land. This freezing of assessed value will limit revenue to local governments, decrease revenues sent to the State for distribution according to the school funding formula, and, for some local option taxes, increase the tax paid by other property owners.

In urban renewal areas, most taxes due to any increase in assessed value accrue to the PDC as tax increment funds. For tax abatement projects in urban renewal areas, the abatement results in a loss of tax increment funds for the 10-year period of the tax abatement.

The loss of revenue to local governments is referred to as "foregone revenue." The City of Portland's foregone revenue from all housing tax abatement programs is shown in Figure 1. In FY 2007-08, the foregone revenue from the multi-family and single-family programs reviewed in this report totaled $2.8 million for the City of Portland, and $8.5 million for all taxing districts. At the end of the 10-year abatement term, the value of the improved property is returned to the tax rolls.

Figure 1 **City of Portland Foregone Tax Revenue 1998 to 2007 (inflation adjusted)**



Source: City of Portland Auditor's Office, Service Efforts and Accomplishments Reports 1999 to 2007; Portland Development Commission

Objectives, Scope, and Methodology

The objective of this audit was to determine whether the management and oversight of tax abatement programs are effective at both limiting tax abatements to the projects that meet program criteria, and ensuring program benefits are achieved. This audit was approved by the City Auditor and placed on our audit schedule for FY 2007-2008.

We focused our work on the three housing programs intended to stimulate new development: the Transit Oriented Development and New Multi-Unit Housing programs (referred to in this report as 'multi-family programs'), and the Single-Family New Construction housing program. We did not review compliance or oversight of two other abatement programs -- the non-profit tax abatement program administered by the Bureau of Planning, and the housing rehabilitation program.

To accomplish our objective, we interviewed Bureau of Planning and Portland Development Commission program managers to gain an understanding of the history and management of the tax abatement programs. We interviewed staff in PDC's Neighborhood Housing Program, Housing Development Finance Program, and Housing Operations Program for information on application review and project monitoring practices. We reviewed program policies and documentation, and reviewed summary information and evaluations for all programs.

We interviewed staff from the Multnomah County Assessor's Office, and reviewed County data on all current City tax abatements. We interviewed developers of projects receiving tax abatements, and property managers currently managing abated properties. In addition, we reviewed outside research and audit reports related to housing, and the benefits and costs of property tax abatements.

For the single-family and multi-family programs, we reviewed a sample of project files to determine whether the initial application review met policy requirements, including an objective feasibility assessment. We then reviewed ongoing compliance activities to evaluate efforts to ensure compliance with program policies.

We focused on the administrative responsibilities of PDC. We did not review the Bureau of Planning's role in establishing Homebuyer Opportunity Areas or in setting annual housing price limits.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Split responsibility between City agencies results in a lack of overall program oversight

Administration of the housing tax abatement programs is fragmented, both between the Bureau of Planning and PDC, and within PDC. The structure of the programs, and the number of "hand-offs" within and between programs, makes oversight more complicated. The Bureau of Planning administers the nonprofit program, and shepherds the multi-family applications through the Planning Commission and City Council. In PDC, the Housing Development Finance program analyzes the financial need for multi-family programs. Once approved, the PDC Housing Operations program monitors rental projects with loans or affordability requirements. The PDC Neighborhood Housing Program administers the single-family program, and also verifies income and occupancy for purchasers of multi-family condos.

Particularly for the multi-family programs, these fragmented responsibilities may result in managers overlooking projects after initial approval. While PDC is specifically charged with compliance monitoring for the Transit Oriented Development program, the responsibility for monitoring New Multi-Unit Housing projects is less clear. PDC and Planning are jointly charged with New Multi-Unit Housing implementation and administration, but monitoring is not specified. The project lists Planning and PDC provided us were incomplete, and included some inaccurate information. PDC counts of housing units were not accurate, and were not consistent between reports. Some projects with explicit conditions for monitoring were never referred to PDC's Housing Operations Program for review.

The fragmented responsibilities are also evident in the single-family program, with the Planning Bureau establishing eligible areas and home price limits, and PDC approving individual applications. However, overall program management is not specified. In our review of single-family applications we found that PDC has no record of City Council approval of single-family homes granted abatements when the single-family program was restarted in 2006 – potentially 219 properties that are currently receiving tax abatements without City Council approval.

A PDC manager told us they are reviewing their processes internally, and may consolidate all tax abatement programs under one division. Whether oversight is fragmented or centralized, it should include basic monitoring and reporting of key program components. One responsible division charged with oversight of all abatement programs could result in more consistent project and program oversight.

PDC and Planning Bureau application review and oversight of tax abatement projects is inconsistent

PDC's and Planning's application review and oversight of tax abatement projects is inconsistent, reflecting both positive practices and areas that need improvement. In our review of files for the single-family and multi-family abatement programs, we found some positive practices at PDC and Planning. Application review was consistent with City Code and policy, and clearly documented. Compliance systems, particularly for ownership properties, have improved in the last year. However, we found that PDC's monitoring of rental properties was not sufficient to ensure that the public benefits required as a condition of the approval were provided for the life of the abatement. And a requirement for annual financial review may not be effective for condominium projects.

PDC updated the application and monitoring processes for the single-family new construction program

PDC's Neighborhood Housing Program staff administers the single-family new construction tax abatement program. The program has seen significant changes in recent years, including new income limitations and owner occupancy requirements implemented in 2005, and a Multnomah County Assessor review of timing and compliance in 2007. Beginning in 2008, the program staff is implementing a new compliance process. Also, PDC changed the timing for applications by builders and homeowners this year, and continues to work with the County Assessor to resolve other timing issues.

We reviewed files for 41 of the 419 homes granted tax abatements under the current program requirements. We found that the single-family application review was complete and clearly documented. We found consistent documentation of property information, home sales price, and applicant income for each file we reviewed.

While applicant income is an important piece of the application for single-family new construction tax abatements, PDC staff relies on self-reported income statements which are not verified. To determine income, PDC staff collects income and financial information from applicants, including pay stubs, business profit and loss statements, and tax returns. Federal housing programs we reviewed all require verification of reported income; and failure to obtain independent verification was identified in a U.S. Government Accountability Office audit as one of the errors that led to improper payments in federal housing programs. Most property managers we interviewed verify the income of prospective renters. Without independent verification, it is difficult for PDC to detect unreported income or confirm reported income. This could complicate efforts to provide housing for applicants in specific income ranges, since applicants may not actually be in the income range the program is designed to help.

Before 2007, once a single-family property was granted a tax abatement, PDC took no further action. In 2007, the Multnomah County Tax Assessor provided PDC a list of properties that had either changed ownership, or did not appear to meet owner-occupancy requirements. PDC staff contacted new owners to verify income and occupancy using the same process as in the initial application. PDC has adopted new process steps that will require this review of tax records annually, beginning with the 2008-09 tax year.

PDC application review for multi-family projects is well-documented, but may not be effective for condominium projects

PDC is charged with reviewing multi-family tax abatement applications to verify the need for the tax abatement. The abatement is only supposed to be granted if the project would not be financially feasible without the benefit provided by the tax abatement.

We reviewed PDC files for 11 of the 45 multi-family projects approved for tax abatements in the last ten years. In each application for multi-family rental projects we reviewed, PDC calculated an internal rate of return with and without the tax abatement over a period of ten years, and reviewed alternative rents needed to achieve project feasibility without the abatement. In each file we reviewed, the application decision was well documented, followed PDC policy, and was approved by the PDC loan committee prior to recommendation to the Planning Commission and Council.

Calculation of the internal rate of return is based on the developer's operating expenses and income over a period of ten years. For ownership properties, the value of the tax abatement accrues to the purchaser, not the developer. So to calculate the internal rate of return, PDC staff must make a series of assumptions about the immediate potential market for each development. With the number of assumptions, and no ongoing income stream, it is unclear whether the internal rate of return is an effective measure of financial feasibility for ownership properties.

PDC's application review for condominium projects in our sample focused on the impact of the tax abatement on affordability to the buyer. In each case, the tax abatement decreased the income level required to purchase the property. For example one project, the Cornerstone Condominiums, would be affordable to families making 90 percent of median family income without the property tax abatement. With the abatement, units were affordable to families making 80 percent of median family income. While this demonstrates the benefit of the tax abatement for affordability, it does not address financial need for the developer.

All application review is based on financial information submitted by the developer. In 2005 and 2006, the Council amended the City Code for the multi-family programs to require developers to submit annual financial data for each year the tax abatement is in effect, to confirm initial financial projections. If the project exceeds a ten percent internal rate of return the developer may be liable to pay back some portion of the abated taxes. While this would be an effective check on rental projects, it is not clear how the City could require payback of abated taxes of a condominium developer, when the tax abatement accrued to the purchaser.

No tax abatements for multi-family rental projects have been approved since the 2005 requirements for annual financial reports were adopted, and PDC process steps for multi-family tax abatements do not address how the annual financial review would be conducted. If future rental projects are approved, the requirement for annual financial reporting could provide a mechanism for validating the initial assumptions of financial need.

Planning Bureau application review for multi-family projects is well-documented

After PDC approves or denies the financial need for a multi-family tax abatement, Planning is responsible for submitting the application to the Planning Commission for review and recommendation to the City Council.

In each of the multi-family project applications we reviewed, Planning clearly documented project eligibility, compliance with the City's comprehensive plan, and compliance with City housing goals. In addition, the Planning Bureau and Commission reviewed and made recommendations as to the adequacy of the proposed public benefits.

PDC and Planning do not monitor all tax abatement projects after approval

In our review of multi-family rental projects, we found varying levels of post-construction monitoring. The highest level of oversight was provided to projects that were also granted a PDC loan, and may have also had other government funding sources. Four of the seven rental projects we reviewed fell into this category. These projects are entered into PDC's Asset Management System and monitored on an annual basis.

For example, The Sitka is a 210-unit apartment building in the Pearl District, with 94 percent of its units reserved for households making less than 60 percent of the median family income. PDC and the property owner signed a regulatory agreement prior to project completion that documents the ongoing obligations of the owner, and monitoring required by PDC. Annual financial reports and tenant surveys have been submitted to PDC. In addition, the property and tenant information is inspected by the State every three years.

Prior to a review of tax abatement programs by the County Assessor in 2007, projects that did not have a PDC loan, but were required to provide affordable housing units, were not monitored. This included two of the seven rental properties in our sample. The Louisa is a 246-unit apartment building with the requirement that at least 24 units be affordable to households at 80% of median income for a family of two. The developer is required to submit annual financial statements to verify that the internal rate of return matches projections in the original application. The project was approved in 2003, yet first contact by PDC Housing Operations staff was not until September 2007. At the time of our file review in January 2008, no information had been submitted by the property managers. We reviewed the floor plans and pricing for all rental unit types as shown on the property's website, and found no units that met the affordability requirement. The rents for all unit types were higher than the required caps for the 24 affordable units. After reviewing our initial draft PDC staff told us they have new information from the property manager and are in the process of reviewing it.

The last type of rental project in our sample did not have a PDC loan or any requirement for affordable units. This project type represents 11 of the 33 rental properties currently receiving tax abatements. These properties are never recorded in the Asset Management System and are not monitored by PDC or Planning. As a condition of approval, all multi-family tax abatement projects are required to provide some public benefits in addition to housing units, which could include public spaces, retail outlets, or public art. These additional "public benefits" are documented as conditions of granting the tax abatement for each project in the report of the Planning Commission and in the ordinances approved by the City Council.

We visited all of the developments in our sample to verify whether the required public benefits were provided. We found mixed results -- most public benefits had been provided in some form, but some were either not easily accessible by the public, or not accessible at all. One project was required to provide a public meeting room. We found that a meeting room was in the facility, but the building did not allow access by nonresidents, nor did it allow community members to reserve or use the meeting room. Another project was required to provide areas for art displays in external, street-level windows so that the public could see the art. Instead, the art displays were placed in locked hallways inside the building and could not be seen from outside. Neither PDC nor Planning monitors the ongoing provision of public benefits.

The four condominium projects in our sample also had varying levels of review. After a condominium project is approved by Council, PDC Neighborhood Housing Program staff must verify the condominium sales price and owner income for each individual unit to qualify for the tax abatement. Two of the four condominium project files we reviewed had units that exceeded the initial sales price allowed by ordinance, but were still granted the tax abatement. In one development -- The Center Commons condominiums -- five of the six condominiums with tax abatements exceeded the sales price limit. However, for the most recent project we reviewed, PDC staff followed the required process and verified sales price and owner income prior to approving the tax abatement.

As with the single-family program, ongoing monitoring of multi-family condominium projects was initiated by the Multnomah County Assessor last year, and the tax abatements for 47 units were terminated.

The PDC is currently updating its steps to address some of these issues. Staff told us they are working on a standard regulatory agreement that could be used for all tax abatement projects, not just projects with PDC loans. PDC staff are also currently developing steps and income verification forms for the multi-family condominium programs, and ongoing compliance monitoring of condominium properties will begin this year.

PDC should improve monitoring of projects in its Asset Management System

We identified a number of concerns with PDC's Asset Management System. As described above, only projects with a PDC loan or with a requirement for affordable units are monitored through this PDC system. Developers for these projects are required to submit annual tenant surveys and financial statements, and PDC completes a report, "Borrower's Annual Reporting Results."

We found that there was little PDC follow-up to problems identified in the reports, and PDC relied entirely on information reported by the property owner.

PDC did not follow up on issues identified in the annual reports. In one case the project had been rated 'poor' for the past two years, with action items noted, but there was no follow-up by PDC or the property manager. In another case, audited financial statements were requested by PDC, but were not in the project file. Audited financial statements are only required of some properties based on the loan terms or regulatory agreement.

PDC does not independently verify information in tenant surveys, but relies instead on tenant income information provided by the property manager. Some property managers we spoke with noted that the tenant information they collect is audited by other government agencies, and the property is periodically inspected, most often in connection with the Low Income Housing Tax Credit program. However, tenant information for projects without other government funding sources is not audited by the City, and properties are not inspected. Our 2002 audit of housing programs recommended that

PDC improve the monitoring and review of projects' compliance with tenant income restrictions. While PDC updated the forms and reporting mechanisms, there is still no verification of tenant incomes.

Tax abatement projects are only a small subset of the projects monitored through the PDC asset management system. Further review of the asset management system could be worthwhile.

City should update goals, objectives and monitoring for housing tax abatement programs

In our review of tax abatement programs we found a lack of agreement on program goals, limited data collection, and no ongoing reporting or evaluation of whether broad program goals were being met. While housing production has clearly been achieved, other important goals described in enabling legislation, such as improved residential quality of life, improved balance of residential and commercial areas near transit, and improved effectiveness of transit systems, have not been evaluated. A good, well balanced system to measure performance on these issues will help the City determine whether tax abatement strategies, as currently implemented, are a cost effective means for accomplishing broader legislative and social goals.

The City Council has noted the lack of agreement on program goals, and shifting needs, in placing a moratorium on applications to the New Multi-Unit Housing program other than for projects that include only affordable units. The Transit Oriented Development program was extensively reviewed by the Planning Commission and City Council in 2006, resulting in an increased emphasis on affordability, and changes in program boundaries. However, there is no evaluation or reporting component built into the program to determine whether projects are achieving desired goals.

Similarly, the single-family program has evolved without clarifying goals or evaluating results. The single-family program was created to provide an incentive to build housing in distressed neighborhoods. While income restrictions were added to the program in 2002, the focus in state law and City code is still on encouraging home construction in distressed areas. As Portland's housing market has changed, the programs have evolved into a benefit for middle-income homebuyers. A Council member noted in a 2007 hearing that while the program initially allowed the City to abate taxes in distressed areas in order to fix them up, "...most of these areas are already fixed up. So giving away taxes in order to get construction is not a good City use.... So what we're doing in actuality is using a development program to try and get more moderate price people into areas that are more expensive."

All of the tax abatement programs support overall City goals related to housing supply and housing affortability. Planning officials also stressed that tax abatements are important tools used to carry out City plans and policies.

The lack of clear policy objectives was recognized by the directors of PDC and the Bureau of Planning in their response to the 2008 County audit of tax abatement programs. They recommended that the City, County and other taxing districts review the policy objectives of the tax abatement programs.

Conclusions and Recommendations

Tax abatements for multi-family and single-family programs limited property taxes for almost 6,000 housing units this year. We found some positive practices in PDC and Planning application review, and recent improvements in monitoring for both condominium and rental projects.

However, there is still little assurance that the public benefits required as a condition of granting a tax abatement are occurring. Without clear goals or program evaluation and reporting, it is difficult to determine whether the expenditure of public funds is leading to the intended benefits.

To strengthen overall accountability of the City's tax abatement programs, we recommend that City Council:

1. **Clarify the goals and objectives of the housing tax abatement programs, and assign responsibility for oversight, evaluation, and reporting.**

2. **Direct the responsible bureau to submit an annual report of program activities to Council.**

   The annual report should include information on the compliance status of abated properties and annual foregone revenues created by each abatement program. The report should also document the numbers of units created, rents or sales prices, cost of the abatement per unit, and demographic information on purchaser or renters benefiting from the program. The report should also include an analysis of higher level program goals as described in applicable legislation, and an assessment of the success of overall tax abatement strategy.

To improve program administration and ensure ongoing compliance with program criteria, we recommend that PDC:

3. **Draft a regulatory agreement with each multi-family project developer that specifies responsibilities for monitoring project financial performance, affordability, and all other required public benefits.**

4. **Review the method for assessing financial need for multi-family condominium properties and make recommendations to Council for revising City Code.**

5. **Review and update processes for verifying applicant and tenant incomes, to ensure that intended income groups are being served.**

While these recommendations may require staff time and funding, the continued abatements and their significant cost in foregone revenue need increased monitoring. Moreover, more monitoring and reporting is needed to ensure that tax abatement programs are meeting their intended purpose.

APPENDIX A

New Multi-Unit Housing Program

Purpose To encourage the construction of multi-unit housing in the Central City and urban renewal areas

Eligibility New multi-unit rental or condominium housing of 10-units or more. Applicant must demonstrate that the project would not be feasible without tax abatement. Rental projects over 15 units must meet affordability requirements, ownership properties must meet price and income restrictions, and all projects must provide design elements benefiting the public.

Program History

1975 Council adopts abatement program for new rental housing in downtown area

1996 Condominium projects authorized

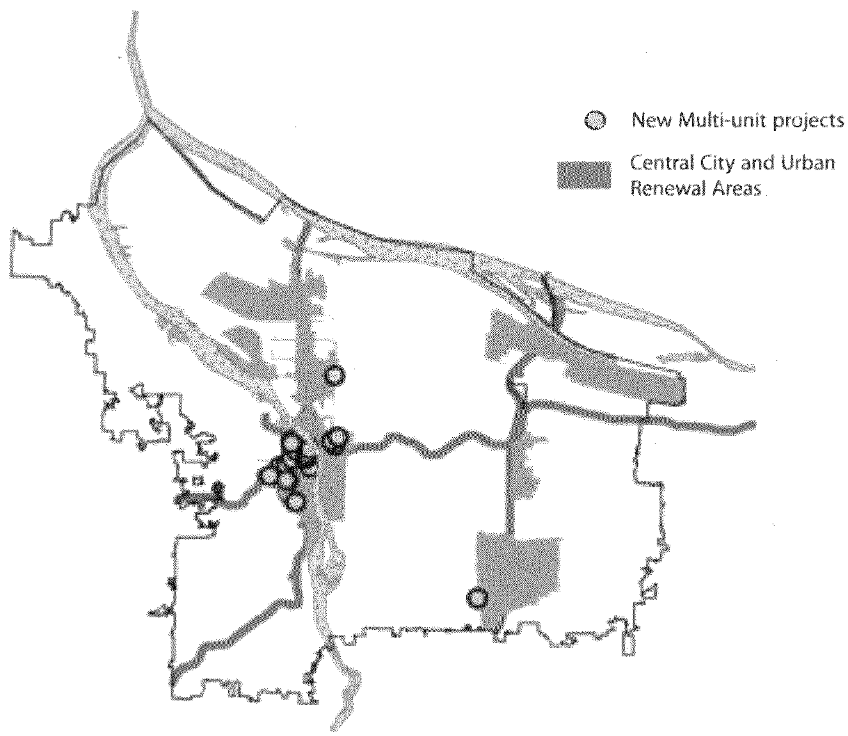
2004 Program amended to require at least 15 percent of units affordable to households earning 80 percent of area median income.

2005 Council requires new tax abatement recipients to provide annual financial reports, and repay taxes if rate of return exceeds 10 percent

2006 Council places moratorium on new applications for projects that are less than 100 percent affordable.

2007 County assessor questions owner occupancy and income limits for numerous condominium units; 32 tax abatements terminated by Council

New Multi-Unit Housing Projects 1997-2007



Program Outcomes 1997 to 2007:

25 projects constructed:

- 91 Condomiun units
- 2,739 Rental housing units
  - 1,579 @ market rate
  - 77 @ 80 percent median family income
  - 656 @ 60 percent median family income
  - 334 @ 50 percent median family income
  - 93 @ 30 percent median family income

2007-08 Foregone Revenue

City foregone revenue	$1.5 million
City foregone revenue per housing unit	$520
Foregone revenue all taxing districts	$4.4 million
All taxing district foregone revenue per housing unit	$1,560

Project Examples:

The Louisa
1202 NW Davis
Approved 2003

218 units market rate
24 units @ 80 percent median family income
Ground level locally-oriented retail
LEED Certification
Publicly accessible meeting rooms

2007-08 Foregone tax revenue
All taxing districts: $638,000
Annual Foregone Revenue per unit $2,600

The Cornerstone
1425 NE 7th
Approved 1997

94 units market rate
24 units @ 80 percent median family income
Public courtyard
Exhibit windows for local artists

2007-08 Foregone tax revenue
All taxing districts: $172,000
Annual Foregone Revenue per unit $1,500

Transit-Oriented Development Program

Purpose To encourage the development of high density housing and mixed use projects, affordable to a broad range of the general public, on vacant or underutilized sites within walking distance of transit.

Eligibility Project must be in defined transit-oriented area, outside the Central City. Developer must demonstrate that project is not financially feasible without tax abatement. Rental projects must include some affordable properties; ownership units must meet price and buyer-income restrictions. All projects must provide additional public benefits.

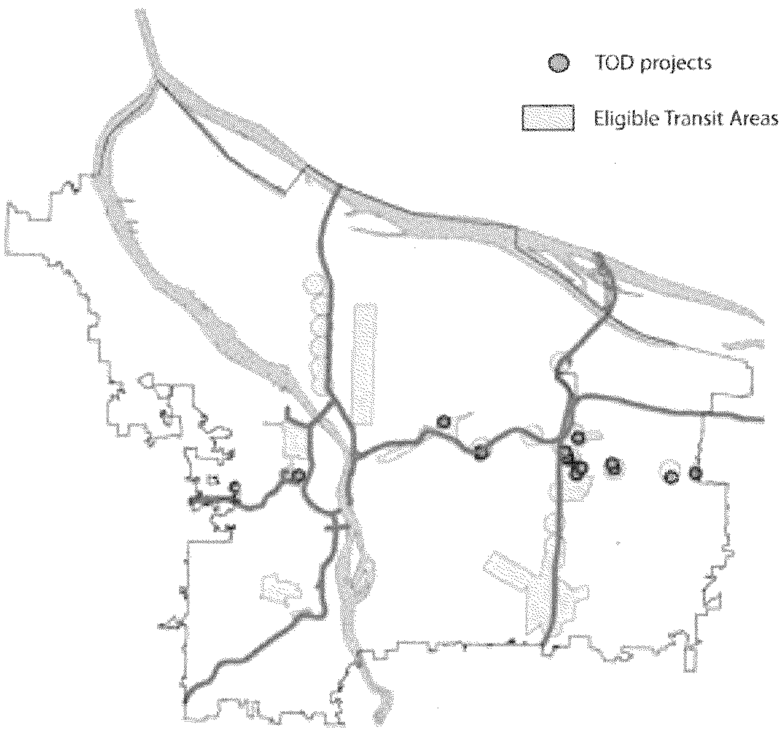
Program History

1996 Council adopts transit-oriented development tax abatement program

2006 Council updates program areas and public benefits required. Council requires new tax abatement recipients to provide annual financial reports, and repay taxes if rate of return exceeds 10 percent.

2007 County assessor questions owner occupancy and income limits for numerous condominium units; 15 tax abatements are terminated by Council

Transit Oriented Development Program Projects 1997-2007



Program Outcomes 1997 to 2007:

20 projects constructed:
- 111 Condomiun units
- 1,124 Rental housing units
  - 652 @ market rate
  - 78 @ 80 percent median family income
  - 332 @ 60 percent median family income
  - 50 @ 50 percent median family income
  - 12 @ 30 percent median family income

2007-08 Foregone Revenue

City foregone revenue	$450,000
City foregone revenue per housing unit	$450
Foregone revenue all taxing districts	$1.4 million
All taxing district foregone revenue per housing unit	$1,340

Project Examples:

Bookmark Apartments
2034 NE 40th
Approved 2001

28 units market rate
19 units @ 60 percent median family income
Mixed use library and apartments

2007-08 Foregone tax revenue
All taxing districts: $75,000
Annual Foregone Revenue per unit $1,600

Center Village
5845 NE Hoyt
Approved 2001

12 units @ 30 percent median family income
48 units @ 60 percent median family income

2007-08 Foregone tax revenue
All taxing districts: $87,000
Annual Foregone Revenue per unit $1,500

Single-Family Tax Abatement

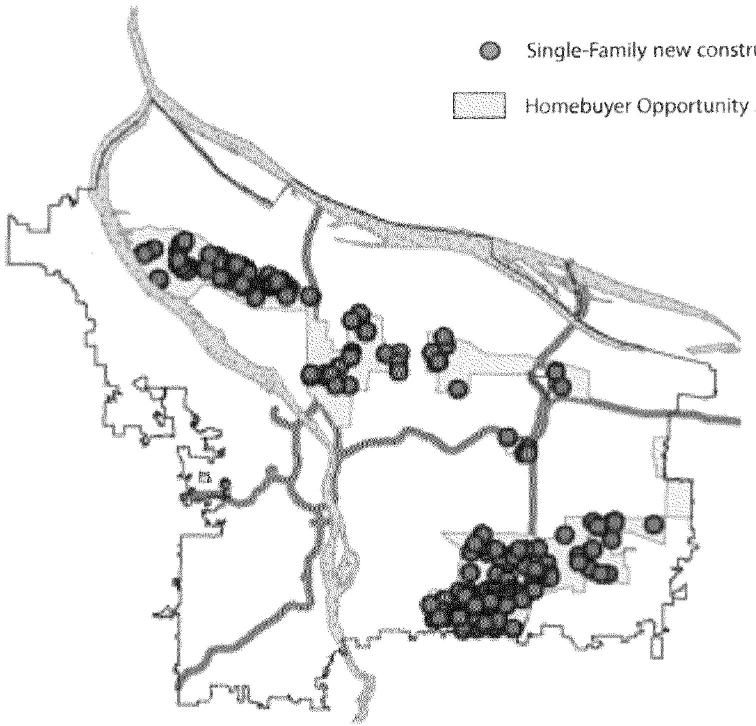
Purpose To stimulate the construction of new single-family residences in distressed areas.

Eligibility Newly constructed single-family homes in Homebuyer Opportunity Area, with one or more units, priced below 120 percent of City median home price. Home must be owner occupied, and purchaser must have annual income of ≤100 percent of median income for family of four.

Program History

- 1990 Council authorizes a tax abatement for new construction in distressed areas
- 2002 Council amends program to require owner occupancy and income limits
- 2003 Legislative authority expires; City program becomes inactive
- 2005 Legislature reauthorizes program; Council reauthorizes program and adopts amendments to allow eligibility for multi-family dwellings.

Single-Family homes granted tax abatements (2005-2007)



Program Outcomes 1997 to 2007:

1638 Single-family homes constructed under original program (1997-2003)

419 Single-family homes constructed under new program (2005-2007)

546 new single family tax abatements approved in March 2008, not included in these numbers

2007-08 Foregone Revenue pre-2005 Single Family program

City foregone revenue	$627,000
City foregone revenue per housing unit	$523
Foregone revenue all taxing districts	$1.9 million
All taxing district foregone revenue per housing unit	$1,148

2007-08 Foregone Revenue post-2005 Single Family program

City foregone revenue	$262,000
City foregone revenue per housing unit	$625
Foregone revenue all taxing districts	$785,000
All taxing district foregone revenue per housing unit	$1,873

RESPONSES TO THE AUDIT

Office of Mayor Tom Potter
City of Portland

July 21, 2008

Mr. Gary Blackmer
City Auditor City of Portland
1221 SW 4th Avenue, Room 310
Portland, Oregon 97201

RE: Final Draft of Report on Housing Tax Abatements (Report #362)

Dr. Mr. Blackmer,

Thank you for the opportunity to respond to Report #362 on Housing Tax Abatements. I also appreciate the high quality of work from your office in producing this document. I agree with the basic premise that we need to be doing better as a city at monitoring tax abatements to ensure that they are achieving the desired impacts.

I was glad to see that you noted efforts towards improvement at both the Portland Development Commission (PDC) and the Bureau of Planning (Planning). I anticipate a productive Work Session this fall that will further refine issues as well. Your audit will serve as a good starting point for achieving an improved system of Tax Abatement Programs.

In general I agree with Recommendations 1-5. I would like to continue discussion on some of them in the appropriate venues as illustrated in my following comments.

Recommendation 1
I agree that we can more clearly articulate the goals and objectives of these programs. However, I also believe it is important to adapt tools to changing city dynamics, and that is why the goals have evolved from spurring development to affordability and growth management. I will direct Planning to lead discussions to clarify policy.

Assessing the assignment of responsibilities for oversight, evaluation and reporting will be an important process. PDC and Planning should both have a clear understanding of their roles and the results of these programs should be accessible. There is value however in the two distinct functions of financial review and policy review and PDC and Planning are appropriate bodies in their respective areas of expertise.

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Office of Mayor Tom Potter
City of Portland

Recommendation 2
I agree that an annual report is important to the continuing success of our tax abatement programs. I will direct Planning to lead the reporting and PDC to provide support.

Recommendation 3
I agree that specific monitoring expectations and legal responsibilities should be articulated in a regulatory agreement with each multi-family project developer receiving abatements. It is worth noting that no new multi-family projects have been approved since affordability requirements were established. PDC will draft and record regulatory agreements with any new projects.

Recommendation 4
I agree with this recommendation. The City needs an appropriate mechanism for evaluating abatement needs for condominium projects.

Recommendation 5
I agree that PDC should review the process for tenant income verification. I am not convinced that third party verification is necessary. PDC adheres to current industry standards and HUD CDBG requirements. If review of the verification demonstrates otherwise, PDC should adapt to industry and federal government norms.

Again I thank you for the opportunity to comment on this report. I look forward to working with PDC and Planning to improve monitoring of tax abatement programs and fully support the fall Work Session. I would also like to acknowledge Commissioner Fish's commitment to working on these issues and am confident that he will report back to Council with an even deeper insight.

Sincerely,

Tom Potter
Mayor

PDC

PORTLAND DEVELOPMENT COMMISSION

July 15, 2008

Mr. Gary Blackmer
City Auditor
City of Portland
1221 SW 4th Avenue, Room 310
Portland, Oregon 97204

Re: Final Draft – Audit of Housing Tax Abatement Programs, Report #362

Dear Mr. Blackmer:

Thank you for the opportunity to respond to your office's audit of the City's Housing Tax Abatement Programs.

We agree with most of your recommendations, as detailed in the attached formal response. We look forward to working collaboratively with your office, Bureau of Planning and City Council to improve these valuable programs.

Sincerely,

Bruce A. Warner
Executive Director

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PDC

July 16, 2008

Mr. Gary Blackmer
City Auditor
City of Portland
1221 SW 4th Avenue, Room 310
Portland, Oregon 97204

RE: Final Draft of Audit of Housing Tax Abatement Programs, Report #362

Dear Mr. Blackmer:

Thank you for the opportunity to respond to your audit of the City's Housing Tax Abatement Programs, Report #362 and for addressing some of the comments Portland Development Commission (PDC) provided to your draft report. We understand the Bureau of Planning (BOP) has provided a response that will put the policy and overall program goals into context with other City priorities. Thus, I will focus most of PDC's comments on other issues you noted in your audit.

I generally agree with your recommendations and, as you note, PDC has already taken steps to improve program administration. I do disagree with some of your audit's findings which are not part of the formal recommendations. My thoughts on these findings are included as part of my following response. For organizational purposes, I have divided PDC's response into three categories – Program Goals, Response to Recommendations and Response to Project Finding.

Program Goals

As identified in your audit, there have been almost 6,000 housing units constructed over the past ten years in various areas of the city. These projects have taken advantage of the Transit Oriented Development (TOD), New Multi-Unit Housing (NMUH) and the Single Family New Construction (SFNC) limited tax abatement programs. As public policy goals and market forces have evolved, so too have the purpose and geographic focus of the programs. In fact, since 2003 the abatement programs have evolved from being primarily construction incentives to now including requirements for unit and income affordability and increased ongoing financial analysis and reporting. As a result, the SFNC program has become one of the city's best and most utilized tools for increasing home ownership rates. Since the legislature reauthorized the program in 2005, 734 homebuyers have been approved under the SFNC program, nearly 50 percent of which were minority homebuyers.

Conversely, the project approvals under the TOD and NMUH programs have slowed dramatically since the code changes requiring deeper affordability, annual financial review of the internal rate of return and potential recapture of abatements. In the ten years prior to the code changes, the City approved 19 TOD and 25 NMUH projects. Since these changes, only one TOD ownership

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project has been approved (currently under construction) and one project is currently in the application process. No projects have been approved under the NMHU program. This significant reduction in activity since the code changes were implemented calls the question of whether the code changes are effective in incenting housing development for these evolving target markets.

Response to Recommendations
I agree with recommendation 1 – (The City Council should) Clarify the goals and objectives of the housing tax abatement programs, and assign responsibility for oversight, evaluation and reporting.

The PDC agrees with this recommendation. As the lead agency responsible for policy and planning related to the tax abatement programs, we will defer to BOP to respond to the goals and objectives portion of this recommendation. As for the oversight (evaluation and reporting), we agree the programs will benefit from better defined roles and responsibilities between us and BOP. We have had discussions with BOP to further define our respective roles and responsibilities and believe BOP and PDC should enter into a clearly-articulated intergovernmental agreement. We look forward to discussing this with City Council later this year.

Historically, PDC's role for the TOD and NMUH programs has been limited to conducting the initial financial analysis to determine financial feasibility of a project with and without abatement and for processing homebuyer applications for all programs. Ongoing monitoring of the affordability requirements, internal rate of return (IRR) limitations and for continued owner occupancy have only recently been added to PDC's responsibilities as code changes were adopted for these programs. Our role has never included the evaluation or monitoring of other secondary public benefit requirements noted in your audit. Additionally, it should be understood the added responsibilities under the new TOD and NMUH program apply to just one project that was approved under the new code. PDC has monitored this project per the current standards.

I agree with recommendation 2 – (The City Council should) Direct the responsible bureau to submit an annual report of the program activities to Council.

The PDC agrees with this recommendation and believes BOP is the agency best suited to lead this effort. Our financial information must be included in this annual report. We will provide the necessary support to help them produce a quality report for Council's review.

It is my expectation the first report should be available this fall. The BOP and PDC will provide the Council a suggested outline and content for the report. They can use this as the basis for discussion/direction during their limited tax abatement program work session.

I agree with recommendation 3 –(PDC should) Draft a regulatory agreement with each multi-family project developer that specifies responsibilities for monitoring project financial performance, affordability and other required public benefits.

We recognize the City Council Ordinance that authorizes each TOD and NMUH tax abatement project does not provide adequate documentation to fully articulate the parties' legal responsibilities. Our guidelines for these programs do require a regulatory agreement be entered into between the developer and the City. No new projects have been approved since the new program requirement became effective. As any new projects are approved, a regulatory agreement will be drafted and recorded against the property to memorialize the agreements and program requirements.

I agree with recommendation 4 – (PDC should) Review the method of assessing financial need for multi-family condominium properties and make recommendations to Council for revising City Code.

We strongly agree with this recommendation. As pointed out in your audit, current code requirements do not make sense for condominium projects. We will work with the BOP to recommend code changes to better address the unique differences between rental and ownership projects. It is my expectation our suggested changes will be available for Council's fall work session.

I agree with recommendation 5 – (PDC should) Review and update processes for verifying applicant and tenant income.

The PDC regularly evaluates its systems to identify potential improvements. To that degree, we agree with your recommendation that PDC review its processes to determine whether they remain current to industry standards and effective in providing PDC with the information necessary to make wise program and business decisions.

In the body of your report, you suggest PDC perform an independent or third-party verification of income information provided by potential homebuyers and tenants of properties that receive tax abatements. If this is what was intended by this recommendation, PDC disagrees. The standards used by PDC for ownership projects are standard in the residential lending industry, including obtaining tax returns, W-2's, current pay stubs (and when appropriate current profit and loss statements). On rental projects, PDC requires the owner/property management agent provide an electronic tenant survey which details a variety of information about each tenant, including tenant income information. These processes are standard within the residential lending (and conform to HUD CDBG income documentation requirement) and affordable rental housing industries. Additionally, PDC has the right to physically inspect records if it questions the accuracy of the information provided. We believe the cost of implementing a third-party verification requirement may far exceed the benefit. We will review this further before Council's work session.

Response to Project Issues
In addition to the specific recommendations, you identified three project-related issues which we would like to respond to, including:

- The Louisa
- Center Commons
- Council approval of 2006 Single Family New Construction abatements

The Louisa - As you clearly point out on Page 7 of your report, project monitoring was not specified in the old code under which this project was approved. Because PDC did not provide direct financial assistance to the project, it was not entered into our asset management system. As discussions evolved with the County and BOP last fiscal year, PDC identified all projects which have an affordability requirement, but did not receive PDC direct financial assistance and have now entered these projects into the asset management system for monitoring of the affordability requirements.

As it relates to the Louisa, the authorizing resolution passed by City Council required 24 units be rented at levels affordable to households at 80 percent of median family income for a family of two. Subsequent to your visit in January, the owner has demonstrated that the required 24 units are being rented at or below the required level. The existing owner has also provided current financial statements and we are awaiting financial data from the previous owner to complete the required internal rate of return calculation. As you determined, this information should have been in the file for the project and we should have taken action earlier to address the lacking financial information.

Center Commons – PDC is researching this project to determine the complete details of the transfer of each of these units to the initial and current homeowner. We have found 2002 documentation of an administrative decision by the PDC Housing Director, in consultation with BOP and the County Assessor, outlining an alternate method for calculating the net sales price of the units by subtracting the amount of a Shared Appreciation Mortgage (SAM) from the gross sales price. The SAM is a silent second mortgage that ultimately reduces the cost of the unit to the buyer. As a result, it was deemed an acceptable method for calculating the sale price for limited tax abatement qualifying purposes. Staff is researching the details of the initial and subsequent sales of each of these units to determine whether the net sale price met these criteria. We will provide a supplemental report when our research is complete. However, this information should have been readily available in the project file.

City Council Approval of 2006 Single-Family New Construction Abatements – Since you brought this to our attention via the draft audit, we have investigated this issue. While we have found evidence the process was started, a resolution was drafted, correspondence to City Hall requesting the item be placed on Council's agenda was drafted, we cannot find evidence the resolution was ever passed. We are now discussing this with PDC legal and the City Attorney's office to determine the best method to correct this administrative oversight. Systems are now in place to ensure this oversight does not reoccur. This includes having firm deadlines/agreements with this County whereby City Council's passing of a resolution is the only form of notification they will accept in order to implement tax abatements under this program.

<u>Closing</u>

My final comments will focus on the issue of foregone revenue. In the audit, you reported the difficulty of estimating the true financial cost/benefit of property tax abatements since there is no accepted method to ascertain how many of these units would have been constructed in the absence of these abatement programs. Yet, the amount of "foregone" or "lost" revenue you identify for the city and other taxing jurisdictions assumes all of these housing units would have been constructed or rehabilitated without the tax abatements. I am confident many of these units would not have been constructed without these incentive programs. As a result, the true amount of "foregone" is overstated.

Thank you for the opportunity to respond to your audit. I look forward to continued discussion about how these programs can be improved to better serve the policies and the City's goals.

Sincerely,

Bruce A. Warner
Executive Director

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Tom Potter, Mayor
Gil Kelley, Director

July 15, 2008

Gary Blackmer, City Auditor
Office of the City Auditor
Director of Audit Services
1221 SW 4th Avenue, Room 310
Portland, Oregon 97201

RE: Final Draft of the Report on Housing Tax Abatements (Report #362)

Dear Mr.Blackmer:

Thank you for the opportunity to respond to the final draft of the Housing Tax Abatement Audit and for incorporating some of the changes that Planning requested to the Working Draft of May 2008. In this letter, we will address the first two recommendations made in the Audit that pertain to the Planning Bureau. In addition, we are providing some more detailed responses regarding tax abatement goals and benefits as an attachment to this letter.

We have two comments on the first recommendation, and we wholeheartedly agree with the second. We hope our comments will be useful in future deliberations for policy making and program direction. The first recommendation is the clarification of program goals and assignment of responsibility for oversight, evaluation and reporting. The second is the submission of an annual report on program activities to City Council.

Recommendation #1

A. Evolving Program Goals
The Audit states that the tax abatement programs have "evolving goals" and that their purposes have "shifted" over the years. The three programs that are the subject of the audit grew out of City area, revitalization and transportation planning efforts of the 1970s, 80s and 90s which were later incorporated into the City's *Comprehensive Plan*. Some time has passed since the adoption of these programs and we acknowledge there have been some modifications of all three to address changing conditions and circumstances. These changes are the outgrowth of the goals adapting to meet new or emerging needs and resulting shifts in City housing and community development priorities. The most important of these is the role that these programs play in both providing affordable housing and meeting regional growth management objectives, and we agree these need to be more fully articulated. However, we believe that overall the core missions of these programs are still relevant, and in some cases more relevant in an era of climate change, soaring energy costs and the mortgage credit crunch. *See the attachment for a more detailed discussion of evolving goals.*

Since the policy intent of the programs does not appear to be clear to the Auditor or the public, Planning would welcome the opportunity to assist with their clarification. In the short term, we are willing to lead the policy discussions that have been requested by both members of City Council and Multnomah County. In the long term, The Portland Plan, which includes updates of the Comprehensive Plan and the Central Portland Plan, will also provide an opportunity to clarify the policy intent and the program objectives for housing tax abatements and other city housing programs that carry out city goals. We have included such an update in our work plan which will be to Council in August and, assuming adoption, forwarded to the Oregon Department of Land Conservation and Development for approval. Once the work plan is approved by the state, we expect to spend three years completing the update.

B. Division of Responsibility for Program Administration
The Audit states that the ..."administration of the tax abatement programs is fragmented..." between PDC and Planning, and that,... "split responsibility between agencies results in a lack of overall program oversight." Our understanding of the division of responsibilities is that the Planning Commission has "policy" oversight over the programs and that Planning staff assists the Commission by bringing before them changes to program regulations and boundaries, as well as individual tax exemption cases, for their review. The Planning Commission then makes recommendations on program changes or individual cases to City Council. The role of PDC is to evaluate the necessity of tax exemption to the financial feasibility of projects applying for the multifamily programs, to administer the single family program, and to monitor the affordability and owner-occupancy requirements, where applicable, for all three programs. We would be glad to assist in further clarifications of these roles with City Council. Since the Bureau of Planning and Planning Commission are responsible for preparing community plans; and advising Council on interpreting, and applying policy as it relates to those adopted plans, we believe this split responsibly provides a useful check and balance between policy and program implementation. *See attachment for more comments on division of responsibilities for program administration.*

Recommendation #2
Reporting
We agree with the second recommendation of the audit that an annual report of program activities should be submitted to City Council. Annual reporting would help clarify the role of the programs in carrying out City housing and community development goals. The Bureau of Planning would like to take responsibility for the analysis of how the program activity meets the higher level program goals described in the enabling legislation and relevant City Code purpose statements. The Planning Bureau is staff to the Planning Commission which advises City Council on the City's Comprehensive Plan and area planning matters. In addition, the Bureau could also report to Council on how program activity meets our regional growth management goals. If it is agreeable to PDC, we would be willing to be responsible for the report that we would produce with their assistance.

In conclusion, we are supportive of the Audit's first two recommendations that relate to the work of the Planning Bureau. We want to provide any assistance necessary for the clarification of the tax abatement program goals to Planning Commission and City Council. We are also interested in updating the enabling statutes and the City Code to reflect new policy objectives such as housing affordability and growth management that have been added to the original program purposes.

We look forward to working with PDC to clarify our roles in program administration and with our other city, county and community partners. Again, thank you for the diligent work of the Audit Team and your thoughtful review of these programs.

Sincerely

Gil Kelley, Director
Bureau of Planning

cc. Drummond Kahn, Audit Services Division
Bruce, Warner, Director, Portland Development Commission

Attachment: Further Comments on Recommendation #1

Further Comments on Recommendation #1

A. Evolving Program Goals
An explanation of the two most important new policy objectives is given below.

Affordability
As the housing prices and rents as have increased in the last several decades, mandatory affordability requirements have been added to all three programs to ensure that the housing receiving tax abatement provide some housing affordable to low and moderate income households. The Audit states that the "stated purpose and goals of the abatement have shifted from providing an incentive for new housing construction, to making new housing more affordable." The addition of housing affordability requirements does not detract, as far as we are concerned, from the primary purpose of these programs which is to provide an incentive for housing production in particular locations.

The affordability requirements that have been added to the multifamily programs will provide households of modest means increased housing opportunities, where they were otherwise at risk of being displaced from increasingly desirable locations close to transit and job centers.

The income and owner-occupancy requirements that have been added to the single family program will ensure that the affordable homeownership opportunities are provided in Portland neighborhoods targeted for revitalization.

Growth Management
The two multifamily programs also carry out important growth management goals and this is a program purpose that has not been explicitly stated. Planning staff believe this goal should be added to the City program regulations and perhaps to the State authorizing statutes. The areas mapped as eligible for these programs are those designated by the regional 2040 Growth Concept plan where both the region and the city wants to accommodate the largest amount of population growth in the next 30 years. These include the Central City, the Gateway Regional Center, the Hillsdale, Lents and Hollywood Town centers and all existing and planned light rail station areas and several Main Streets with frequent transit service.

The maps in the Final Draft Audit on pages 20 and 22 show that the programs have been successful in spurring development in these areas. Given soaring energy costs and increasing concern over climate change, providing incentives for new and current residents to live close to frequent transit service, jobs and services is even more critical than in the past.

B. Assignment of Responsibility and Program Monitoring
Planning believes that monitoring of affordability and owner-occupancy requirements of the tax exemption programs is important and that PDC is best suited to this responsibility. However, the monitoring of secondary public benefits warrants some discussion. Some of the oversight concern expressed in the Audit stems from the perceived lack of monitoring of the provision of secondary public benefits such as community meeting rooms and public art. The provision of one or more public benefits from public benefit options list is a requirement of the TOD and NMUH programs. However, these are secondary benefits of the programs and it is important to distinguish these from the core program goals which are to encourage new housing production for a mix of incomes in designated areas of the City. In the land use review and approval process, such requirements as designated art space and hours of operation for a community room are enforced on a compliant driven basis, in part because there is a degree of diminishing cost-effective return to devote staff time to reviewing much less important provisions. Perhaps, this option could be pursued. An alternative solution may be to change the secondary public benefit requirements.

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Housing Tax Abatements: Oversight inadequate to ensure program goals

Report #362, July 2008

Audit Team Members: Kari Guy, Doug Norman, Scott Stewart

Gary Blackmer, City Auditor
Drummond Kahn, Director of Audit Services

Other recent audit reports:

Office of Neighborhood Involvement: Clearer goals and more comprehensive measures needed to improve accountability (#363, June 2008)

Public Participation in Capital Projects: Bureau processes align with best practices but should be formalized and available to residents (#347, March 2008)

Mandatory Supervisory Training: Not cost-effective and should be streamlined (#354, March 2008)

This report is intended to promote the best possible management of public resources. This and other audit reports produced by the Audit Services Division are available for viewing on the web at: www.portlandonline.com/auditor/auditservices. Printed copies can be obtained by contacting the Audit Services Division.

CITY OF PORTLAND
BUREAU OF
PLANNING

Response to 2008 City Audit Report on Limited Term Tax Abatements and Outline for Next Steps

October 22, 2008

Report to Commissioner Nick Fish on
Limited Term Residential Tax Abatements
From Gil Kelley and Bruce Warner

Commissioner Fish:

The purpose of this document is to report on the status of our organizations collective response to the 2008 Tax Abatement Audit. It also includes an annual report of outcomes and monitoring of tax abatements which were active during the 2007-08 tax year. This report was suggested in the City Audit and Multnomah County Audit; and previously committed to Multnomah County by PDC and Planning in a resolution from November 2007.

The 2008 City Audit made the following recommendations to ensure social goals and project benefits from limited tax abatements are clear and measured:

Recommendations made to City Council:

1. Clarify the goals and objectives of the housing tax abatement programs, and assign responsibility for oversight, evaluation, and reporting.

2. Direct the responsible bureau to submit an annual report of program activities to Council. The annual report should include information on compliance status of abated properties, annual foregone revenues, created by each abatement program, and progress in meeting program goals established by Council.

To improve program administration and ensure ongoing compliance with program criteria, the Auditor recommended PDC:

3. Draft a regulatory agreement with each multiple-family project developer that specifies responsibilities for monitoring project financial performance, affordability, and all other required public benefits.

4. Review the method for assessing financial need for multiple-family condominium projects and make recommendations to Council for revising City Code.

5. Review and update processes for verifying applicant and tenant incomes.

We are committed to working with City Council and other taxing jurisdiction partners to continue this annual reporting mechanism based on clearly established roles and responsibilities in the implementation and administration of the programs. In addition, we will seek to clarify the goals and social benefits intended for all residential abatement programs. We will also collaborate with our partners to address other areas in the audit and incorporate improved systems to deliver on the expectations resulting from City Council policy discussions which will be occurring over the next few months.

Gil Kelley	Bruce Warner
Bureau Director	Executive Director
Portland Bureau of Planning	Portland Development Commission

Response to Audit Recommendation #1

Clarify the goals and objectives of the housing tax abatement programs, and assign responsibility for oversight, evaluation, and reporting.

Response: As outlined in Commissioner Fish's cover letter, in late 2008 and early 2009 City Council will examine Limited Tax Abatement program goals and objectives in the context of a larger housing policy discussion. This will include assessing the multiple tools available to the City to advance housing goals and could result in changes to the LTA programs. Some of these tools will likely be implemented in 2009 and others will be deferred to the *Portland Plan* community effort being led by BoP. The NMUH program will be updated through the *Central Portland Plan.*

PDC and BoP are committed to providing the necessary back ground materials and other support to facilitate these discussions. At their conclusion, we will work with the City Attorney's Office to craft the appropriate Code changes including a clearer articulation of the roles and responsibilities. These responsibilities will also be memorialized through an inter-governmental agreement to the extent it is deemed necessary.

In the meantime, PDC and BoP have clarified current roles and responsibilities for program oversight, evaluation and reporting. BoP will take lead responsibility for general policy/program oversight to ensure the LTA programs continue to meet City goals. BoP will also assist in providing historical policy intent for these programs. PDC will take lead responsibility for project compliance monitoring as it relates to the ownership and affordability components of the programs. Information on the results of 2008 compliance monitoring is contained in the attached 2008 Annual Report.

Prior to the audit, PDC developed and implemented expanded compliance monitoring for all ownership projects. That process is more fully detailed in the monitoring report that accompanies this letter. In September 2008, PDC completed the second ownership project monitoring cycle and presented termination recommendations to City Council for action[1]. Additionally, 2007 compliance monitoring of all rental projects is complete and all units are in compliance with the affordability terms outlined in the respective City Council ordnance.

Monitoring of secondary benefits has not been completed by either BoP or PDC. As BoP included in its response to the City Auditor, it is important to distinguish between primary and secondary benefits required by these programs and that the costs and benefits of monitoring of secondary public benefits warrants further discussion with City Council[2].

[1] See attached Annual Report for details.
[2] See response to Recommendation #3 for more detail.

Response to Audit Recommendation #2

Direct the responsible bureau to submit an annual report of program activities to Council

Response: Attached is the 2008 Annual Report for tax abatements which were active during the 2007-08 tax year. The report includes information on performance in relation to program goals and objectives; as well as outcomes of compliance monitoring. This report will be delivered annually to both City Council, Multnomah County Commission, and affected school districts. The BoP will have lead responsibility for reporting on program outcomes relative to their policy goals and PDC will have lead responsibility for reporting on the result of annual compliance monitoring activities.

Response to Audit Recommendation #3

Draft a regulatory agreement with each multiple-family project developer that specifies responsibilities for monitoring project financial performance, affordability, and all other required public benefits

Response: When Council exercised its statutory authority under Oregon law to create multiple-family tax abatement programs to achieve certain primary policy objectives, it also designated the programs to achieve some secondary objectives. Specifically, Council required each applicant for a multi-family abatement to provide certain "public benefits" to achieve one or more local policy objectives such as the provision of affordable housing, family-sized units, or dedication of open space for public use. Both the NMUH and TOD programs have their own affordability requirements and list of "public benefit" options.

These "public benefits" fall into three categories:

- Structural requirements (e.g. the requirement that a building contain a space that may be used for public meetings, or a space appropriate for a day care center);
- Programmatic requirements (e.g. the requirement that the building have an operating day care center of a particular size); and
- Affordability requirements (e.g. provisions that limit the rent on some percentage of the units and/or provisions that restrict tenancy to persons with income below a certain income threshold).

We will reserve our assessment of the secondary policy objectives for the overall assessment of tax abatement programs. At that time, we will also evaluate of the City's success at achieving these objectives through the use of a 'public benefits" menu.

Public Benefits Menu:

<table>
<tr><th>TOD Program</th><th>NMUH Program</th></tr>
<tr><td>1. Affordability Requirement

Homeownership: 100% MFI for family of four.

Rental: One of the following

- At or below 60% MFI for 20% of the units or
- At or below 30% MFI for 10% of the units</td><td>1. Affordability Requirement

Homeownership: 100% MFI for family of four.

Rental: At or below 80% MFI for 15% of the units</td></tr>
<tr><td>2. Public Benefits Options List
Applicant must provide three public benefit options:

1. 20 percent of units dedicated to persons with special needs.
2. 10 percent of rental units include 3 or more bedrooms.
3. Provide childcare on-site or support child care facility.
4. Provide residential unit-per-acre density equivalent to at least 80 percent of maximum density
5. Permitted ground floor service or commercial use.
6. Office space or meeting room for community.
7. Permanent dedications for public
8. Family oriented recreational facilities.
9. A dedicated car-share space(s).
10. Structured parking.
11. LEED Silver certification from the US Green Building Council
12. Twice the percentage of affordable units, or percentage of residential building square footage, for affordable units, than is required by the affordability requirement.
13. Other benefits as proposed by the developer and approved by the Planning Commission.
14. Transportation improvements above those required
15. An agreement to sell off-street parking spaces separate from condominium units so that a unit can be purchased without a parking space.</td><td>2. Public Benefits Options List
Applicant must provide one or more of the following:

1. Open spaces available to the general public;
2. Day care facilities;
3. Permanent dedications for public use;
4. LEED Silver certification from the US Green Building Council;
5. 20 Percent of the rental units have 3 or more bedrooms;
6. A total of 25 percent of the rental units are affordable to households at 80 percent MFI; or ;
7. Other public benefits approved by the Planning Commission and the City Council.</td></tr>
</table>

The Audit also cited City agencies did not consistently monitor the developer's compliance with its agreement to provide certain "public benefits". This is correct. There are several reasons for this situation. The developer's agreement to provide one or more "public benefits" is memorialized as a condition to the Council ordinance granting the abatement. However, it is not necessarily reflected in the Regulatory Agreement. The asset management system is set up to monitor compliance with the Regulatory Agreement, and does not look back to the ordinance.

Even if the "public benefit" terms of the ordinance were included in the Regulatory Agreement, the ability of the current asset management system to monitor compliance would hinge on the nature of the public benefit.

- Structural requirements: The system is set up to monitor structural requirements prior to occupancy. Monitoring is accomplished through plan review and on-site inspection. However, the system is not set up to verify that structures remain in place after occupancy. For example, if a developer agreed to include a community meeting room in a common area, the system would be able to verify that it was constructed, but does not have the capacity to verify that it remains available as a meeting place for the public for the term of the abatement.

- Programmatic requirements: The system does not have the capacity to monitor on-going programmatic requirements (e.g. the requirement that a building have an operating day care center). If the program is to be provided by a third party, the system does not have the authority to compel third-party compliance with the condition of the abatement. Moreover, if the developer asserts that there is insufficient demand for the program, the system is not in a position to mount a challenge.

- Affordability requirements: Annually the system monitors rents and tenant incomes, for all tax abated units. There may be funding needs in order to maintain the expanded level of monitoring safeguards. We are in the process of estimating the cost of monitoring abatement affordability provisions and will have more information later in the year.

PDC has added all projects to its Asset Management tracking system, regardless of whether or not a Regulatory Agreement was issued. Also, PDC legal staff has developed a draft regulatory agreement form which outlines the requirements that will be recorded against all new TOD and NMUH projects. This will be implemented as new abatements are approved by City Council. Longer term monitoring of secondary and other public benefits merits a discussion with City Council and the Planning Commission. These benefits include public art, community meeting rooms and other amenities. We will likely be examining whether the City consider a more systemic approach to monitoring which involves regulatory/permitting entities such as the Bureau of Development Services. These changes would result in updates to the City Code.

Response to Audit Recommendation #4

Review the method for assessing financial need for multiple-family condominium properties and make recommendations to Council for revising City Code

Response: PDC and BoP are in full agreement with this recommendation. Staff recommends sale price and homebuyer income limitations be used on ownership condominium projects to test financial need in place of the Internal Rate of Return (IRR) test currently required in City Code. This is due to the fact that once the unit(s) are sold the developer/builder has no future stake in the project. Furthermore, the tax abatement primarily benefits the purchaser of the condominium unit, with some benefit to the developer/builder based on their ability to market the units with the tax abatement. This recommendation will be formalized for City Council consideration and action at the appropriate time during the larger housing policy discussions.

Response to Audit Recommendation #5

Review and update processes for verifying applicant and tenant incomes, to ensure that intended income groups are being served

Response: PDC staff has reviewed their processes for evaluating applicant and tenant income and have inquired with other jurisdiction that perform similar functions for their communities. We are confidant the systems used by PDC conforms to HUD CDBG standards and are reasonable and adequate to protect the interests of the City and to ensure that projects serve the intended populations.

For ownership projects current standards include verifying buyer income using the following documents:

- Most recent W-2(s) and current 30-day pay stub(s),
- If self–employed, copies of the past two years signed tax returns and a current profit and loss statement.

PDC will examine requiring signed tax returns as an additional safeguard for assuring proper use of the programs[3].

The Audit report also commented on the multi-family housing projects. The majority of TOD and NMUH tax abated projects are financed with tax-exempt bonds and/or low income housing tax credits which have a stringent annual income verification process. PDC relies on the professional property management firms to perform this process and the data is reflected on the Tenant Survey that is collected on an annual basis by PDC. PDC is comfortable with this practice given the regulatory requirements of the State and Federal programs and best practices instituted by the professional property management firms to utilize third-party income verification. In this case, third party income verification is defined as collection of information provided by a third party that states the tenant income (e.g., current pay-stubs, recent tax returns, current bank statements, etc.). We will need to have further discussions with the Auditor's Office to determine exactly how such a change would be specifically be implemented and how it would substantially improve existing practices as a safeguard to public resources.

For projects whose only public investment is a property tax abatement, PDC is in the process of developing income verification guidelines that would require the owner/property manager to collect and maintain comparable records to the State and Federal programs. PDC will take the additional step to periodically audit a random sample of these units to ensure compliance.

As of September 2007 PDC has been collecting tenant surveys on all TOD and NMUH tax abated projects, which contain reported income and rent level for each unit. This safeguard goes beyond existing City Code which states subsequent monitoring is not required until the unit is vacated and again becomes available for rent at which time it must be rented to an income qualified household.

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[3] For a full explanation of PDC compliance monitoring steps see attached Annual Report.

CITY OF PORTLAND BUREAU OF PLANNING

2007-08 Annual Report
Residential Tax Exemption Programs

Portland Development Commission
Portland Planning Bureau

October 31, 2008

Table of Contents

List of Maps

Date: October 22, 2008
To: Commissioner Nick Fish
From: Gil Kelley, Planning Director
Bruce Warner, Executive Director, PDC
Re: 2008 Annual Report on Limited Term Residential Tax Abatements

This is the first annual report to City Council on limited term tax abatements. The document responds to City Council's interest in the use of the abatement tool to spur housing development. It also is intended to satisfy commitments made by City Council in 2007 to the Multnomah County Board of Commissioners that the Portland Development Commission (PDC) and the Portland Bureau of Planning (BoP) would provide an Annual Report on the City's use of tax abatements to achieve local and regional housing, growth management, and urban development goals. This Annual Report reflects programs and abatements that were active in the 2007-08 tax year.

It is organized into three primary sections:

Section 1: Outcomes relative to policy goals and objectives.

Section 2: Results of compliance and monitoring including foregone revenues (by signing this letter we are signifying our certification of those results).

Section 3: How geographic shifts or policy changes relate to the core mission of Multnomah County[1].

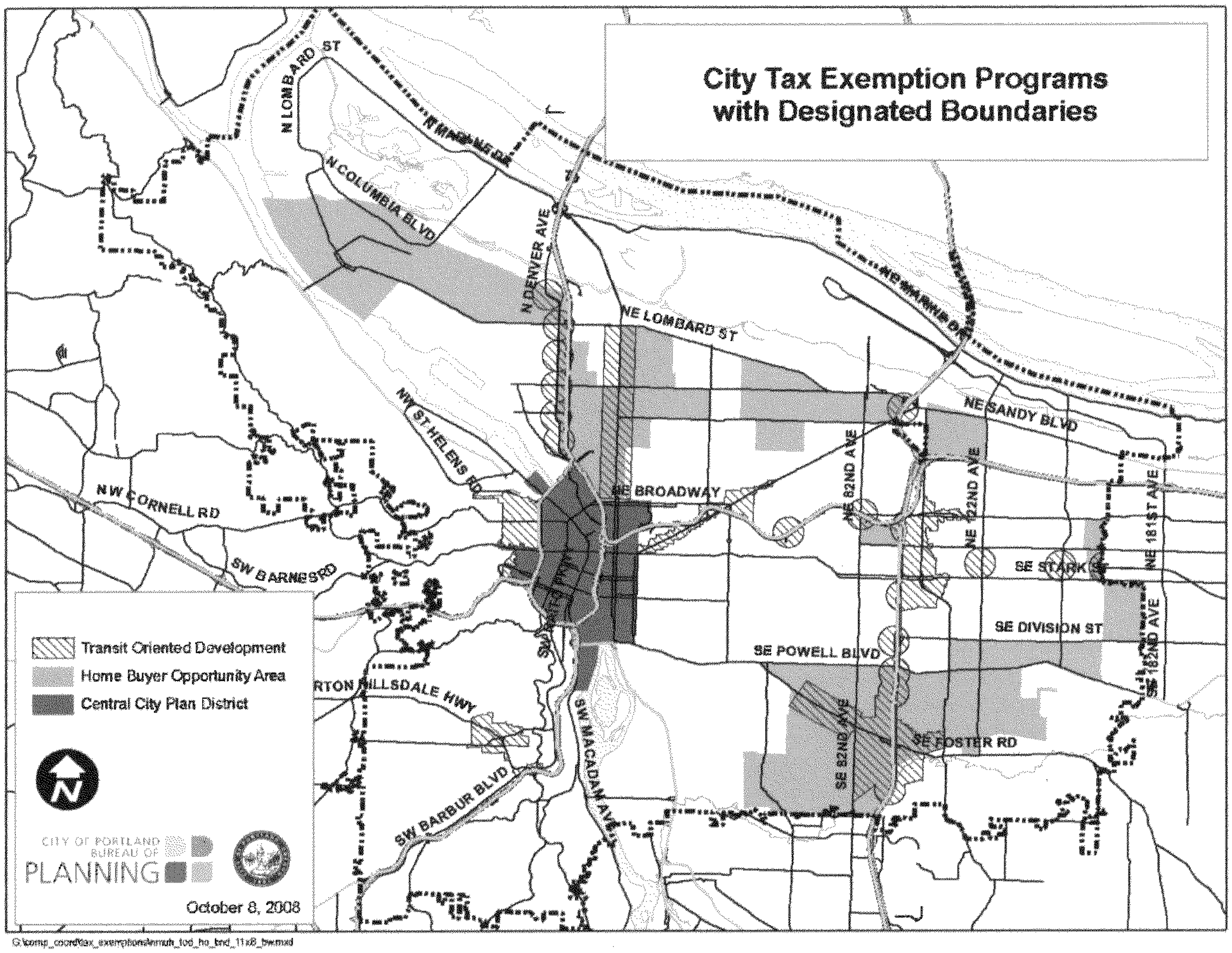
We have recently clarified the roles and responsibilities of our respective agencies in the implementation and administration of the tax abatement programs, to ensure that we are complying with the requirements of state and local law. Over the next few months, we expect the Portland City Council will begin to clarify its housing policy objectives and this discussion will inform a later review of the City's tax exemption programs. These discussions may result in some changes to improve the administration of the programs. Larger changes in the direction of the programs will be considered as the City updates its *Comprehensive* and *Central City Plans*, an effort named the Portland Plan. We intend to involve Multnomah County in this effort so that they can participate in the review of tools such as the city's tax abatement programs which we employ in planning for the future development of the City.

We look forward to many productive discussions.

Very truly yours,

Gil Kelley
Bureau Director
Portland Bureau of Planning

Bruce Warner
Executive Director
Portland Development Commission



Tax Exemption Program Boundaries

This map shows the boundaries of the City's "Homebuyer Opportunity Areas," which are the areas eligible for the City's single family new construction and rehabilitation program, the TOD program boundaries, and the Central City boundaries. The City's New Multiple Unit Housing program (NMUH), which was available in the Central City and urban renewal areas, has been suspended until the end of 2009 and it is recommended that it only cover the Central City when it is reactivated. The nonprofit low income housing and rental rehabilitation tax exemption program are available citywide.

EXECUTIVE SUMMARY

This report satisfies reporting commitments to Portland City Council and previous commitments in 2007 to the Multnomah County Board of Commissioners that the Portland Development Commission (PDC) and the Portland Bureau of Planning (BoP) shall provide an Annual Report on the City's use of limited tax abatements to achieve local and regional housing, transportation planning and growth management goals. This reporting document shall be released every November. This report applies to programs and abatements that were active in the 2007-08 tax year.

There are five types of limited term tax abatement programs:

1. Nonprofit Low Income Housing (rental)
2. New Multiple Unit Housing (rental and condominium)
3. Single Family New Construction (home ownership)
4. Transit Oriented Development (rental and condominium)
5. Residential Rehabilitation (for rental property owners and homeowners)

With the exception of the nonprofit program, these programs offer a ten-year abatement of property taxes on the value of the improvement(s). The land remains taxable. At the end of the ten-year period the improvements are assessed and taxes collected.

1. City Policies and Program Outcomes

The City of Portland's residential limited property tax abatement programs are financial and policy tools designed to carry out housing goals, especially those that call for assisting low and moderate income households through the preservation or construction of housing or through programs which boost home ownership. The summary charts below provide information on housing production and the affordability levels of the housing assisted under these programs. See the following tables on Programs by Tenure and Programs by Income Group Served.

The programs also advance important urban development, transportation, and growth management goals which are carried out by directing new housing development to certain locations. The **single family** new construction and **rehabilitation** programs are intended to assist neighborhood revitalization. The **multifamily** programs provide an incentive for the construction of new higher-density, mixed-income housing near transit facilities such as the MAX light rail system and in Centers and Corridors designated by Metro's 2040 Growth Concept. For information on these programs, see the summary tables titled New Homeownership Units in Low/ Moderate Neighborhoods and Multifamily Programs by Transit-Oriented Development Characteristics that follow[2].

Summary Tables with Outcomes

[2] For more detailed information, see Appendix 1 Policy Goals, Objectives and Outcomes by Program.

Programs by Tenure

The majority of the housing units assisted by the tax exemption programs are rental units – 82%.

Program	Number of Units	Tenure			
		Rental	%	Owner	%
Nonprofit	7,790	7,790	100%	0	
NMUH	2,856	2,733	96%	123	4%
TOD	971	845	87%	126	13%
Single-Family[3]	2,056	0		2,056	
Residential Rehab*	150	60		90	
Adjusted Totals**	**13,645**	11,250	**82%**	**2,395**	**18%**

* 60 units are multifamily, 90 are single-family. Some single-family units may be rentals.
* * 178 low income units are double counted in the NMUH and Nonprofit programs.

Programs by Income Groups Served

Rental housing units comprise a majority of the total number of units that receive assistance from the City's five limited tax exemption programs, and most are rent-restricted to low income households – 79%.

Rental Units by Rent Restrictions

Program	Number of Units	Market Rate	Rent Restricted*	61-80% MFI	Less than 60 % MFI
Nonprofit	7,790	0	7,790	0	7,790
NMUH*	2733	1573	1,160	77	1,083
TOD	845	566	279	78	201
Residential Rehab	60	NA	NA	NA	NA
Total Adjusted Units*	11,250				
Total Market Rate and Rent Restricted*	11,190	2,139	9,051	155	8,896
Percentages		**19%**	**81%**	**1%**	**79%**

* Total is adjusted because 178 low income units are double counted in the NMUH and Nonprofit programs.
**Rental rehab units not included

Single-Family Program Information by Geography

[3] In 2002 City Code was changed to place buyer income and owner occupancy requirements to the Single Family program. This applied to all new applications. Since that time 419 abatements have been authorized with these new code provisions in place. Therefore, only 419 require compliance monitoring which is detailed later in this report.

The majority of the new homeownership units assisted by this program are located in low and moderate income Portland neighborhoods. For the properties for which information was available, 1,843 out of 1,876 properties were in low and moderate income neighborhoods. Over the years, areas of inner northeast and southeast neighborhoods that have revitalized have been taken out of the program.

New Homeownership Units in Low/ Moderate Neighborhoods*

Low/Moderate Income Neighborhoods	Number of New Units
North Portland	733
Northeast Portland	300
Southeast Portland	451
East Portland	359
Total	**1,843**

* Info on 180 properties not available.

TOD Development by Program

The City plans for population growth with Metro. The direction provided by the Metro 2040 Growth Concept is to provide the greatest number of housing opportunities in multifamily housing in areas well served by transit such as MAX light rail station areas, regional and town centers and Main Streets with frequent transit service. This development is generally known as transit-oriented development or TOD. The table on the next page lists[4]:

- The number in units within one-quarter mile (walking distance) of MAX, the streetcar and all frequent transit service.
- The number of units in projects with mixed residential and commercial use. A recent national study has shown that the presence of mixed use in a transit-oriented area is associated with decreased automobile use and increased use of other travel modes such as transit, biking and walking.
- The number of projects in the TOD program that have densities of at least 80 percent of maximum.
- TOD projects that receive assistance from Metro to address development challenges.

[4] See Attachment 1 to Appendix 1 for recent research on the reduced traffic generation for TOD and TOD with mixed use.

Multifamily Programs by Transit-Oriented Development Characteristics

Program	Housing Units in Multifamily Projects					
	Within 1/4 mile of MAX	Within 1/4 mile of Streetcar	Within all frequent service transit	In Mixed Use Develop-ment	At least 80% of Maximum Density	Receiving Assistance from Metro TOD Program
NMUH*	1,633	1,657	2,856	2,352	NA	178
TOD	775	0	971	527	239	346
Total	**2,408**	**1,657**	**3,827**	**2,879**	**239**	**524**

* Some units also have the nonprofit exemption.

Estimated Foregone Revenue

The tax exemption programs result in foregone revenue to the taxing jurisdictions during the term of the abatement. At the end of the abatement period (typically ten years), the improvement value is placed on the tax rolls and property tax generation begins to accrue.

In 2007-08, $16.7 million in property taxes were foregone by all taxing jurisdictions as an indirect investment in these programs.[5] The tables below summarize the tax share from the three primary jurisdictions (City of Portland, Multnomah County, educational/school districts). The revenue foregone to other smaller taxing jurisdictions, such as the Port of Portland, Metro, and Tri-Met is not shown. The nonprofit program is the largest in terms of number of units and foregone revenue, 41 percent and number of units 57 percent. The program also has the lowest amount of foregone revenue per unit because much of the housing in this program is existing housing not new construction[6].

City of Portland and Multnomah County Foregone Revenue

Program	Total Foregone	% of Total	City of Portland	County	Units		Average per unit
NMUH	$4,598,890	**27%**	$1,537,095	$1,053,642	2,856	**21%**	$1,610
Rehab	$199,112	**1%**	$66,443	$45,545	150	**1%**	$1,327
Nonprofit	$6,810,009	**41%**	$2,270,518	$1,556,386	7,790	**57%**	$874
Single-Family	$3,748,236	**22%**	$1,249,369	$856,412	2,056	**15%**	$1,823
TOD	$1,376,988	**8%**	$456,352	$312,818	972	**7%**	$1,417
	$16,733,235		**$5,579,777**	**$3,824,803**	**13,646**		**$1,226**

Educational Districts Foregone Revenue

The foregone revenue amounts for Portland Public School and David Douglas school districts are given. The smaller sum of foregone revenue to the Centennial, Reynolds and Parkrose school districts is listed under Other School Districts.

Program	PPS	David Douglas	Other School Districts	Total Education	Units	Average per unit
NMUH	$1,259,466	$0	$0	$1,446,009	2,856	$506
Rehab	$53,380	$1,050	$68	$62,563	150	$417
Nonprofit	$1,580,780	$223,142	$73,036	$2,152,912	7,790	$276
Single- Family	$1,047,152	$127,271	$7,130	$1,181,553	2,056	$575
TOD	$115,238	$251,461	$20,010	$442,466	972	$455
	$ 4,056,017	**$602,924**	**$100,244**	**$5,285,504**	**13,646**	**$387**

[5] Tax abatements could also be considered direct investments since jurisdictions are willingly allowing the tax revenue to be postponed.

[6] Note these figures include tax abated properties built in urban renewal areas (URAs). These developments might not have generated property taxes for other jurisdictions (for URAs which were created after 1997). In these cases, all property tax would go to the urban renewal agency for investment/to pay off debt.

2. Results of Monitoring and Compliance Efforts

This section of the Annual Report details the outcomes of compliance monitoring for abatements active in the 2007-08 tax year, In 2007-08, there were 2,297 active abatements in the Single Family, Multi-Family and Transit Oriented programs which are subject City Code requirements for owner-occupancy and other income provisions.

In 2008, upon review of these abatements, 47 ownership units were terminated and 21 rental units expired. The termination of the 47 ownership units resulted in approximately $82,779[7] in property taxes returning to area taxing jurisdictions.

In addition, 28 ownership abatement applications were denied[8].

Compliance Monitoring Summary for 2007-08

Audited Rental Unit Abatements	1,599
Audited Ownership Abatements	698
Sub Total	**2,297**
Ownership Abatements Terminated	**47**
Estimated value of 47 terminations	***$82,779***
Rental Abatement Expirations	**21**
Ownership Application Denials	**28**
Net Number of Active Abatements[9]	**2,229**

[7] Based on 37 single family abatements with an average property tax bill of $1823, and 6 multiple unit abatements with an average property tax bill of $1610 and 4 transit oriented units with an average tax bill of $1417

[8] See Appendix 2 for basis of application denials.

[9] Total is calculated by subtracting 21 rental expirations and 47 owner terminations from 2,297. For details on terminations and reasons for denials see Appendix.

Safeguards and Monitoring Methods: Owner Occupied Properties/Units

Below are the steps taken for compliance monitoring on owner occupied properties that received abatements:

- Tax assessor determines ownership for property tax purposes on July 1 each year
- Tax returns to prove the property is not rented
- Proof of address through driver's license or other applicable identification (upon application)
- Compare the July 1 ownership tax rolls for occupancy or ownership changes
- Verify new deed holder income/residency (if property has changed ownership)
- Compare property tax address with property address
- Send notification letters to questionable units
- Field questions from owners
- Process paperwork submitted by owners to evidence compliance
- Issue approval letters on appropriate units, or notify owners (and lenders if required) of intent to terminate and their appeals rights
- Draft resolutions to terminate abatements
- Make presentation to City Council
- Process final terminations
- Notify County Tax Assessor of the results
- If builder applied for the exemption, it must meet the following criteria
  - a) currently on the market and vacant, or
  - b) sold to an income qualified homebuyer who will occupy the property for less than the price cap of $275,000

In addition, for all abatements issued after December 31, 2008, the owner will also be required to sign an annual affidavit affirming they continue to occupy the property as their primary principal residence. This additional tool was a suggestion of the PDC/City Council Budget Work Group in early 2008.

Results of Compliance Monitoring for Abatements Active through 2007/08 Tax Year

Single Family Program

PDC administers the Single Family New Construction (SFNC) Limited Tax Abatement Program. Approved properties in the programs receive a 10-year tax exemption. City Code 3.102.030(B)(3) requires City Council to pass a resolution to terminate existing abatements, and to deny applications for an abatement.

State Statue and City Code require the properties and the owner meet the following criteria in order to receive the tax exemptions.

The property must be:

- located in the Homebuyer Opportunity Area
- sold under the current price cap of $275,000
- sold to a deed holder(s) whose income is not greater than 100% of Median Family Income for a household of 4, currently $67,500, adjusted for larger households
- owner occupied as recipient's primary residence (legal deed holder, who is occupying the property)
- initial homeowner must apply for the tax exemption

Single Family Monitoring Cont.

As part of PDC's regular monitoring and compliance, and through our working relationship with Multnomah County, 419 current Limited Tax Exemptions were audited[10]. In July and August 2008, letters were sent to the homeowners at the property address and/or the address where the tax bill is sent notifying them of the possible termination. In order to determine eligibility for the Limited Tax Abatement program, PDC executed a review process which included the steps outlined in this report.

The results yielded the termination of 37 abatements[11]:

Audited Single Family Abatements	419
Number identified for possible termination	97
Documentation satisfied	60
Terminations	**37**
Estimated value of terminations	***$67,451***[12]

97 properties were identified for possible termination for failing to meet one or all of the criteria listed on the previous page.

Of these:

- 60 homeowners provided the required documentation satisfying the criteria to continue to receive the Limited Tax Exemption.
    - 37 property owners did not provide the required verifications or the information that they provided did not satisfy the required criteria to receive the Limited Tax Abatement. These exemptions were subject to termination through City Council action. This action occurred on September 18, 2008.
    - One additional homeowner has requested the exemption to be removed.

[10] In 2002 City Code was changed to place buyer income and owner occupancy requirements to the Single Family program. This applied to all new applications. Since that time 419 abatements have been authorized with these new code provisions in place. Therefore, only 419 require compliance monitoring which is detailed later in this report.
[11] See Appendix 2 for details on abatements and properties terminated.
[12] Based on 37 single family abatements with an average property tax bill of $1823.

Results of Compliance Monitoring for Abatements Active through 2007/08 Tax Year

Single Family Application Denials

In addition to the 97 properties identified for possible termination, 28 applications for the program were declined either at initial application or the builder applied and then decided to not activate the exemption[13].

Between January 1, 2007 and September 1, 2008, PDC staff declined 18 "Applications for Certification of Qualification" (ACQ) that were submitted by homebuyers for approval. In addition to the ACQ denials, 10 units were declined by staff because the developer subsequently sold the unit to an ineligible applicant or converted the unit to a rental and as a result the unit is no longer eligible for the program.

The applications were declined for the following reasons:

1. Homebuyer income is greater than 100% of Median Family Income for a household of 4, currently $67,500, adjusted for larger household
2. Original owner did not apply for the tax exemption; second owner is only eligible if the original owner applied and qualified
3. Home sold for over the maximum sales price of $275,000
4. Home is not located in Homebuyer Opportunity Area
5. Homebuyer purchased in 2007 and did not apply by December 31,2007 *
6. Homebuyer applied after January 1, 2008 and builder had not applied while the property was under construction[14]
7. Home is being rented by the builder
8. Home is not owner occupied

[13] See Appendix 2 for details on application denials.

[14] In discussions with Multnomah County and to meet the intent of the programs to stimulate building in distressed areas, the requirements to apply for the program were changed and now require builders to apply while the home is under construction (prior to the final approval of the building permit). Previously, homebuyers were allowed to apply for the program up to two years after the final permit. During 2007 (as a transition) either the builder or the homebuyer could apply for the initial approval. Starting January 1, 2008 the builder must apply before the final permit is issued.

Safeguards and Monitoring Methods: Rental Units
Monitoring and tracking compliance for rental projects with TOD or NMUF tax abatements is as follows:

- Upon receipt of new TOD or NMUF tax abatement; Asset Management staff enters relevant data into database for report tracking.
- Request for reporting (from property manager) is sent out once a year based upon the "Projects" fiscal year end; either June 30th or December 31st.[15]
- At a minimum Owner is required to submit the following Asset Management reporting form:
    - Electronic Tenant Survey (ETS) used in determining tenant income and rent level compliance
- Reporting materials are due 90 days after fiscal year ends; either September 1st or March 1st.
- Review and evaluation of materials is completed as detailed in issued City Ordinance or PDC Regulatory Agreement. Compliance results are reported back to the Owner with a request for clarification on any concerns.
- Upon expiration of tax abatement a termination letter will be sent to Owner of such expiration. Owner will be reminded in Annual Report letter of tax abatement expiration date.

Modification, expiration, termination:

- Owner request in writing any modification or extension to Asset Management six months prior to current expiration term.
- Asset Management will review and coordinate with City Bureau of Planning in processing the request.
- For full detail of established Multi-Family Rental Tax Abatement Process and Procedure see Asset Management guidelines.

[15] See Appendix 2 D for sample reporting form.

Results of Compliance Monitoring for Abatements Active through 2007/08 Tax Year

Multi-Unit and Transit Oriented Programs (condominiums)

PDC administers the TOD and NMUH Limited Tax Exemption Programs. Properties approved by these programs receive a 10-year tax exemption. City Code 3.104.070 and 3.103.070 requires City Council to pass a resolution terminating the tax exemption when the properties are no longer eligible.

State Statute and City Code require the property meet the following criteria in order to continue receive the tax exemptions. The property must be:

- owner occupied (legal deed holder, who is occupying the property)
- in an approved project (either in a transit oriented district or part of the city core area)
- sold to a household whose income is not greater than approved by the granting City Resolution which is typically 100% of Median Family Income for a household of four

As part of PDC's regular monitoring and compliance, and through our working relationship with Multnomah County 136 NMUH and 143 TOD current Limited Tax Exemptions were audited. As a result 10 abatements were terminated[16]:

Audited Multi Unit and Transit Oriented Abatements	279
Number identified for possible termination	34
Documentation satisfied	24
Terminations	**10**
Estimated value of terminations	***$15,328***[17]

21 TOD and 13 NMUH owner occupied properties were identified for possible termination for failing to meet one or all criteria listed on the previous page.

Of these:

- 24 homeowners provided the required documentation to satisfy the criteria to continue to receive the Limited Tax Exemption.

- 10 property owners did not provide the required verification or the information that they provided did not satisfy the required criteria to receive the Limited Tax Exemption. These exemptions were subject to termination through City Council action on September 18, 2008.

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[16] See Appendix 2 for details on abatements and properties terminated.
[17] Based on 6 multiple unit abatements with an average property tax bill of $1610; and 4 transit oriented units with an average tax bill of $1417.

Results of Compliance Monitoring for Abatements Active through 2007/08 Tax Year

Multi-Unit and Transit Oriented Programs (Rental)

PDC's Asset Management section monitors performance of the PDC funded affordable housing loan portfolio. To the degree a TOD or NMUH rental project received direct financial assistance from PDC, that project has been continuously monitored since its origination[18]. In 2007, an additional 5 projects that received only a tax abatement but no direct PDC financial assistance were added to the Asset Management list of monitored projects. In total PDC is monitoring 22 rental projects under the TOD (8) and NMUH (14) programs on behalf of the City.

PDC has monitored these 22 projects in accordance with the City Ordinance that approved the abatement and the PDC Asset Management guidelines. As of June, 2008, all 22 projects are in compliance as it relates to setting the appropriate income and or rent levels. PDC is in the process of reviewing one project, The Louisa, for financial performance. We anticipate this review will be complete in November 2008.

These projects comprise 1599 abated units at incomes ranging from 50%-80% median family income (MFI)[19]:

Active Multiple Unit and Transit Oriented Rental Abatements by income level (MFI)

30 percent and below	0
50% and below	226
60% and below	1259
75% and below	56
80% and below	58
TOTAL	***1599***

Additionally, two abatement rental projects were extended: MLK Wygant was extended through June 30, 2027 (#181920) and Hazelwood Retirement was extended for a "one-year" period (through June 30, 2009) only to allow City and Bureau of Planning to examine and develop a more detailed policy regarding extension of tax exemptions for affordable housing.

[18] See Appendix 2 for sample reporting sheet that is completed by property management companies.
[19] See MFI chart on page 19 for details.

Active Transit Oriented Rental Abatements Prior to 2007/08: 431
Active Abatements for 2008/09: 410

Median Family Income Levels for the 431 Units	
30% and below	0
50% and below	28
60% and below	347
75% and below	56
80% and below	0
Number expired in 2007/08	**21**
Number of Remaining Abatements	***410***

Twenty one TOD rental units had their abatements expire in 2007/08; leaving 410 units with abatements citywide. An income breakdown of those units is listed in the table above.

Active Multiple-Unit Rental Abatements Prior to 2007/08: 1168
Active Abatements for 2008/09: 940

Median Family Income levels for 1168 Units	
30% and below	0
50% and below	198
60% and below	912
75% and below	0
80% and below	58
Number of units expired in 2007/08	**228**
Number of Remaining Abatements	***940***

Two-hundred and twenty eight Multiple Unit rental units had their abatements expire in 2007/08; leaving 940 units with abatements citywide. An income breakdown of those units is listed in the table above.

A forward look on the timing of future expiring abatements will occur as part of the broader housing policy discussion with City Council in 2008/09.

Median Income Percentages - issued by the Federal Department of Housing and Urban Development (HUD).

(effective February 13, 2008)

Household Size	30%	40%	45%	50%	55%	60%	65%	80%	100% *see NOTE**
1	14,250	19,000	21,375	23,750	26,125	28,500	30,875	38,000	47,250
2	16,300	21,720	24,435	27,150	29,865	32,580	35,295	43,450	54,000
3	18,350	24,440	27,495	30,550	33,605	36,660	39,715	48,900	60,750
4	20,350	27,160	30,555	33,950	37,345	40,740	44,135	54,300	67,500
5	22,000	29,320	32,985	36,650	40,315	43,980	47,645	58,650	72,900
6	23,650	31,520	35,460	39,400	43,340	47,280	51,220	63,000	78,300
7	25,250	33,680	37,890	42,100	46,310	50,520	54,730	67,350	83,700
8	26,900	35,840	40,320	44,800	49,280	53,760	58,240	71,700	89,100

1) Based on HUD's calculations "the Portland-Vancouver-Beaverton, OR-WA MSA received No Adjustments, and the preliminary Income Limit Value of $33,750 is not the final 4-person Income Limit of $33,950. Consequently, the final 4-Person Income Limits associated with the Portland-Vancouver-Beaverton, OR-WA MSA are subject to a Hold Harmless policy" - NO 2008 CHANGES.

(2) Based on the HUD Portland Area Median Income as of December 31, 2007: The 2008 100% level is adjusted to $67,500 for a family of four, and all other household size numbers have been adjusted per the formula in (3) below.

(3) Other 2008 MFI levels are based on the 4-Person Income Limit of $67,900 per the Hold Harmless policy. The 1-Person family Income Limit is 70% of the 4-Person Income Limit, the 2-Person family Income Limit is 80% of the 4-Person Income Limit, the 3-Person family Income Limit is 90% of the 4-Person Income Limit. Each family size larger than four (4) is calculated by an 8% increase per HH member to the 4-Person Income Limit. (i.e., 5-Person = 108%; 6-Person - 116%; 7-Person = 124%; 8-Person = 132%, and so on. Income Limits are rounded for the 30%, 50%, 60% and 80% MFI levels; they are not rounded for other MFI levels. The income levels shown here are also consistent with the HOME and tax credit calculations.

3. Recent Policy and Program Boundary Shifts That Support the Core Mission of Multnomah County

As housing prices and rents have risen over the last decade, Portland's City Council has amended the tax exemption programs regulations to focus more on providing housing for low and moderate income households. Since 2002, mandatory affordability requirements have been added to both the single family new construction and the NMUH and TOD multifamily programs. In the late 1990s, the City advocated at the State Legislature to allow the City's multifamily programs to be used to preserve low income housing in privately-owned projects subject to public contract to provide low income housing. This was known as the "preservation" tax exemption provision. A summary of local program changes follows:

Changes to the Single-Family Program in 2002:

- In 2002, City Council restricted the single-family tax exemption program that is available in "Homebuyer Opportunity" areas to households at or below the area median family income (MFI).
- Every three years, the boundaries of the "Homebuyer Opportunity Areas" are adjusted to take out areas where household incomes and home values have risen and add in areas with low household incomes and home values. Since 2000, the only areas added to the program are east of 82nd Avenue. Since 2000, areas in inner Southeast Portland and some in inner Northeast Portland have been taken out of the program.

Changes to the New Multiple Unit Housing Program in 2004

- Since 2005, this program has only been accepting applications for projects that are affordable to low income households, at or below 60 percent MFI.
- Several extensions of existing 10-year exemptions have been granted to preserve housing in projects that exclusively serve low income households.

Changes to the TOD Program in 2006

- A mandatory affordability requirement was added to this program.
- Program regulations were changed to allow a tax exemption to be granted to projects that provided low income housing subject to a low income housing assistance contract for the length of that assistance contract.

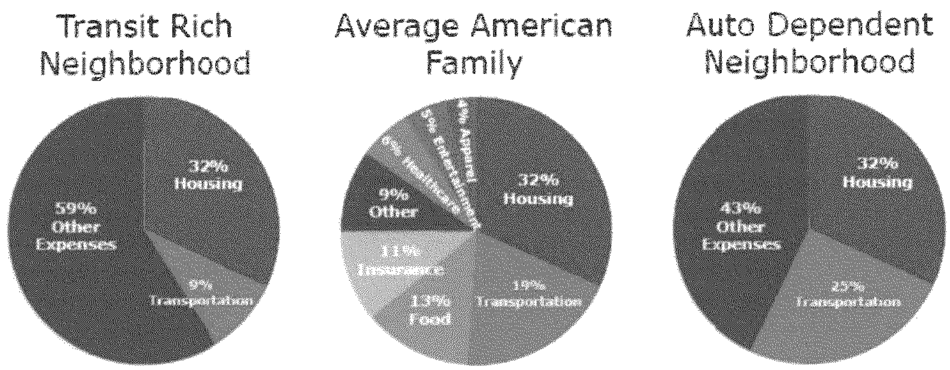
Appendix 1
Detailed Information on the Outcomes in Relation to Policy Goals and Objectives

A. Introduction to Policy Goals

Housing Goals

The City's tax exemption programs implement policies of the City's *Comprehensive Plan* Goal 4, Housing. The City's tax exemption programs support the provision of housing opportunities for households with a wide range of incomes although the majority of the exemptions go to support low income housing. The City's nonprofit program serves these households exclusively. The multifamily programs support the construction of new mixed-income housing in transit-rich areas to provide Portland residents with opportunities to live at locations where they can reduce their dependency on auto travel and minimize their transportation costs, which are the second largest household expense after housing for working families. *See box below on Research on Transit and Transportation Costs.* The city's multifamily programs have also been used more recently as a low income housing preservation tool for privately owned projects that provide low income housing subject to a public contract. The single-family program, available in Homebuyer Opportunity areas, assists households with below area median income purchase homes in neighborhoods that the City has targeted to revitalization. The residential rehab programs have support the preservation of Portland's housing stock and improving its safety and quality.

Holding Housing Costs Constant, Location Matters to Transportation Costs



Source: Center for TOD Housing + Transportation Affordability Index, 2004 Bureau of Labor Statistics

Detailed Information on the Outcomes in Relation to Policy Goals and Objectives Cont.

Urban Development, Transportation and Growth Management Planning Goals

Starting in the 1980s, the City and the County entered into a series of intergovernmental agreements that specify that the City will be responsible for urban planning for the portion of Multnomah County within the City's urban services boundary. The City and the County have also agreed that the City will plan for the accommodation of future population growth with Metro and be responsible for both the City's and County's compliance with the *Urban Growth Management Functional Plan* for the area of Multnomah County within Portland's urban services boundary. With the exception of the City's nonprofit program, the city's tax exemption programs grew out and support urban planning efforts and are updated as the City continues to engage in area, transportation and growth management planning. Since the City is engaging in urban planning on the County's behalf for the portion of the County within Portland's urban services boundaries, the urban development, transportation and growth management objectives that these programs carry out can also be viewed as the County's so for that reason this report includes information on them.

<u>Transit-Oriented Development and Accommodation of Population Growth</u>
The City's two multifamily programs, the New Multiple Unit Housing (NMUH) and the New Transit supportive Residential or Mixed Use Development (TOD) programs support transit-oriented development by encouraging new high density housing and mixed-use construction in areas where Metro and the City have planned to accommodate the greatest bulk of new population growth. These two programs are mapped for the Central City, centers, MAX light rail station areas and some Main Streets with frequent transit service. (See map on page 28.) Accommodating population growth in areas that have good transit service and high quality pedestrian environments can reduce the need for auto travel and resulting traffic congestion and air pollution. See the chart from a national study on the previous page for the effect on transportation costs of living in a transit rich neighborhood. Several decades ago, the region decided to invest in a regional light rail system instead of undertaking new freeway building and these programs support that choice. To assess the success of these programs in meeting transportation planning goals of reducing automobile trips and encouraging alternative modes of travel, some recent research on TOD development that includes some of Portland's TODs that have received the NMUH and TOD tax exemption are included in Attachment 1.

Detailed Program Objectives and Outcomes Chart

Program	Goals	Outcomes/Measures
Nonprofit Low Income Housing	Adequate supply of low income housing	Number of units serving low income households
New Multiple Unit Housing	▪ Opportunities to both live close to work. ▪ A complete residential community in Portland's core. ▪ Accommodate population growth. ▪ Preservation of low income housing	▪ Number of units ▪ Household Incomes Served ▪ Presence of Mixed-Use ▪ Location near transit facilities ▪ Low income housing units preserved
Transit Oriented Development	▪ Support for public investment in MAX Light rail and other transit facilities. ▪ Accommodates population growth ▪ Preservation of low income housing	▪ Number of units ▪ Location near transit facilities ▪ Presence of Mixed-Use ▪ Project Density ▪ Household Incomes Served ▪ Low income housing preserved
Single-Family New Construction in Homebuyer Opportunity Areas	▪ Increased homeownership opportunities in City neighborhoods targeted for revitalization	▪ Number of units in low/moderate income census tracts
Residential Rehabilitation	▪ Preservation of Portland's housing stock and improving its safety and quality	▪ Number of units rehabilitated

Detailed Information on the Outcomes in Relation to Policy Goals and Objectives Cont.

B. Outcomes in Relation to Policy Goals and Objectives

Nonprofit Program

Program Purpose According to State Statute:

No Legislative Findings in Oregon Revised Statutes (ORS) 307.540-307.548
The definitions define low income as income at or 60 percent area median income.

City Housing Goals:

- Protect, preserve and restore the City's single-room occupancy (SRO) and low income housing. (*Comprehensive Plan* Housing Policy, 4.14 C Neighborhood Stability)
- Promote the preservation and development of a sufficient supply of transitional and permanent housing affordable to extremely low-income individuals and households with children in order to reduce or prevent homelessness. (*Comprehensive Plan* Housing Policy, 4.12 B Housing Continuum)
- Encourage housing opportunities for extremely low and very low income households (below 50 %MFI) in all neighborhoods to avoid their concentration in any one area. (*Comprehensive Plan* Housing Policy, 4.7 D Balanced Communities)

Program Outcomes

Number of units receiving assistance for 2007-08 tax year: 7,790

Support for housing with services:

- The largest number of units in the program are managed by Central City Concern, which has as their mission preventing homelessness, and provides various services to their tenants.
- The second largest user is REACH Community Development Corporation Inc. which also has a number of projects that include services to tenants.

Nonprofit TOD development:
Center Commons- One component of this mixed use development includes apartments. The Commons Apartments has a nonprofit exemption and is receiving assistance from Metro's TOD Program.

Detailed Information on the Outcomes in Relation to Policy Goals and Objectives Cont.

New Multiple-Unit Housing (NMUH) Program

Program Purpose According to State Statute (ORS 307.600-307.637):

"The Legislative Assembly finds that it is in the public interest to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work." (ORS 307.600 1.)

City Housing Goals:

- Achieve a distribution of household incomes similar to the distribution of household income found citywide in the Central City. (*Comprehensive Plan* Housing Policy, 4.7 A Balanced Communities)
- Place new residential developments at locations that increase potential ridership on the regional transit system and support the Central City as the region's employment and cultural center. (*Comprehensive Plan* Housing Policy, 4.3 D Sustainable Housing))
- Encourage the retention of existing rental housing at rent levels affordable to area residents. ...(*Comprehensive Plan* Housing Policy, 4.14 D Neighborhood Stability)

Central City Plan Goals:

- Maintain the Central City's status as Oregon's principal high density housing area by keeping housing production in pace with new job creation. (*Central City Plan,* Policy 3: Housing)
- Encourage the development of housing in a wide range of types and prices and rent levels. (*Central City Plan,* Policy 3: Housing, Objective D.)

New Multiple-Unit Housing (NMUH) Program Cont.

Program Outcomes

Number of Units: 2,856*[20]

Tenure: Rental: 2,733 (96%) Owner: 123 (4%)

NMUH Rental Units by Rent Restrictions

Total ntal Units	Market Rate	Rent Restricted	30%	50%	60%	80%
2,733	1,573	1,160	93	334	656	77
	58%	**42%**	3%	12%	24%	3%

Source: PDC

Low income housing units preserved for longer than 10 years:

Project	Units
Westshore	113 units until 2008
Fifth Avenue Commons	70 units until 2029
MLK-Wygant	38 units until 2027
Total	**221 units**

[20] There are 172 units in Station Place and 6 Cornerstone rental units counted also counted as Nonprofit units in this report. They are not double-counted in the information submitted to the City Auditor's Office so the unit counts will be different in this report and the SEA Report.

New Multiple-Unit Housing (NMUH) Program Cont.

Transportation and Growth Management Planning Goals

- **Living Closer to Work** Locate greater residential densities near major employment centers, including Metro-designated regional and town centers, to reduce vehicle miles traveled per capita and maintain air quality. (From *Comprehensive Plan* Urban Development Policy, 2.15)

- **Transit-Oriented Development** Reinforce the link between transit and land use by encouraging transit-oriented development and supporting increased residential and employment densities along transit streets, at existing and planned light rail transit stations, and at other major activity centers. (From *Comprehensive Plan* Transportation Policy 6.19)

Program Outcomes

Living closer to work: 2,856 units in the Central City which is region's largest job center. * [21]

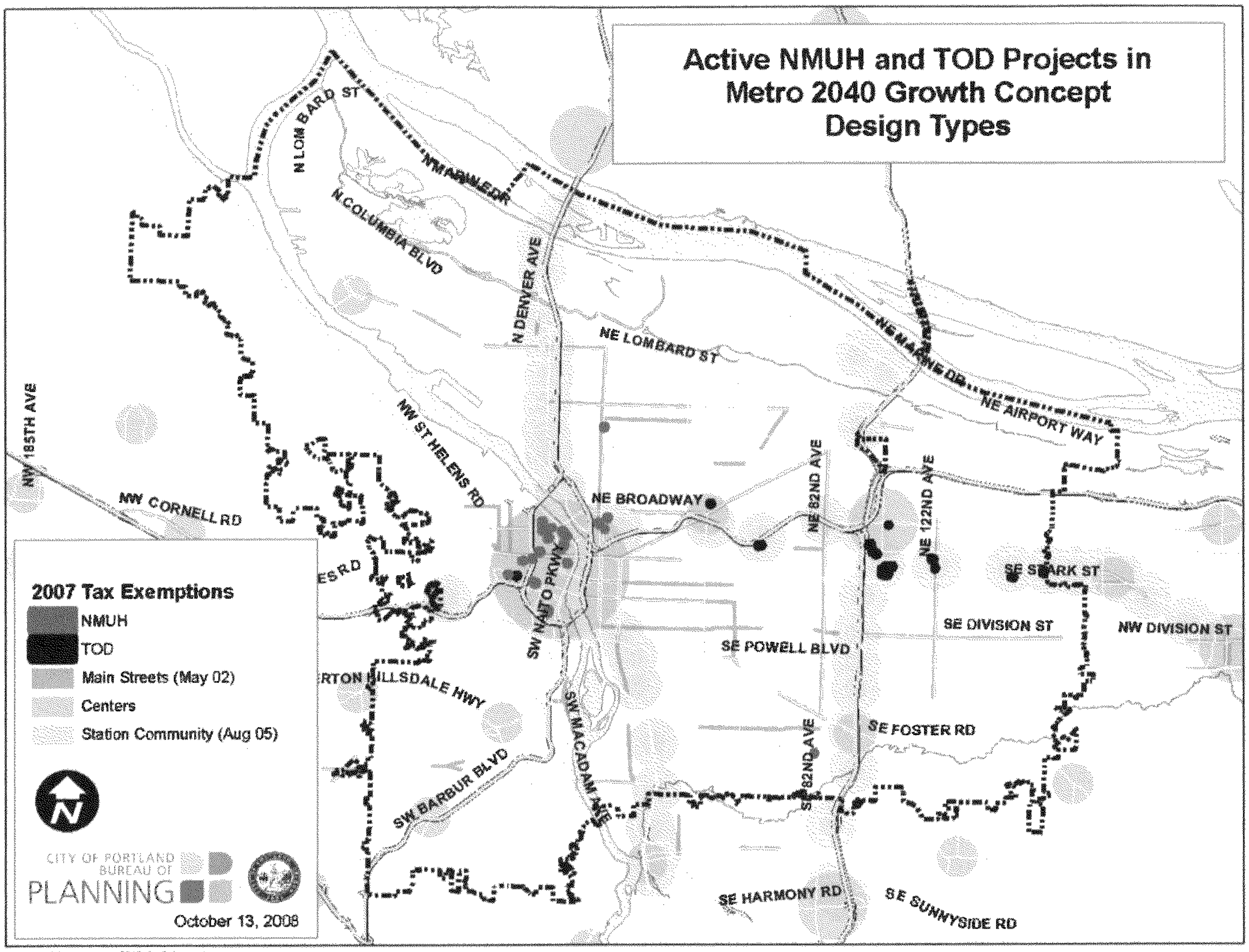
Location of units within1/4 mile of frequent service transit:

MAX light rail stations:	1,633 units
Portland streetcar stops	1,657 units
All frequent transit service	2,856 units

Projects that have also received assistance from Metro's TOD Program: The Merrick Apartments (178 units)

Units in of mixed-use projects: 2,352 units

[21] There are 172 units in Station Place and 6 Cornerstone rental units counted also counted as Nonprofit units in this report. They are not double-counted in the information submitted to the City Auditor's Office so the unit counts will be different in this report and the SEA Report .



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New Transit Supportive Residential or Mixed Use Development (TOD) Program

Program Purpose in State Statute (ORS 307.600-307.637):

"The Legislative Assembly further finds that it is in the public interest to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing, and commercial and retail property, in areas located within a light rail station area or transit oriented area." (ORS 307.600 2.)

City Housing Goals

- Encourage the development and preservation of housing that serves a range of household incomes levels at locations near public transit and employment opportunities. (*Comprehensive Plan* Housing Policy, 4.7 G. Balanced Communities)
- Encourage the retention of existing rental housing at rent levels affordable to area residents. (*Comprehensive Plan* Housing Policy, 4.14 D Neighborhood Stability)

Area Plan Goals and Actions

***Hollywood and Sandy Plan* (2000)**

- Provide incentives for new housing projects to ensure that housing is an attractive option and to encourage housing above commercial spaces along Sandy Boulevard and in Hollywood. (Policy 2 Housing, Objective 2)
- Consider applying the transit-oriented tax abatement to properties along Sandy Boulevard. (Housing Action Item Hsb3)

***Northwest District Plan* (2003)**

- Support land use strategies and developments that increase the amount of housing in the district. (Land Use Policy Objective A)
- Support the development of new housing in the district that meets the needs of employees, especially those who work for large employers like Legacy Good Samaritan Hospital and Medical Center and CNF. (Housing Policy Action H14)
- Apply the transit-oriented development (TOD) property tax abatement within the Northwest Plan District. Encourage developers of affordable housing to take advantage of this tax abatement. . (Housing Policy Action H21)

Metro 2040 Growth Concept See map on the opposite page. The NMUH and TOD projects are primarily located in areas designated by the Concept for accommodation of population growth.

New Transit Supportive Residential or Mixed Use Development (TOD) Program Cont.

Program Outcomes

Total Number of units: 971

Tenure: 845 rental units and 126 condominiums

Income levels of households residing in units by tenure: 845 rental units

- 279 units rent restricted from 30% MFI to 80% MFI
- 566 units are market rate

TOD Rental Units by Rent Restrictions

Total Rental Units	Market Rate	Rent Restricted	30% MFI	50% MFI	60% MFI	75% MFI	80% MFI
845	566	279	12	50	139	56	22
	67%	**33%**	**1%**	**6%**	**16%**	**7%**	**3%**

Preservation of low income housing – The Hazelwood Retirement Community received a one year extension to preserve low income and moderate income units in that project.

Project	**Units** Below 60% MFI	Below 75% MFI
Hazelwood Retirement Community:	40	56

Transportation and Growth Management Goals

- **Living Closer to Work** Locate greater residential densities near major employment centers, including Metro-designated regional and town centers, to reduce vehicle miles traveled per capita and maintain air quality. (From *Comprehensive Plan* Urban Development Policy, 2.15)

- **Transit-Oriented Development** Reinforce the link between transit and land use by encouraging transit-oriented development and supporting increased residential and employment densities along transit streets, at existing and planned light rail transit stations, and at other major activity centers. (From *Comprehensive Plan* Transportation Policy 6.19)

- Concentrate a mix of higher intensity residential and commercial development along main streets and the Portland Streetcar line. (*Hollywood and Sandy Plan* Land Use Policy Objective C.)

New Transit Supportive Residential or Mixed Use Development (TOD) Program Cont.

Program Outcomes

Proximity to light rail or frequent service transit: 971

Number of units of units within ¼ mile of a MAX Light rail station area: 775

Projects in Metro's TOD Program:

- Center Commons
- Russellville Commons 1 & II

(See Appendix 1 for research on Center Commons and Collin Circle TOD projects.)

Single-Family New Construction Program

Program Purpose in State Statutes (ORS 307.651 to 307.687)

The Legislative Assembly finds it to be in the public interest to stimulate the construction of new single-unit housing in distressed urban areas in this state in order to improve in those areas the general life quality, to promote residential infill development on vacant or underutilized lots, to encourage homeownership and to reverse declining property values. (ORS 307.654)

City Housing Goals:

- Support public and private actions that improve the physical and social environment of areas that have experienced disinvestment in housing, that have a concentration of low income households, or that lack infrastructure. ...(*Comprehensive Plan* Housing Policy, 4.7 F Balanced Communities)
- Expand opportunities for first-time homebuyers. (Comprehensive Plan Housing Policy, 4.12 E. Housing Continuum)
- Promote and maintain homeownership options within neighborhoods. (Comprehensive Plan Housing Policy, 4.12 E. Housing Continuum)

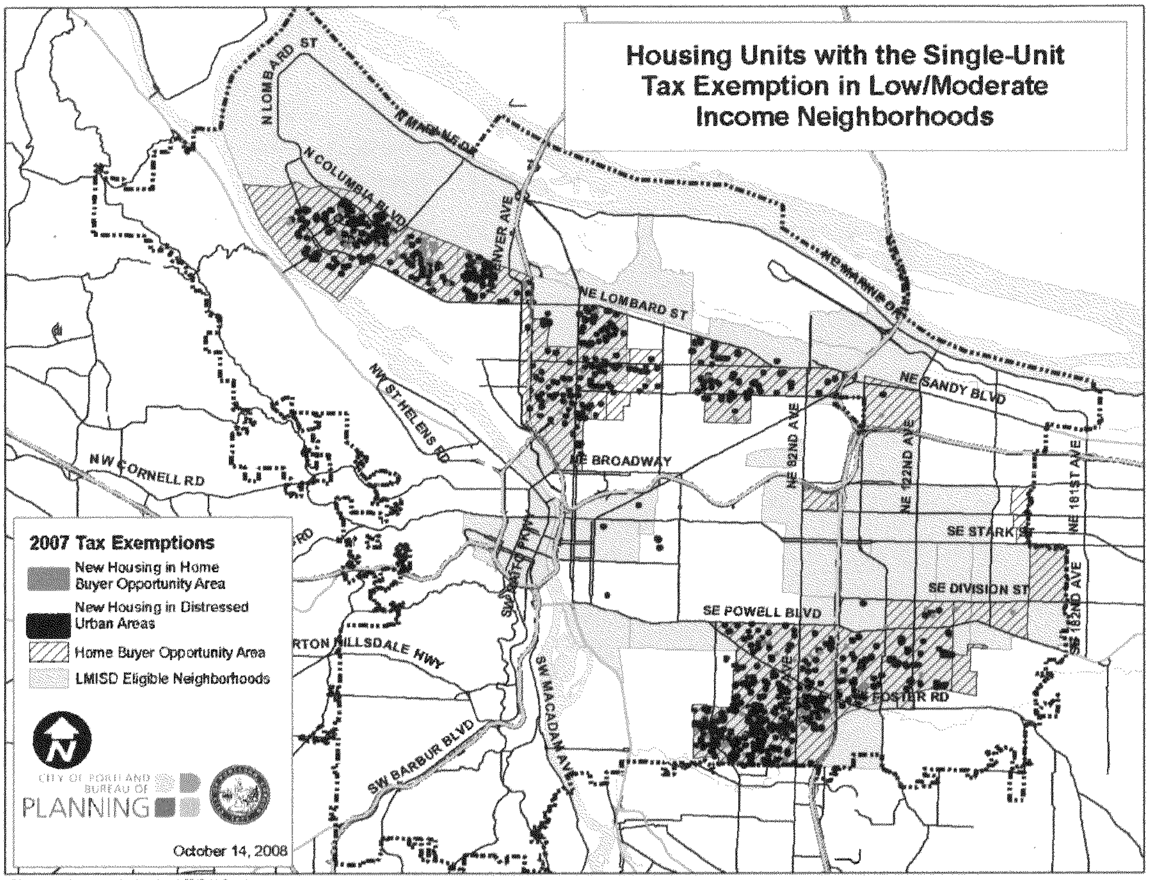
Area Plan Objectives and Actions:

***Albina Community Plan* (1993)**

- Provide opportunities for homeownership for Albina Residents. Emphasize infill development that accommodates owner-occupancy and is compatible with the surrounding neighborhood. (Policy V, Housing, Objective 3)
- Publicize the availability of the ten-year property tax exemption for new construction and housing rehabilitation under the distressed area program. (Policy V, Housing, Housing Action H15)

***Outer Southeast Community Plan* (1996)**

- Increase opportunity for building more single-family housing in outer southeast neighborhoods. (Housing Policy, Objective 3).
- Promote construction of attached housing designed to be owner-occupied housing to accommodate smaller households. (Housing Policy, Objective 4)
- Designate Foster [Powell, Mt. Scott-Arleta and the northern 2/3 of Lents as "distressed areas" so that new single-family housing construction and rehabilitation are eligible for a limited tax abatement. Retain the "distressed area" designation for Brentwood-Darlington.(Housing Policy Housing Action H1)



Program Outcomes

Number of Units: 2,056

Number of units restricted to
households below area MFI ($67,500 in 2008): 419

Number of units in Low/Moderate Income Neighborhoods: 1,843 out of 1876*

New Homeownership Units in Low/ Moderate Census Tracts*

Low/Moderate Income Neighborhoods	Number of New Units
North Portland	733
Northeast Portland	300
Southeast Portland	451
East Portland	359
Total	**1,843**

* Information was not available for 180 units

Residential Rehab Programs

Program Purpose in State Statutes (ORS 308.450 to 307.481):

"The Legislative Assembly finds that it is in the public interest to encourage the rehabilitation of existing units in substandard condition and the conversion of transient accommodation to permanent residential units and the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state. The Legislative Assembly further finds that cities and counties of this state should be enabled to establish and design programs to stimulate such rehabilitation and or conversion based on the incentive of a local property tax exemption, which is authorized under ORS 308.450 to 308.481."

City Housing Goals:

- Restore, rehabilitate, and conserve existing sound housing as one method of maintaining housing as a physical asset that contributes to an area's desired character. (*Comprehensive Plan* Housing Policy Objective 4.5 Housing Conservation)
- Ensure that owners, managers, and residents of rental property improve the safety, durability, and livability of rental housing. (*Comprehensive Plan* Housing Policy Objective 4.5 Housing Conservation)

Area Plan Objective and Actions

***Albina Community Plan* (1993)**

- Preserve and encourage the rehabilitation of existing sound housing, especially rental housing. (Albina Community Plan Policy V, Objective 4)
- Publicize the availability of the ten-year property tax exemption for new construction and housing rehabilitation under the distressed area program. (Policy V, Housing, Housing Action H15)

***Outer Southeast Community Plan* (1996)**

- Encourage Property owners to maintain and improve their homes so that established neighborhoods remain stable and attractive. (Housing Policy Objective 6.)
- Designate Foster [Powell, Mt. Scott-Arleta and the northern 2/3 of Lents as "distressed areas" so that new single-family housing construction and rehabilitation are eligible for a limited tax abatement. Retain the "distressed area" designation for Brentwood-Darlington.(Housing Policy Housing Action H1)

Program Outcomes

Total Number of units: 150

Unit Type: 60 multifamily and 90 single-family

Attachment to APPENDIX 1: .
Studies of Transit-Oriented Development that Include Local NMUH and TOD Projects

A. **Findings of *Effects of TODs on Travel, Parking and Travel,*** Final Draft 8/01/2008 by the Transit Cooperative Research Program

The *Effects of TODs* study helped confirm that in the four metro areas studied, TOD development generates less traffic than conventional development. The metro areas studied are Philadelphia, NJ, San Francisco, Washington DC and Portland, Oregon. Information on three projects that have a TOD tax exemption and one that has a NMUH tax exemption is provided in the report.

Higher Use of Transit and Other Alternative Transit Modes in Mixed-Use TODs
In the *Effects of TODs*, the authors cited the results of a local Metro 1994 Travel Behavior Survey that illustrates the higher share of transit use and trips by other alternative modes in neighborhoods with TOD development. The reduction in automobile travel measured in vehicle miles traveled (VMT) is greater in TOD areas with a mixture of residential and commercial uses.

Table 10: Metro Travel Behavior Survey Results, all Trip Purposes (Portland OR)

	Mode share					
Land Use Type	**% Auto**	**% Walk**	**% Transit**	**% Bike**	**% Other**	**Daily VMT*per capita**
Good Transit and Mixed Use	58.1%	27%	11.5%	1.9%	1.5%	**9.80**
Good Transit Only	74.4%	15.2%	7.9%	1.4%`	1.1%	**13.28**
Rest of Multnomah Co.	81.5%	9.7%	3.5%	1.6%	3.7%	**17.34**
Rest of Region	87.3%	6.1%	1.2%	0.8%	4.6%	**21.79**

Source *Effects of TODs on Travel, Parking and Travel,* Final Draft 8/01/2008 by the Transit Cooperative Research Program
* VMT-Vehicle Miles Traveled

Reduced Auto Trips
A comparison between trip generation rates for TOD units and the average for apartments as determined by the Institute of Transportation Engineers (ITE) indicates that the units in three Portland TOD projects generate far fewer trips per day per household than the ITE standard for apartments. Center Commons is located near the NE 60th and Gilson Street MAX stop. Collins Circle is located in Goose Hollow at SW 18th and Jefferson near the Goose Hollow MAX stop. The Merrick is located near the Convention Center MAX light rail stop. Below is an excerpt from a larger chart in the study that includes the information on these three projects.

Excerpt from Table 2: Comparison of TOD-Housing and ITE Vehicle Trip Generation Rates: 24 Hour Estimates.

Project	**TOD Vehicle Trip Rate**	**ITE Standard Vehicle Trip Rate**	**TOD rate as a % of ITE Rate**	**% point difference from ITE Rate**
Center Commons	4.79	6.72	71.30%	-28.70%
Collins Circle	0.88	6.72	13.08%	-86.92%
The Merrick	2.01	6.72	29.84%	-70.16%

Source: The *Effects of TODs on Travel, Parking and Travel*

Reduced Auto Ownership:
Two local studies cited in The *Effects of TODs on Travel, Parking and Travel* note the the effect of living in a TOD on auto ownership.

1. Jennifer Dill of the Center for Transportation Studies at Portland State University found that 73 percent of households said moving to this place had not impact on the number of vehicles owner. Seventeen percent of households, however, said that they got rid of a vehicle because of characteristics of the neighborhood.

Table 17: Auto Ownership at Merrick TOD

# of **Vehicles**	**% of Households**
No Car	8%
One Car	75%
Two Cars	14%
Three Cars	3%

Source: Dill, 2005

2. A study cited in the *Effects of TODs on Travel, Parking and Travel* by C.Switzer (2002) found that at the Center Commons TOD, 30% of respondents owned fewer cars than they did at their previous residence, and that 37% of respondents did not own any car.

Table 16: Auto Ownership at Center Commons TOD

# of Vehicles	**Previously**	**Currently**	**Change**
No Car	21	36	42%
One Car	60	54	-10%
Two Cars	11	4	-64%
Three Cars	3-	2	33%
Five Cars	1	0	100%

Source: Switzer, 2002 The Center Commons Transit Oriented Development: A Case Study, MURP thesis, PSU

B. Summary of Research on the Merrick Apartments

PSU Center for Urban Studies
Center for Transportation Studies

Transit-Oriented Development Survey: The Merrick

PI: Jennifer Dill, PhD.

Background

The Merrick is a mixed-use, transit-oriented development (TOD) located at 1231 NE Martin Luther King Jr. Blvd in Portland, in the Lloyd Center/Rose Quarter area.

- 185 rental apartments, ground floor commercial and underground parking.
- One block away from a MAX station
- On a frequent service bus route

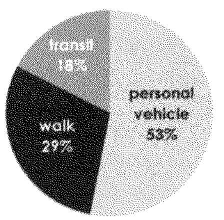
The primary purpose of a TOD is to create higher density, mixed-use near transit to increase transit riders.

Our Research

The purpose of our research was to document the way residents travel before and after living at The Merrick, their attitudes towards travel, and factors influencing their choice to live at The Merrick.

In February 2005, we delivered surveys to every occupied apartment. A letter of support from The Merrick manager and a Starbucks gift card of $3 dollars (an upfront thank you) were included. Reminder postcards and a second set of surveys were distributed to residents who had not responded. Over 40% of the residents responded, 76 total.

How do Merrick residents travel?



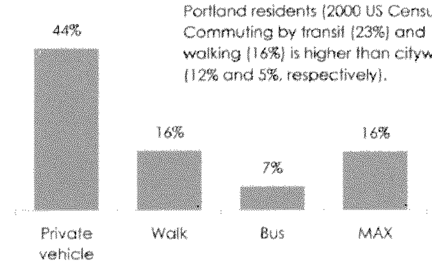
Just under half (47%) of all trips from The Merrick the previous week were by transit or walking, and 53% were made in private vehicles. Only 8% of the households had no vehicle available. This indicates that people are choosing not to drive.

Did moving to The Merrick change the way residents travel?

Merrick residents claim to be driving less and using transit and walking more compared to where they used to live.

- 68% claim to drive a lot to a little less now
- 70% claim to use transit a little to a lot more now
- 47% claim to walk a little to a lot more now

How do residents get to work/school?



Only 44% of Merrick residents regularly commute in a private vehicle, compared to 76% of Portland residents (2000 US Census). Commuting by transit (23%) and walking (16%) is higher than citywide (12% and 5%, respectively).

Why do residents live at The Merrick?

These were the top ten factors for Merrick residents when they looked for their current home:

High quality living unit
Easy access to downtown
Good public transit service
Relatively new living unit
Affordable living unit
Close to where I worked
Shopping areas within walking distance
High level of upkeep in neighborhood
Attractive appearance of neighborhood
Safe neighborhood for walking

Who lives at The Merrick?

The survey respondents were evenly split between men and women. In addition, the respondents:

- Are primarily single-person households (73%)
- Range in age from 20 to 87 (median age is 33 years)
- Have driver's licenses (92%)
- Largely have college degrees (68%)
- Work full time (75%)
- Have a range of income levels, with 41% earning $50,000 or greater

This research was sponsored, in part, by Metro.

Contact Information

Jennifer Dill, PhD
PSU Center for Urban Studies
P.O. Box 751 Portland, OR 97207-0751
jdill@pdx.edu • 503-725-5173 • www.pdx.edu/~jdill

Appendix 2: PDC Appendices on Monitoring and Compliance

Appendix 2
Basis for Termination and Denials

Single Family Home Terminations	Basis
10	Builder rented units
3	Over the sales price ($275,000)
17	Not owner occupied
4	New buyer did not apply
2	Buyer did not qualify (over income)
1	Customer requested termination
TOTAL: 37	

Multi Family/Transit Oriented Terminations	Basis
8	Unit not owner occupied
2	New owner did not apply
TOTAL: 10	

Applications Denied	Basis
14	Property owner above income limit ($67,500)
2	Property not in homebuyer opportunity area
1	Property above price limit
2	Not original owner
1	Never completed application
1	Never sub-divided property
1	Builder rented property
6	Applied after final permit issued
TOTAL: 28	

Appendix 2

Questionable Abatements and Terminations from 2007/08 Tax Year

Transit Oriented Ownership: 13 Questionable --> 4 Terminated

LTA #	Year Applied	Property Tax Code	Address	Met Requirements Abatement Continued
35	2002	R516799	737 NE 99TH AVE, UN 10	No
44	2002	R516760	737 NE 99TH AVE, UN 3	Yes
75	2002	R130793	5827 NE CENTER COMMONS WAY	Yes
123	2004	R553078	9837 NE IRVING ST, UN 308	Yes
156	2003	R168098	10345 NE CLACKAMAS ST, UN 2	Yes
159	2003	R168101	10345 NE CLACKAMAS ST, UN 5	Yes
165	2003	R168107	10345 NE CLACKAMAS ST, UN 11	Yes
169	2003	R168111	10345 NE CLACKAMAS ST, UN 15	No
177	2003	R168119	10345 NE CLACKAMAS ST, UN 23	Yes
209	2003	R553086	9837 NE IRVING ST, UN 316	Yes
225	2007	R553082	9837 NE IRVING ST, UN 312	No
227	2005	R553023	9817 NE IRVING ST, UN 219	Yes
255	2007	R588254	400 NE 100th, UN 49	No

Appendix 2 Cont.

Questionable Abatements and Terminations from 2007/08 Tax Year

New Multiple Unit Ownership: 21 Questionable --> 6 Terminated

LTA #	Year Applied	Property Tax ID Number	Site Address	Met Requirements Abatement Continued
1	2002	R522305	533 NE HOLLADAY ST, UN 609	Yes
10	2002	R517708	411 NW FLANDERS, UN 311	Yes
12	2002	R522294	533 NE HOLLADAY ST, UN 507	Yes
21	2002	R517706	411 NW FLANDERS ST, UN 309	Yes
27	2002	R517719	411 NW FLANDERS ST, UN 410	No
30	2002	R130817	5934 NE Hoyt St.	Yes
34	2002	R517744	411 NW FLANDERS ST, UN 611	No
37	2002	R518343	1030 NW 12TH AVE, UN 123	Yes
64	2002	R518362	1030 NW 12TH AVE, UN 211	No
65	2002	R522306	533 NE HOLLADAY ST, UN 601	Yes
66	2002	R522266	533 NE HOLLADAY ST, UN 206	No
73	2002	R518365	1030 NW 12TH AVE, UN 215	Yes
76	2003	R522316	533 NE HOLLADAY ST, UN 702	Yes
86	2003	R502230	1134 SW JEFFERSON ST, UN 202	No
98	2003	R502242	1134 SW JEFFERSON ST, UN 304	Yes
99	2003	R502243	1134 SW JEFFERSON ST, UN 305	Yes
105	2003	R502249	1134 SW JEFFERSON ST, UN 402	No
111	2003	R502256	1134 SW JEFFERSON ST, UN 409	Yes
116	2003	R502260	1134 SW JEFFERSON ST, UN 504	Yes
179	2003	R522277	533 NE HOLLADAY ST, UN 308	Yes
224	2000	R488671	8028 SE COOPER ST, UN B	Yes

Appendix 2 Cont.

Questionable Abatements and Terminations from 2007/08 Tax Year

Single Family Ownership: 97 Questionable --> 37 Terminated				
LTA #	**Year Applied**	**Property Tax Code**	**Site Address**	**Met Requirements Abatement Continued**
2953	2005	R537170	4632 NE ALBERTA ST	Yes
2963	2005	R214446	6619 SE 93RD AVE	No
2967	2005	R540754	6917 SE 81ST PL	No
2988	2005	R531027	9945 N DECATUR ST	Yes
2989	2005	R547564	9527 N Decatur St	Yes
2999	2005	R547560	9623 N HAVEN AVE	Yes
3003	2005	R131948	10005 SE INSLEY ST	No
3014	2005	R547607	9319 N HAVEN AVE	Yes
3017	2005	R550973	5907 NE 50TH PL	Yes
3021	2005	R215054	9903 N JERSEY ST	Yes
3022	2005	R311699	6402 NE BELLEVUE AVE	No
3027	2005	R547600	9423 N HAVEN AVE	Yes
3040	2005	R535258	3724 NE GRAND AVE	Yes
3053	2005	R531036	9924 N DECATUR ST	No
3061	2005	R155324	7033 NE 6TH AVE	No
3063	2005	R531039	9912 N DECATUR ST	Yes
3066	2005	R531019	9911 N DECATUR ST	Yes
3075	2005	R263568	4611 SE 87TH AVE	No
3076	2005	R575631	11937 SE HOLGATE BLVD, UN 6	No
3127	2006	R547742	4823 N MCCOY CT	Yes
3128	2006	R547743	8920 N FISKE AVE	Yes
3163	2006	R577003	4414 NE KILLINGSWORTH ST, UN 3	Yes

3165	2006	R577004	4414 NE KILLINGSWORTH ST, UN 4	Yes
3166	2006	R577009	4414 NE KILLINGSWORTH ST, UN 9	Yes
3167	2006	R577012	4414 NE KILLINGSWORTH ST, UN 12	Yes
3168	2006	R577014	4414 NE KILLINGSWORTH ST, UN 14	Yes
3172	2006	R547547	5015 N CECELIA ST	Yes
3179	2006	R107935	610 NE SUMNER ST	Yes
3180	2006	R577005	4414 NE KILLINGSWORTH ST, UN 5	Yes
3181	2006	R577006	4414 NE KILLINGSWORTH ST, UN 6	Yes
3184	2006	R577001	4414 NE KILLINGSWORTH ST, UN 1	Yes
3185	2006	R577007	4414 NE KILLINGSWORTH ST, UN 7	Yes
3186	2006	R577013	4414 NE KILLINGSWORTH ST, UN 13	Yes
3192	2006	R550243	777 NE 93RD AVE	Yes
3193	2006	R531028	9949 N DECATUR ST	No
3196	2006	R547732	8905 N MCCOY CT	Yes
3203	2006	R561086	1405 N KILPATRICK ST	No
3206	2006	R557278	4207 SE 94TH AVE	Yes
3208	2006	R589689	4622 N MCCOY CT	Yes
3219	2006	R550118	7852 SE SPRINGWATER DR	Yes
3220	2006	R137264	9211 N CLARENDON AVE	Yes

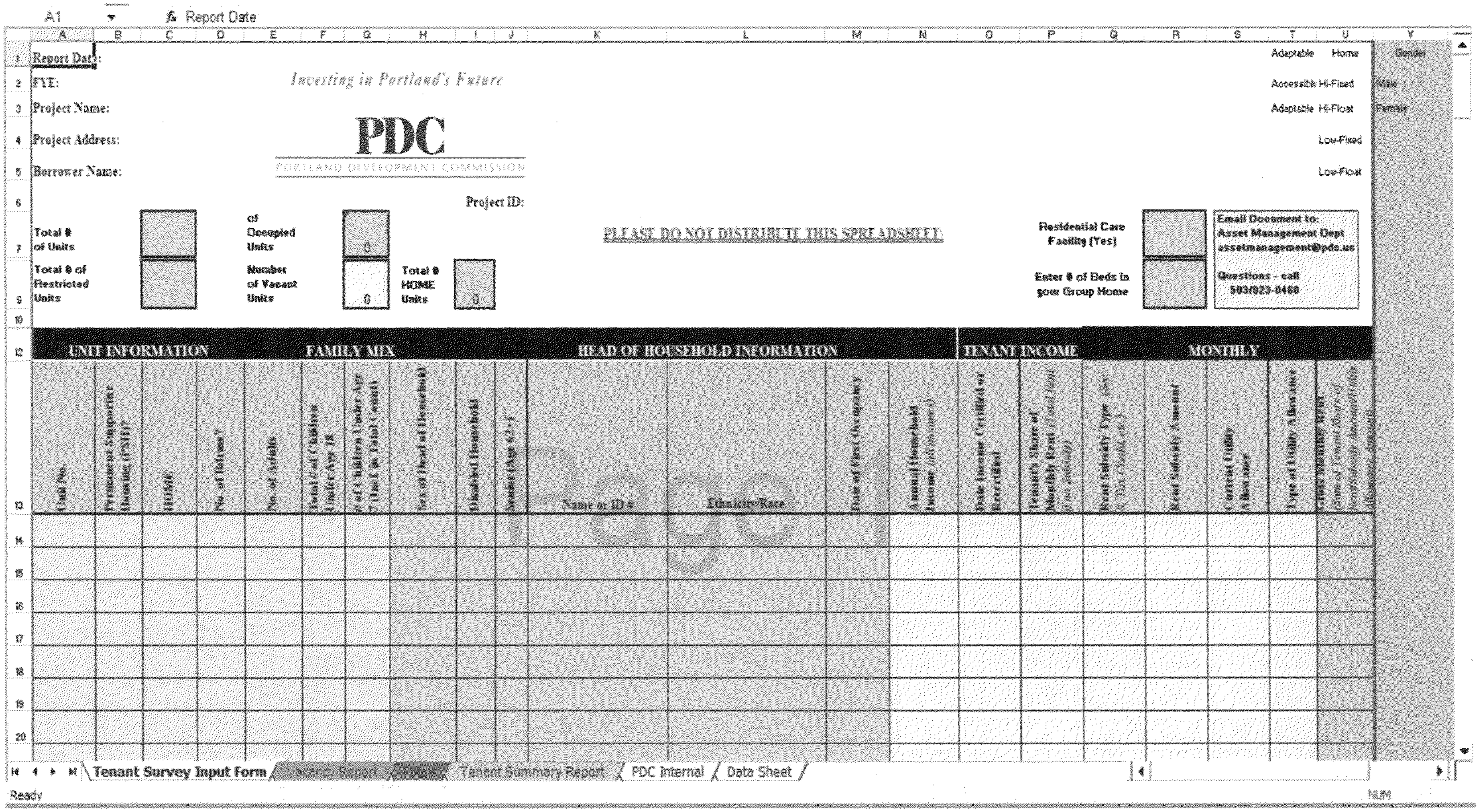
3227	2006	R577008	4414 NE KILLINGSWORTH ST, UN 8	Yes
3241	2006	R547720	4408 N MCCOY CT	Yes
3262	2006	R577002	4414 NE KILLINGSWORTH ST, UN 2	Yes
3266	2006	R577010	4414 NE KILLINGSWORTH ST, UN 10	Yes
3267	2006	R547850	4527 N NEWARK ST	Yes
3269	2006	R573403	9454 N WOOLSEY AVE	Yes
3292	2006	R573426	9306 N WOOLSEY AVE	Yes
3293	2006	R573427	9302 N WOOLSEY AVE	Yes
3325	2006	R565984	3721 B SE 136TH AVE	No
3332	2006	R569889	5720 NE BEECH ST	Yes
3342	2006	R586362	7918 SE 80TH PL	Yes
3343	2006	R586361	7924 SE 80TH PL	Yes
3350	2006	R547801	9612 N DWIGHT AVE	Yes
3355	2006	R582297	6517 SE 89TH AVE	Yes
3375	2006	R572938	10217 N ZIEGLER AVE	Yes
3387	2006	R590230	6716 N. PITTSBURG AVE, UN 6716	No
3394	2006	R89923	3051 N HOUGHTON ST	No
3409	2007	R496437	4606 SE 115TH AVE	Yes
3447	2007	R557169	8636 SE ISABELLA CT	Yes
3452	2007	R590151	4040 N MONTANA AVE, UN 1	Yes
3453	2007	R168040	6660 SE 72nd Ave.	Yes
3487	2007	R547864	4518 N FESSENDEN ST	No
3492	2007	R598016	4239 SE 79TH AVE	No

3494	2007	R598018	4247 SE 79TH AVE, UN 4247	No
3528	2007	R594093	9030 N VAN HOUTEN AVE	Yes
3532	2007	R582429	7827 SE HARNEY	Yes
3535	2007	R589937	7424 SE HENDERSON ST	No
3537	2007	R552002	9305 N CALHOUN AVE	Yes
3538	2007	R570394	3233 SE 122ND AVE	Yes
3544	2007	R577554	12631 SE BOISE	Yes
3556	2007	R576838	6824 N NASHTON ST	No
3562	2007	R600800	10114 SE PARDEE	No
3565	2007	R599480	6022 NE Skidmore St.	No
3617	2007	R547577	9632 N HAVEN	Yes
3647	2007	R600431	17322 SE Sherman St	No
3744	2007	R576975	3320 SE 150TH	No
3764	2007	R574746	757 NE 94th Ave	No
3765	2007	R305112	761 NE 94th Ave	No
3863	2007	R577465	9513 N Todd St	Yes
3872	2007	R204977	3738 SE 62ND AVE	Yes
3877	2007	R591051	4622 SE NEHALEM ST	No
3918	2007	R600444	9731 N CLARENDON AVE	No
3925	2007	R242137	2548 N WILLIS BLVD	Yes
4006	2007	R593751	4900 SE 122ND AVE UNIT 1	No
4007	2007	R593752	4904 SE 122ND AVE UNIT 2	No
4008	2007	R593755	4920 SE 122ND AVE UNIT 5	No
4009	2007	R593756	4924 SE 122ND AVE UNIT 6	No
4010	2007	R593757	4930 SE 122ND AVE UNIT 7	No
4011	2007	R593760	4942 SE 122ND AVE UNIT 10	No
4056	2007	R547664	8978 N HAVEN AVE	No

4074	2007	R612754	6107 SE WOODSTOCK BLVD, UN 4	No
4099	2007	R602382	13000 SE DIVISION ST	No
4101	2007	R602383	13022 SE DIVISION ST	Yes
4111	2007	R602376	2530 SE 130TH AVE	No
4122	2007	R608788	2710 SE 141ST AVE, UN 11	Yes
4123	2007	R608789	2710 SE 141ST AVE, UN 12	No

Appendix 2

Sample Tenant Survey Input Form (for Rental properties)



A1 Report Date

Report Date:

FYE:

Project Name:

Project Address:

Borrower Name:

Investing in Portland's Future

PDC

PORTLAND DEVELOPMENT COMMISSION

Project ID:

Total # of Units

Total # of Restricted Units

# of Occupied Units 0

Number of Vacant Units 0

Total # HOME Units 0

PLEASE DO NOT DISTRIBUTE THIS SPREADSHEET.

Residential Care Facility (Yes)

Enter # of Beds in your Group Home

Email Document to:
Asset Management Dept
assetmanagement@pdc.us

Questions - call
503/823-0468

Adaptable / Accessible / Adaptable — Home: Hi-Fixed, Hi-Float, Low-Fixed, Low-Float — Gender: Male, Female

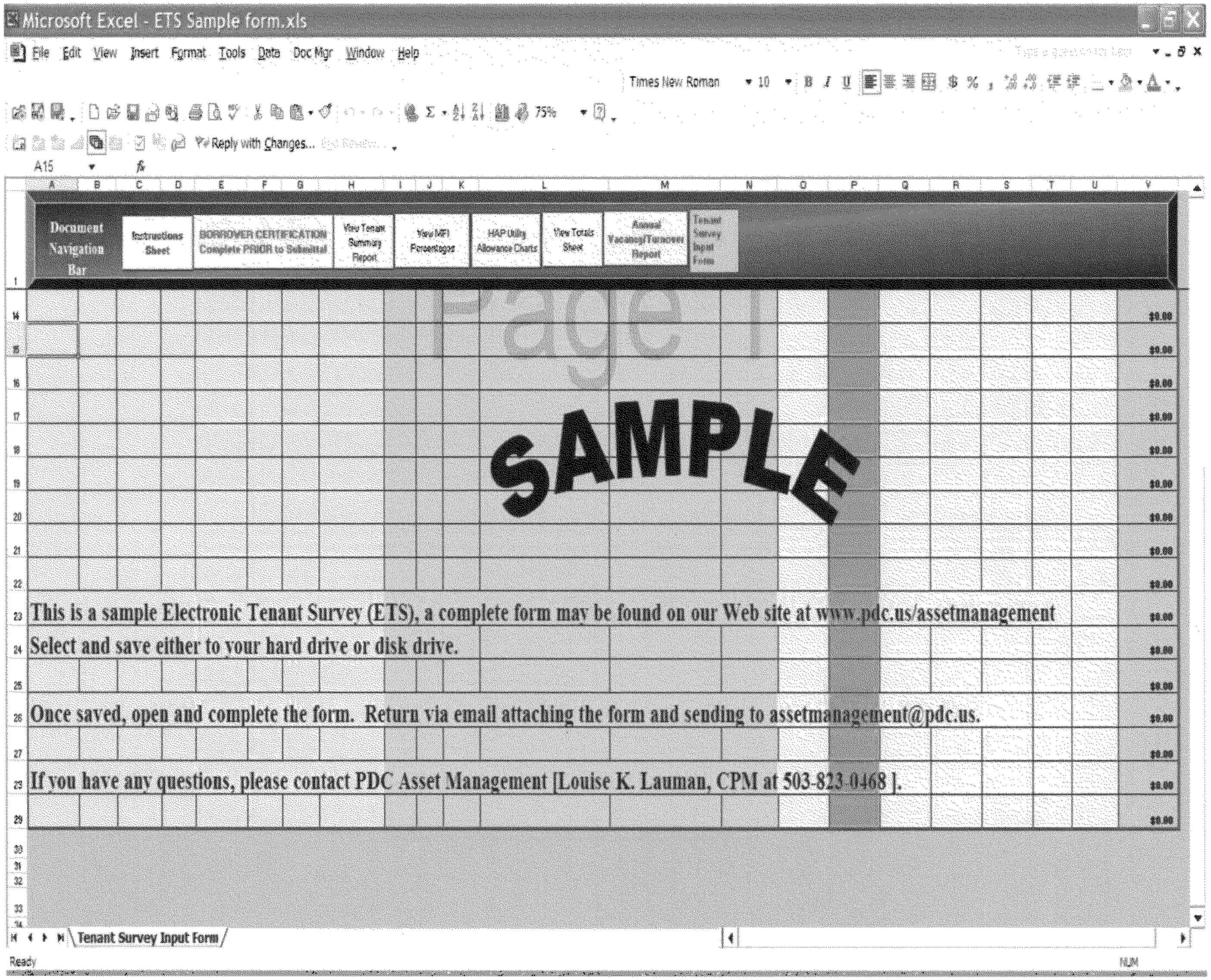
UNIT INFORMATION				FAMILY MIX						HEAD OF HOUSEHOLD INFORMATION				TENANT INCOME		MONTHLY				
Unit No.	Permanent Supportive Housing (PSH)?	HOME	No. of Bdrms?	No. of Adults	Total # of Children Under Age 18	# of Children Under Age 7 (Incl. in Total Count)	Sex of Head of Household	Disabled Household	Senior (Age 62+)	Name or ID #	Ethnicity/Race	Date of First Occupancy	Annual Household Income *(all incomes)*	Date Income Certified or Recertified	Tenant's Share of Monthly Rent *(Total Rent if no Subsidy)*	Rent Subsidy Type *(Sec 8, Tax Credit, etc.)*	Rent Subsidy Amount	Current Utility Allowance	Type of Utility Allowance	Gross Monthly Rent *(Sum of Tenant Share of Rent/Subsidy Amount/Utility Allowance Amount)*

Tenant Survey Input Form / Vacancy Report / Totals / Tenant Summary Report / PDC Internal / Data Sheet

Ready

Appendix 2 Cont.

Sample Tenant Survey Input Form (for Rental properties)



BOGSTAD Deborah L

From: BOGSTAD Deborah L
Sent: Thursday, February 05, 2009 4:11 PM
To: 'Dr. Robert McKean [bob_mckean@centennial.k12.or.us]'; 'Bob Dunton [bdunton@corbett.k12.or.us]'; 'Barbara K. Rommel [barbara_k._rommel@ddouglas.k12.or.us]'; 'John Miner [john_miner@gbsd.gresham.k12.or.us]'; 'Dr. Karen Fischer Gray [karen_gray@parkrose.k12.or.us]'; 'Carole Smith [superintendent@pps.k12.or.us]'; 'Robert Fisher [robert_fisher@reynolds.k12.or.us]'
Subject: Multnomah County Commission Meeting for Thursday, February 12, 2009

Greetings Superintendents!

Chair Wheeler's Chief Operating Officer Bill Farver asked me to invite you attend the County Board Meeting at 10:00 a.m. on Thursday, February 12, 2009, in the Multnomah County Commissioners Boardroom, when City of Portland Commissioner Nick Fish will present the Tax Abatement Report.

The materials submitted for this agenda item (R-2) can be accessed online at http://www.co.multnomah.or.us/cc/WeeklyAgendaPacket/
Click onto the folder labeled R-2 for the documents contained therein.

If you have any questions, please feel free to contact me.

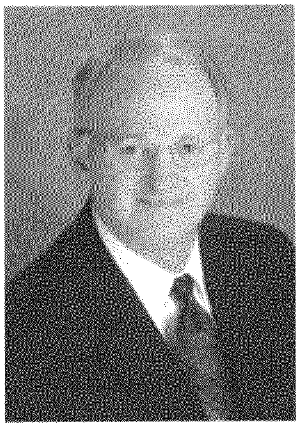
Deb Bogstad, Board Clerk
Multnomah County Commissioners
501 SE Hawthorne Boulevard, Suite 600
Portland, Oregon 97214-3587
☎(503) 988-3277
🖷 (503) 988-3013
✉deborah.l.bogstad@co.multnomah.or.us
http://www.co.multnomah.or.us/cc/index.shtml

Multnomah County School District Superintendents

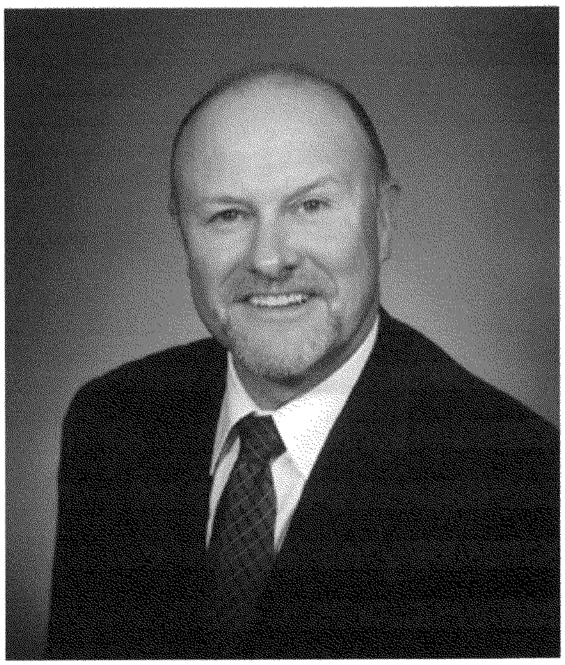
Centennial 28J 18135 SE Brooklyn Street Portland, OR 97236 1099 503-760-7990	Dr. Robert McKean	bob_mckean@centennial.k12.or.us
Corbett 39 35800 Historic Columbia River Highway Corbett, OR 97019 9629 503-695-3612	Bob Dunton	bdunton@corbett.k12.or.us
David Douglas 40 1500 SE 130th Avenue Portland, OR 97233 1799 503-252-2900	Barbara K. Rommel	barbara_k._rommel@ddouglas.k12.or.us
Gresham-Barlow 10 1331 NW Eastman Parkway Gresham, OR 97030 3825 503-618-2450	John Miner	john_miner@gbsd.gresham.k12.or.us
Parkrose 3 10636 NE Prescott Street Portland, OR 97220 2699 503-408-2114	Dr. Karen Fischer Gray	karen_gray@parkrose.k12.or.us
Portland 1J PO Box 3107 Portland, OR 97208 3107 503-916-2000	Carole Smith	superintendent@pps.k12.or.us
Reynolds 7 1204 NE 201st Avenue Fairview, OR 97024 9642 503-661-7200	Robert Fisher	robert_fisher@reynolds.k12.or.us

Revised 02/05/09

Superintendent Barbara Rommel
David Douglas School District 40



Superintendent Robert McKean
Centennial School District 28J



Superintendent John C. Miner
Gresham-Barlow School District 10

Superintendent Carole Smith
Portland School District 1J

BOGSTAD Deborah L

From: Karen Gray [karen_gray@parkrose.k12.or.us]
Sent: Friday, February 06, 2009 12:21 PM
To: BOGSTAD Deborah L
Cc: bob_mckean@centennial.k12.or.us; bdunton@corbett.k12.or.us; barbara_k._rommel@ddouglas.k12.or.us; john_miner@gbsd.gresham.k12.or.us; superintendent@pps.k12.or.us; robert_fisher@reynolds.k12.or.us
Subject: Re: Multnomah County Commission Meeting for Thursday, February 12, 2009

Deborah,

Thank you for the invitation. I cannot attend. In the future, I would really appreciate more than one weeks notice in order for me to be able to attend a meeting.

Thank you and I hope you will ask again,
Karen Gray

On Thu, Feb 5, 2009 at 4:10 PM, BOGSTAD Deborah L <deborah.l.bogstad@co.multnomah.or.us> wrote:

> Greetings Superintendents!
>
> Chair Wheeler's Chief Operating Officer Bill Farver asked me to invite you attend the County Board Meeting at 10:00 a.m. on Thursday, February 12, 2009, in the Multnomah County Commissioners Boardroom, when City of Portland Commissioner Nick Fish will present the Tax Abatement Report.
>
> The materials submitted for this agenda item (R-2) can be accessed online at http://www.co.multnomah.or.us/cc/WeeklyAgendaPacket/
>
> Click onto the folder labeled R-2 for the documents contained therein.
>
> If you have any questions, please feel free to contact me.
>
> **Deb Bogstad, Board Clerk**
> **Multnomah County Commissioners**
> **501 SE Hawthorne Boulevard, Suite 600**
> **Portland, Oregon 97214-3587**
> **☎(503) 988-3277**
> **🖶 (503) 988-3013**
> **✉deborah.l.bogstad@co.multnomah.or.us**

BOGSTAD Deborah L

From: Barbara Rommel [barbara_rommel@ddouglas.k12.or.us]

Sent: Friday, February 06, 2009 1:01 PM

To: BOGSTAD Deborah L

Subject: Re: Multnomah County Commission Meeting for Thursday, February 12, 2009

Thank you for letting me know about this report. I will attend.

On Thu, Feb 5, 2009 at 4:10 PM, BOGSTAD Deborah L <deborah.l.bogstad@co.multnomah.or.us> wrote:

> Greetings Superintendents!
>
> Chair Wheeler's Chief Operating Officer Bill Farver asked me to invite you attend the County Board Meeting at 10:00 a.m. on Thursday, February 12, 2009, in the Multnomah County Commissioners Boardroom, when City of Portland Commissioner Nick Fish will present the Tax Abatement Report.
>
> The materials submitted for this agenda item (R-2) can be accessed online at http://www.co.multnomah.or.us/cc/WeeklyAgendaPacket/
>
> Click onto the folder labeled R-2 for the documents contained therein.
>
> If you have any questions, please feel free to contact me.
>
> **Deb Bogstad, Board Clerk**
> **Multnomah County Commissioners**
> **501 SE Hawthorne Boulevard, Suite 600**
> **Portland, Oregon 97214-3587**
> **☎(503) 988-3277**
> **🖷 (503) 988-3013**
> **✉deborah.l.bogstad@co.multnomah.or.us**
> **http://www.co.multnomah.or.us/cc/index.shtml**
>
>

BOGSTAD Deborah L

From: John Miner [john_miner@gbsd.gresham.k12.or.us]
Sent: Friday, February 06, 2009 3:09 PM
To: BOGSTAD Deborah L
Cc: bob_mckean@centennial.k12.or.us; bdunton@corbett.k12.or.us; barbara_k._rommel@ddouglas.k12.or.us; karen_gray@parkrose.k12.or.us; superintendent@pps.k12.or.us; robert_fisher@reynolds.k12.or.us
Subject: Re: Multnomah County Commission Meeting for Thursday, February 12, 2009

Thanks for the invite. Unfortunately, I will be out of town. I appreciate your office keeping us in the loop.

John C. Miner
Superintendent
Gresham-Barlow School District

(503) 618-2444 Office
(503) 666-9533 Fax
john_miner@gbsd.gresham.k12.or.us

"BOGSTAD Deborah L" <deborah.l.bogstad@co.multnomah.or.us> writes:

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Residential Tax Abatement Program 2008 ANNUAL REPORT

CITY OF PORTLAND BUREAU OF PLANNING

PDC

The Bureau of Planning

The Portland Development Commission

February 12, 2009

Purpose

2

- Policy Context
- Overview of active programs
- Results of Compliance Monitoring
- Next Steps

Housing Policy Discussions

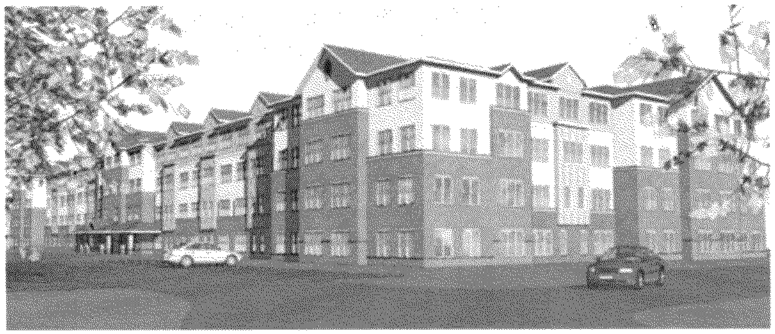
3

✓ Present Annual Report to City Council and Multnomah County

- Upcoming Discussions
  - Review of Existing Abatement Programs (early 2009)
  - Policy Discussion with City/County 2009
  - Creation of new Housing Bureau 2009
  - Long Term Policy

    Portland Plan

    (2008-2010)



Policy Context of the Programs

4

- **Non-Profit Low Income Housing (rental)** Supports an adequate supply of low income housing and prevention of homelessness
- **New Multiple Unit Housing (rental & ownership)** Supports living close to work, a residential community in the Central City and accommodation of population growth
- **Single Family New Construction (ownership)** Supports neighborhood revitalization and affordable homeownership
- **Transit Oriented Dev. (rental & ownership)** Supports public investment in transit and accommodation of population growth.
- **Rehabilitation (rental properties & homeowners** Supports the preservation of the housing stock and neighborhood revitalization

- -

Active Program Information

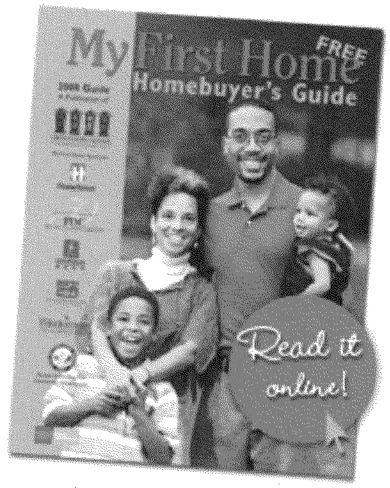
Program Name:	Units	Taxes
Non-Profit Low Income Housing (rental)	7,790	$6.8m
New Multiple Unit Housing (rental & ownership)	2,856	$4.6m
Single Family New Construction (ownership)	2,056	$3.7m
Transit Oriented Dev. (rental & ownership)	971	$1.4m
Rehabilitation (rental properties & homeowners)	150	$200k

- Results in about $16.7M in foregone taxes –

Results of Monitoring

Ownership Units – 47 Terminations
$83,000 in Property Taxes

Audited Single Family Abatements	419
Number identified for possible termination	97
Documentation satisfied	60
Terminations	**37**
Estimated value of terminations	***$67,451***



Audited Multi Unit & Transit Oriented Abatements	279
Number identified for possible termination	34
Documentation satisfied	24
Terminations	**10**
Estimated value of terminations	***$15,328***

Detailed Basis for Terminations

7

Single Family Homes Abatements Terminated	Basis
10	Builder rented units
3	Over the sales price ($275,000)
17	Not owner occupied
4	New buyer did not apply
2	Buyer did not qualify (over income)
1	Customer requested termination
TOTAL: 37	

Multi Family/Transit Oriented Units Abatements Terminated	Basis
8	Unit not owner occupied
2	New owner did not apply
TOTAL: 10	

Results of Monitoring

Transit Oriented and Multi Family Rental Units

1,350 Active for 2008/09 (249 expired in 2008)

2008 - Transit Oriented 431 Units Median Family Income Levels	
30% and below	0
50% and below	28
60% and below	347
75% and below	56
80% and below	0
Number expired in 2007/08	**21**
Number of Remaining Abatements	***410***

2008 - Multi Family 1168 Units Median Family Income	
30% and below	0
50% and below	198
60% and below	912
75% and below	0
80% and below	58
Number of units expired in 2007/08	**228**
Number of Remaining Abatements	***940***

28 Single Family Applications Denied

9

Applications Denied	Basis
14	Property owner above income limit ($67,500)
2	Property not in homebuyer opportunity area
1	Property above price limit
2	Not original owner
1	Never completed application
1	Never sub-divided property
1	Builder rented property
6	Applied after final permit issued
TOTAL: 28	

Near Term Priorities (60 - 120 Days)

10

- Expiring Transit Oriented Abatements which apply for an Extension

- Council authorization on new Single Family applications: submission to County

- Develop workplan and tim[illegible] County

11

Questions and Comments

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only	
Meeting Date:	02/12/09
Agenda Item #:	R-3
Est. Start Time:	10:30 AM
Date Submitted:	02/03/09

Agenda Title:	**RESOLUTION Accepting the City of Portland-Multnomah County Animal Services Taskforce Report and Creating a Joint City-County Animal Services Implementation Team**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	30 minutes
Department:	Community Services	**Division:**	Animal Services
Contact(s):	Mike Oswald		
Phone:	503-988-7387 **Ext.** 25234	**I/O Address:**	B 324
Presenter(s):	City Commissioner Randy Leonard, Mike Oswald, and Taskforce Members		

General Information

1. What action are you requesting from the Board?

Adopt a Resolution to accept the City-County Animal Services Taskforce report and direct the Animal Services Division to convene a joint City-County Animal Services Implementation Team

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

In December 2007, the Board directed the animal services division to convene a joint City of Portland-County Animal Services Taskforce with the Portland Development Services Bureau to study options for providing animal services in the city. The joint taskforce was formed and met from March 2008 through December 2008. The taskforce delivered a final report to County Chair Ted Wheeler and Portland City Commissioner Randy Leonard on December 16, 2008. The Taskforce report makes recommendations to the City Council and the County Commission to improve services. The Taskforce recommends that the Council and Commission create a joint City-County Animal Services Implementation Team to develop a written plan to identify specific actions and timelines for implementing the report's recommendations.

3. **Explain the fiscal impact (current year and ongoing).**

   The implementation of taskforce recommendations would impact the FY2011 budget.

4. **Explain any legal and/or policy issues involved.**

   The taskforce report recommends that the City of Portland and the County work in partnership to develop animal services policy.

5. **Explain any citizen and/or other government participation that has or will take place.**

   The Joint City-County Animal Services Taskforce membership included representatives from the county health department, city parks, the veterinary community, not-for-profit animal advocacy organizations, county animal services division, the city revenue Bureau, and concerned citizens. The taskforce held four public forums to solicit and gather ideas, concerns and priorities from the public on how to improve animal services in the city.

Required Signature

Elected Official or Department/ Agency Director: M. Cecilia Johnson

Date: 02/03/09

Board Briefing

Capital & Infrastructure Overview

February 10, 2009

Agenda

- **Capital Overview** (FTE & Dollars)
- **Capital Strategy** (Funding Priorities & Long Term Revenue)
- **Challenges** (Current & Future)
- **Financial Policies**

Presenters

- **Facilities & Property Management Division** – Bob Thomas & John Lindenthal
- **Transportation Division** – Kim Peoples & Ian Cannon
- **Financial Policies** – Mark Campbell

CAPITAL OVERVIEW (FTE & DOLLARS)

Facilities & Property Management Division

Multnomah County's Building Portfolio

- 3.2 Million sq ft 132 buildings
- Owned space, 2.8 Million sq ft
- $1.0 Billion estimated replacement value for major buildings only
- Leased space, 400 K sq ft

FY 2009 Budget

- $41 M Facilities Management, $58 M Capital Program
- $ 14.26 per sq ft, $2.35 capital per sq ft investment
- 96.5 FTE

CAPITAL STRATEGY

Funding Priorities & Long Term Revenue

Managing Short Term and Long Term Risk:

- Balancing maintenance & capital
- Preventative maintenance reduces deferred maintenance
- Reduction in deferred maintenance reduces capital needs

Likewise:

- Reducing maintenance increases deferred maintenance
- Increasing deferred maintenance increases capital needs

CAPITAL STRATEGY

Funding Priorities & Long Term Revenue

Facilities Strategic Plan – (Adopted 2005)

1. Plan called for migrating the County's real estate portfolio to include only well sited, high-performance, affordable, and sustainable facilities by 2015.
2. Strategic Plan called to fully fund the operating costs of owned Tier 1 facilities including compliance and preventative maintenance. In addition, the County will stay completely current on its non-seismic capital maintenance program.
   - Tier System to manage assets
   - Disposition Plan to reduce portfolio size
3. Ensure that FPM is utilizing the best practices for buildings and operations.

CAPITAL STRATEGY

Funding Priorities & Long Term Revenue

Capital Improvement Program (CIP) 5-yr plan – Process

- Input for projects – Departments, Operations and Maintenance, Project Managers, Property Managers, Facility Asset Management Evaluation (FAME)

- Funding Priority* – Projects are evaluated and ranked.

  *Priorities are fire/life safety, roofs, building envelope, plumbing, HVAC, electrical, etc.

CHALLENGES (Current & Future)

FY2009 Challenges

- Current – BCC direction needed
  - East County Justice Center
  - Downtown Courthouse repairs
  - McCoy Building urgent repairs

CHALLENGES (Current & Future)

Future Challenges - Attaining Goals of Strategic Plan

- long range revenues
- Note: need $4.58/sq.ft./yr for 30 yrs to meet current projected needs excluding seismic

Managing the risk – Facilities Alternatives/ choices –

- status quo – not recommended
- change portfolio, i.e. size or configuration
- sustainable funding

CAPITAL OVERVIEW (FTE & DOLLARS)

Transportation Division

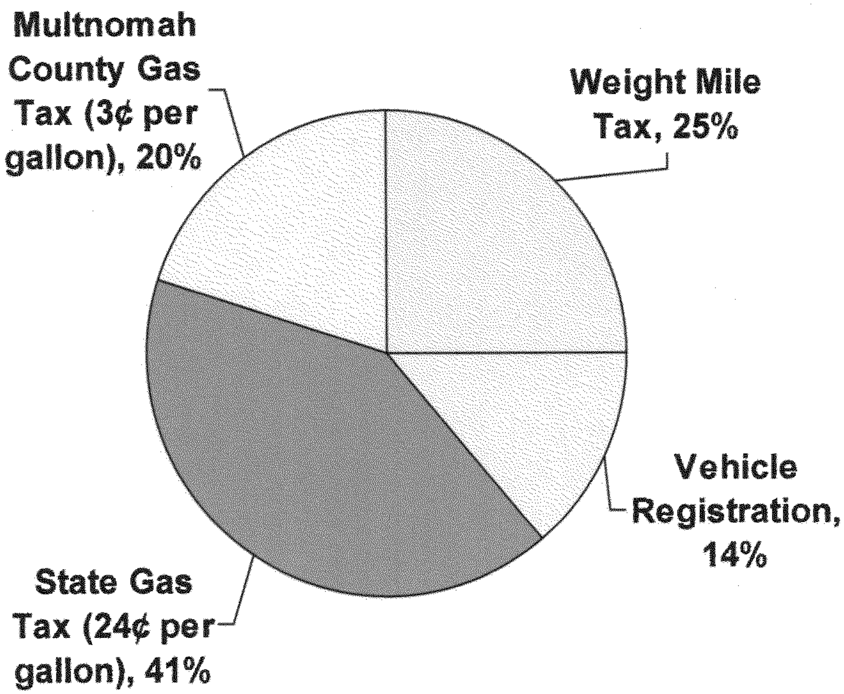
Capital Assets

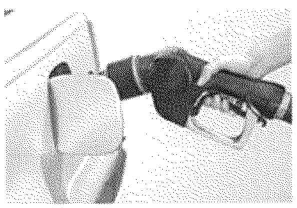
- **300 Miles of Roads** – 10% Urban (in the cities of Fairview, Troutdale, Wood Village), 90% Rural
- **6 Willamette River Bridges** - 5 in City of Portland, 1 Rural (Sauvie Island)

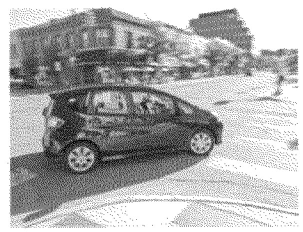
FY09 Budget

- **Roads**
  - 12 FTE
  - $10.0M
- **Bridges**
  - 19 FTE
  - $11.6M
- **Transportation Planning**
  - 3 FTE

CAPITAL STRATEGY
Revenue







Percentages are rounded.

CAPITAL STRATEGY

Capital Improvement Plan and Program (CIPP)

- Developed through work with the communities, the City of Portland and East County cities, the Bicycle and Pedestrian Advisory Committee, and Engineering and Transportation Planning staff.
- The Plan identifies and sets priorities for bridge, road, bicycle, pedestrian, and preservation projects that support communities and a thriving economy.
- The Program assigns available funds to the highest ranked projects, based on: Safety, Support of Land Use Goals, Engineering Evaluation, Community Support.

CAPITAL STRATEGY

Priorities – Current Debt Obligations

- 257th Avenue @ Orient Drive Loan
- Sauvie Island Bridge Loan
- 223rd RR Undercrossing

Priorities – Funded Projects

- Morrison Bridge Bicycle/Pedestrian Facility
- 238th Avenue Safety

CAPITAL STRATEGY

Priorities - Pending Funding

- Sellwood Bridge
- Cornelius Pass Road Safety
- Beaver Creek Culvert Replacements (partially funded - $1M of $7M)
- Morrison Bridge Deck Replacement (partially funded - $6.6M of $10M)
- Broadway Bridge Painting

CHALLENGES (Current & Future)

- Declining Revenues: Since 1993,the number of vehicle miles traveled has risen by 19%, while gas tax revenues have increased 3%. Vehicles are more fuel efficient.
- Since 1993 inflation is up more than 50%.
- County has backlog of deferred maintenance, particularly for roads, that is growing at an alarming rate. (20 year funding gaps; Roads $355M, Bridges $490M).
- County's core responsibility to provide a safe environment for the traveling public is seriously compromised by lack of funds.
- County is currently unable to fund an adequate transportation capital improvement program.

REVENUE OPPORTUNITIES

- Federal Economic Stimulus Package
- Governor's Transportation Package
- Federal Transportation Reauthorization Legislation

FINANCIAL POLICIES

General Obligation Bonds

- require vote approval
- secured by property tax levy
- not subject to Measure 5 limits
- current rating (Moody's) – AA1

Full Faith & Credit Obligations

- do not require voter approval
- secured by any County revenue source(s)
- current rating (Moody's) – AA2

FINANCIAL POLICIES

- **Policy Statement – Short Term and Long Term Debt Financings**

"The County will attempt to meet its capital maintenance, replacement, or acquisition requirements on a pay-as-you-go basis. If the amount of the capital requirement cannot be met on a pay-as-you-go basis, if it is financially beneficial to issue debt, and if the project has been determined to benefit future citizens, the County will evaluate the feasibility of issuing a long-term debt financing instrument."

FINANCIAL POLICIES

- **Statutory debt limits**
  - State of Oregon – GO Bonds
  - 2% of real market value = $2 Billion
  - State of Oregon – Full Faith & Credit Bonds
  - 1% of real market value = $1 Billion
- **BUT, practically speaking**
  - debt limit = what we can afford to support in annual debt payments

FINANCIAL POLICIES

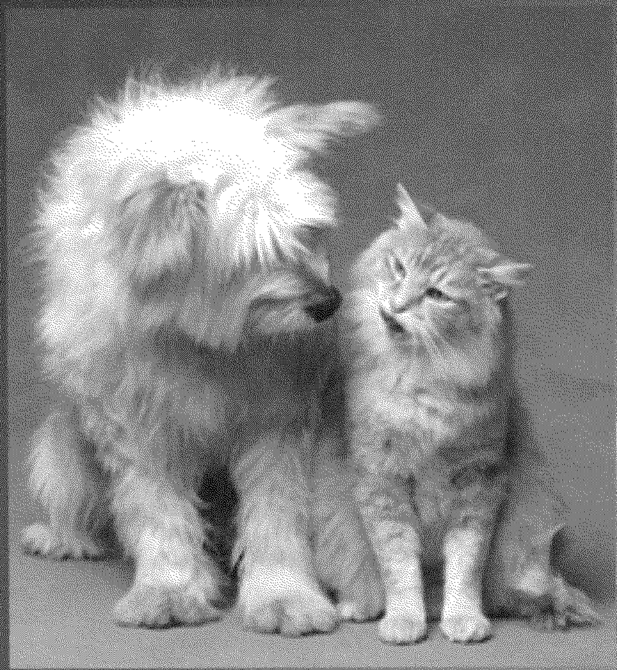
- **Internal County Policy**
  - more restrictive than statutory limits
  - linked to ability to pay
  - limits impact of debt on ongoing programs

- Non-voter approved debt limited to annual payments that do not exceed 5% of General Fund Revenues (*Financial & Budget Policies, pp. 22-23*)

FINANCIAL POLICIES

Current Outstanding Debt by Type

	Principal Balance	Annual Debt Service	# Years to Payoff
General Obligation Bonds	$ 63,125,000	$ 9,232,000	9
Revenue Bonds	5,320,000	827,000	8
Pension Obligation Bonds	165,583,000	13,542,000	22
Full Faith & Credit Obligations	75,505,000	6,993,000	12
Certificates of Participation	12,550,000	1,851,000	5
Capital Leases	1,043,000	118,000	24
Total Debt	$ 323,126,000	$ 32,563,000	
(Less) GO Bonds	(63,125,000)	(9,232,000)	
(Less) Pension Obligation Bonds	(165,583,000)	(13,542,000)	
(Less) Revenue Bonds	(5,320,000)	(827,000)	
Debt Subject to County Policy	$ 89,098,000	$ 8,962,000	
General Fund Revenues (FY 2009)		$ 343,000,000	
Current GF Supported Debt as % of Revenue		2.61%	
Available Annual Debt Service per Policy		$ 8,188,000	



City of Portland & Multnomah County

Animal Services Taskforce

RECOMMENDATIONS FOR ANIMAL SERVICES

The Problem

And The Opportunity

The Problem

- The Multnomah County GF cannot keep pace with demand for animal services.
- New funding sources are essential.

- Only 14% of pet owners license their pets.
- Complying owners first want all to pay their fair share.

- Shelter intake is increasing (41% since 2001).
- 45% (4,438 animals) were euthanized in 2007.

- The County Animal Shelter is old, under-sized, inconveniently located, and costly to operate.

- City Council, County Commission, and residents have raised concerns about the status of animal services.

The Opportunity

- Expectations and demand from an urbanizing City population will continue to grow.

- 86% currently do not pay their fare share.
- The Licensing "brand" can be incentivized.
- The City and County have a successful partnership track record.

- Residents of the "Pet-Friendly City" increasingly find the rate of euthanasia heart-breaking and unacceptable.

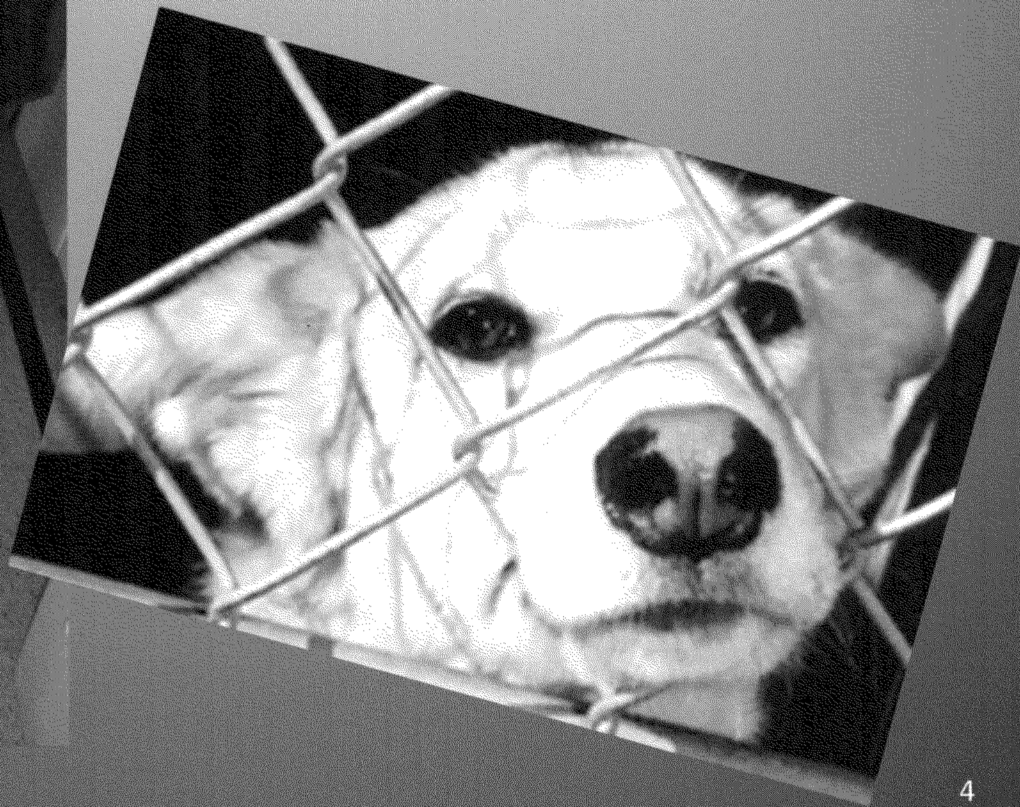
- Portland prides itself as an incubator of accessibility, innovation and excellence.
- There is urgent need for change.

- Via a City/County partnership, we can dramatically improve quality of life for two-and-four-legged citizens.

Recommendations

A City/County Partnership

A Framework for the Future

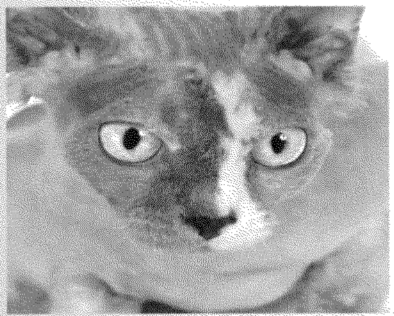


- A value-added registration program that incentivizes and builds participation.
- Funding to restore and enhance services through increased animal registration fees.
- Compliance enforcement and collections so that all participate and pay their fair share.
- A modern, accessible, innovative county-wide animal shelter and animal services facility.
- Spay/neuter and education programs that will solve problems and mitigate costs over the long term.
- Increased citizen engagement, starting with citizen representation on an Implementation Committee.

Year One Start-Up Expenditures

- Initial brand marketing and outreach
- Collections system set-up and IT database integration
- Transportation vehicle for Spay and Neuter program

TOTAL AS PROPOSED: $495,000



Restored and Enhanced Program Operations (annual, fully phased-in)

Urban Services Officers:	$750,000
Additional Walk-in Shelter Hours:	$170,000
Spay and Neuter Services	$194,000
Community Outreach & Education	$616,000*
Total Restored and Enhanced Services Cost, Year Five	$1,730,000
Total Additional Revenues, Year Five	**$1,780,000**

Questions?

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _______

Accepting the City of Portland-Multnomah County Animal Services Taskforce Report and Creating a Joint City-County Animal Services Implementation Team

The Multnomah County Board of Commissioners Finds:

a. The City of Portland contracts with Multnomah County, through an Intergovernmental Agreement, to provide animal services to the City.

b. Multnomah County can no longer fund the level of animal services in the city that meets the growing expectations and demands from the citizens of Portland.

c. On December 20, 2007, the Board directed the County Animal Services Division to convene a joint committee with the City's Bureau of Development Services, to study options for providing animal services in the city.

d. The City-County Animal Services Taskforce was convened, met from March through November 2008, and delivered its final report to County Chair Ted Wheeler and City Commissioner Randy Leonard on December 16, 2008.

The Multnomah County Board of Commissioners Resolves:

1. The Board accepts the City-County Animal Services Taskforce report attached as Exhibits A-E.

2. The Board directs the County Animal Services Division to convene a joint Animal Services Implementation Team with the Portland Bureau of Development to design a plan to implement the proposals contained in the taskforce report.

3. The joint Animal Services Implementation Team shall report its findings to the Board no later that June 30, 2008.

ADOPTED this 12th day of February 2009.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

____
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By______________________________
Bernadette D. Nunley, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, County Chair

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

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BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By

Bernadette D. Nunley, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, County Chair

City of Portland
and Multnomah County

Animal Services
Taskforce

RECOMMENDATIONS FOR ANIMAL SERVICES

November 2008

City of Portland and Multnomah County
Animal Services Taskforce

RECOMMENDATIONS FOR ANIMAL SERVICES

Table of Contents

Taskforce Members

Joyce Briggs	Mike Oswald
Renee Dillon	Kristine Phillips
Sharon Harmon	Kathleen Stokes
Bryan Lally	Robert Simon
Thomas Lannom	Paul Van Orden
Phyllis Johanson	Lila Wickham
Hank Miggins	Jen Walker
Ron Morgan	Mark Warrington

Representative from Commissioner Leonard's Office: Aaron Johnson
Representative from Chair Wheeler's Office: Johnell Bell
Taskforce Facilitator: Sue Diciple

City of Portland and Multnomah County
Animal Services Taskforce

RECOMMENDATIONS FOR ANIMAL SERVICES

November 2008

INTRODUCTION

The Animal Services Taskforce was chartered in May 2008 by the Portland City Council and the Multnomah County Board of Commissioners to study and evaluate options; make recommendations for appropriate and viable service levels and service priorities; and identify sustainable funding methods to insure continued services into the future.

Specifically the City and County look to the Taskforce to provide viable option(s) that will:

- Provide restored animal services, beyond the reduced-service status quo.
- Identify sustainable funding mechanisms (non-capital) that put the bulk of the cost of operating an animal services program on animal owners.
- Include recommendations for phase-in, and transitioning of the program from the County to the City.

The Taskforce was given a deadline of November, 2008, to report its findings. The Taskforce met six times between May and October 2008. In addition, several sub-groups met to work on sections of the recommendations; and four public workshops were held to gather input from interested City residents into the questions being considered by the Taskforce. *The results of the public workshops have been submitted under separate cover.*

THE PROBLEM

Multnomah County, which currently provides animal services countywide, including the City of Portland, can no longer fund the level of animal services that will keep pace with the growing expectations and demands for those services in Portland.

Citizens throughout the County, but most notably in the City of Portland, have requested restoration of animal services that contribute to urban livability, most notably improved response rates, greater public accessibility to services and a significant reduction in the numbers of animals that are euthanized. Multnomah County has aspired to work toward these improvements, but financial constraints have prevented the County from reaching all of its goals and have resulted in reducing the level of some services.

Most of the financial support for Multnomah County Animal Services comes from the County's General Fund budget, which depends on revenue from property taxes. Approximately 80% of these taxes come from residents of the City of Portland, who also generate approximately 80% of the demands that are placed on the County's Animal Services program. Residents of the City of Portland have expressed a demand for levels of animal-related services appropriate to more highly urbanized areas, such as barking dog response and leash law compliance, that may not be in demand in other Multnomah County jurisdictions

Private, non-profit groups currently work with the County to collaborate on providing better animal services for the County's residents and their animals. These organizations will continue to work toward more humane treatment for animals. However they have made it clear that they will not take on government's role, which is to provide the animal control aspects of animal services.

The headquarters and shelter for Multnomah County Animal Services is old and undersized and is not conveniently located for the majority of the residents of the County and especially the residents of Portland. Intake of dogs and cats, which had been decreasing between 1980 and 2000, has begun to climb again, increasing 41% since 2000. This increase is driven by an 81% increase in cats, and 10% more dogs entering the shelter. Forty-five percent or 4,438 of these animals were euthanized in 2007, a level seen as unacceptable by many citizens.

The public workshops that were held in conjunction with this study indicated that that nearly three-quarters of those participating felt that local government should be offering more animal services. Lead among those were a subsidized spay neuter, improved lost and found services, and more shelter hours. Participants viewed enforcement of licensing laws as the most acceptable source of new revenues for Animal Services. Other options such as increased license and other user fees or a pet food surcharge were viewed less favorably.

With the bulk of support for Animal Services coming from the County General Fund (71%), a high bar would be set for the City of Portland to be able to provide the full spectrum of Animal Service programs, separate from the County and without a commitment of City General Fund support. Historically, compliance with pet licensing requirements has been poor, with only 14% of pets currently licensed (25.4% of dogs and 7.4% of cats). Financial analysis by the Task Force illustrates that it is unlikely that Animal Services could be funded, exclusively, via license and other user fees, even with exponentially improved compliance rates and higher fees.

THE OPPORTUNITY

Current financial uncertainties, nationally and locally, may seem to predict difficulties for meaningful follow-up or outcomes from this report. A number of taskforce members refer, ruefully, to their tenure on similar initiatives in 2000 and 2002 and have expressed concerns regarding a similar fate for the recommendations of this 2008 iteration. However, several key developments and trends may have changed the climate for, and interest in, a renewed approach to animal services, particularly in the City of Portland.

Urbanization: Portland has grown significantly over the past decade, and growth has brought greater urbanization and gentrification. The expectation for responsive urban services has risen dramatically and will continue to grow. Issues such as speedy response to complaints about nuisance or barking dogs, pick-up of stray animals, enforcement of leash and scoop laws, accessible shelter facilities, expanded shelter hours, and easy-to-use pet lost-and-found services have become part of the overall urban services package that Portland citizens expect from local government.

"The Pet-Friendly City": Portlanders take pride in the "animal-friendly" nature of their city. In recent years they have demanded a range of accommodations for animals that include off-leash areas in parks, outdoor areas at local restaurants that accommodate pets, and the presence of pets at public events. Anyone who gets out and about in Portland's neighborhood retail areas has noted water bowls, set out at storefronts on nearly every block, and local retail shops with treat jars, ready for the pets accompanying their patrons. The region is also blessed with a strong community of animal-aid organizations, advocates and volunteers, with a history of working in collaboration to improve the lives of Portland's pets. The Animal Shelter Alliance of Portland (ASAP), a coalition including most non-profit, animal control, and veterinary medical associations for the four counties comprising the greater Portland metropolitan area, is creating plans now that can be highly leveraged for providing this plan's recommended strategies to reduce shelter intake through proactive population control.

National Initiatives: There is opportunity to link a new approach to animal services to emerging national initiatives, and potentially to leverage the high profile and funding available to support those initiatives. One example is the national priority placed on emergency preparedness in the wake of catastrophic events such as 9/11 and Hurricane Katrina. Katrina, in particular, highlighted the need for a coordinated animal location and rescue strategy. Another example is the drive toward "green" initiatives. With its leadership in recycling, green building, and mass transit, it makes sense that Portland could take the lead in developing environmentally-sensitive animal services solutions. A third area is strong national trend to create "no-kill" communities, where euthanasia is limited to only those animals too ill, injured or dangerous to be placed in homes.

It is likely that grant funding is available in these types of high-profile arenas. This would create further opportunities to leverage the media profile of these global initiatives, which would heighten the awareness of, and the alignment with. an animal services program.

Innovative Portland: The fourth trend has to do with how Portlanders see themselves in the bigger picture. Portlanders view their city as an incubator for innovation and excellence. They take pride in the various arenas - from mass transit to vibrant neighborhoods, to recycling, to "green" building and technologies - in which their city is viewed as a national model. Portlanders would likely be chagrined to know that other cities provide better, more modern, healthy, and humane services through their public animal shelters and animal education and outreach services.

History of Successful City and County Partnerships: The City and County are currently partners in the collection of City of Portland Business Licensing fees and the Multnomah County Business Income Tax. The City collects the revenue for both entities and has developed a significant competency in the areas of compliance enforcement and collections. The City of Portland Revenue Bureau believes that this model can be successfully applied to animal registration enforcement and collections, enhancing the existing partnership and further benefiting both parties.

An urgent need for change: The Multnomah County Animal Shelter is aging, inadequate to the needs of a growing population of people and pets, costly to operate, and remotely situated for most residents. Shelter replacement opens a host of opportunities to innovate, leverage other initiatives and funding sources, partner with other organizations, and engage the imagination and commitment of the community.

In this period of national financial difficulty, it is important to note that financial optimism is not the predictor of success for new animal services initiatives; if that were so, then a change for the better would have come about in 2000. The will, interests, and activism of citizens may be aligned at this moment to foster a new approach to Animal Services.

Vision: The Time Is Right

The time is right to establish Portland and Multnomah County, in partnership, as leaders in the provision of modern, accessible, and sustainable Animal Services that have the full participation of animal owners and the support of all residents, and that move the city and county a giant step forward on the path toward humane and conscientious care and treatment of animals.

We can achieve this vision through:

- A value-added registration program that incentivizes participation.
- New funding through the registration fee structure.
- Compliance and collections enforcement, so that all pay their fair share.
- A modern and centrally-located animal shelter facility that can serve as a center and catalyst for animal services and for animal aid organizations in the region.
- Restored livability services appropriate to the urban environment.
- Strong future-focused programs, including spay and neuter incentives and requirements, humane education, and public outreach that reduces problems and benefits humans and animals in the long term.
- Heightened citizen awareness, support and involvement in developing and funding animal services.

Recommendations

The Taskforce understood that a component of its charter was to recommend a means to transition all or part of animal services provision from the County to the City. However upon deliberation, the Taskforce was unable to justify the value or expediency of such a transition. The overarching assumption in the following suite of recommendations is that animal services provision should not be bifurcated and that the primary responsibility should remain with the County, albeit under an entirely new approach that includes license "rebranding", enforcement, education, and services that strategically focus on reducing animal-related problems and costs in the future.

The City of Portland should become an active partner in the provision of the services, especially in the collection of fees. Some other areas of these recommendations, including education and outreach and the provision of adequate facilities, also envision the City taking on a role as partner with the County. Expansion of the collaboration with existing nonprofit animal-aid organizations is also recommended, where appropriate.

The following summarizes the seven Taskforce recommendations. *Additional discussion and detail on each of the recommendations are included later on in this report.*

Recommendation #1

Re-design and re-brand dog and cat "licensing" in favor of a countywide incentivized pet registration program, with value-added benefits and services to enhance voluntary compliance, and aggressive enforcement for non-compliance.

Retire the licensing "brand": Compliance with current licensing requirements is low, with less than 14% of pets licensed under the current system. Public workshop attendees in Portland strongly favored increased licensing compliance, with increased penalties for non-compliance, as the best source of funding for animal services. However, County residents are declining to participate in a program that they perceive as punitive and bureaucratic, with little value to them, their pets, or the community-at-large. The bureaucratic-sounding concept of licensing should be abandoned in favor of a pet registration program that can deliver and represent value to the individual and the community.

Re-brand based on a compelling concept: While non-compliance results in loss of revenue to support animal services, it also limits accounting and location awareness of animal populations in the county. This awareness is important to the public's health and safety, animal safety, environmental integrity, and emergency preparedness. Any of these issues could be compelling themes around which to re-brand and incentivize pet registration. Professional marketing research, analysis and program design will enable the most effective themes, program features, incentives and messaging to be identified and established.

Add value: Regardless of program theme or approach, the two keys to increasing participation by pet owners are the perception of value and perception that the requirement will be enforced. Examples of value-added enhancements could include:

- Reduced cost of spay and neuter services.
- Reduced license fee for spayed and neutered animals.
- Reduced-cost micro-chipping.
- Coupons from participating retailers for pet food, products or services that allow the purchaser to recapture the cost of the registration.
- Enhanced services such as a "free ride home" from the shelter for a lost pet.
- Links to community programs that benefit animals, so that the registration fee is, and is perceived as, part of being a good citizen and an advocate for animals.

Tiered service levels and fees: In order to build real and perceived value and increase the revenue potential of the registration program, a tiered fee and benefits structure should be established. Higher fee tiers could include some or all of the benefits listed above, plus service-specific donation opportunities. A "Household Pet Registration" option could be integrated, to make the program accessible to multi-pet households and to those who provide animal-aid and foster care service. Low income rates or discounts can be factored into a tiered fee system.

Inform, educate and make accessible: Voluntary citizen compliance with a new registration program and "brand" will require investment in public information, education and outreach about the program, and easy-to-use public access to the registration system.

Recommendation #2

Fund restored animal services through increased participation in the re-branded, incentivized, and enforced registration program.

All pay their fair share: A more compelling and value-laden registration program "brand," that encourages and builds participation, coupled with a strong compliance and enforcement program is needed. This approach was viewed by Taskforce members, and by the public participating in the Taskforce public workshops, as the most fair and politically viable means of funding enhanced animal services. The feedback at the workshops made it clear that citizens are unlikely to support other, more aggressive forms of animal services funding, such as a pet food surcharge, until all pet owners are contributing their fair share to the official animal registration program.

Increase fees along with enhanced program value: The Taskforce proposes registrations fees of $25 per dog and $10 per cat, with additional fees for registration of fertile animals ($12 per dog and $22 per cat). This represents an increase over current licensing program fees of $18 per dog and $8 per cat and with no premium for fertile animals.

Fees alone are insufficient: It is clear that registration fees, alone, will not support a full suite of shelter and other necessary animal service programs within Multnomah County. The Taskforce does not believe that Animal Services can be adequately supported, without continuing and stable baseline funding via the County General Fund.

Fee-based funding builds over time: It must be assumed that building a fee-based funding strategy will take place over time. Program elements may need to be phased in, or funded in the initial years through a source other than registration-related fees. The Taskforce projects that in Year Five of an incentivized and enforced registration program approximately $1,780,000 additional revenue will be generated via increased fees and participation. The financial model and analysis attached to this report illustrates the revenue potential of the registration program over time. *Please see Appendix B of this report for detail on the financial model that supports this recommendation.*

Recommendation #3

Restore quality-of-urban-life services, such as nuisance animal and barking dog response and enforcement of leash and scoop laws, funded via an "urban services" premium on pet registrations within the City of Portland.

Restore urban services – at a premium: The City of Portland, with its urbanized and pet-oriented population, is interested in additional quality-of-life related services that are not likely to be fundable with basic registration fees. Such services include barking dog complaint follow-up, leash and scoop law enforcement, immediate nuisance and animal abuse response, and city code specifications and enforcement for siting of animal day-care, boarding and breeding facilities. An additional fee for registration of all pets within the City of Portland should be included in order to pay for these services that are in less demand in more suburban or rural areas of Multnomah County. However, any jurisdiction within the County, at its discretion, could levy a similar added fee should it desire similar service levels.

Multnomah County is the primary service provider: The County is best positioned to provide all animal-related services for jurisdictions within its borders. This will offer a more cost effective and seamless service delivery. Under this model, jurisdictions within the County could contract, via Intergovernmental Agreements (IGA's) with the County, to provide enhanced urban services. Services levels would be determined in the terms in the IGA. The service levels would likely correspond to the revenues available from the urban services fee premium that is collected in the contracting jurisdiction, although additional funds could be contributed at the discretion of the jurisdiction. A model in which the City of Portland, or other jurisdictions, have their own employees to provide urban animal-related quality-of-life services was considered by the Taskforce, but was considered unnecessarily complex, duplicative, and difficult to coordinate.

Recommendation #4

Leverage City and County enforcement and collections resources to increase compliance.

"Universal" Enforcement: The City and County have an existing and substantial investment in enforcement-related personnel. Police officers, park rangers, health inspectors, code enforcement officers, and other officially-designated City and County staff must be able to issue a citation which brings non-compliant pet owners into the registration system, via an Amendment of City Code Chapter 13 which finds a violation for failure to comply with the registration ordinance.

Other aspects of an enforcement model could include linkage with commercial or veterinary pet services, for example a requirement - similar to the rabies vaccination reporting - that requires reporting of all spayed or neutered pets; and/or a requirement that registration program-subsidized spayed and neutered animals be registered.

Collections: The City has developed an effective mechanism with its successful collections experience with business licensing, and has established a successful partnership with Multnomah County for the collection of County Business Income Tax. That experience can be effectively leveraged to dramatically increase collections of animal registration fees. The Taskforce recommends that the City assume the responsibility for collections of registration-related fees county-wide. The City should enter into an IGA with the County that memorializes an arrangement similar to the one in which the City collects countywide business-related fees and taxes. After an initial capital outlay, the collections process will be self-sustaining, through the collected revenues.

Reporting: The current system of pet vaccination reporting has been successful at increasing the pet population census. This system should be maintained, as it will continue to build pet census information each year. Additional reporting avenues could include citizens, rental housing managers, meter readers, and point-of-service providers.

A "Culture of Compliance": An initial period of ubiquitous public messaging in the media, mail, email, billboards, and signage in veterinarian offices, doggie day-care centers, and animal-related retail stores will be required to educate pet owners and the general public about the requirement to register, the benefits of the registration program, and penalties for non-compliance. Follow-up via enforcement and collection actions will re-enforce the message that pets must be registered because, "It's the Law". Ongoing public messaging and enforcement actions will, over time, create a "culture of compliance." This will mean that the expectation among citizens is that pets must be registered and non-compliance damages the community as a whole and places an unfair burden on others.

Recommendation #5

Don't bifurcate and duplicate Animal Services in Portland and Multnomah County. Provide greater proximity and access to a modern animal shelter and animal services through a united city-county approach and partnership.

A County animal shelter: The shelter facility and related services are the most costly components of the crucial suite of animal services. Establishment of a bifurcated city/county shelter system would create duplication of expense and effort, and further localize a system that already suffers from lack of broader regional efficiencies and perspective. The County has history and experience in providing animal shelter services. In order to maximize efficiency and to avoid the waste and confusion of a bi-furcated and duplicated system, it is advisable for the County to continue its role in shelter operations and management.

Centrally located: The existing Multnomah County Animal Shelter, located in Troutdale, is an aging, outdated facility that has poor public transportation access and is distant from most of the county's residents. The ideal shelter configuration would be comprised of a new, centrally-located main shelter established along the I-205 corridor. This area is recommended because it is outside of the impact zone for most natural hazards and there is access from a variety of different transportation modes. Satellite facilities could be phased in, over time, on the west side of the Willamette River (for intake and adoption) and in other strategic and high traffic areas (adoption only) throughout the county.

Innovative facility concept: Portland has several innovative models on which to base a new and centralized animal shelter concept. Portland's Eco-Trust Building, an anchor-tenanted facility in which organizations and businesses with compatible missions are co-located, provides a model that could serve to bring together a range of animal welfare organizations and animal retail businesses. The facility can also follow the model of many newer City facilities, such as police precincts, which offer meeting room facilities that are open to the public as both a service and as a means of bringing the public into a closer relationship with the organization. Linkage with public transit system including MAX, bus, and bike trails could maximize accessibility options.

A partnership approach: The new facility can be a focal point for animal issues and services for City and County residents alike. Animal Services staff members, including those funded through the urban services fee and working exclusively in Portland, can be headquartered there. The viability of the facility will depend on a full partnership between the City and County, including development of the capital resources required for site acquisition and construction.

Recommendation #6

Build for the future by including strategic elements that will reduce problems and benefit both animals and humans in the long term.

Build a system now that reduces future problems and cost: Improved lost-and-found services, expanded adoption opportunities, spay-and-neuter services, patrol and nuisance/complaint response, and robust education, outreach and involvement are essential components of a credible, contemporary animal services program. -The City and the County should not contemplate entry into a new animal services program that does not include these essential elements. Numerous other jurisdictions, throughout the US and Canada, have show that these elements are critical for increasing animal adoption rates, reducing the populations of feral cats and other unadoptable animals and creating a more educated and pet-responsible citizenry. Advancing these goals will reduce the number of euthanized animals and help to ensure that the quality of life for both humans and animals will be, not only maintained, but enhanced as the City and County grow and urbanize.

As a practical matter, the Taskforce has stopped short of recommending immediate elimination of euthanasia for healthy and treatable/manageable pets. However, these key system components, will position the City and County to make measurable steps toward that goal over a planned period of time.

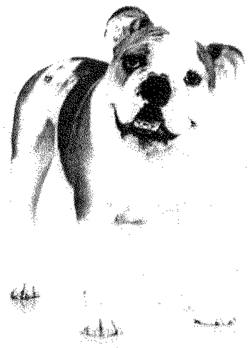
Deploy a robust spay and neuter strategy: Reducing the breeding of dogs and cats in targeted households, and of feral cats, is the best approach to cost-effectively reduce animal control intake, nuisance and safety complaints, euthanasia, health risks, and the related costs. Attendees at the public workshops and task force members rated provision of spay neuter assistance as the #1 priority for expanded animal services. In the recommended plan *(See Appendix B of this report)* surgeries are targeted to most effectively reduce shelter intake by serving citizens on public assistance and those caring for stray, free-roaming, feral cats. Based on other communities' experience a sustained plan of this level could well reduce animal intake by 30% over five years. In addition, government participation in this prevention strategy can be the key to leverage the work of other non-profit organizations, the veterinary community and grant makers.

Inform, educate and engage the public: Examples from cities with leading edge and cost effective animal services programs, such as the City of Denver and City of Calgary, Canada, illustrate that public outreach and education are crucial to increased compliances with animal-related laws and ordinances, and volunteer participation. Communicating with the public, via neighborhood association meetings, direct mail, internet and podcast communication, and employing "unpaid" media attention, such as newpaper, radio and TV features and public service announcements are critical to establishing support and alignment with a new program and brand. In the long term, humane education in the schools, starting with early childhood education programs, is the best investment for reducing the costs and tragedies of animal overpopulation, abuse and neglect and for enhancing the urban environment for both pets and humans.

Recommendation #7
Establish a Citizen Advisory Committee (CAC) to guide and inform animal services provision.

Engage citizens in program governance: A Citizen Advisory Committee should be chartered to guide, advise and provide a forum for this County-led but ultimately multi-jurisdictional program. The purpose of the CAC is to develop periodic strategic goals for the community, provide a sounding board for public ideas and concerns, act as ombudsman for animal issues in the community, provide integration and "voice" between the County, City, and other participating jurisdictions, and provide advice and counsel to the Executive Director of the Animal Services Program.

Launch with a time-limited Implementation Committee: The initial incarnation of the CAC should be a time-limited Implementation Committee, to advise the City and County on how to structure, fund, and phase in the Taskforce recommendations. Based on the experience and recommendations of this initial CAC, the longer-term advisory forum can be established.



APPENDIX A

Recommendations Detail and Expanded Discussion

RENEW AND "RE-BRAND" PET LICENSING AS AN INCENTIVIZED PET REGISTRATION PROGRAM THAT DELIVERS GOOD VALUE FOR THE PET AND PET OWNER

The existing licensing requirement is not held in high regard by the general public, and without a significant enforcement component the vast majority finds little incentive to comply. Only 14% of the total dog and cat pet population in Multnomah County is licensed, and licensing rates for pets such as rabbits and horses is far lower. This is unfortunate for more than financial reasons. Knowledge of pet populations and whereabouts is critical to public health management and emergency preparedness

Research conducted by the Taskforce on programs in other cities illustrated that incentive-driven, value-added registration programs have a higher participation rate and that transformation to a new concept is doable. While the specific theme, framework and benefits will need to be determined through disciplined and professional market research, some key features of the program can be anticipated to include:

- Open access to registration that is user friendly and more widely available. The registration website must be modified to allow a first time registrant to input all necessary information, including input and verification of rabies vaccination information tag numbers so that the entire process is doable on-line. Increased incentives, doubling or tripling the current $2 rate, could encourage veterinary offices, animal-related retail establishments, and community-based organizations such as neighborhood associations and scouting programs to serve as points of sale for pet registrations.
- Incentives that add value for pets and to human perception of the registration process. Such program elements could include:
  - Reduced cost of spay and neuter services.
  - Coupons from participating retailers for pet food, products or services that allow the purchaser to recapture the cost of the registration.
  - Enhanced services such as a "Free ride home" from the shelter for a lost pet, or linkage with the 911 system so that the presence of a pet in the home is noted at the time of a police, fire, or emergency call.[1]
  - Links to funding or participation in community programs that benefit animals, so that the registration fee is, and is perceived as, part of being a good citizen and an advocate for animals.
- Required registration for all owned animals, e.g. rabbits, horses, pot-bellied pigs. Current licensing is tracked for dogs and cats only, with the rate of licensing for other owned animals practically non-existent. The registration process would apply to all owned animals within the county.
- Flexibility to address variables. The new program must avoid unintended consequences and have sufficient flexibility to address unique issues. For instance, the program could include a "household pet registration" so that all pets in a household would be covered under a single registration and fee, in order to address multiple pet households, and animal aid providers who provide humane services.

The "brand" will need to be characterized by a theme that is consistent throughout all elements of the registration program and process. Themes that have been suggested include "Public and Animal Safety and Preparedness" and "Most Animal Friendly City in America". Professional marketing assistance will be required to select, design and implement the right brand strategy. The research must include a representative cross-section of the general population, and not be focused solely on pet owners. Outreach and marketing of the new brand will require a significant public outreach and media effort.

Recommendation

Based on these findings, the Taskforce recommends re-framing the current "licensing" program as an incentivized "registration" program that delivers value to the pet, pet owner, and community and ease of access to the registration process.

[1] Note that such service enhancements will need to be carefully crafted and have the support of participating agencies.

Budget and Funding

Program elements and costs are estimated below.

1-time	Initial brand marketing	$100,000
Ongoing	Outreach Coordinator	50,000
	Researcher / Grant Writer	50,000
	Training Officer / Volunteer Coordinator	50,000
	Graphics and Materials Designer	50,000
	Total Anticipated annual ONGOING expenses	**$200,000**

It is anticipated that initial brand marketing could be funded as a component of the overall capital outlay for the new City/County animal services approach. Ongoing costs would be funded via new registration fees. It is anticipated that added staff support in this function will contribute significantly to voluntary registration compliance.

Discussion detail submitted by the License Re-Branding Subgroup: Ron Morgan, Robert Simon, Kristine Phillips, Mike Oswald

URBAN SERVICES

The City of Portland and the entire Multnomah County area is growing and urbanizing, and experiencing increased demands for quality-of-urban-life services. Animal-related services needed to maintain quality of life for animals and humans in urban areas include:

- Safety intervention regarding dangerous dogs, health concerns, exotic pets, park-related users, etc.
- Leash/scoop compliance.
- Barking dog and other animal-related nuisance intervention.
- Emergency preparedness.
- Siting parameters for animal-related facilities such as animal day-care and boarding and breeding facilities.

Effective service delivery will require coordination with Neighborhood Associations, emergency response providers and emergency planning initiatives. City Planning will also have a role in appropriate siting of animal-related commercial enterprises such as "doggie day care".

A range of tools will be necessary, including training and cross-training for compliance specialists, mobile noise meters, and specialized registration categories such as service dog registration. Community education on animal-related quality of life issues and compliance will be essential.

Recommendations

Initiate a program to phase in urban quality-of-life-related animal services. At the time of this report, these services are being contemplated within the Portland city limits only. Other jurisdictions within the county could add such services, and the commensurate fees to support the services, as warranted.

Future Focus Areas

A number of areas were explored for future inclusion in Animal Services with the overall objective of increasing community buy-in and ultimately a higher level of registration and fee collection.

1. Cross-training: Success of any enforcement measure is directly tied to timely response. Any more forward to include City-focused animal services will have the same limits on effectiveness that the Noise Control Office experienced before Chief Sizer's staff were encouraged to be more active partners in Noise enforcement on a citywide level. Animal Services will need to rely on other partners such as Park's rangers, Noise-zoning Enforcement, Portland Police officers, etc. This will take a bit of work to ensure that City Code correctly recognizes these partners as proper enforcement authorities. In come cases, as in the case of Portland Police, officers will simply forward reports in many cases, to Animal Services officers for moving the enforcement effort forward.

2. Educational Components: All agreed that this is possibly the most effective tool over time to build community buy-in for programs and fees. It is also the most challenging to acquire funding to properly support.

3. Neighborhood Association Coordination: Explore the most effective model to build on the safety and community concerns already a part of the dialog in each neighborhood association. Animal registration through neighborhood involvement will be more effectively seen as a community concern as it relates to day-to-day noise (barking) and safety issues, or more importantly as it relates to emergency preparedness through proper census and preparation for response to emergencies.

4. Planning Title 33 Staff: The large proliferation of City planners throughout the City bureaucracy can be tapped into for the goal of properly dealing with issues at the front end. There are concerns that can be mitigated in the siting and design phases for facilities and businesses, instead of the fiscally poor choice of waiting for enforcement after the business or facility is built.

5. Mobile Meters: Expand on the innovative program started by the Noise Control Office to use best available technology to resolve barking dog issues.

Budget and Funding

If the program is to be funded solely through registration-related fees, including an added "urban services" fee and enforced registration requirements for all animals, there will be a necessary phase-in period as fees and registration rates are increased.

The estimated cost of an adequately-staff program for urban animal services is projected to be $750,000 annually.

Discussion detail submitted by the Urban Services Subgroup: Paul Van Orden, Hank Miggins, Mark Warrington,

URBAN ACCESS TO SHELTER SERVICES

A new and more accessible main shelter should be constructed in a central location and shared by all jurisdictions within the county. This is the best approach because it would:

- Respond to demand for more accessible shelter services.
- Build on the recommendations of the earlier studies.
- Be more efficient, in that it avoids duplication of services and costs.
- Provide the opportunity to create an "exemplary" facility.
- Enhance response time.
- Increase redemption rate.
- Enable the public to be more involved in programs and volunteer opportunities.
- Be more satisfactory to the public and more attractive to donors because it would be a new, clean, well-lighted, fresh air facility.
- Avoid confusion among the public about which shelter to use and, also, enable clear messaging about animal care and safety issues.
- Enable a continued tie-in with Public Health.

The timing is right to construct a new facility as the current shelter in Troutdale needs to be replaced. An assumption can be made that the county would continue to provide a stable base of funding via the County General Fund, with additional funds generated though increased pet registration.

Options for such a shelter facility include:

a. A new, single, centrally-located full-service facility, which would be best located along the I-205 corridor to provide reasonable access in an area that it outside of critical natural disaster hazard zones. If the county continued to manage and operate the shelter facility, additional urban services could be provided by the county via an IGA, or the City could provide those services independently but still be co-located with the county at the facility.
b. A new centrally-located full-service facility, with satellite facilities that would primarily offer adoption (primarily for cats), licensing and information services.
    1. Advantages of this approach include: Because of the smaller size of the facilities, satellites could be affordably located in high-traffic areas or as a small office within a larger animal-related retail facility. Modest staffing requirements could enable more convenient hours of operation. Satellites could be phased in subsequent to construction of the primary facility. Satellites might be operated in partnership with a non-profit organization.
c. A new central full-service facility with satellite facilities for adoption AND a larger satellite that also offers intake located on Portland's west side.
    1. Advantages of this approach are the same a "b", with the addition of greater service accessibility for people on the west side of the Willamette.

Criteria for a good location for a central shelter facility include a central location for all or most of the county population in a location that is not prone to disruption of services from earthquakes or other natural disasters, transit and vehicular access and adequate parking.

The model pioneered in Portland by the Eco-Trust Building could provide a good template for the shelter facility. This model contemplates other uses of the facility, e.g. office space for animal-related non-profit organizations, animal-related extension agency, animal-related retail and for-profit services, etc.

Shelter management and operations should remain in the hands of the county, with additional urban services that are only delivered in Portland funded via an IGA, because the shared facility would provide service county-wide, and the county has experience in providing shelter services.

Recommendations

Note that the priority ranking can be matched to the funding available, i.e. if only limited operational funding is available, do Priority #1 only, and as additional revenues develop, go on to Priority #2, etc.

Priority	Phase One	Phase Two	Phase Three
#1	A county-wide, centrally located full-service shelter facility.		
#2		An adoption and intake facility on the West Side	
#3			Adoption-only satellites at various locations.

Budget and Funding

Baseline shelter operations, under a county-wide model, could continue to be funded with the existing County General Fund contribution, augmented by increased collection of pet registrations. A large capital outlay would be necessary to acquire the property and construct a new shelter facility.

Discussion detail submitted by the Urban Access Subgroup: Lila Wickham, Robert Simon, Sharon Harmon, Susan Mently, Mike Oswald Kathleen Stokes, Jen Walker

SPAY AND NEUTER SERVICES

This recommends that the City of Portland, and Multnomah County (Pdx/MC) invest in a proactive strategy to reduce the breeding of dogs and cats in targeted households, and of feral cats, as a strategy to cost effectively reduce animal control intake, nuisance and safety complaints, and the related costs.

As a partner in the Animal Shelter Alliance of Portland (ASAP) initiative to reduce the greater four county metro euthanasia rate, Pdx/MC can leverage its investment to not only reduce future expense, but to take advantage of coalition contributions and grant opportunities. Because private veterinarians and NGOs would bear much of the cost of surgery, the leveraged community sterilizations that Pdx/MC would touch would be 23,043 over the full five year plan time period, at a cost to Pdx/MC of less than $19 a surgery. Based on other communities' experience a sustained plan of this level, combined with the work of other organizations could well reduce animal intake by 30% over five years.

Target animals for sterilization	Pdx/MC Action
Targeted community outreach program for intact dogs/cats in homes of families on public assistance	Majority of Animal Service sterilizations (after adopted animals) for this audience. Also funds the $10-$20 co-pay for Pdx/MC residents that qualify for services at other providers.
Feral cats being fed and cared for by caretakers	Provide a $10 co-pay to FCCO to quota in Pdx/MC
Pets belonging to the 'working poor' unable to afford private veterinary care	Some facility sterilizations for this group of residents only able to afford partially subsidized services.
All dogs and cats reclaimed as strays/impound	Institute stricter regulations for intact animals
All animals adopted to new homes	Continue neuter before adoption - base nor growth budgeted in this plan.

Related Recommendations

- Focus on increasing dog and cat sterilization rate in Portland/Multnomah County to address a range of animal control issues. Begin with targeted cat spays year one and expand to include dogs year two. Starting with a broad-scale cat sterilization program will set a foundation and provide learning to expand to service dogs.
- Focus on low income households to see the biggest impact from increased sterilizations.
- Offer a sustained pet sterilization program targeted at low-income households, for free or a small co-pay to help reduce animal shelter intake by an estimated 25-30% over five years.
- Support a feral cat strategy that works on attrition of existing populations through sterilization rather than impoundment. This involves several strategies outlined separately in the fuller plan. For spay neuter it encourages trap neuter vaccination release (TNVR) at a minimum sustained level of 1.25 per 1000 human population of surgeries within the Multnomah County/Portland boundaries on a sustained basis.
- Tie into a community education program encouraging pet owners to sterilize their pet before sexual maturity, and offering programs and services for those in financial need.
- Implementation could be supported through collaboration with the Animal Shelter Alliance of Portland (ASAP) and its Cat Spay 10K initiative. This alliance of ten organizations includes key partners for the Pdx/MC geography, Multnomah Animal Control (MCAS), the Feral Cat Coalition of Oregon (FCCO), Oregon Humane Society (OHS), and the Portland Veterinary Medical Association (PVMA). Dove Lewis, though not an ASAP member is also a key collaborator.

Budget and Funding

This plan recommends a long term commitment, piloted as a five year program.

During the five year pilot Pdx/MC would commit to directly fund an incremental average 800 -1000 surgeries a year at its own facility/ies. In addition, the city would fund citizen co-pays for the surgery for animals of people on public assistance for another 2800-3800 animals per year. Costs for surgeries and subsidy would cost an average of $91K a year. From a public health standpoint, it is recommended that a rabies vaccine and license be provided for all dogs/cats sterilized for people on public assistance at no additional charge to the client. Additional capital investment is recommended to provide two transportation vehicles for the program over the five year program, and $30K of annual program expense for marketing and administrative cost.

Total operating costs would average $122K a year. Addition of the rabies vaccine and license for pets of those on public assistance adds an average of $66K to the plan annually bringing the total to $187K. $90K in capital would be requested for two transportation vehicles(combined..

Revenue offset, Funding of the Program and Return on Investment

Funding for this program could come from the following:

- differential licensing revenue crediting the surcharge from licensing intact pets to this fund.
- a significant reduction in intake over time will contribute to reduced sheltering costs ,officer costs and service calls. Similar programs have seen a 24-30% decrease in shelter intake over the course of five years.
- a possible multi-year Maddies'grant forecast to offset over $128K of total program costs over 5 years.
- It is possible that the planned surgery costs may be able to be outsourced at OHS at a lower cost than feasible to do in-house.

Budget for Pdx/MC portion of Project Year I

(See the attachment full forecast expenses and estimate details for Year 1 and Years 2-5)

Expenses	
Surgeries and Subsidy Cost	$66,400 *
Rabies vaccine, license, microchip (no charge to client)	$51,000
Transportation Vehicle	$45,000
Marketing/Admin costs	$30,000
Total Year One Expense	$192,400

*Surgery and subsidy costs rise to $92,730 annually (current dollars) , and vaccine/license costs to $50K when dogs are included in Years 2-5.

NOTE: As stated above, surgeries recommended are in addition to those already being done for animals adopted from animal control services.

Summary

The fuller plan is available for review by government decision makers and the implementation committee. It features data driven support for each strategy noted below, implementation details, and forecasting for Years 1-5 of the program.

Discussion Detail submitted by Taskforce member Joyce Briggs.

EDUCATION AND OUTREACH

The leading two methods for providing humane education currently are in-house (classes, camps, et cetera - often with a fee) and outreach (brought to classrooms, generally free of charge). Effective in-house humane education requires an accessible welcoming animal services facility with the ability to provide tours and classes. Outreach humane education requires transportation and the schools' willingness of schools to partner with the programs. A limited staff and a number of specially trained volunteers to run such programs is highly desirable although programs have been successfully operated with very limited staffing.

Either approach would require at least one full-time and two half-time positions, solely dedicated to humane education. Volunteers would be recruited and trained to do outreach in the school system. Translation services would also be needed for brochures and information sheets.

The most effective way to influence the attitudes of our community is to educate our children regarding the issues of responsible pet care. By instructing the youth of Portland about animal care and safety, we can not only teach the students but also have an avenue into the homes and minds of the citizens. Targeting youth groups with relevant pet-related information would reach many pet owners who do not currently provide spaying and neutering for pets, licensing, basic veterinary care, vaccinations, or proper pet ID.
Information must be provided on a re-branded registration system, easy means of access to registration and other animal services, and hardship waivers that are available as an option for households in need. An understanding of the benefits that meeting these levels of responsibility actually bring should result in a much higher rate of compliance.

Private, charter and public schools offer venues to reach a wide audience. State and government organizations offering public assistance are also ready-made partners. Offering humane education through health and welfare clinics, housing authorities and Head Start classrooms would create opportunities to share information with families that may need assistance to raise the level of care for their pets.

Local animal shelters traditionally have been the providers of humane education. These programs include pre-school (often Head Start) classes, covering basic care and compassion; middle-school classes, that use a more active learning style to explore concepts such as over-population, and high-school, where students can undertake service-learning projects related to animal welfare. A local at-risk youth program, Project Click, has gained national recognition for its work using positive- reinforcement training and the animal-human bond to change the life of teens from the Clark County Juvenile Court.

Neighborhood associations offer another way to bring these messages to adults. Public service broadcast announcements, community access cable TV, weekly animal news pages, and signage in and on buses are also affective approaches and would be an integral part of overall educational programs. Creating a public ethic that places a high value on responsible pet care, including spaying and neutering, not allowing pets to run at large, micro-chipping and registering pets, and providing basic health care and vaccinations would make Portland a leader in the nation on a new front. We would be a Humane City as well as a Green City.

Though there is an active education component in other services the Task Force has addressed (Marketing/Re-branding, Spay and Neuter, Enforcement), the education staff needs to work <u>with</u> these other departments, not <u>for</u> them, so they can focus primarily on their mission. A three-to-five-year timeline for roll out of the programs is likely. Research, as to the details of these programs and their specific target groups, would direct their creation and implementation.

Background Information

<u>What is Humane Education</u>?

To quote National Humane Education Society: "Humane education teaches people how to accept and fulfill their responsibility to companion animals (cats and dogs) and all forms of animal life. It explains the consequences of irresponsible behavior and encourages people to see the value of all living things."

Legal grounds:
Oregon 336.067 Instruction in ethics and morality. (1) In public schools special emphasis shall be given to instruction in:
(c) Humane treatment of animals.

> ...The Superintendent of Public Instruction shall prepare an outline with suggestions which will best accomplish the purpose of this section, and shall incorporate the outline in the courses of study for all public schools. [Formerly 336.240; 1975 c.531 s.1; 1979 c.744 s.13; 1993 c.45 s.75]

Recommendation

To attain this goal, the Animal Services program would require at least one full-time and two half-time positions, solely dedicated to education. Volunteers would be recruited and trained to do outreach in the school system. Translation services would also be needed for brochures and information sheets.

Funding

Annual Budget (rough)
1 FTE Humane Educator: $79,007 (Mid Range with benefits)
2 halftime Outreach Workers: $66,392 (Mid Range with partial benefits each)
Other budget lines including continuing education for staff, mailing, equipment, et cetera: $25,000 to $45,500

Limited funding can be garnered through grants; however baseline support is required via stable funding sources, i.e. General Fund support or registration fees.

Discussion detail submitted by Taskforce member Jen Walker.

APPENDIX B

Financial Model and Projections

Revenue analysis and projections submitted by Taskforce member Thomas Lannom.
Cost information submitted by discussion leaders.

RESTORED SERVICES COSTS: START-UP AND ONGOING

A fee-based strategy builds revenues to a sustained level over time. Except where indicated, the following illustrates projects program features and costs in Year Five. Note that amounts referenced are county/program-wide.

Year One Start-Up Expenditures

Initial brand marketing	$200,000
Collections system set-up and IT database integration	250,000
Transportation vehicle for Spay and Neuter program	45,000
TOTAL AS PROPOSED	$495,000

Program Operations

Urban Services Officers			
Officers	8 FTE x $93,750	$750,000	
		TOTAL	$750,000

Additional Shelter Open Hours for Walk-In Service			
Open on Monday	1 FTE clerical x $55,000 1 FTE animal care staff x $60,000	$115,000	
Extend closing hours from 6pm to 7pm each day on current open schedule	1 FTE clerical x $55,000	55,000	
		TOTAL	$170,000

Spay and Neuter Services*			
Surgeries and Subsidies		$92,730	
Rabies Vaccine, licensing, microchip (when at no cost to client)		51,000	
Marketing, administration, cost to operate vehicle		50,000	
		TOTAL	$193,730

* Does not factor in possible Maddies subsidy for public assistance surgeries or savings resulting from the program.

Outreach, Education and Marketing: All Restored and Enhanced Programs			
Marketing Support	4 FTE x $75,000	$300,000	
Training Officer and Volunteer Coordinator			
Humane Educator			
Outreach Coordinator			
Outreach Staff (2 PT)	2 PTE x $33,000	66,000	
Grant Writer	(Cost neutral)		
Marketing, Administration and Continuing Education for Staff		250,000	
		TOTAL	$616,000

TOTAL RESTORED AND ENHANCED SERVICES COSTS, YEAR FIVE	**$1,729,730**
TOTAL ADDITIONAL ANNUAL REVENUES, YEAR FIVE (See revenue projections)	1,779,574
Balance after restored and/or enhanced services costs	$49,844

<Insert Excel spreadsheets>

ANIMAL SERVICES TASK FORCE - REVENUE SUBCOMMITTEE - DRAFT - FOR DISCUSSION PURPOSES ONLY

	6/30/08 & 6/30/09	Year Ended 6/30/2010	Year Ended 6/30/2011	Year Ended 6/30/2012	Year Ended 6/30/2013	Year Ended 6/30/2014
	Current Fee/Collection Structure	Proposed Collection Structure - 1) Strong Collections (Including Penalties)	Proposed Collection Structure - 1) Strong Collections (Including Penalties)	Proposed Collection Structure - 1) Strong Collections (Including Penalties)	Proposed Collection Structure - 1) Strong Collections (Including Penalties)	Proposed Collection Structure - 1) Strong Collections (Including Penalties)
DOGS						
Estimated Number of Animals in Portland	150073 *	136332	136332	136332	136332	136332
Estimated Compliance Percentage	23%	**28%**	37%	**45%**	49%	**50%**
Estimated Number of Licensed Animals in Portland	34626	38173	50443	61349	66803	68166
Annual Standard License Fee Amount	$18	**$25**	**$25**	**$25**	**$25**	**$25**
Number of Payers	34628	38173	50443	61349	66803	68166
Total Fee Collected	$623,268	$954,325	$1,261,075	$1,533,725	$1,670,075	$1,704,150
Additional Fee for Fertile Animal	$12	**$12**	$12	$12	$12	$12
Number of Payers	3689	4477	5918	7195	7634	7994
Total Fee Collected	$44,288	$53,722	$70,989	$86,338	$94,013	$95,931
Urban Service Fee Amount	$10	**$10**	**$10**	**$10**	**$10**	**$10**
Number of Payers	0	38173	50443	81349	66803	68166
Total Fee Collected	$0	$381,730	$504,430	$813,490	$668,030	$681,660
Estimated Annual Revenue (DOGS)	$667,536	$1,389,777	$1,836,494	$2,233,553	$2,432,118	$2,481,741
CATS						
Estimated Number of Animals in Portland	169152 *	235978	235978	235978	235978	235978
Estimated Compliance Percentage	10%	**11%**	13%	**14%**	**15%**	**15%**
Estimated Number of Licensed Animals in Portland	17436	25958	30677	33037	35397	35397
Annual Standard License Fee Amount	$8	**$10**	**$10**	**$10**	**$10**	**$10**
Number of Payers	17436	25958	30677	33037	35397	35397
Total Fee Collected	$139,488	$259,580	$306,770	$330,370	$353,970	$353,970
Additional Fee for Fertile Animal	$22	$22	$22	$22	$22	$22
Number of Payers	569	607	718	773	828	828
Total Fee Collected	$12,518	$13,359	$15,787	$17,002	$18,216	$18,216
Urban Service Fee Amount	$10	**$10**	**$10**	**$10**	**$10**	**$10**
Number of Payers	0	25958	30677	33037	35397	35397
Total Fee Collected	$0	$259,580	$306,770	$330,370	$353,970	$353,970
Estimated Annual Revenue (CATS)	$152,006	$532,519	$629,327	$677,742	$726,156	$726,156
Total Estimated Annual Revenue (Cats and Dogs)	$819,542	$1,922,295	$2,465,821	$2,911,295	$3,158,274	$3,207,897
Discount % (reflects senior and 3-year discounts, etc.)	86%	86%	86%	86%	86%	86%
As Adjusted	$706,363	$1,856,826	$2,125,292	$2,509,245	$2,722,116	$2,764,887
Household 911 Fee	$35	**$35**	**$35**	**$35**	**$35**	**$35**
Number of Payers	0	5000	5000	5000	5000	5000
Total Fee Collected	$0	$175,000	$175,000	$175,000	$175,000	$175,000
Total Estimated Annual Revenue (Cats/Dogs/Household)	**$706,363**	**$1,831,826**	**$2,300,292**	**$2,684,245**	**$2,897,116**	**$2,939,887**
Estimated Administration Expenses						
Staffing Level (FTE)	3.4	8.5	8.5	8.5	8.5	8.5
Staffing Costs	$203,600	$511,250	$511,250	$511,250	$511,250	$511,250
Other Costs	$31,000	$177,500	$177,500	$177,500	$177,500	$177,500
One-time Costs		$270,000				
Total Administration Expenses	**$234,600**	**$958,750**	**$688,750**	**$688,750**	**$688,750**	**$688,750**
Net Revenue	**$471,563**	**$873,076**	**$1,611,542**	**$1,995,495**	**$2,208,366**	**$2,251,137**
Current Revenue (under the current fee and collection structure)	**$471,563**	**$471,563**	**$471,563**	**$471,563**	**$471,563**	**$471,563**
Increase in Net Revenue	**$0**	**$401,513**	**$1,139,979**	**$1,523,932**	**$1,736,803**	**$1,779,574**
Restricted Funds (Urban Service Fee)	**$0**	$641,310 **	$811,200	$943,860	$1,022,000	$1,035,630
Unrestricted Funds (for any purpose)	**$0**	-$239,797 **	$328,779	$580,072	$714,803	$743,944

*Based on the AVMA 2007 Market Research Statistics. The total number of Portland households (per 2005 census estimate) is multiplied the AVMA estimate of the percentage of households that own dogs/cats. The estimated number of dog/cat owning households is then multiplied by the AVMA estimate of the number of dogs/cats owned per dog/cat owning household.

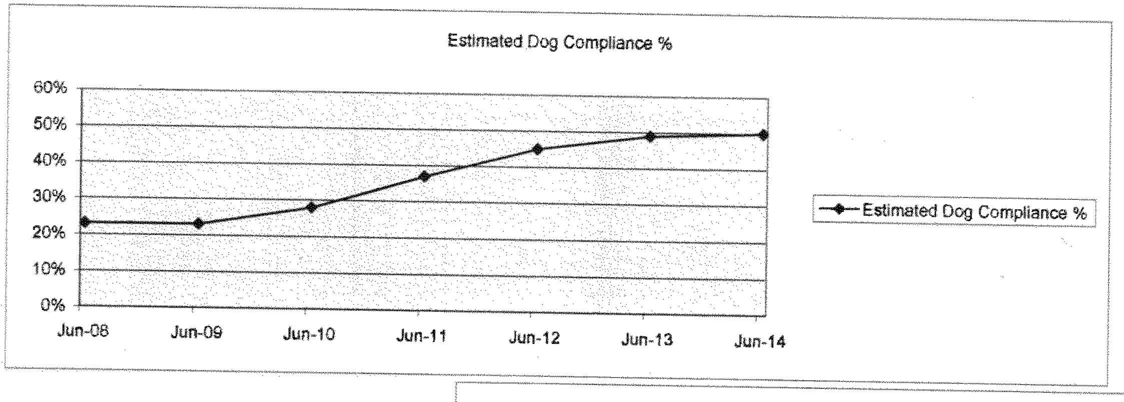
** Note: A portion of the Urban Service Fee may need to be contributed toward one-time costs and other administration expenses. This issue should be addressed in the implementation plan.

ANIMAL SERVICES TASK FORCE - REVENUE SUBCOMMITTEE - DRAFT - FOR DISCUSSION PURPOSES ONLY

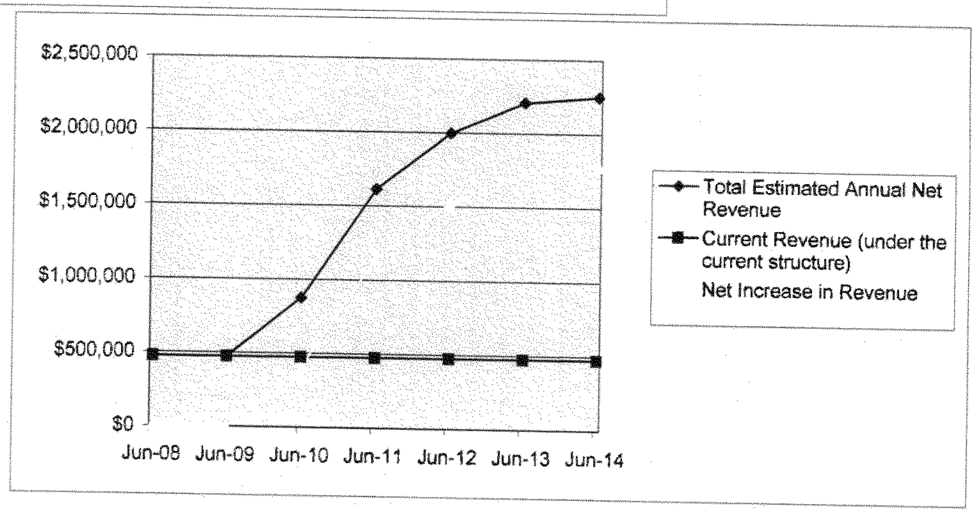
COLLECTION EXPENSE DETAIL

	Proposed Collection Structure - 1) Strong Collections (Including Penalties)	One-time Administration Expenses
Estimated Administration Expenses		
Staffing Level (FTE)	8.5	
Staffing Costs	$511,250	
Other Costs	$177,500	
Total Expenses	$688,750	
Detail		
FTE Description		
Supervisor	1	
Cost per FTE (including Benefits)	$80,000	
Total Cost	$80,000	
Revenue & Taxation Specialist II (Full-time)	5	
Cost per FTE (including Benefits)	$57,500	
Total Cost	$287,500	
Revenue & Taxation Specialist II (Seasonal)	10	
Cost per FTE (including Benefits)	$57,500	
Ajustment to reflect three-months/year	25%	
Total Cost	$143,750	
Total Staffing Cost	$511,250	
Materials & Services per FTE ("Overhead")	$15,000	
Total Materials & Services	$127,500	
Postage and Printing	$30,000	$120,000
Supplies (pet tags, etc.)	$10,000	
Database Design & Maintenance	$10,000	$150,000
Total Other Costs	$177,500	
Total Estimated Annual Administration Expenses	$688,750	

Date	Estimated Dog Compliance %
6/30/2008	23%
6/30/2009	23%
6/30/2010	28%
6/30/2011	37%
6/30/2012	45%
6/30/2013	49%
6/30/2014	50%



Date	Estimated Dog Compliance %	Total Estimated Annual Net Revenue	Current Revenue (under the current structure)	Net Increase in Revenue
6/30/2008	23%	$471,563	$471,563	$0
6/30/2009	23%	$471,563	$471,563	$0
6/30/2010	28%	$873,076	$471,563	$401,513
6/30/2011	37%	$1,611,542	$471,563	$1,139,979
6/30/2012	45%	$1,995,495	$471,563	$1,523,932
6/30/2013	49%	$2,208,366	$471,563	$1,736,803
6/30/2014	50%	$2,251,137	$471,563	$1,779,574



PET LICENSE INFORMATION

Rank by Combined	City/County	Annual Dog fee	Annual Cat fee	Combined Fee	Estimated Dog Compliance Rate*
1	Minneapolis, MN	$30.00	$30.00	$60.00	
2	Spokane, WA	$20.00	$15.00	$35.00	
3	Seattle	$20.00	$15.00	$35.00	28%
4	Tacoma, WA	$20.00	$12.00	$32.00	
5	**Portland, OR**	**$18.00**	**$8.00**	**$26.00**	**25%**
6	Vancouver, WA	$16.00	$10.00	$26.00	18%
7	San Francisco, CA	$15.00	$11.00	$26.00	
8	Sacramento	$15.00	$10.00	$25.00	11%
9	Medford, OR	$20.00	$2.00	$22.00	33%
10	Ashland, OR	$20.00	$2.00	$22.00	33%
11	Las Vegas	$10.00	$10.00	$20.00	
12	Milwaukee, WI	$10.00	$10.00	$20.00	10%
13	Charlotte, NC	$10.00	$10.00	$20.00	
14	Denver	$10.00	$10.00	$20.00	
15	Kansas City	$10.00	$10.00	$20.00	
16	Houston	$10.00	$10.00	$20.00	
17	Salem, OR	$17.00	$0.00	$17.00	20%
18	Tucson, AZ	$16.00	$0.00	$16.00	
19	Cleveland	$16.00	$0.00	$16.00	24%
20	Bend, OR	$12.00	$4.00	$16.00	33%
21	Eugene, OR	$15.00	$0.00	$15.00	16%
22	Fort Worth	$7.00	$7.00	$14.00	
23	Cincinnati	$13.00	$0.00	$13.00	28%
24	Albuquerque	$6.00	$6.00	$12.00	
25	New Orleans, LA	$4.00	$0.00	$4.00	
26	Nashville, TN	$0.00	$0.00	$0.00	43%
27	Oklahoma City, OK	$0.00	$0.00	$0.00	

Source: Petdata.com and websites of local animal service agencies

*Based on: Number of licensed dogs (per agency contact), US Census population estimates, AVMA pet population calculator

APPENDIX C

Plans and Proposals that Illuminate Taskforce Recommendations

1. Spay and Neuter Service and Cost Analysis
   Submitted by Taskforce Member Joyce Briggs

2. "PAWS" Proposal: A concept example for a rebranded animal services program
   Submitted by Taskforce member Robert Simon

Spay Neuter Plan

Budget

Draft 10/28/08

APPENDIX

YEARS 1 - 5 Forecast

Additional Costs to Add Complimentary Rabies Vaccination and Licensing for County Residents on Public Assistance

Multnomah County Proactive Spay Neuter Plan

Sterilization Surgeries *(above baseline including Adopted Pets)*	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**TOTAL**	
Public Assistance Outreach **(# surgeries & $20 Copays for Dog; $10 for Cat)**	2528	3508	3508	3508	3508	16560	
Cats	2528	2528	2528	2528	2528	12640	
Dogs	0	980	980	980	980	3920	
Cost for Rabies Vaccination included with S/N @10 100%	$ 25,280	$ 35,080	$ 35,080	$ 35,080	$ 35,080	$ 165,600	
Cost for License and Administration @10 and 100%	$ 25,280	$ 35,080	$ 35,080	$ 35,080	$ 35,080	$ 165,600	
TOTAL PROGRAM COSTS	$ 50,560	$ 70,160	$ 70,160	$ 70,160	$ 70,160	$ 331,200	

Animal Shelter Alliance of Portland (ASAP)

Geographic Area - Definition of Portland Metro Area

		Clackamas	Clark, WA	Multnomah	Washington	TOTAL	% of OR (2)	OREGON	Portland(3)
A	Population (Est. 2006 from Portland State Population Center))	367,040	412,938	701,545	500,585	1,982,108	54%	3,700,758	560,405
B	Pop. Change 4/2000-7/2006	10.6%	19.6%	3.2%	15.5%			8.20%	1.8%
C	Households (2005 - census information)	128,201	127,208	299,975	169,162	724,546	54%	1,333,723	237,307
D	Median HH Income (2004)	$ 53,150	$ 52,120	$ 42,334	$ 55,933			$42,568	$ 40,140
E	Percent of persons below Poverty Line (2004)	9.0%	9.0%	9.3%	9.30%	9.2%		12.90%	13.1%
F	# of People living below Poverty Line (1)	33,034	37,164	65,244	46,554	181,996	38%	477,398	73,413
G	Land Area in Square Miles (2000)	1,868	628.22	453	723.75	3,673	4%	95,996.79	134
H	Persons per square mile (2000)	181.2	549.7	1,518	615.1			35.6	
I	Metropolitan or Micropolitan Statistical Area	#005	PDX,Vanc, Beaverton	#051	#052				
J	Est. Number of Households with Dogs @ 37.2% (4)	47,691	47,321	111,591	62,928	269,531	54%	496,145	88,278
K	Est. Number of Dogs @ 1.7 per HH (4)	81,074	80,446	189,704	106,978	458,203	54%	843,446	150,073
M	Est. Number of Households with Cats @ 32.4% (4)	41,537	41,215	97,192	54,808	234,753	54%	432,126	76,887
N	Est. Number of Cats @ 2.2 per HH (4)	91,382	90,674	213,822	120,579	516,456	54%	950,678	169,152
O	Estimate Number of Feral Cats (5)	20,104	19,948	47,041	26,527	113,620	54%	209,149	37,214
P	Total Dogs and Cats in Geographic Area	192,560	191,068	450,567	254,084	1,088,280	54%	2,003,273	356,439
Q	Targeted (Shelter/Low income) Surgeries to Sustain over baseline	1,835	2,065	3,508	2,503	9,911	54%	18,504	2,802
R	Targeted Feral Surgeries to Sustain over baseline	459	516	877	626	2,478	54%	4,626	701
	Total (Shelter/Low income/Feral) Surgeries to Sustain over baseline	2,294	2,581	4,385	3,129	12,388	54%	23,130	3,503

(1) People living below poverty line used 2004% of the 2006 Population

(2) Since Clark County is Washington State, you can't really look at these four counties as a percentage of Oregon's totals, but this still seemed a useful measure.

(3) Portland (city)population data older, Pop.'03 , Pop Chg. 4/00-7/03; HH. 2000; Median Income 1999;Percent of people below Pov. Line 1999; Land Area 2000

(4) Source: AVMA method of extrapolating based on 2007 U.S. Pet Ownership and Demographic Sourcebook. Does not include 'unowned cats'

(5) Source: rough estimate based on Merritt Clifton's national proportion of feral cats to cats in HH data would be 46,000. Feral Cat Coalition estimates more like 100K or 22%. Using their estimate.

(6) Source: Peter Marsh estimates that we need to sustain 5 targeted SPAYS per 1000 people not including Ferals

(7) Source: Peter Marsh estimates 1.25 ferals need to be sterilized per 1000 people

NOTE: I could find few resources defining the Portland Metro area, but WIKIPEDIA is obviously not including the entire other counties or Clark.

The Portland metropolitan area is the urban area centered in northern Oregon (Multnomah County and parts of Washington, Yamhill, and Clackamas counties) and southern Washington (Clark County). It is Oregon's largest urban center and the hub for trade, transportation, and business. Altogether it is about 550 to 600 sq. mi. of urbanized land area.

en.wikipedia.org/wiki/Portland_metropolitan_area

Revised 9 15 2008 w M Oswalds population stats for Portland.

ASAP (Animal Shelter Alliance of Portland) Area Spay Neuter Status and Needs
Based on 2006 Estimated Human Population

APPENDIX A2

CATS	Clackamas	Clark, WA	Multnomah	Washington	TOTAL	% of OR (2)	OREGON	Portland(3)
Est. Number of Owned Cats (4)	91,382	90,674	299,975	120,579	516,456	54%	950,678	169,152
Estimate Number of Feral Cats (5)	20,104	19,948	65,995	26,527	113,620	54%	209,149	37,214
Estimate total Cats	111,486	110,622	365,970	147,106	630,077	54%	1,159,827	206,366
Existing Owned Cats Sterilized (86%) (A)	78,588	77,980	257,979	103,698	444,152	54%	817,583	145,471
Existing Feral Cats Sterillized (5%)	1,005	997	3,300	1,326	5,681	54%	10,457	1,861
Estimate total Sterilized Cats	79,593	78,977	261,278	105,024	449,834		828,040	147,332
Existing Owned Cats Intact (14%)	12,793	12,694	41,997	16,881	72,304	54%	133,095	23,681
Existing Feral Cats intact (95%)	19,099	18,951	62,695	25,201	107,939	54%	198,692	35,353
Estimate total intact Cats	31,892	31,645	104,691	42,082	180,243	54%	331,787	59,034
Owned cats replaced annually* (15%)	13,707	13,601	44,996	18,087	77,468		142,602	25,373
Surgeries annually (to 86% sterilized)	11,788	11,697	38,697	15,555	66,623		122,637	21,821
Targeted Low income Surgeries over baseline*	1,321	1,487	2,526	1,802	7,136		13,323	2,017
Targeted Feral Cat Surgeries**	468	516	877	643	2,479		4,626	701
Total Targeted Cat Surgeries	1,789	2,003	3,402	2,445	9,614		17,949	2,718

* 72% of Euth Cat in All combined but Clark County. Apply 5 per 1000 by 72%. 3.6 per thousand people targeted surgeries.

** 1.25 per 1000 people

baseline includes S/N of shelter pets...

For Numbered Footnotes see Appendix A1

(A) Association of Pet Products Manufacturer's study 2005/6 - data from 2004

DOGS	Clackamas	Clark, WA	Multnomah	Washington	TOTAL	% of OR (2)	OREGON	Portland(3)
Est. Number of Owned Dogs @ 1.7 per HH(4)	81,074	80,446	189,704	106,978	458,203	54%	843,446	150,073
Existing Owned Dogs Sterilized (73%) (A)	59,184	58,726	138,484	78,094	334,488	54%	615,716	109,553
Households with Dogs @ 37.2%	47,691	47,321	111,591	62,928	269,531	54%	496,145	88,278
Existing Owned Dogs Intact (27%)	21,890	21,721	51,220	28,884	123,715	54%	227,731	40,520
Owned Dogs replaced annually* (15%)	12,161	12,067	28,456	16,047	68,730	54%	126,517	22,511
Surgeries annually (to 73% sterilized)	8,878	8,809	20,773	11,714	50,173	54%	92,357	16,433
Targeted Low income Surgeries over baseline*	642	723	982	876	3,469	54%	6,476	785

For Numbered Footnotes see Appendix A1

(A) Association of Pet Products Manufacturer's study 2005/6 - data from 2004

baseline includes S/N of shelter pets...

		Total Community surgeries			116,796			
		Per thousand population			59	Baseline ?		

YEAR 1 - CATS ONLY (w/exception of Impound and RTO)

Multnomah County

Sterilization Surgeries	Community Target (Multnomah Cty)	Community Target (Portland)	MCAS	OHS(D)	FCCO(B)	Dove Lewis (H)	Private Veterinarians (C)	TOTAL
for Adopted Pets (A) (Dog/Cats)								
Impounded and RTO pets (Dog/Cats) (I)	200	150	200	0	0	0	0	200
Below are Cats only								
Public Assistance Outreach (total)(E)	2,526	2,017	350	1,575	3	200	400	2,528
Cats	2,526	2,017	350	1,575	3	200	400	2,528
Dogs								
Working Poor (total) (G)	2,526	2,017	200	2,075	0	50	203	2,528
Cats	2,526	2,017	200	2,075	0	50	203	2,528
Dogs								
Feral Cats (total) (F)	877	701	50	0	825	0	0	875
								0
TOTAL SURGERIES PLANNED	6,129	4,885	800	3,650	828	250	603	6,131
Total Cat surgeries (I)	5,989	4,780	660	3,650	828	250	603	5,991
Total Dog Surgeries (I)	140	105	140	0	0	0	0	140
Costs for Pdx/MC - incurred directly or reimbursed to NGO's & veterinarians								
Cost surgery @ ave. $50 cat/$75 dog at MCAS	$ -	$ -	$ 43,500	$ -	$ -	$ -	$ -	$ 43,500
Cost for $10 co-pay for all on Public Assistance/Feral	$ -	$ -	$ -	$ 15,750	$ 8,280	$ 2,000	$ 4,000	$ 30,030
Offset for average $37 co-pay from Working Poor	$ -	$ -	$ (7,400)					$ (7,400)
TOTAL	$ -	$ -	$ 36,100	$ 15,750	$ 8,280	$ 2,000	$ 4,000	$ 66,130
TOTAL Surgeries subsidized in some way			800	1,575	828	200	400	3,803

POSSIBLE MADDIES SUBSIDY MCAS ONLY (Cat ave. $55) for Public Assistance surgeries $ 19,250

Abbreviations:
MCAS : Multnomah County Animal Services
OHS: Oregon Humane Society
FCCO: Feral Cat Coalition of Oregon

(A) Neuter before adoption program sustained. Assumed x % growth but incremental growth not included in this budget.
(B) FCCO data for 2007 entire Portland metro (ASAP - 4 county) area was 1878 . This assumes achieving target rate with subsidy. Surplus anticipated.
(C) Through existing Adoption programs or subsidized programs such as Oregon Spay/Neuter Fund. In cremental spurred by Maddies Fund dollars ?
(D) OHS capable of 10K cat community cat surgeries - assume 50% for Multnomah County.
(E) Assumes surgeries for $0 targeted to those on federal or state assistance programs -with gov't picking up $10 (cat) to $20 (dog) co-pay.
(F) Assumes 1.25 feral cat surgeries per 1000 human population.
(G) Assumes we need to at last match total surgeries for the Working Poor population,as for the Medicaid at subsidized rates at the level of the Oregon Spay/Neuter Fund.
(H) Assumes able to do twice a month surgery with 12.5 surgeries a day for 10 months a year..
(I) Dog/Cat break assumes that 70% of the surgeries for impounded and RTO pets are for dogs.

YEAR 2 through 5 Forecast- DOGS and CATS

Multnomah County

Sterilization Surgeries	Community Target (Multnomah Cty)	Community Target (Portland)	MCAS	OHS(D)	FCCO(B)	Dove Lewis (H)	Private Veterinarians (C)	TOTAL
for Adopted Pets (A) (Dog/Cats)								
Impounded and RTO pets (Dog/Cats) **(I)**	200	150	200	0	0	0	0	200
Below are Cats only								
Public Assistance outreach (total)(E)	3,508	2,802	450	2,205	3	250	600	3,508
Cats	2,526	2,017	350	1,575	3	200	400	2,528
Dogs	982	785	100	630	0	50	200	980
Working Poor (total) (G)	3,508	2,802	300	2,705	0	100	403	3,508
Cats	2,526	2,017	200	2,075	0	50	203	2,528
Dogs	982	785	100	630	0	50	200	980
Feral Cats (total) (F)	877	701	50	0	825	0	0	875
TOTAL SURGERIES PLANNED	**8,093**	**6,455**	**1,000**	**4,910**	**828**	**350**	**1,003**	**8,091**
Total Cat surgeries (I)	5,989	4,780	660	3,650	828	250	603	5,991
Total Dog Surgeries (I)	2,104	1,675	340	1,260	0	100	400	2,100
Costs for Pdx/MC - incurred directly or reimbursed to NGO's & veterinarians								
Cost surgery @ ave. $50 cat/$75 dog at MCAS			$ 58,500					$ 58,500
Cost for $10/Cat $20 Dog co-pay:Public Assistance/Feral				$ 28,350	$ 8,280	$ 3,000	$ 8,000	$ 47,630
Offset for average $37 cat/$65 dog co-pay from Working Poor			$ (13,400)					$ (13,400)
TOTAL	$ -	$ -	$ 45,100	$ 28,350	$ 8,280	$ 3,000	$ 8,000	$ 92,730
TOTAL Surgeries subsidized in some way			1,000	2,205	828	250	600	4883

POSSIBLE MADDIES SUBSIDY MCAS ONLY
for Public Assistance surgeries (Cat ave. $55/Dog Ave. $80) $ 27,250

Abbreviations:
MCAS : Multnomah County Animal Services
OHS: Oregon Humane Society
FCCO: Feral Cat Coalition of Oregon

(A) Neuter before adoption program sustained. Assumed x % growth but incremental growth not included in this budget.
(B) FCCO data for 2007 entire Portland metro (ASAP - 4 county) area was 1678 - Multnomah county portion estimated at 70% Minimum may be able to be exceeded.
(C) Through existing Adoption programs or subsidized programs such as Oregon Spay/Neuter Fund. In cremental spurred by Maddies Fund dollars ?
(D) OHS capable of 10K cat community cat surgeries - assume 50% for Multnomah County.
(E) Assumes surgeries $10/$20 co-pay, targeted to those on federal or state assistance programs with City picking up the co-pay amt.
(F) Assumes 1.25 feral cat surgeries per 1000 human population.
(G) Assumes we need to at last match total surgeries for the Working Poor population,as for the Medicaid at subsidized rates at the level of the Oregon Spay/Neuter Fund.
(H) Assumes able to do twice a month surgery with 17.5 surgeries a day for 10 months a year..
(I) Dog/Cat break assumes that 70% of the surgeries for impounded and RTO pets are for dogs.

Spay Neuter Plan
Budget
Draft 9/16/08

APPENDIX B1

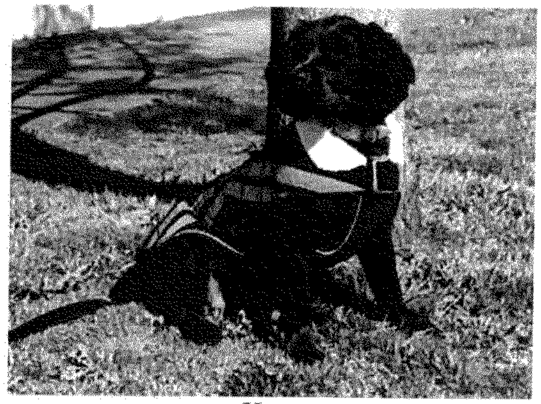
YEARS 1 - 5 Forecast

Multnomah County Proactive Spay Neuter Plan

Sterilization Surgeries (above baseline including Adopted Pets)	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL	
Impounded and RTO pets (Dog/Cats)	$ 13,500	13,500	13,500	13,500	13,500	$ 67,500	
Public Assistance Outreach (surgeries & $20 Copays for Dog; $10 for Cat)	$ 39,280	$ 64,380	$ 64,380	$ 64,380	$ 64,380	$ 296,800	
Cats	$ 39,280	$ 39,280	$ 39,280	$ 39,280	$ 39,280	$ 196,400	
Dogs	$ -	25,100	25,100	25,100	25,100	$ 100,400	
Working Poor (Surgeries minus offset Income)	$ 2,600	$ 4,100	$ 4,100	$ 4,100	$ 4,100	$ 19,000	
Cats	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 2,600	$ 13,000	
Dogs	$ -	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 6,000	
Feral Cats (subsidy @$10)	$ 10,750	$ 10,750	$ 10,750	$ 10,750	$ 10,750	$ 10,750	
Sub-total Surgery and Subsidy Costs	$ 66,130	$ 92,730	$ 92,730	$ 92,730	$ 92,730	$ 437,050	
TOTAL including 8 % inflation in Years 3-5	$ 66,130	$ 92,730	$ 100,148	$ 100,148	$ 100,148	$ 459,305	
Total Surgeries enabled	*3,803*	*4,810*	*4,810*	*4,810*	*4,810*	*23,043*	
						$ 18.97	*ave. cost*
Transportation Vehicle (2 in five years)	$ 45,000	$ -	$ 45,000	$ -	$ -	$ 90,000	
capita							
Program Marketing and Administrative Exp.	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 150,000	
TOTAL PROGRAM COSTS	$ 141,130	$ 122,730	$ 175,148	$ 130,148	$ 130,148	$ 699,305	*$30.21 ave. cost.*
Possible Offset Maddies Grant	$ 19,250	$ 27,250	$ 27,250	$ 27,250	$ 27,250	$ 128,250	
	$ 121,880	$ 95,480	$ 147,898	$ 102,898	$ 102,898	$ 571,055	*$24.63 ave.cost*

Joyce Briggs JBriggs@cvstrategies.com

Files: C:\Documents and Settings\oswaldml\Desktop\Portland\Final Report Append C Briggs SN Plan Appendices updated 11 5 083.xls
Date: 1/23/2009



• Kava •
Boykin Spaniel, An All American Breed

MEMORANDUM

Robert S Simon
Post Office Box 820035
Sellwood Station
Portland, Oregon 97282-1035
503-417-8766 • *503-417-8767 (facsimile)*

DATE: Tuesday, February 03, 2009
RE: Provision of Animal Welfare Services (PAWS) task force issues to consider as a part of the PAWS process.

Introduction

"Animal problems become people problems if left to their own devices" according to our most respected animal advocates. Animal problems are one of the several fundamental public Safety concerns of modern urban living, and in our metropolitan area animal welfare is as high a priority for the citizens as their own respective personal safety. It is the exercise of leadership which brought Portland and Multnomah County into these discussions of a joint governance model for this metropolitan public safety concern.

As animals and people live in closer proximity and share more urban and suburban amenities that interface becomes a place of greater conflict. Leadership in conflict resolution requires the best possible use of non-sworn enforcement officers and mediators to identify potential conflicts, defuse actual conflicts, and provide a safe environment for all citizens whether or not animal owners. These enforcement efforts are a buffer between sworn law enforcement and they can be more effective and economical if properly implemented. Therefore, the innovative use of animal services and the private not for profit animal advocate partners is another field of "livable communities" in which Portland and the County can demonstrate regional and national leadership.

The PAWS charter is an example of leadership in the field of public safety through a holistic as summarized by the facilitator demands that the task force recommend levels of service (LOS), service priorities, and sustainable funding methods for continuity of service. This is the same series of objectives provided to the 2000 Multnomah County task force convened by Chair Bev Stein. The exception is that in this particular case the City of Portland has expressed interest in handling its own animal control in the absence of a county commitment to a higher level of service. Portland's willingness is predicated on its ability to reach a self-funding level for animal safety services through fees, licenses, and fines. The PAWS process is designed to revisit the 2000 Task Force recommendations, update those, and determine if new ideas are timely or necessary to reach the joint goals of a higher LOS and a higher level of self funding.

The Multnomah County Commission resolution 07-190 identifies that the County provides animal services within the City under an intergovernmental agreement, and the County does not have adequate funding to meet "growing expectations and demands from the citizens of Portland." The mission of the task force according to the resolution is to "study feasible options for providing animal services in the city that protects the health, safety, and welfare of its citizens, and promote[s] neighborhood livability." The introduction of the commissioners (both Hon. Randy Leonard and Hon. Ted Wheeler through his deputy Mr. Poe) stressed (1) Sustainable Funding, (2) LOS which can be purchased with this level of funding, and (3) Capital Facilities improvements which the funding can support through revenue bond measures ("CapEX"). Therefore, the distilled result of the political process leads to a necessary conclusion that the task force must focus on first revenue creation and second on spending that revenue on LOS in order of priority.

There is a first fundamental principal of "building the level of service for all citizens" which both the City and the County must embrace as a point of departure for the mission of PAWS. The urban service capability must become more robust and the ability to enforce the laws must become County-wide. All citizens benefit from the service whether they care for animals or not. In order to satisfy this growth in service principal the County must agree to a "No Net Loss" of funding to the Animal Services functions as revenue increases, and the City must agree to Animal Services as a County public service using the existing bureaucracy in most instances. In sum, if the City raises funds for enhanced LOS within the City limits, then the County may not reduce the General Fund support for Animal Services. There may be no net loss of resources and City raised funds must stay within the City LOS boundary.

There is a second fundamental principal of "County provided service" which the City and County must embrace as a point of departure for a successful reshaping of animal welfare services. The County must marshal all of the animal service expertise and infrastructure at the County administrative level rather than at a Balkanized municipal level, all the while using new revenue to focus service in the urban cores.

There is a third fundamental principal of "defuse problems at the earliest point" which the City and County must embrace as a guiding philosophy for a successful "service" component of animal welfare programs. If the entire system focuses on making the interface between animals and humans a conflict free environment, then the associated costs of escalation and confrontation can be avoided. Animal Service Officers are the interface between animal problems which can rapidly become people problems requiring law enforcement response. Much like Noise control or Park Rangers at the municipal level, the Animal Service Officers divert confrontation from the criminal justice response system (which is our most resource intensive governmental response system). Laws, education and training should focus on this role of harmonizing the animal-human urban interface.

In conclusion, this Report has Recommendations and Implementation Sections. The City and the County can choose to adopt this Report, including the Implementation Section, and move forward with adoption of the new approach to animal services. Failure to adopt the Implementation Sections reflects upon the political will to lead the community to an innovative approach to the provision of animal welfare services.

Innovation Strategies

► **Innovations in Urban Services**: The urban area where high population density per acre is a land use planning goal requires a complex and more intensive animal welfare service. The presence of animal safety officers at all hours in all neighborhoods is a strategic goal for the community in an effort to reduce tensions at the "people-animal" interface. The complexity of resolving animal safety issues in the urban environment requires many special skills (conflict resolution, force protection, language diversity) that are not a part of the traditional animal safety officer training and experience. The rural environment, presents its own and very different challenges, though typically ones for which officers are traditionally trained. Similarly, urban public safety officers (police, fire, EMS, Park Rangers, Code Enforcement) are not traditionally trained to address the safety needs of our animal companions. Animals are present in one half or more urban households but not one public safety officer has animal safety training. It is the very unique challenges of the urban environment which compel a multidisciplinary team approach to urban responses where animals are present, and it is the creation of such an approach which is the keystone of an effective urban service model.

Portland and Multnomah County are innovators in the multidisciplinary approach to animal safety. The Parks and Recreation Department, for the last five years, has been operating a pilot program in which a County employed, equipped and trained animal safety officer is seconded to the Public Safety Office within the Parks Department. That officer, whole equipped by the County is dispatched by the Parks Department. The officer is a 40 hour FTE and the personnel cost is paid by Parks while the support, equipment, training and benefits are provided by County. This pilot program matches the trained first responder animal safety officer to the Park Ranger and the people within the Department that need support at the people-animal interface. The structure is created by intergovernmental agreement (IGA) and the cost has been stable at $60,000 -$65,000 annually over the life of the IGA.

The innovation of the multidisciplinary team could be expanded to provide for animal safety officers seconded to police, fire, and Code Enforcement. The same model should be used which gives primary dispatch authority to the bureau which contracted for the service. The officers could be housed in the same downtown facility envisioned in the capital project section of this study. The funding for the officers should come from fees specifically dedicated to urban services. The goal of the program should be focused on supporting the diverse first responders who make up the urban public safety officers who are confronted with animals in the course of routine performance. That support should be (1) immediate, (2) 24/7/365, and (3) within one phone call. That support must be in the form of a fully equipped and trained animal safety officer.

Recommendations: Eight animal safety officers should be added to the City's urban service area through IGA with Police, Fire, Parks, and BES. The officers should be shared by the bureaus when not otherwise in use, and the officers should be combined with the existing 13 FTE officers to create 21 FTE first responders with at least one officer available through the swing shift. The funding for these positions should be "forward" funded by the bureaus, and then recouped from the urban service fees adopted in the fee schedule (discussed separately). The officers and equipment should be housed in the Central City Animal Community Center (as described in the Capital Projects section) along with transitional holding facilities for animals detained on shift. The animal safety officers should receive Public Safety Officer training at the law enforcement training facility in order to work smoothly with the urban public safety officers when confronting potentially hostile law enforcement challenges. Funding targets should include advanced training for animal safety officers assigned to the multidisciplinary teams.

► **Innovations in Participation**: The animal system is voluntary (much like the tax system) with the threat of enforcement for non-participants. The current system, in use for generations, does not couple a credible threat of enforcement in order to stimulate voluntary participation. A new approach is needed and PAWS offers some suggestions based on adding incentives to the tool box and restructuring the number and types of fees required. The system needs to be re-focused on incentives creating "privileges" for animal owners and a broader method of enforcement through a concept of "universal enforcement."

Existing Funding: Revenue is generated by (1) fees, (2) penalties, and (3) General Fund taxes receipts. There is a certain amount of revenue which is dedicated to particular areas or services, and that is not a significant consideration in this analysis. FY 07 had a budget of 4.1M with 29% of the program revenue generated from services and 71% from General Fund. The ultimate objective is to reach the "zero" general fund contribution level. There are approximately 700,000 residents in the County, with 172,335 dogs and 298,295 cats (based on rabies vaccine registrations) for a total of 470,630 animals known to reside in the service district. Only 62,536 were registered as of FY 2007. The remaining 408,094 animals remain non-compliant. As recently as 1999 there were County sponsored citizen workshops intended to address the funding issue for animal welfare services. It appears that the voluntary compliance model is not successful for this series of regulations.

Fee Size: In 1997 Ballot Measure 26-60 gave authority to the County to raise its fees. In 2002 the County raised license fees without a material change in voluntary compliance.

Effective 2002			
DOGS: Fertile:	1 yr = $30;	2 yr = $50;	3 yr =$65
DOGS: s/n:	1 yr = $18	2 yr = $26:	3 yr =$38
CATS: Fertile:	1 yr = $30;	2 yr = $60;	3 yr =$90
CATS: s/n:	1 yr = $8	2 yr = $14:	3 yr =$19

Prior to 2002

DOGS: Fertile:	1 yr = $25;	2 yr = $45;	3 yr =$60
DOGS: s/n:	1 yr = $15	2 yr = $23:	3 yr =$35
CATS: Fertile:	1 yr = $30;	2 yr = $50;	3 yr =$65
CATS: s/n:	1 yr = $8	2 yr = $14:	3 yr =$19

The size of the fee per animal has not been evaluated recently for price resistance. The Riley Research Associates survey was compiled in July 2002 from 157 respondents in which the size of the fee was not the point of resistance to compliance. Convenience and the fear or lack of fear of enforcement are what accounted for the low license compliance rate.

Annual Registration: We need a reasonable annual registration fee. After much thought it appears that we should register all the animals (with few exceptions) and we should shift to an annual registration (dropping the three year option). Further, a registration system for all animals must be coupled with a generous incentive package which demonstrates the value to the registrant. The threat of a penalty through first collection then physical enforcement must also be credible, but it must be the most discrete part of the program. Animal Safety Service simply does not operate effectively in the roll of the heavy when so much of its success comes from the voluntary cooperation of people who love animals. Therefore, the incentives for a registrant should be the most well advertised aspect of the system, and the enforcement must be implicit through the greater public profile of officers and the greater public profile of the fee collection efforts.

The reasoning is based upon three basic premises; (1) Census, (2) Regularity, and (3) Revenue.

First, in order to prepare for the disaster we need a relatively current census of all the domesticated animals in the County. Whether they are cats or cows we need to have a general idea how many and where they are located. If we know, then we can plan for evacuations, rescues, care and kenneling of these animals with greater confidence. We can pre-position supplies and pre-designate sheltering facilities in areas based on the census. Also, vector control needs a reliable census in order to manage out breaks of disease such as avian flu or West Nile virus. A census will allow for rapid information to registrants (by e-mail or robo dial) of an outbreak or fire. Thus, a mandatory minimum registration fee should be adopted.

Second, the annual registration and renewal will allow us to establish a routine both for the owner and for the department through which we may keep the census up to date. There is less likely to be loss of registrants if they task is annual. The expansion of enforcement to a boarder array of service providers will also be enhanced since each year there will be a registration similar to an automobile and out dated licenses will not be useful nor a source of confusion for enforcement. Either the owner has a current license or they do not. Further, we should shift to a first of the year renewal cycle for ease of enforcement.

Third, the revenue source is one which would fund the operations of the department for this larger planning task so it is a user fee type charge. The switch to annual and first of the year registration will capture the revenue early and allow for yearend reductions or expansions of service based upon the collections. If all the money is due in the first quarter, then the budget is easier to manage for the year.

Registration is currently de-centralized. Livestock registration is handled in part by the Health Department and in part by Animal Services. (See Chapter 21 and Chapter 13). The code is murky and unclear. Centralized registration should be the strategic goal. The registration of all animals which includes livestock needs to be centralized either at Animal Services or at a private vender such as "Pet Point Animal Management System." **(See Annex #)** Microchips must be included in all animal registrations. Private vendor registration provides the advantage of a server which is off-site and thereby accessible during emergencies should the County server go down. The violations of registration rules must be made uniform through model ordinances. The hearing process for violations of the registration rules should be similarly centralized for uniformity of outcomes regardless of residency or income.

Fourth, there is an institutional resistance to creating **registration incentives** through special privileges on public lands even though such a system is the least cost to the City and County. These incentives would provide the highest yield for registration.

- Special Use Permits could be an immense source of income from users who want to use natural areas for special training or events (whether canine or equestrian). However, sometime entrenched departmental policies would need to be changed in order to advance any concept which would allow one user group to have a "special" privilege in a public park. For example canines to run off leash in City Natural Area parks (outside of existing "off leash" areas, and this group of users could be "managed" if there existed a permitted process to make such use lawful. Thus, a special use permit for dog training and water dogs, even if accompanied by K-9 Good Citizenship Training and a large fee, would require a policy rethinking by Parks. (See the Parks Policy on Natural Areas, **Annex #)**.

Fifth, there are many **registration incentives** which are readily within the grasp of the service if the resources were allocated to solicit them. Private-Public partnerships with animal related vendors could be a source of income off-set for the cost of the registration programs.

- Safety related incentives for registrants include special notifications of a disaster through e-mail and robo-dial, inclusion on the 911 system to alert 1st responders of the presence of an animal in the home, and free rides home for lost pets.
- Coupons or sponsorship of the minimum required registration fee ($10) should be available if the new FTE Public Outreach Officer were to solicit such support within the community. Matching grants for free or discounted micro-chips should be a part of the program incentives. Free or discounted spay and neuter service should be a part of the incentive package available to registrants.

Recommendations: We need to create a Registration System rather than a license system. The Permits must each offer both an incentive and a penalty for non compliance (enforcement is addressed elsewhere in this Report). The use of a license fee is a traditional form of fee for service. However, a different approach to the license concept needs to be adopted to transform the license into a true "fee for service" device.

It is apparent from the Leash-Law debates within Portland that there is little success in a "one size fits all" approach to the services people expect from animal safety services. People will run animals without regard for the law where there is a lack of enforcement and a lack of permission. We need an incentive based system which provides fee based access to users which allow for off leash, off trail, and other individual uses of the wild areas. Through coupling the desired uses to the special use permit system we can capture large revenue generating sources and resolve the illegal activities which occur when no permit mechanism is offered.

Further, there will be a greater level of compliance if we move from a license to a "permit" system in which various permit levels allow greater or specific animal services. Each animal, whether companion or livestock, must be "registered" with the County in order to insure it gets the level of service desired. The County already requires livestock registration in Chapter 21 and there is an implication in Chapter 13.308 but it is not a "requirement" but there is no fee for livestock registration. A new series of registrations should be offered to people and a list of proposed registration levels is attached as **Annex 6** to the Report.

In sum, we need to adopt registration as opposed to licensing, and Special Use Permits instead of unenforced rules. One size does not fit all in a compact urban environment. So, an innovative system needs to channel users into regulated opportunities rather than force users into ignoring the laws in order to fulfill the desired use.

► **Innovations in Fee Collections:** The City should enter into an IGA with the County and allow for the appropriate City department to collect the registration revenues both from the a link to the on line site as well as through the penalty enforcement process. The collection of fees must be more than voluntary since the compliance numbers indicate a very low participation rate under the historical voluntary system. The existing 12% voluntary licensing approach is not a successful revenue model and not reflective of any other government licensing program (based on the number of estimated dogs and cats as compared to the number of licenses). Oregon Public Broadcasting reports a participation rate of 18% of listeners being members of the voluntary organization. The comparison reflects a significant lack of success in penetration of the licensing program over the intervening years since 1974. The degree of compliance is directly related to the likelihood of enforcement. Therefore, revenue capture is a critical component of a successful self funding model based on fees whether rebranded as "permits" or kept as "licenses."

Existing Methods. The existing methods for collecting work and should be retained as part of an expanded system.

- Reconciliation of Vaccine registration to licenses: MC is doing this in FY2008 and has increased collections by 20%. The method is to issue a license to the person for whom the vaccine was delivered along with an invoice. When the invoice is not paid, then a call by an Animal Service office staff member occurs, and ultimately a collection agency is engaged to collect the base fee due plus any additional collection charges the agency can extract.

- Approximately 60 area vets issue licenses and make $2 per license, and $1 per renewal.
- On line registration and payment. An animal can be registered online for free and without vaccine proof for 60 days. The transaction is held open until the information is completed. This on line system is not the easiest to navigate nor is it designed to be used by hand held devices.

Recommendations: All members of the enforcement community must be authorized to cite violators of the animal codes. There needs to be a more global inclusion of the community in the animal service permit process rather than the reliance on a few staff members at headquarters to encourage each person to register the companion animals in his or her care. The City imposes penalties of its own through Chapter 13.05 of the City Code for those who fail to register but such violations are not available using the Uniform Citation system. (The City got out of the dog and cat registration business in 1993 through a repeal of its ordinances). Parks has its own penalty system in Chapter 20.12 for violations of Park rules but no companion process for citation of violators of the registration process. Park Rangers are not authorized to cite violators whose animals are unregistered (whether canine of equine). Bureau of Environmental Services has its own animal related enforcement (noise) and no authority to cite for an unregistered animal. Therefore, every interaction at the people-animal interface is essentially one in which the outcome is inconsistent and unpredictable due to a lack of universal enforcement of a single animal code.

There should be a separation of the animal service providers from the collection agents in order to increase collection. In much the same way we do not have police officers collecting the ticket bail when an infraction occurs we should separate the animal service officers from the collection of the registration fees for the animal service permits. While a person should always be allowed to register with animal services, when a violation or failure to pay is being pursued it should be done by a professional collector familiar with the laws for such collections and the artful dodges used by those few who dislike surrendering money to the government.

- **Open Access to Registration**: The registration process must be more user friendly and more widely available. The web site must be modified to allow a first time registrant to input a rabies vaccine tag number and then allow the computer to cross reference that number to a doctor reported vaccination. The various physical points of sale such as pet stores and doctor's offices need a more robust incentive in order to sell more registrations. There should be a tripling of the incentive from $2 currently to $6. The basic fee should be increased to prevent a loss of yield from registration fees. The Public Outreach Officer could enlist the Scouts and other private partners to encourage registrations through these increased incentives. Once there is a 'ground swell" of activists trying to register animals as if it were a voter registration drive, then the "culture of compliance" will begin to take hold. The more school aged children who participate in helping people register (in particular those potential registrants who are shut in or in homes for the aged) the greater the level of community involvement and the lower the level of governmental imposition.

- Universal Enforcement: Whether it is a police officer, park ranger, health inspector, code enforcement or traffic enforcement officer, there must be the power for any member of the City and County enforcement arms to issue a citation which brings a non-compliant person into the animal control system. Every official who possesses the right to issue a citation in whatever area of governance must be deputized to issue a citation for a violation of the animal. There should be an amendment to City code Chapter 13 which finds a violation for failure to comply with the County registration ordinance. It should be a separate violation. The City should keep its noise ordinance and the enforcement apparatus for the unique challenge of urban noise creation. This is a uniquely urban issue though unregistered animals should be something noise officers cite for, and the abuse of animals is something they should be trained to recognize and report. Union participation and modifications to the Uniform Citation program will need to be addressed as part of an implementation of this program.
- Citizen Cooperation: The whole community must be encouraged to support registration. One method is an online reporting mechanism for citizens who may be troubled by an animal issue or may see an animal code violation. The reporting should go to a dedicated person and then result in a referral to enforcement or investigation. However, it should be a citizen driven process.
- Contracted Collections: The City of Portland should be contracted for collections of the animal registration fees. A percentage of the collections by Portland should be dedicated to Portland based LOS, and a fee to the Bureau for collection should be recovered by Portland. All of the same tools which the City currently uses for collecting its license fee should be applied to the animal service fees including web based complaints. Additionally, all fines and penalties assessed by animal services should be collected in the same manner. There will need to remain discretion on the part of the Director of Animal Services to decide on waivers of fees and penalties, but the structure of the system will benefit from removing the service provider from the collection efforts.
- Contracted Census: The census of animals should be contracted to a private partner with an economic benefit from the number of registrants it brings into the system.
- Rental Housing Providers: Rental housing with pet friendly facilities must insure pets are licensed before renting to the tenant. City and County housing codes can create this requirement. However, it should not be required that renewal enforcement be monitored. In the case where an animal registration expires then we should notify the Landlord (using information on the registration form) and then the Landlord could issue a Notice for Cause Eviction which would compel the tenant to renew the registration of the animal. This provider list needs to include assisted living or any congregate care facility.
- Point of Service Providers: All licensed animal service provided must limit service to registered animals. Health and safety require that only registered animals be served in licensed facilities. City and County codes should impose these requirements with exceptions for non-profit organizations and for medical emergencies should be provided (strays or abandoned animals) in any ordinance. Service providers include all licensed animal service providers including medical providers, groomers, dog washes, kennels, day care, and breeders. Pet food stores though having business licenses are not an effective point of service provider to require to participate while clinics and grooming facilities inside such store are a good point of imposition.

▪ Revised Fee Schedule: The fee schedule must be revised to adopt both an annual registration process and a greater series of user fees in order to capture the cost on the community from the animals in its midst. **(See Annex #).** Simply by adopting an Urban Service Fee of $15 per animal (assuming no net loss of the existing 52,000 registrants) the new revenue would equal (at 100% compliance) $780,000 which is enough to fund 13 FTE officers. Similarly, a Household Animal Permit (one per household) at $35 per household (assuming that of the 52,000 registrants there are 2 per household) would yield $875,000 new dollars for animal safety programs. However, the Task Force revenue working group prepared a detailed analysis of both the increased revenue from dedicated collection combined with a slight increase in the sources of registration fees. **(See Annex # for the Projections).**

Innovations in Levels of Service: There needs to be a distinction between an "Urban Service" and a "Rural Service" response system. Time and again the less urban parts of the metropolitan whole are unenthusiastic about "subsidizing" the city dwellers. Thus, a new approach based on new urban expectations for a higher service level should be initiated through a fee which dedicates revenue to these urban levels of service.

There have been numerous historical efforts to identify LOS in any given era or decade. In 1917 Portland paid the Humane Society to handle stray dogs. In each generation subsequent some complaint about was made about animal safety services and some effort to address the complaint was forged. The LOS expected and the priority for LOS has changed with each such cycle.

Levels of service must be a multi-functioned approached with both human and capital resources which are trained and tailored to the service needs. People without facilities or facilities without people, and either without revenue makes for a dysfunctional system. Therefore, we need to consider a variety of new approaches.

More and better positioned FTE are required to lift the animal safety service out of the limb along mode and into an effective policy implementing mode. A new relationship between the first level of community organization (the neighborhood association) and the animal safety service community needs to be forged.

Recommendations: The Human capital needs to be elevated at the same time as the facilities to allow them to implement the plans for delivery of service. Fee for service will finance this effort.

♦ **Human Capital**: The City and County need to dedicate animal safety services officers to the urban service areas. The City should be covered in a precinct like basis, and the rural areas covered on a larger service district like basis. The staffing goals must be focused on having a metropolitan wide 24/7 coverage as well as 7/365 coverage of the headquarters shelter. The National Animal Control Association study suggests that a minimum staffing level for a region our size should be 30 enforcement officers. As the revenue grows there should be focus on filling these enforcement slots in conjunction with the development of supporting function staff. Officers should be crossed trained with Department of Public Safety Standards and Training (DPSST) certifications and with bonus pay to all FTE who obtain Federal Communications Commission license for short wave radio transmissions (a key emergency management skill set).

- <u>Grant Writer/ Policy Coordinator:</u> The Human Capital must include an elevation of the grant writer to a full time position with a mandate to participate out to our private non-profit partners (in exchange for a reimbursement if successful). We should use this position to leverage the grants which are only available to non-profits. We should then make available our facilities to help implement the grants as partners. The FTE should be dedicated to maintaining the message of the service (culture of compliance) and the look and feel of the animal service policies. The "message" should be coordinated system wide through this FTE.
- <u>Out Reach Coordinator:</u> The Human Capital must include an outreach coordinator and educator. Out Reach is on a professional level in this position. The FTE is charged with liaison duties to all departments of government and all service users. The role is to make certain that the service is meeting the ever changing needs within the community. Further, the FTE would work with the neighborhood associations, participate in NET training process, and assist the new governance body (recommended infra.,) among other duties.
- Education Officer: The most successful model programs use a dedicated education officer(s) to create a culture of compliance from the grade school level onward. This post should be occupied by an experienced youth educator who can create and maintain a curriculum, recruit and train volunteers. This person must partner with the schools to get public service programming into the schools to teach everyone the importance of treating animals with respect and knowing the laws. Models of these programs are implemented currently at the Oregon Humane Society and other non-profit private partners.
- <u>Reserve/Cadet/Training Officer:</u> The focus must be on a balanced approach to enforcement officers and leveraging our resources to train our advocate partners in rescue, control, and essential techniques of animal safety service. The reserve and cadet programs which the County had in past years should be returned as a force multiplier for the regular duty force. It is seldom that a single officer can safely handle a distressed animal. A second set of hands, volunteer and trained, should be available in normal and disaster times. These reserve officers also form a citizen backbone for the service through which the message (culture of compliance) can be spread. Further, a full time training officer should be added to both handle this program coordination and to make uniform the training of all reserve and regular FTE officers, as well as cross train shelter and front office personnel for emergency response. The area of animal welfare is constantly innovating. A dedicated trainer must be added to learn the innovative techniques and teach them to the service officers.
- <u>Dedicated</u> <u>Urban Service Officers</u>: The dedication of an urban service registration fee to the payment for urban service officers is a secure method of funding these additional FTE positions. (**See prior discussion on urban service**). At least 8 additional officers need to be added and dedicated to urban response under IGA to City agencies which most often have animal related issues.
- <u>Elevation of Division to Department Level:</u> The service needs to be raised to a first responder status within the County political hierarchy. The importance of the service to a more dense community, and the need to have a leadership which is dedicated to the service, argues in favor of the elevation of the service to Department level. The need to negotiate with City Bureau Chiefs on a regular basis as a part of the IGA on

urban service officers also argues in favor of elevating the division to a department. Further, the leadership role for the foreseeable future requires raising money to re-build the service and its capital project list. A Department leader would be principally occupied with this capital campaign. Therefore, the politics and the human resource needs of the service argue in favor of an elevation to Department status and the appointment of a Director who can advance the message (culture of compliance) to the community.

- **Community Capital:** There needs to be an effort to create a culture of compliance with the registration laws both because it is the right thing to do but also because it is the attractive thing to do.
  - Rebranding the Service: The service should be re-branded to be the "Metropolitan Animal Safety Service." The broader mandate and the focus on safety dispels the "dog catcher" image of the Service. Further, officers should have rank, badges and other indicia similar to those of police and fire first responders. Until such time as Animal Service officers have these same indicia they will continue to not gain first responder status within the community.
    - The experience of Calgary and our own Task Force members reveals that the re-branding effort will require some professional assistance to design a public program which uses free media, and articulates the mission priorities of the service.
  - Re-Focusing the Message of the Service: The service should refocus its message so that the community recognizes the benefits of the service and desires to become a part of the program. Examples of two messages were studied in the Task Force Rebranding working group, and the head of the Calgary program contributed the observation that the actual message can be best tailored through focus groups which seek to identify the message that resonates the loudest with the target audience. A similar experience was reported by the leadership of Oregon Humane and Dove Lewis (both of which underwent re-branding exercises).
    - "Portland is the Most Pet Friendly City in America" – This message of service is an example of a message which might find resonance with the populations served. If a focus group study confirms the traction of this message, then the registration system can identify incentives to registration that are complementary to this message.
    - "Safety, Security, Everyday" – This message of service is an example of core mission that the Task Force embraces in both the working group and the entire force level. The incentives for registration which readily follow this core mission include subsidized microchipping, spay and neuter, free ride home for lost animals, disaster response notifications, and private-public partnership retail coupons. All of these incentives (and more as identified in the Fee discussion) are intended to promote a culture of compliance through the use of incentives (matched with enforcement).
  - Recruiting Neighborhood Associations: The service should be using its human resources to establish a physical presence in each of the 95 neighborhoods in Portland, and the equivalent in the County. There should be contact made to educate these community leaders about the mission of the service and then to establish a communication corridor for neighborhood specific animal safety concerns.

♦ **Capital Resources and Infrastructure:** There needs to be a Portland based facility for adoptions, lost & found, and basing of Portland response officers for 24/7 services. The Troutdale facility is the only realistic full sized shelter location within the practical matrix of decision making. There is no need for a 6th regional full service shelter.

- **Central City Animal Care Center:** A new Portland urban area animal care center must be part of any capital campaign. The "Central City Animal Community Center" should be designed on the Eco-Trust Building model for a multi-user facility. The center needs to be designed to flex for the needs of the LOS, and should be a resource for all of the animal advocates in the metropolitan area. The center should offer:

1. Headquarters of Central Animal Services Precinct with 24/7 Response teams and round the clock desk and phone coverage;
2. ICS for Animal Services in the event of a disaster with FEMA funded pre-positioned sheltering equipment for urban animal rescue and shelter;
3. Lost & Found 72 Hour holding for all animals in the City which are brought in by whomever;
4. Adoption Center for all animals currently using County Shelter, and for animals held by smaller (non-profit only) groups which register with the County and enter into use agreements with the animal care center;
5. Resource Center for all registered animal advocacy groups with meeting space, kennels, and surgical suites available for use through a programmed system which may be run by one of the non-profits.

The prior citizen task forces have all found a regional need for a feline transition shelter where stray animals can be held for not more than 3 days, cataloged and then transitioned if not recovered. The location, within Portland, should have modules which can be leased at reduced rates to a variety of animal service organizations. There should be shared facilities such as operating theaters, kennels, HIV quarantine, adoption rooms, and offices for programming.

- **Shelter Dream for East County at Troutdale:** The majority of County growth is occurring in East County for which the Troutdale location is reasonably well situated. The size of the land available, the existing infrastructure, and the conceptual designs already created for the Shelter Dream plans all are very suited to the Troutdale location. (See, **Annex ***) If the CCACC is built in tandem with the construction of the Shelter Dream full service facility, then both growth nexus are ensured animal service coverage. The considered opinion is that the Troutdale location has the zoning, land, and distance from the urban centers to allow for a large capacity full service program. The larger the facility the longer animals could be held and the more likely that adoption will occur instead of death.

The City and County should fully fund and implement the County's Shelter Dream Plan, using revenue bonds which use fee/fine revenue as the leveraged source of payment. The City should participate because it will received the CCACC, and the City is the user of 80% of the existing animal services resources. The increased enforcement will result in more animals in the shelter system so the modern and larger flex space envisioned in the Shelter Dream needs to become a reality. Spaces for livestock need to be programmed including spaces for isolation in the event of a vector control emergency (hoof & mouth, avian flu). The ability to flex to absorb disaster victims and to pre-position FEMA emergency shelter equipment is essential to the Troutdale location. However, Troutdale is a true full service location which the urban core does not need and often does not desire.

- **Animal Cruelty Forensic Center:** The effective imposition of a law enforcement solution on animal cruelty cases comes from having the proper capital infrastructure to treat these cases as crimes. A lab, precinct, and holding facility for abused animals is an essential part of an effective program to criminalize the unethical treatment of animals. An expanded cadre of state certified officers is needed to grow the mission into a constant regional presence as opposed to the current crisis driven response.

The current organization of animal cruelty enforcement is disjointed. There is one County detective who works with animal safety services officers and performs the arrest functions which the officers may not perform. There is a state law enforcement certification requirement for arrest powers, and the certification institute in Monmouth only certifies where the law allows. The current state of the law has authorized the Oregon Humane Society to have its officers receive certification but, oddly, has deprived the county animal services officers of the same opportunities. Therefore, at least three different actors are involved in cruelty cases, and there is no centralized facility or training center which would allow for these actors to prosecute cases, maintain evidence, and segregate animal "witnesses" to particular crimes.

► <u>Innovations in Governance:</u>

♦ **<u>Standing Joint Committee:</u>** A permanent joint committee should be formed with City and County stakeholders in the animal welfare fields. The model for this effort is the Portland Noise Control Board. (See, Ordinance at **Annex** *).

The Metropolitan Animal Services Committee is a concept with both City and County appointed people who are the first stop for all things animal. The committee will develop periodic strategic goals for the community through public hearings and shall act as an ombudsman for animal issues within the community. In much the same manner as the periodic review of a comprehensive land use plan, this committee will recommend a regional series of goals, then policies designed to reach those goals. The "plans" will then be submitted to City and County elected officials for adoption. The committee will be a conduit for animal issues on many levels, and the work of the committee will allow the service providers to respond to the community's priorities in LOS without the need for a crisis to stimulate a change in priorities.

Whether the issue is feral cats or loose dogs usually the substantive solution is found in a region wide action plan. There are 95 neighborhood associations in Portland in addition to the unincorporated Multnomah County and the other municipalities within the County. Using the Committee will allow each of these stakeholders a forum to express the priorities each identifies. The process will allow the Committee to track trends, and develop holistic action plans rather than mere crisis specific responses.

The Committee should also be designed to expand its membership. As municipalities in addition to Portland adopt the model ordinances and contribute to the system, then they should each obtain a seat on the Committee. Through a voluntary system it is possible to elevate animal services policies into regional goals matched to regional success. Therefore, a permanent committee should be one innovation in governance the City and County pioneer.

- **Community Based Priorities for Levels of Service:**

The Community Nexus of the animal safety service program can be better focused if the Joint Standing Committee were complemented by the liaison of members of each City and County neighborhood association.

- **Community Leadership.** If each association or group were to add an animal safety position to the board of volunteers (much like the existing land use or public safety positions which are currently recommended by the organizers) then those board members could be included in both the online community that the Joint Standing Committee forms to review policy recommendations, but also to focus animal safety officers to specific neighborhoods to address neighborhood level concerns. The partnership of the government with the individual on the neighborhood level is an innovation in service, and provides a sense of responsiveness at the first level of community organization.
- **Community Open Access.** The service can better defuse conflicts at the human – animal interface if it adopts an open access policy to the registration data. Neighbors should be able to see if an animal is registered to a particular address, and registration numbers should be searchable for those animals which are recovered. The service should also allow for complaints to be made on-line or otherwise without attribution for those who desire it. The e-mail address of the Outreach Officer should be available and a policy of same day response should be adopted to customer care issues. Web cameras in the holding and kennel areas which show which animals are in residence should also be a part of the open access policy. People can see how well the animals are treated and look for a lost animal at the same time. Tours of the facilities and "ride alongs" by field officers should also be a part of the regular schedule for which people may sign up. All of these openness innovations should be adopted and implemented with the additional officers funded through the registration fees.
- **Urban Service Specific LOS.** The LOS desired in each City neighborhood is distinct to that particular community but the often the origin of the problems being addressed are found in regional mass.

The type of work performed by animal services is too numerous to list here but some basic concepts can be readily listed for the purpose of focusing the discussion.

- Rescue and Recovery of Animals
- Animal Health Regulation and Community Welfare
- License and Registration of Animals & Service Providers
- Anti-Social Animal Behavior Interventions
- First Responder Disaster Coordinator
- Animal Shelter and Adoption Services

The order in which these general categories are prioritized is ever changing . The history of animal safety services in Portland shows that in 1960 there was a leash law adopted, and in 1970's feral cats were the control priority. The killing of animals and the gross budget cuts of the 1980's resulted in a shift of priority to adoption services. Thus, even when agreeing upon the LOS there is no fixed point of reference for the order of priority of the human resources of animal services. The strategic goal should be for the next four years (2008-12), and the focus should be on the top fundable LOS priorities.

Recommendations: The City and County should adopt ordinances to create a joint permanent committee to address animal welfare issues for the community and to make periodic recommendations to the elected officials of policy directions and resource allocations. Further, the objective for governance should be to focus on building a regional approach to animal welfare which is inclusive of the stakeholders and flexible to the changing needs of the community.

► Portland's Position in the Community of Cities:

There are other communities working with the same issue of decreasing real dollar budgets and increasing urban density. (**See Annex #11**). Each in turn is using the user fee approach to supplement general fund dollars. In none is the system funded only by user fees. None offer the systematic innovations found in this Task Force report nor the intergovernmental approach to this quality of life issue.

Implementation Measures

The Report recommendations need to be implemented by the adoption of ordinances and policies which in turn need to drafted by teams skilled in this particular art. The public process is unlikely to find successful transition from Report to action without an equal emphasis on the implementation measures. The City and County should adopt resolutions creating an ad hoc committee to draft all of the necessary ordinances and policies for consideration by the City and County as well as the public. The committee will need a City and County attorney, staff from (1) Animal Services, (2) Parks & Rec, (3) Noise Control, and (4) Business Services. A public member from the task force should also be included in order to insure transparency of the process and fidelity to the Report.

Annex 1

Central City Animal Community Center
(Insert Conceptual Plan)

Annex 2
Central City Animal Community Center
Facility Criteria and Concept

Central City Animal Facility: A new Portland urban area animal care center must be part of any capital campaign. The "Central City Animal Community Center" should be designed on the Eco-Trust Building model for a multi-user facility. The center needs to be designed to flex for the needs of the LOS, and should be a resource for all of the animal advocates in the metropolitan area. The center should offer:

- Headquarters of Central Animal Services Precinct with 24/7 Response teams and round the clock desk and phone coverage;
- ICS for Animal Services in the event of a disaster with FEMA funded pre-positioned sheltering equipment for urban animal rescue and shelter;
- Lost & Found 72 Hour holding for all animals in the City which are brought in by whomever;
- Adoption Center for all animals currently using County Shelter, and for animals held by smaller (non-profit only) groups which register with the County and enter into use agreements with the animal care center;
- Resource Center for all registered animal advocacy groups with meeting space, kennels, and surgical suites available for use through a programmed system which may be run by one of the non-profits.

The prior citizen task forces have all found a regional need for a feline transition shelter where stray animals can be held for not more than 3 days, cataloged and then transitioned if not recovered. The location, within Portland, should have modules which can be leased at reduced rates to a variety of animal service organizations. There should be shared facilities such as operating theaters, kennels, HIV quarantine, adoption rooms, and offices for programming.

The CCACC should hold special low-cost vaccination and microchip clinics Vaccinations for rabies, canine distemper/parvovirus (DHPP), feline "distemper" (FVRCP), canine bordatella ("kennel cough"), and feline leukemia. No appointments are necessary and there is no limit as to how many animals an individual can bring to the clinic. Microchips are also available and required. Anyone with a dog or cat can make an appointment for their pet at the CCACC. The non-profits who operate out of the CCACC can make the particular arrangements.

The location needs to be on transit and in the Central City or Near East Side. An existing building can be retrofitted at minimal cost for the service level.

Annex 3
Pet Food Deposit and Redemption System

A pet food container deposit. Each container or unit of pet food sold within the County is subject to a deposit in the same manner as the bottle deposit. However, the deposit is reclaimed by presenting only the UPC for the pet food container rather than the container itself. The same mechanisms which are already in place for bottles will serve for this other form of deposit. The UPC will act like a coupon and be redeemed in the same manner as a manufacturer's coupon. The annual surplus of unclaimed deposits will be provided to County as revenue. Compare this to the often discussed pet food tax has been a non-starter for 25 years. We have no other sales taxes so it would be a unique imposition. The loop holes for what is or is not "pet food" make it even harder to enforce. This is just not a practical avenue to explore.

A working group should be formed to study both the new state wide return system and to determine if such a deposit would work for pet food containers.

Annex 4
Calgary Model Enforcement

(Insert Calgary Ordinance Here)

Annex 5

Permanent Joint Committee on the Provision of Animal Welfare Services.

Standing Joint Committee: A permanent joint committee should be formed with City and County stakeholders in the animal welfare fields. The model is used in several municipalities. The concept is to have a Planning Commission type unit with both City and County appointed people who are the first stop for all things animal. The committee will set periodic strategic goals for the community through public hearings and shall act as an ombudsman for animal issues within the community. In much the same manner as the periodic review of a comprehensive land use plan, this committee will set a regional series of goals, then policies designed to reach those goals. The "plans" will then be submitted to Portland and County for adoption as "guidance" for the various involved agencies (including animal safety services). The committee will be a conduit for animal issues on many levels, and the work of the committee will allow the service providers to respond to the community's priorities in LOS without the need for a crisis to stimulate a change in priorities.

The Committee should be created by Intergovernmental Agreement of City and County, using license revenue to create one FTE staff support position, and making an office and hearing room in the new CCACC when constructed. The IGA should envision three members to start, one appointed by the City, one by the County, and the third by both Mayor and County Chair. As other jurisdictions are invited to join the committee, sign the IGA, contribute some money through their own municipal license structure, then the committee will expand to add seats for these governmental appointees. In theory, the committee would expand to add all of the local governments in our region.

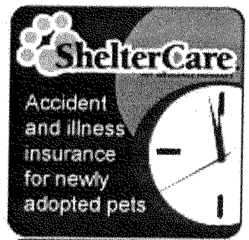
Annex 6
Fee Schedule

Annual Registration Schedule City of Portland & Multnomah County, Oregon		Who is Required to Have One?	Qualifications	Benefits
Mandatory Minimum Fee	$10.00	Required of any Multnomah County Resident* with a domestic animal of any kind other than canine or feline	Rate applies for any Senior Citizen Companion Animal Excludes shelter animals	Coupon to Local Pet Store E-mail Notice of Importance Robo Call List Inclusion
Mandatory Canine & Feline Fee	$30.00	Required of any Multnomah County Resident with a canine or feline per each	Proof of Rabies vaccine and Microchip Proof of Sterility	Free Animal Recovery & Return Extended Holding Period
Urban Service Fee	$15.00	Required of any City of Portland Resident who has an animal		?
Household Animal Permit	$35.00	Optional		Listing on 911 Response System for animal rescue purposes
Fertile Dog or Cat	$100.00	Required for any non sterile animal after six months of age		?
Breeder Registration	$150.00	Any person who breeds animals of any kind	Health Dept facility license	?
Newborn Registration	FREE	Any person with a new born animal under 6 months Includes any pet store, breeder, or seller		
Special Use Permit	$750.00	Optional	Canine Good Citizenship Certificate	Use of the Portland Public Parks in designated Permit areas for off leash activities with canine; Special rules apply.

Yield Calculations (Assumption is no net loss in registrations)
52,000 Portland Registrants x $15 Urban Service Fee = $780,000 new dollars / $60,000 per FTE = 13 FTE (after capital expense for equipment & training)
25,000 Portland Households x $35 Household Animal Permit = $875,000 new dollars

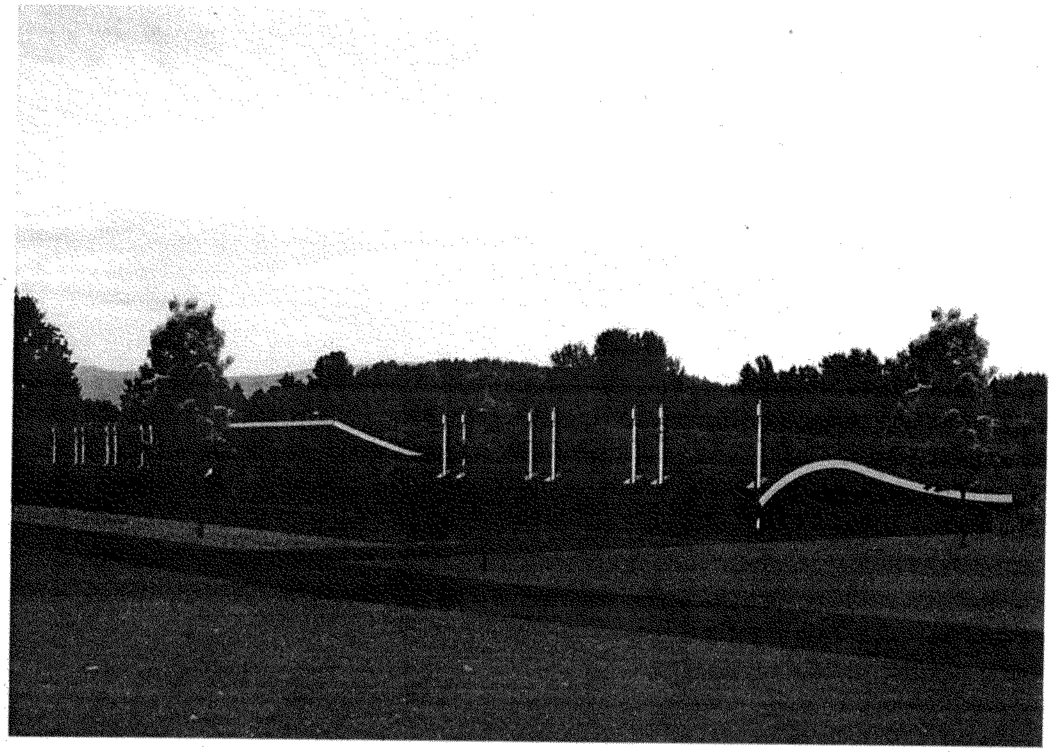
Annex 7
Pet Point Animal Management System

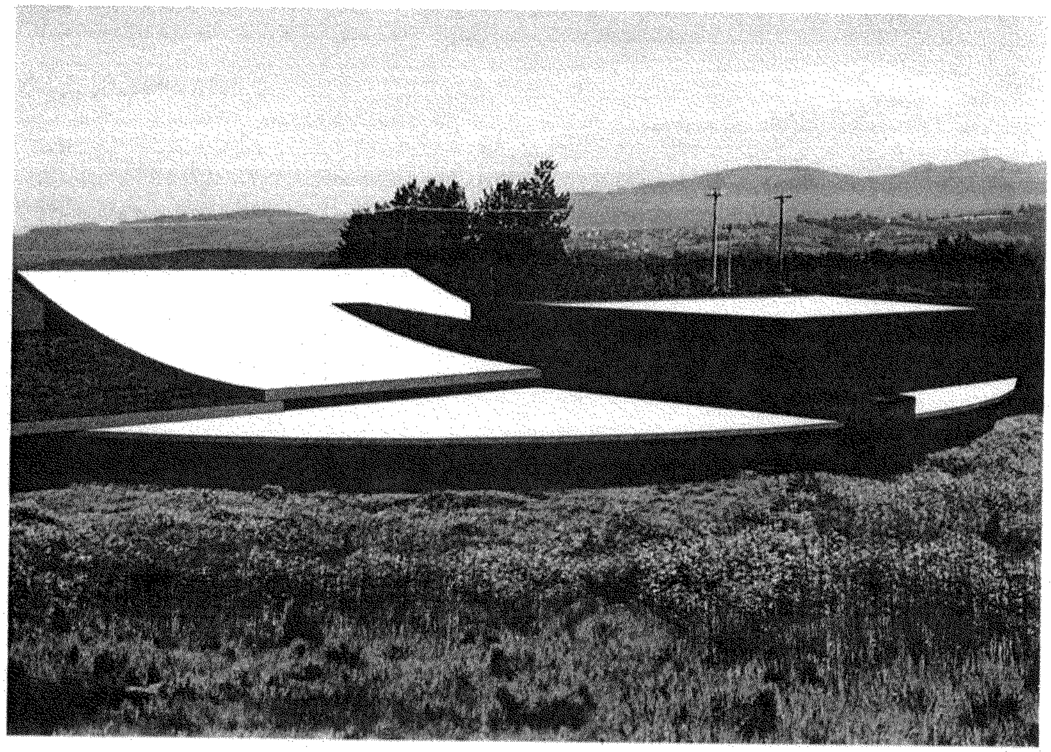
The PetPoint System
Makes Animal Management
Easy & Affordable!!



If you've been waiting for a better shelter management system, your wait has ended! Call us today at (866) 630-PETS(7387) to arrange a tour of the on-line demonstration version of PetPoint or to simply discuss your operational needs and how PetPoint can streamline your adoption process, lower your operating costs and provide value-added services directly to your adopters.

Annex 8
Shelter Dream for East County at Troutdale





Annex 9

Reserve and Cadet Officer Training Program Outline

(INSERT HERE)

Annex 10
Parks & Recreation Natural Area Policy

PORTLAND PARKS & RECREATION

Healthy Parks. Healthy Portland

POLICY

Title: Dogs in Natural Area Parks		
Date Adopted	**Date Revised:**	**Authorized By:** David McAllister

POLICY:

Dogs are not permitted off-leash in natural area parks. The Bureau and its partners will develop education and enforcement plans aimed at ensuring responsible use of natural areas and minimizing the impacts of pets.

Dogs are not allowed on or off leash in newly acquired natural area parks to protect sensitive habitat until site planning occurs. As master and management planning for individual natural area park sites occurs, specific recommendations will be made regarding any restrictions on use by dogs, including the option of no dogs allowed.

PURPOSE:
Sites designated as natural area parkland are managed to protect wildlife habitat and natural features; human use is controlled to protect natural resource values. Portland's natural areas are part of a larger system of greenspaces that help preserve the biological diversity of the region and maintain habitat for a variety of wildlife species including threatened and rare species such salmon, bald eagles, and red-legged frogs. Natural area parkland offers scenic backdrops throughout the city and provides the residents of Portland a chance to connect with nature. These areas are managed to protect the region's water and air quality, protecting streams and natural vegetation in each of the city's watersheds.

Many studies have documented the effects of domestic dogs on wildlife. As dogs are recognized as predators by wildlife, their presence may stress wildlife and reduce breeding success. Visiting dogs can transmit diseases to wild populations or pick up diseases carried by wildlife. Uncollected dog feces can result in fertilization which may favor invasive plant species. Dogs can also contribute to the spread of undesirable species through seeds in their fur.

Most natural area park sites contain developed trails that see extensive use by pedestrians with dogs. Dog owners take their dogs to natural area parks for mutual exercise, for appreciation of nature, and for personal security. Many natural area sites are connected by regional trails where pedestrians and leashed dogs can do longer-distance hiking, walking, and jogging.

As the portfolio of natural area parkland increases and individual site planning continues, the appropriate level of use by people and pets in each site must be considered. In the case of newly acquired natural areas without established trails or public use, an interim policy of dog exclusion will be enforced. The interim policy will be in force until site planning for the site is completed.

IMPLEMENTATION:

Apply an interim dog exclusion policy at the following sites. These sites have been acquired since 2000 and have no established trails or visitor services. Other properties offer trail walking opportunities to people and leashed dogs.

Campfire Property
Fanno Creek Natural Area
Gentemann Property
Johnson Lake
Lower Powell Butte Floodplain
Tryon Headwaters
West Portland Park

Annex 11
Comparative Innovated Communities

- Calgary, ALB   www.calgary.ca/cca   not a "no-kill" program

  Calgary has a zero tolerance policy for pet licensing, with a $250 fine for noncompliance.

- San Clemente, CA   http://ci.san-clemente.ca.us   "no-kill" program
  (select services, then select animal services)

  San Clemente-Dana Point Animal Shelter is supported by The Pet Project Foundation, a private non-profit that provides all food and medical care, some improvements, some staff salaries and partial refunds for citizens for spay and neuter. www.petprojectfoundation.org.

- San Francisco, CA   www.sfspca.org   "no-kill" program

  SF SPCA quit providing animal control services in 1989 and dedicated the efforts of the organization strictly to promoting animal welfare. Made a pact with SF Dept. of Animal Care in 1994 to take in all animals that the City could not place. Opened a model pet adoption center in 1998. (Some information indicates that they may no longer adhere to a strict "no-kill" policy).

- Denver, CO   www.denvergov.org/AnimalControl   not a "no-kill" program

  Denver Animal Foundation "adopted" Denver Municipal Animal Shelter, looking to improve facilities and conditions, reduce euthanasia rates, increase volunteers, provide for special medical expenses. The City of Denver provides on-line licensing and offers free licenses for senior citizens and for guide dogs. Laws require mandatory spay/neuter, unless an "intact animal permit" is secured, at a cost of $93 each year.

- Miami/Dade Co, FLA   www.miamidade.gov/animals   not a "no-kill" program

  Partnered with local Humane Society for free/low-cost spay/neuter program.

- Hastings, MN   www.animalark.org   "no-kill" program

  Nonprofit group reports that their facility is modest but has relaxing and comfortable environment for animals. The group also states that it is the largest "no-kill" shelter in the twin-cities area.

- Reno, NV   www.co.washoe.nv.us   not a "no-kill" program

Animal control shares facilities with Nevada Humane Society.

- New York, NY www.nyacc.org not a "no-kill" program
  www.animalalliancenyc.org "no-kill" program

  NYC contracts with the nonprofit group, Animal Care and Control of New York City for all of its municipal animal shelter and animal control services. The agency is working to reduce euthanization rates through education and spay/neuter programs, but still is killing animals due to lack of adequate shelter space. Animal Care is a program of NYACC that accepts donations to aid in, "the comfort of animals," and to reduce euthanization. The Mayor's Alliance for NYC's Animals, Inc was formed in 2002, as a nonprofit organization to work with over 140 shelters in the New York area to move toward a common goal of providing homes for animals and ending euthanization of pets, "of reasonable health and temperament." This is being accomplished by collaboration between public and private animal welfare groups.

- Tompkins Co, NY www.spcaonline.com "no-kill" program

  The Tompkins County SPCA provides animal control and sheltering services for the county and all its townships, including Ithica, NY. The organization decided to become a "no-kill" program in 1999 and reduced euthanasia by 50% the first year. By 2001, no healthy animals were euthanized. By 2002, and over the years since then, no healthy or treatable animals have been euthanized. The results were achieved by public support, massive volunteer support and extensive spay/neuter and adoption outreach programs.

- Richmond, VA www.richmondspca.org "no-kill" program

  Richmand SPCA created a 5-year plan to transition to a "no-kill" program, employing an extensive public relations program to gain community support and then using that support to increase the volunteer base and implement more extensive spay/neuter and adoption programs. An article in the archives of the Best Friends site, described below, was written by the director of the Richmond SPCA and details the process of the transition for this group.

- Best Friends www.bestfriends.org "no-kill" program

  This nonprofit organization is probably well-known to all of the Task Force members. Their shelter is in Utah and they are working to make the entire state a "no-kill" jurisdiction. Their website has great information on model programs in the section titled, "No More Homeless Pets."

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-4 DATE 2.12.09
DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only

Meeting Date:	02/12/09
Agenda Item #:	R-4
Est. Start Time:	11:00 AM
Date Submitted:	01/30/09

Agenda Title: **NOTICE OF INTENT to Submit a $200,000 Grant Request to the United Way for Coalition for Homeless Families Infrastructure Development and Homeless Family Advocacy**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	5 minutes
Department:	Non-Departmental	**Division:**	Commission on Children, Family and Community
Contact(s):	Wendy Lebow		
Phone:	503 988-6981 **Ext.** 86981	**I/O Address:**	167/2/200
Presenter(s):	Wendy Lebow		

General Information

1. **What action are you requesting from the Board?**

   Authorize the Commission on Children, Families and Community (CCFC) to submit a grant application in partnership with the NW Coalition for Homeless Families, (NWCHF) to the United Way for $200,000 per year, for three years. Funding will be used to build on the NWCHF's successful efforts to increase self-sufficiency and community advocacy, develop social networks and identity key supports that increase families' ability to end their homelessness and remain housed.

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   The CCFC is committed to creating a community of support that enables all people to be successful within our economic, political, educational, social and cultural systems The NW Coalition for Homeless Families is a coalition of non-profits, governmental jurisdictions, and homeless advocates whose goals are: (1) The coordination of services to homeless families and families with low income; (2) Conducting community education on the causes and effects of poverty on families and on the community; (3) Advocacy for services that are effective in eradicating homelessness and eliminate poverty. CCFC, as the County's Community Action Agency, supports and shares the agenda of the NWCHF. This partnership will further efforts to involve individuals and families living in poverty with planning, policy development, and community education efforts to advocate for the services necessary to create economic self-sufficiency. These grant funds will be used to provide the infrastructure that supports families living on a low-income to become advocates for services to improve their economic, housing, social and community needs.

This action affects FY 2010 Program Offer 10008A – CCFC Planning and Community Engagement. An additional $200,000 annually for three years will be available to develop community building skills of homeless and low-income families, in order to build a foundation of engagement and support for needed services.

3. Explain the fiscal impact (current year and ongoing).

Grant funds will allow the Coalition to hire 1.5 FTE Community Organizers who will work with the NWCHF members to identify, train, and arrange for the auxiliary services to support participation by low-income individuals, e.g., childcare, transportation, etc., necessary for participants to participate. CCFC members will also be engaged in the community education efforts. The CCFC will act as fiscal agent for the grant. CCFC will execute a contract with Impact NW to support grant activities. Grant funds being requested are $200,000 annually for three years. The CCFC will receive three percent indirect for its efforts and reporting responsibilities.

4. Explain any legal and/or policy issues involved.

None

5. Explain any citizen and/or other government participation that has or will take place.

Multnomah County's low-income and homeless families will be the direct beneficiaries of the services provided by these grant funds, which will plan and build advocacy efforts, as well as guide the community education activities. NWCHF's fourteen member organizations and CCFC volunteers will work together to further community caring and support for our most vulnerable citizens.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a <u>Grant Application</u> or <u>Notice of Intent</u>, please answer <u>all</u> of the following in detail:

- **Who is the granting agency?**
  United Way of Columbia-Willamette
- **Specify grant (matching, reporting and other) requirements and goals.**
  The purpose of the grant is to support collaboration between the Commission on Children, Families & Community and the NW Coalition for Homeless Families to create a community education and advocacy effort to address poverty issues impacting low-income and homeless families. In-kind grant match will be provided by the NWCHF's fourteen membership organizations supported by volunteer involvement from the members of CCFC.
- **Explain grant funding detail – is this a one time only or long term commitment?**
  Grant funds requested are for a three-year period. CCFC and the NWCHF will consider applying for future funding based on the success of this collaboration and achievement of goals.
- **What are the estimated filing timelines?**
  The grant application is due February 13, 2009.
- **If a grant, what period does the grant cover?**
  The grant period begins July 1, 2009 and continues through June 30, 2012.
- **When the grant expires, what are funding plans?**
  Plans are to apply for continued grant funding opportunities based on the outcomes of these efforts.
- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**
  CCFC will be the fiscal agent for the NWCHF and will receive 2.72% indirect costs from the grant. The NWCHF will be responsible for the recruiting, hiring and supervision of the 1.5 FTE and will be responsible for the preparation of any and all grant reporting requirements established by the UW.

ATTACHMENT B

Required Signatures

Elected Official or Department/ Agency Director:	Wendy Lebow	**Date:**	**01/30/09**
Budget Analyst:	Debeanha	**Date:**	**01/22/09**

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-5 DATE 2-12-09
DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only

Meeting Date:	02/12/09
Agenda Item #:	R-5
Est. Start Time:	11:05 AM
Date Submitted:	02/03/09

BUDGET MODIFICATION: DCHS - 21

Agenda Title:	**BUDGET MODIFICATION DCHS-21 Appropriating $1,513,732 in Additional Case Management Funding from the State of Oregon, and Making Position Changes to Implement the Approved Developmental Disabilities Services Division Reorganization**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	10 minutes
Department:	County Human Services	**Division:**	Developmental Disabilities
Contact(s):	Kathy Tinkle		
Phone:	503 988-3691 **Ext.** 26858	**I/O Address:**	167/620
Presenter(s):	Patrice Botsford		

General Information

1. **What action are you requesting from the Board?**

   The Department of County Human Services recommends approval of budget modification DCHS-21 which appropriates $1,513,732 in additional funding and makes position adjustments to implement the approved Developmental Disabilities Services Division (DDSD) reorganization in response to the 2006 Cooper Report.

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   This budget modification implements the final action items in a division-wide reorganization that was approved by the Board on October 25th, 2007.

   The $1,513,732 in additional funding provides the necessary resources to complete the reorganization that would allow DDSD to provide effective oversight of case management, assure Medicaid audit-worthy status of records and tracking, and guarantee that Medicaid funding streams are used in the appropriate activities. Other changes include a restructuring of the central client file system that will align with the State information systems; and provide resources for work groups that are incorporating recommendations from the Cooper Report, a study from an outside consultant that was completed in late 2006.

This budget modification impacts the following program offers: 25010 DD Administration, 25012 DD Services for Adults, 25013 DD Services for Kids and 25015 DD Crisis Services.

3. Explain the fiscal impact (current year and ongoing).

Revenue for Case Management (DD 48) funding increases by $1,513,732 and will be allocated as follows:

a) $432,073 – This is the net fiscal impact for permanent personnel costs for positions that are moved between Local Administration and Medicaid approved case management and support positions; and new/eliminated positions.

b) $309,010 – Funds temporary Case Manager 2 personnel for work that is currently back-logged, which was the result of insufficient personnel due to limited space in the Lincoln Building.

c) $32,110 – This is the net fiscal impact for standard materials and services costs.

d) $500,000 – Is the estimate from Facilities Management for moves and other facility-related costs associated with expanded space in the Lincoln Building which was necessary due to the increased staffing and the reorganization.

e) $240,539 – To implement JAMA, a client data system for client progress notes and information, incident report/abuse investigation tracking, and contractor monitoring. JAMA will replace the outdated Paradox system.

Cost savings of $164,034 for Local Administration revenue will fund temporary Office Assistant 2 personnel for work that is currently back logged, which was the result of insufficient personnel due to limited space in the Lincoln Building. Below explains how the cost savings came about:

a) $150,216 – This is the net permanent personnel cost savings, which results from positions that are moved between Local Administration and Medicaid approved case management and support positions; for one Program Development Specialist position that was previously funded with Regional Crisis and Brokerage Services (DD 157) funding; and for two limited duration Project Manager positions that are being reclassified to a Program Development Specialist as determined by Class/Comp unit of Central Human Resources.

b) $13,818 – This is the net standard materials and services cost savings that results from the above personnel changes.

Permanent personnel cost savings of $89,545 in DD 157 funding that results from the PDS position moving to Local Administration, will be allocated as follows:

a) $38,706 – This portion of the cost savings will be transferred from County Crisis Services to Region I Diversion Office to fund a new PDS position at 0.50 FTE (1.00 annualized basis)

b) $50,839 – Will be used for professional services for behavior consultants to prevent out of home placements, stabilize crisis situation, and assist group homes and foster care providers with staff training and support in an effort to keep current placement and avoid the provider giving a 30 day notice.

Service reimbursements from the Fed/State fund are allocated as follows:

a) Risk fund increases by $57,916.

b) Motor Pool fund increases by $3,736.

c) Telecommunications fund increases by $5,152

d) Building Management fund increases by $500,000.

e) Mail and Distribution fund increases by $1,928

As a result of all the changes involved with the reorganization, in Fiscal Year 2009 (FY 09) DDSD will have a net increase of 3.50 FTE, which will annualize to 7.00 FTE in the coming years.

4. **Explain any legal and/or policy issues involved.**

   N/A

5. **Explain any citizen and/or other government participation that has or will take place.**

   N/A

ATTACHMENT A

Budget Modification

If the request is a Budget Modification, please answer all of the following in detail:

- **What revenue is being changed and why?**

  State Mental Health Grant revenue increases by $1,513,732 due to revised State allocation.

- **What budgets are increased/decreased?**

  Developmental Disabilities Services Division budget appropriation increases by $1,513,732. As a result, the following DDSD budgets are increased:

  a) Permanent Personnel – $432,073
  b) Temporary Personnel – $309,010
  c) Standard Materials and Services – $32,110.
  d) Building Management Services – $500,000
  e) Professional Services – $240,539

  The following reflects the increases in the Internal Services budgets:

  a) Insurance (risk) – $57,916
  b) Motor Pool – $3,736
  c) Telecommunications – $5,152
  d) Building Management – $500,000
  e) Mail and Distribution – $1,928

- **What do the changes accomplish?**

  This budget modification will make position changes allowing comprehensive implementation of the approved reorganization in the areas of increased group home and foster care home monitoring, improved children's services monitoring and licensure compliance, coordination of adult crisis services and division budget tracking and more fully incorporate the recommendations from the Cooper Report, a study from an outside consultant.

- **Do any personnel actions result from this budget modification? Explain.**

  For FY09 the following positions are:

  Deleted: 4.00 FTE Program Coordinator positions

  Added: 4.00 FTE Program Development Specialist positions (6.00 FTE annualized)
  0.50 FTE Office Assistant 2 positions (1.00 FTE annualized)
  0.50 FTE Human Services Investigator position (1.00 FTE annualized)
  2.50 FTE Program Supervisor positions (3.00 FTE annualized)

  All changes above result in a 3.50 FTE net increase for FY 09 and will be annualized in the coming years.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

  Historically, this State grant does not allow for recovery of indirect costs.

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

  Revenue and functions are both anticipated to be ongoing aspects of the reorganization of Developmental Disabilities Services Division.

- **If a grant, what period does the grant cover?**

  The grant covers the period 7/1/2007 through 6/30/2009.

- **If a grant, when the grant expires, what are funding plans?**

  The funding is part of an ongoing grant award from the State of Oregon.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

ATTACHMENT B

BUDGET MODIFICATION: DCHS - 21

Required Signatures

Elected Official or Department/ Agency Director:	Kathy Tinkle for Joanne Fuller	**Date:**	**01/30/09**
Budget Analyst:		**Date:**	**02/03/09**
Department HR:	Paula Brewer	**Date:**	**02/02/09**
Countywide HR:		**Date:**	

Budget Modification ID: DCHS-21

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: Internal Order	Cost Center	WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
1	20-50	80001	25010	40			DD ADM LA	50190	(1,136,009)	(1,184,561)	(48,552)		IG-Op Fed Thru State
2	20-50	80001	25010	40			DD ADM LA	60000	667,071	686,322	19,251		Permanent
3	20-50	80001	25010	40			DD ADM LA	60130	193,250	204,836	11,586		Salary Related Expns
4	20-50	80001	25010	40			DD ADM LA	60140	1,267,609	1,280,718	13,109		Insurance
5	20-50	80001	25010	40			DD ADM LA	60180	3,289	3,700	411		Printing
6	20-50	80001	25010	40			DD ADM LA	60240	8,681	9,972	1,291		Supplies
7	20-50	80001	25010	40			DD ADM LA	60260	1,600	1,800	200		Travel & Training
8	20-50	80001	25010	40			DD ADM LA	60370	10,309	11,597	1,288		Intl Svc Telephone
9	20-50	80001	25010	40			DD ADM LA	60410	7,469	8,403	934		Intl Svc Motor Pool
10	20-50	80001	25010	40			DD ADM LA	60460	3,665	4,147	482		Intl Svc Dist/Postage
11													
12	20-50	80001	25015	40			DD PIP LA	50190	(671,014)	(807,959)	(136,945)		IG-Op Fed Thru State
13	20-50	80001	25015	40			DD PIP LA	60000	367,883	392,272	24,389		Permanent
14	20-50	80001	25015	40			DD PIP LA	60130	110,777	117,601	6,824		Salary Related Expns
15	20-50	80001	25015	40			DD PIP LA	60140	106,921	113,857	6,936		Insurance
16	20-50	80001	25015	40			DD PIP LA	60100	0	87,138	87,138		Temporary
17	20-50	80001	25015	40			DD PIP LA	60135	0	7,220	7,220		Non-Base Fringe
18	20-50	80001	25015	40			DD PIP LA	60145	0	2,134	2,134		Non-Base Insurance
19	20-50	80001	25015	40			DD PIP LA	60180	2,775	2,981	206		Printing
20	20-50	80001	25015	40			DD PIP LA	60240	11,487	12,133	646		Supplies
21	20-50	80001	25015	40			DD PIP LA	60260	1,350	1,450	100		Travel & Training
22	20-50	80001	25015	40			DD PIP LA	60370	8,697	9,341	644		Intl Svc Telephone
23	20-50	80001	25015	40			DD PIP LA	60410	6,302	6,769	467		Intl Svc Motor Pool
24	20-50	80001	25015	40			DD PIP LA	60460	3,729	3,970	241		Intl Svc Dist/Postage
25													
26	20-50	80001	25010	40			DD RRT LA	50190	(663,307)	(342,651)	320,656		IG-Op Fed Thru State
27	20-50	80001	25010	40			DD RRT LA	60000	331,269	115,084	(216,185)		Permanent
28	20-50	80001	25010	40			DD RRT LA	60130	99,058	33,340	(65,718)		Salary Related Expns
29	20-50	80001	25010	40			DD RRT LA	60140	107,459	28,800	(78,659)		Insurance
30	20-50	80001	25010	40			DD RRT LA	60100	0	61,005	61,005		Temporary
31	20-50	80001	25010	40			DD RRT LA	60135	0	5,046	5,046		Non-Base Fringe

Budget Modification ID: DCHS-21

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: Internal Order	Cost Center	WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
32	20-50	80001	25010	40			DD RRT LA	60145	0	1,491	1,491		Non-Base Insurance
33	20-50	80001	25010	40			DD RRT LA	60180	3,700	1,234	(2,466)		Printing
34	20-50	80001	25010	40			DD RRT LA	60240	10,965	3,219	(7,746)		Supplies
35	20-50	80001	25010	40			DD RRT LA	60260	1,800	600	(1,200)		Travel & Training
36	20-50	80001	25010	40			DD RRT LA	60370	11,595	3,867	(7,728)		Intl Svc Telephone
37	20-50	80001	25010	40			DD RRT LA	60410	8,403	2,799	(5,604)		Intl Svc Motor Pool
38	20-50	80001	25010	40			DD RRT LA	60460	4,122	1,230	(2,892)		Intl Svc Dist/Postage
39													
40	20-50	80001	25015	40			DD CNTY LA	50190	(58,022)	(152,173)	(94,151)		IG-Op Fed Thru State
41	20-50	80001	25015	40			DD CNTY LA	60000	33,840	92,073	58,233		Permanent
42	20-50	80001	25015	40			DD CNTY LA	60130	9,804	26,674	16,870		Salary Related Expns
43	20-50	80001	25015	40			DD CNTY LA	60140	7,504	21,946	14,442		Insurance
44	20-50	80001	25015	40			DD CNTY LA	60180	206	617	411		Printing
45	20-50	80001	25015	40			DD CNTY LA	60240	543	1,834	1,291		Supplies
46	20-50	80001	25015	40			DD CNTY LA	60260	100	300	200		Travel & Training
47	20-50	80001	25015	40			DD CNTY LA	60370	644	1,932	1,288		Intl Svc Telephone
48	20-50	80001	25015	40			DD CNTY LA	60410	467	1,401	934		Intl Svc Motor Pool
49	20-50	80001	25015	40			DD CNTY LA	60460	228	710	482		Intl Svc Dist/Postage
50													
51	20-50	80001	25014A	40			DD IPS LA	50190	0	(41,008)	(41,008)		IG-Op Fed Thru State
52	20-50	80001	25014A	40			DD IPS LA	60000	0	24,179	24,179		Permanent
53	20-50	80001	25014A	40			DD IPS LA	60130	0	7,602	7,602		Salary Related Expns
54	20-50	80001	25014A	40			DD IPS LA	60140	0	6,925	6,925		Insurance
55	20-50	80001	25014A	40			DD IPS LA	60180	0	205	205		Printing
56	20-50	80001	25014A	40			DD IPS LA	60240	0	645	645		Supplies
57	20-50	80001	25014A	40			DD IPS LA	60260	0	100	100		Travel & Training
58	20-50	80001	25014A	40			DD IPS LA	60370	0	644	644		Intl Svc Telephone
59	20-50	80001	25014A	40			DD IPS LA	60410	0	467	467		Intl Svc Motor Pool
60	20-50	80001	25014A	40			DD IPS LA	60460	0	241	241		Intl Svc Dist/Postage
61													
62	20-50	81048	25013	40			DD KIDS 48	50190	(2,554,054)	(2,623,550)	(69,496)		IG-Op Fed Thru State

Budget Modification ID: DCHS-21

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: Internal Order	Cost Center	WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
63	20-50	81048	25013	40			DD KIDS 48	60000	1,347,654	1,296,293	(51,361)		Permanent
64	20-50	81048	25013	40			DD KIDS 48	60130	408,420	393,540	(14,880)		Salary Related Expns
65	20-50	81048	25013	40			DD KIDS 48	60140	387,402	373,373	(14,029)		Insurance
66	20-50	81048	25013	40			DD KIDS 48	60100	0	139,520	139,520		Temporary
67	20-50	81048	25013	40			DD KIDS 48	60135	0	11,566	11,566		Non-Base Fringe
68	20-50	81048	25013	40			DD KIDS 48	60145	0	3,419	3,419		Non-Base Insurance
69	20-50	81048	25013	40			DD KIDS 48	60180	11,513	11,102	(411)		Printing
70	20-50	81048	25013	40			DD KIDS 48	60240	43,692	42,401	(1,291)		Supplies
71	20-50	81048	25013	40			DD KIDS 48	60260	17,957	17,757	(200)		Travel & Training
72	20-50	81048	25013	40			DD KIDS 48	60270	2,408	2,275	(133)		Local Travel
73	20-50	81048	25013	40			DD KIDS 48	60370	36,074	34,786	(1,288)		Intl Svc Telephone
74	20-50	81048	25013	40			DD KIDS 48	60410	26,143	25,209	(934)		Intl Svc Motor Pool
75	20-50	81048	25013	40			DD KIDS 48	60460	12,825	12,343	(482)		Intl Svc Dist/Postage
76													
77	20-50	81048	25012	40			DD ACOMP 48	50190	(1,971,151)	(2,068,362)	(97,211)		IG-Op Fed Thru State
78	20-50	81048	25012	40			DD ACOMP 48	60000	1,061,400	1,024,574	(36,826)		Permanent
79	20-50	81048	25012	40			DD ACOMP 48	60130	315,197	304,714	(10,483)		Salary Related Expns
80	20-50	81048	25012	40			DD ACOMP 48	60140	293,590	285,907	(7,683)		Insurance
81	20-50	81048	25012	40			DD ACOMP 48	60100	0	139,520	139,520		Temporary
82	20-50	81048	25012	40			DD ACOMP 48	60135	0	11,566	11,566		Non-Base Fringe
83	20-50	81048	25012	40			DD ACOMP 48	60145	0	3,419	3,419		Non-Base Insurance
84	20-50	81048	25012	40			DD ACOMP 48	60180	8,223	8,018	(205)		Printing
85	20-50	81048	25012	40			DD ACOMP 48	60240	26,613	25,968	(645)		Supplies
86	20-50	81048	25012	40			DD ACOMP 48	60260	21,457	21,357	(100)		Travel & Training
87	20-50	81048	25012	40			DD ACOMP 48	60370	25,767	25,123	(644)		Intl Svc Telephone
88	20-50	81048	25012	40			DD ACOMP 48	60410	18,674	18,207	(467)		Intl Svc Motor Pool
89	20-50	81048	25012	40			DD ACOMP 48	60460	9,161	8,920	(241)		Intl Svc Dist/Postage
90													
91	20-50	81048	25012	40			DD XIX 48	50190	(526,483)	(527,221)	(738)		IG-Op Fed Thru State
92	20-50	81048	25012	40			DD XIX 48	60000	222,237	222,784	547		Permanent
93	20-50	81048	25012	40			DD XIX 48	60130	66,703	66,861	158		Salary Related Expns

Budget Modification ID: DCHS-21

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: Internal Order	Accounting Unit: Cost Center	Accounting Unit: WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
94	20-50	81048	25012	40			DD XIX 48	60140	62,600	62,633	33		Insurance
95													
96	20-50	81048	25012	40			DD NIS 48	50190	(413,401)	(414,139)	(738)		IG-Op Fed Thru State
97	20-50	81048	25012	40			DD NIS 48	60000	289,444	289,991	547		Permanent
98	20-50	81048	25012	40			DD NIS 48	60130	83,853	84,011	158		Salary Related Expns
99	20-50	81048	25012	40			DD NIS 48	60140	77,579	77,612	33		Insurance
100													
101	20-50	81048	25015	40			DD CNTY 48	50190	(169,983)	(908,243)	(738,260)		IG-Op Fed Thru State
102	20-50	81048	25015	40			DD CNTY 48	60000	97,948	96,259	(1,689)		Permanent
103	20-50	81048	25015	40			DD CNTY 48	60130	28,376	27,887	(489)		Salary Related Expns
104	20-50	81048	25015	40			DD CNTY 48	60140	22,627	22,526	(101)		Insurance
105	20-50	81048	25015	40			DD CNTY 48	60170	0	240,539	240,539		Professional Services
106	20-50	81048	25015	40			DD CNTY 48	60430	0	500,000	500,000		Bldg Mgmt
107													
108	20-50	81048	25015	40			DD PIP 48	50190	(76,336)	(321,473)	(245,137)		IG-Op Fed Thru State
109	20-50	81048	25015	40			DD PIP 48	60000	42,066	187,599	145,533		Permanent
110	20-50	81048	25015	40			DD PIP 48	60130	13,225	57,435	44,210		Salary Related Expns
111	20-50	81048	25015	40			DD PIP 48	60140	10,735	52,311	41,576		Insurance
112	20-50	81048	25015	40			DD PIP 48	60180	308	1,541	1,233		Printing
113	20-50	81048	25015	40			DD PIP 48	60240	814	4,687	3,873		Supplies
114	20-50	81048	25015	40			DD PIP 48	60260	150	750	600		Travel & Training
115	20-50	81048	25015	40			DD PIP 48	60370	966	4,830	3,864		Intl Svc Telephone
116	20-50	81048	25015	40			DD PIP 48	60410	700	3,502	2,802		Intl Svc Motor Pool
117	20-50	81048	25015	40			DD PIP 48	60460	344	1,790	1,446		Intl Svc Dist/Postage
118													
119	20-50	81048	25010	40			DD RRT 48	50190	(222,592)	(584,744)	(362,152)		IG-Op Fed Thru State
120	20-50	81048	25010	40			DD RRT 48	60000	100,193	303,117	202,924		Permanent
121	20-50	81048	25010	40			DD RRT 48	60130	30,594	92,100	61,506		Salary Related Expns
122	20-50	81048	25010	40			DD RRT 48	60140	38,856	111,245	72,389		Insurance
123	20-50	81048	25010	40			DD RRT 48	60180	1,233	3,493	2,260		Printing
124	20-50	81048	25010	40			DD RRT 48	60240	3,255	10,356	7,101		Supplies
125	20-50	81048	25010	40			DD RRT 48	60260	600	1,700	1,100		Travel & Training

Budget Modification ID: DCHS-21

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: Internal Order	Accounting Unit: Cost Center	Accounting Unit: WBS Element	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
126	20-50	81048	25010	40			DD RRT 48	60370	3,865	10,949	7,084		Intl Svc Telephone
127	20-50	81048	25010	40			DD RRT 48	60410	2,801	7,938	5,137		Intl Svc Motor Pool
128	20-50	81048	25010	40			DD RRT 48	60460	1,374	4,025	2,651		Intl Svc Dist/Postage
129													
130	20-50	81157	25015	40			DD CNTY 157	50190	(140,000)	(50,455)	89,545		IG-Op Fed Thru State
131	20-50	81157	25015	40			DD CNTY 157	60000	88,157	29,924	(58,233)		Permanent
132	20-50	81157	25015	40			DD CNTY 157	60130	25,539	8,669	(16,870)		Salary Related Expns
133	20-50	81157	25015	40			DD CNTY 157	60140	21,383	6,941	(14,442)		Insurance
134													
135													
136	20-50	81157	25015	40			DD REG 157	50190	(1,160,979)	(1,199,685)	(38,706)		IG-Op Fed Thru State
137	20-50	81157	25015	40			DD REG 157	60000	465,035	489,214	24,179		Permanent
138	20-50	81157	25015	40			DD REG 157	60130	137,628	145,230	7,602		Salary Related Expns
139	20-50	81157	25015	40			DD REG 157	60140	123,697	130,622	6,925		Insurance
140													
141													
142	72-10	3500	0020		705210			50316		(57,916)	(57,916)		Insurance Revenue
143	72-10	3500	0020		705210			60330		57,916	57,916		Claims Paid
144													
145	72-60	3503	0020		709525			50310		(5,152)	(5,152)		Telecom Reimb
146	72-60	3503	0020		709525			60200		5,152	5,152		Telecom Fund
147													
148	72-55	3501	0020		904100			50310		(3,736)	(3,736)		Motor Pool Svc Reimb
149	72-55	3501	0020		904100			60240		3,736	3,736		Motor Pool Svc Expense
150													
151	72-50	3505	0020		902575			50310		(500,000)	(500,000)		Building Mgmt Svc Reimb
152	72-50	3505	0020		902575			60170		500,000	500,000		Bldg Mgmt Svc Expense
153													
154	72-55	3504	0020		904400			50310		(1,928)	(1,928)		Dist/Post Svc Reimb
155	72-55	3504	0020		904400			60230		1,928	1,928		Dist/Post Svc Exp
156													
157													

Budget Modification ID: DCHS-21

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: *Internal Order*	*Cost Center*	*WBS Element*	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
158											0	0	GRAND TOTAL

ANNUALIZED PERSONNEL CHANGE

Change on a full year basis even though this action affects only a part of the fiscal year (FY).

							ANNUALIZED			
Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
20-50	6063	205950	DD PIP LA	Program Development Spec.	713552	1.00	48,358	14,009	13,849	76,216
20-50	6063	205950	DD PIP LA	Program Development Spec.	713553	1.00	48,358	14,009	13,849	76,216
20-50	9361	64881	DD KIDS 48	Program Supervisor	713410	1.00	58,653	16,992	14,467	90,112
20-50	9361	64880	DD XIX 48	Program Supervisor	713407	0.50	28,050	8,126	7,157	43,333
20-50	9361	64882	DD NIS 48	Program Supervisor	713407	0.50	28,050	8,126	7,157	43,333
20-50	6001	205000	DD ADM LA	Office Assitant 2	New	0.50	15,065	4,737	6,378	26,180
20-50	6001	205000	DD ACOMP 48	Office Assitant 2	New	0.50	15,065	4,737	6,378	26,180
20-50	6301	25014A	DD IPS LA	Human Services Investigator	New	1.00	48,358	15,204	13,849	77,411
20-50	6021	65125	DD PIP 48	Program Development Spec.	New	1.00	48,358	15,204	13,849	77,411
20-50	6021	65125	DD PIP 48	Program Development Spec.	New	1.00	48,358	15,204	13,849	77,411
20-50	6021	61128	DD ADM LA	Program Development Spec.	New	1.00	48,358	15,204	13,849	77,411
20-50	9361	65125	DD PIP LA	Program Supervisor	New	1.00	49,696	15,624	13,930	79,250
20-50	6021	65137	DD REG 157	Program Development Spec.	New	1.00	48,358	15,204	13,849	77,411
20-50	6022	64881	DD KIDS 48	Program Coord	713251	(1.00)	(55,007)	(15,936)	(14,248)	(85,191)
20-50	6022	64881	DD KIDS 48	Program Coord	713252	(1.00)	(55,007)	(15,936)	(14,248)	(85,191)
20-50	6022	64879	DD ACOMP 48	Program Coord	713253	(1.00)	(55,007)	(15,936)	(14,248)	(85,191)
20-50	6022	64882	DD NIS 48	Program Coord	713254	(0.50)	(27,504)	(7,968)	(7,124)	(42,596)
20-50	6022	64880	DD XIX 48	Program Coord	713254	(0.50)	(27,503)	(7,968)	(7,124)	(42,595)
				TOTAL ANNUALIZED CHANGES		**7.00**	**313,058**	**98,635**	**95,418**	**507,111**

CURRENT YEAR PERSONNEL DOLLAR CHANGE

Calculate costs/savings that will take place in this FY; these should explain the actual dollar amounts being changed by this Bud Mod.

							CURRENT YEAR			
Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
20-50	6063	205950	DD PIP LA	Program Development Spec.	713552	1.00	48,358	14,009	13,849	76,216
20-50	6063	205950	DD PIP LA	Program Development Spec.	713553	1.00	48,358	14,009	13,849	76,216
20-50	9361	64881	DD KIDS 48	Program Supervisor	713410	1.00	58,653	16,992	14,467	90,112
20-50	9361	64880	DD XIX 48	Program Supervisor	713407	0.50	28,050	8,126	7,157	43,333
20-50	9361	64882	DD NIS 48	Program Supervisor	713407	0.50	28,050	8,126	7,157	43,333
20-50	6001	205000	DD ADM LA	Office Assitant 2	New	0.25	7,533	2,368	3,189	13,090
20-50	6001	205000	DD ACOMP 48	Office Assitant 2	New	0.25	7,533	2,368	3,189	13,090
20-50	6301	25014A	DD IPS LA	Human Services Investigator	New	0.50	24,179	7,602	6,925	38,706
20-50	6021	65125	DD PIP 48	Program Development Spec.	New	0.50	24,179	7,602	6,925	38,706
20-50	6021	65125	DD PIP 48	Program Development Spec.	New	0.50	24,179	7,602	6,925	38,706
20-50	6021	61128	DD ADM LA	Program Development Spec.	New	0.50	24,179	7,602	6,925	38,706
20-50	9361	65125	DD PIP LA	Program Supervisor	New	0.50	24,848	7,812	6,965	39,625
20-50	6021	65137	DD REG 157	Program Development Spec.	New	0.50	24,179	7,602	6,925	38,706
20-50	6022	64881	DD KIDS 48	Program Coord	713251	(1.00)	(55,007)	(15,936)	(14,248)	(85,191)
20-50	6022	64881	DD KIDS 48	Program Coord	713252	(1.00)	(55,007)	(15,936)	(14,248)	(85,191)
20-50	6022	64879	DD ACOMP 48	Program Coord	713253	(1.00)	(55,007)	(15,936)	(14,248)	(85,191)
20-50	6022	64882	DD NIS 48	Program Coord	713254	(0.50)	(27,504)	(7,968)	(7,124)	(42,596)
20-50	6022	64880	DD XIX 48	Program Coord	713254	(0.50)	(27,503)	(7,968)	(7,124)	(42,595)
				TOTAL CURRENT FY CHANGES		3.50	152,250	48,077	47,453	247,779

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-6 DATE 2-12-09
DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only

Meeting Date:	02/12/09
Agenda Item #:	R-6
Est. Start Time:	11:08 AM
Date Submitted:	02/03/09

BUDGET MODIFICATION: DCHS-22

Agenda Title:	**BUDGET MODIFICATION DCHS-22 Appropriating a Total of $335,488 in Additional State Funding for Community Service's, Energy Services Program to Increase Number of Households that Receive Assistance and Increase Staffing to Manage Increased Inspection Caseload**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	5 minutes
Department:	County Human Services	**Division:**	Community Services
Contact(s):	Kathy Tinkle		
Phone:	503-988-3691 **Ext.** 26858	**I/O Address:**	167/6
Presenter(s):	Mary Li		

General Information

1. What action are you requesting from the Board?

The Department of County Human Services recommends approval of budget modification DCHS-22, which appropriates an increase of additional funds from the state Housing and Community Services for Low Income Energy Assistance Program (LIEAP) and Department of Energy (DOE).

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Multnomah County Energy Services/Weatherization Program provides weatherization services to low-income households in Multnomah County. Due to the President signing into law H.R. 2638, the "Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009." This act has doubled the Low-Income Energy Assistance Program (LIEAP) and Department of Energy (DOE) Federal Funds that the DCHS Energy Services/Weatherization Program receives. This will result in an additional 52 housing units receiving weatherization services and the need for an additional Weatherization Inspector to performing audits and inspections. The change will impact program offer 25119 – Energy Services.

3. **Explain the fiscal impact (current year and ongoing).**

   Revenue will increase in LIEAP by $290,555 and in DOE by $26,388. The increase in FY09 for DOE will fund services for an additional 5 homes. $245,864 of the increase in LIEAP funding will fund services for an additional 47 homes and $44,691 fund an additional 1.00 FTE Weatherization Inspector to ensure that funding is fully utilized. This funding is ongoing and will continue to fund the additional 1.00 FTE throughout the state's 2010-2011 biennium.

4. **Explain any legal and/or policy issues involved.**

   N/A

5. **Explain any citizen and/or other government participation that has or will take place.**

   N/A

ATTACHMENT A

Budget Modification

If the request is a <u>Budget Modification,</u> please answer <u>all</u> of the following in detail:

- **What revenue is being changed and why?**

  LIEAP and DOE grant funding increased due to an increase in federal funds.
- **What budgets are increased/decreased?**

  Program Offer 25119 will increase by $335,488.
- **What do the changes accomplish?**

  Allow county to service additional clients in need of weatherization assistance.
- **Do any personnel actions result from this budget modification? Explain.**

  Yes, additional 1.0 FTE Weatherization Inspector will be hired.
- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

  Both LIEAP and DOE grants pay indirect charges.
- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

  No, this is ongoing revenue, and there is sufficient funding to cover personnel cost through FY11 of the state biennial budget, based on Notice of Award (NOA) received in October 2008.
- **If a grant, what period does the grant cover?**

  Grant period is from October 2008 to September 2009 for the 1st fiscal year and then from October 2009 to September 2010 for the 2nd fiscal year.
- **If a grant, when the grant expires, what are funding plans?**

  Services would be reduced.

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

ATTACHMENT B

BUDGET MODIFICATION: DCHS - 22

Required Signatures

Elected Official or Department/ Agency Director:	Kathy Tinkle for Joanne Fuller	**Date:**	**01/30/09**
Budget Analyst:	[illegible]	**Date:**	**02/03/09**
Department HR:	Paula Brewitt	**Date:**	**02/02/09**
Countywide HR:		**Date:**	

Budget Modification ID: DCHS-22

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: *Internal Order*	*Cost Center*	*WBS Element*	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
1	22-10	20730	25119	40			SCPCESRR.LIEAPWX.08.PG	50190	(390,051)	(425,088)	(35,037)		State/Federal Funding
2	22-10	20730	25119	40			SCPCESRR.LIEAPWX.08.PG	60155	390,051	425,088	35,037		Direct Client Services
3										0			
4	22-10	20730	25119	40			SCPCESRR.LIEAPWX.08.AD	50190	(26,611)	(28,996)	(2,385)		State/Federal Funding
5	22-10	20730	25119	40			SCPCESRR.LIEAPWX.08.AD	60350	9,106	9,832	726		Central Indirect
6	22-10	20730	25119	40			SCPCESRR.LIEAPWX.08.AD	60355	7,606	8,213	607		Department Indirect
7	22-10	20730	25119	40			SCPCESRR.LIEAPWX.08.AD	60240	0	1,052	1,052		Office Supplies
8										0			
9	22-10	20900	25119	40			SCPCESRR.DOEWX.08.PG	50190	(247,511)	(271,261)	(23,750)		Federal/State Funding
10	22-10	20900	25119	40			SCPCESRR.DOEWX.08.PG	60155	247,511	271,261	23,750		Direct Client Services
11										0			
12	22-10	20900	25119	40			SCPCESRR.DOEWX.08.AD	50190	(13,857)	(16,495)	(2,638)		Federal/State Funding
13	22-10	20900	25119	40			SCPCESRR.DOEWX.08.AD	60350	6,273	6,765	492		Central Indirect
14	22-10	20900	25119	40			SCPCESRR.DOEWX.08.AD	60355	5,239	5,650	411		Department Indirect
15	22-10	20900	25119	40			SCPCESRR.DOEWX.08.AD	60240	100	1,835	1,735		Office Supplies
16										0			
20	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.PG	50190	(198,677)	(435,710)	(237,033)		Federal/State Funding
21	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.PG	60155	188,677	425,710	237,033		Direct Client Services
22	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.PD	50190	(25,164)	(55,135)	(29,971)		Federal/State Funding
23	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.PD	60000	25,164	43,990	18,826		Permanent
24	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.PD	60130	7,733	13,187	5,454		Salary Related Expenses
25	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.PD	60140	7,305	12,996	5,691		Insurance Benefits
27										0			
28										0			
29										0			
											1	0	**Total - Page 1**
											1	0	**GRAND TOTAL**
30										0			
31	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.AD	50190	(19,354)	(30,000)	(10,646)		Federal/State Funding
32	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.AD	60350	5,153	9,653	4,500		Central Indirect
33	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.AD	60355	4,302	8,068	3,766		Department Indirect
34	22-10	20730	25119	40			SCPCESRR.LIEAPWX.09.AD	60240	0	2,380	2,380		supplies
35										0			
36										0			
37													
38	19	1000		20		9500001000		50310		(5,718)	(5,718)		Indirect Reimb. In Gen Fund
39	19	1000		20		9500001000		60470		5,718	5,718		CGF Contigency Expenditure

Budget Modification ID: DCHS-22

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: *Internal Order*	Accounting Unit: *Cost Center*	Accounting Unit: *WBS Element*	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
40													
41													
42	26-00	1000	25000	40			CHSDO.IND1000	50370		(4,784)	(4,784)		Dept Indirect Reimb Rev.GF
43	26-00	1000	25000	40			CHSDO.IND1000	60240		4,784	4,784		Supplies
44													
45													
46													
47													
48													
49													
50													
51													
52													
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Budget Modification ID: DCHS-22

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2009

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit: *Internal Order*	*Cost Center*	*WBS Element*	Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
75													
76										0			
77										0			
78										(4,784)			
79										4,784			
80										0			
81										0			
82										0			
83										0			
84										0			
85										0			
86										0			
87										0			
											0	0	Total - Page 3
											1	0	GRAND TOTAL

ANNUALIZED PERSONNEL CHANGE

Change on a full year basis even though this action affects only a part of the fiscal year (FY).

Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	ANNUALIZED BASE PAY	FRINGE	INSUR	TOTAL
22-10	6084		SCPCESRR.LIEAPWX.09.PD	WEATHERIZATION INSPECTOR	New	1.00	45,184	13,090	13,659	71,933
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
				TOTAL ANNUALIZED CHANGES		1.00	45,184	13,090	13,659	71,933

CURRENT YEAR PERSONNEL DOLLAR CHANGE

Calculate costs/savings that will take place in this FY; these should explain the actual dollar amounts being changed by this Bud Mod.

Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	CURRENT YEAR BASE PAY	FRINGE	INSUR	TOTAL
22-10	6084		SCPCESRR.LIEAPWX.09.PD	WEATHERIZATION INSPECTOR	New	1.00	18,826	5,454	5,691	29,971
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
				TOTAL CURRENT FY CHANGES		1.00	18,826	5,454	5,691	29,971

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST

Board Clerk Use Only

Meeting Date:	02/12/09
Agenda Item #:	R-7
Est. Start Time:	11:10 AM
Date Submitted:	01/29/09

Agenda Title: **First Reading and Possible Adoption of an ORDINANCE Amending County Land Use Code, Plans and Maps to Adopt Portland's Recent Land Use Code, Comprehensive Plan and Map Revisions Related to the Retail Sales and Services Regulations for Division Main Street in Compliance with Metro's Functional Plan and Declaring an Emergency**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Date Requested:	February 12, 2009	**Time Requested:**	5 minutes
Department:	Community Services	**Program:**	Land Use & Transportation
Contact(s):	Adam Barber		
Phone:	503-988-3043 **Ext.** 22599	**I/O Address:**	455/116
Presenter(s):	Adam Barber		

General Information

1. What action are you requesting from the Board?

Adopt the ordinance as recommended by the Portland Planning Commission and Portland City Council.

2. Please provide sufficient background information for the Board and the public to understand this issue.

On October 11, 2001 the Board adopted Ordinance 967 (effective date January 1, 2002) adopting, in summary, the Portland Comprehensive Plan and zoning ordinance. The County and the City of Portland have been engaged in agreements enabling the City of Portland to provide planning services to achieve compliance with the Metro Functional Plan for those areas outside the City limits, but within the urban growth boundary and urban service boundary of Portland. Since the adoption of Ordinance 967 and subsequently Ordinance 997, the attached ordinances have been passed by the Portland City Council and therefore the County must adopt them pursuant to our intergovernmental agreement to keep the code up to date. Multnomah County and the City of

Portland entered into an Intergovernmental Agreement (IGA) to transfer land use planning responsibilities on January 1, 2002. The IGA lays out a process requiring the County to ensure that any amendments to the City's comprehensive plan, zoning code and other regulations adopted by the City Council will be considered by the County Board of Commissioners at the earliest possible meeting. It also states "The County Board of Commissioners shall enact all comprehensive plan and code amendments so that they take effect on the same date specified by the City's enacting ordinance" (unless adopted by emergency). The City will have taken action on all of the above items by the hearing date of this ordinance. If the County does not adopt these amendments, the IGA will be void and the County will be required to resume responsibility for planning and zoning administration within the affected areas.

3. **Explain the fiscal impact (current year and ongoing).**

   NA

4. **Explain any legal and/or policy issues involved.**

   State law requires a notice be placed in a newspaper of general circulation 10 days prior (2/02/09) to the BCC hearing. We request adoption of this ordinance by emergency to closely align with the City of Portland effective date (2/14/09) as stated in the IGA. The County Attorney's office was involved in the drafting of the original IGA and has been involved in coordinating our compliance effort through adoption of these code amendments.

5. **Explain any citizen and/or other government participation that has or will take place.**

   The City included the County affected property owners in their noticing for these code revisions when required pursuant to the IGA and directed them to the City legislative process.

Required Signatures

Department/
Agency Director: M. Cecilia Johnson **Date: 01/29/09**

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. ____

Amending County Land Use Code, Plans and Maps to Adopt Portland's Recent Land Use Code, Comprehensive Plan and Map Revisions Related to the Retail Sales and Services Regulations for Division Main Street in Compliance with Metro's Functional Plan and Declaring an Emergency

The Multnomah County Board of Commissioners Finds:

a. The Board of County Commissioners (Board) adopted Resolution A in 1983 which directed the County services towards rural services rather than urban.

b. In 1996, Metro adopted the Functional Plan for the region, mandating that jurisdictions comply with the goals and policies adopted by the Metro Council.

c. In 1998, the County and the City of Portland (City) amended the Urban Planning Area Agreement to include an agreement that the City would provide planning services to achieve compliance with the Functional Plan for those areas outside the City limits, but within the Urban Growth Boundary and Portland's Urban Services Boundary.

d. It is impracticable to have the County Planning Commission conduct hearings and make recommendations on land use legislative actions pursuant to MCC 37.0710, within unincorporated areas inside the Urban Growth Boundary for which the City provides urban planning and permitting services. The Board intends to exempt these areas from the requirements of MCC 37.0710, and will instead consider the recommendations of the Portland Planning Commission and City Council when legislative matters for these areas are brought before the Board for action as required by intergovernmental agreement (County Contract #4600002792) (IGA).

e. On January 15, 2009, the Board amended County land use codes, plans and maps to adopt the City's land use codes, plans and map amendments in compliance with Metro's Functional Plan by Ordinance 1127.

f. Since the adoption of Ordinance 1127, the City's Planning Commission recommended land use code, plan and map amendments to the City Council through duly noticed public hearings.

g. The City notified affected County property owners as required by the IGA.

h. The City Council adopted the land use code, plan and map amendments set out in Section 1 below and attached as Exhibits 1 through 2. The IGA requires that the County adopt these amendments for the City planning and zoning administration within the affected areas.

Multnomah County Ordains as follows:

<u>Section 1.</u> The County Comprehensive Framework Plan, community plans, rural area plans, sectional zoning maps and land use code chapters are amended to include the City land use code, plan and map amendments, attached as Exhibits 1 through 2, effective on the same date as the respective Portland ordinance:

Exhibit No.	Description	Date
1	Ordinance to revise Retail Sales and Services regulations for Division Main Street and amending the Comprehensive Plan Map and Zoning Map (**PDX Ord. #182474**)	1/14/09
2	Portland City Council Revisions to Division Street Regulation through the Regulatory Improvement Code Amendment Package 4	1/09/09

Section 2. In accordance with ORS 215.427(3), the changes resulting from Section 1 of this ordinance shall not apply to any decision on an application that is submitted before the applicable effective date of this ordinance and that is made complete prior to the applicable effective date of this ordinance or within 180 days of the initial submission of the application.

Section 3. In accordance with ORS 92.040(2), for any subdivisions for which the initial application is submitted before the applicable effective date of this ordinance, the subdivision application and any subsequent application for construction shall be governed by the County's land use regulations in effect as of the date the subdivision application is first submitted.

Section 4. Any future amendments to the legislative matters listed in Section 1 above, are exempt from the requirements of MCC 37.0710. The Board acknowledges, authorizes and agrees that the Portland Planning Commission will act instead of the Multnomah Planning Commission in the subject unincorporated areas using the City's own procedures, to include notice to and participation by County citizens. The Board will consider the recommendations of the Portland Planning Commission when legislative matters for County unincorporated areas are before the Board for action.

Section 5. An emergency is declared in that it is necessary for the health, safety and general welfare of the people of Multnomah County for this ordinance to take effect concurrent with the City code, plan and map amendments. Under section 5.50 of the Charter of Multnomah County, this ordinance will take effect in accordance with Section 1.

FIRST READING AND ADOPTION: February 12, 2009

BOARD OF COUNTY COMMISSIONERS,
FOR MULTNOMAH COUNTY, OREGON

____
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By______________________________
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:
M. Cecilia Johnson, Director, Department of Community Services

EXHIBIT LIST FOR ORDINANCE

1. Ordinance to revise Retail Sales and Services regulations for Division Main Street and amending the Comprehensive Plan Map and Zoning Map (**PDX Ord. #182474**).

2. Portland City Council Revisions to Division Street Regulation through the Regulatory Improvement Code Amendment Package 4.

Prior to adoption, this information is available electronically or for viewing at the Multnomah County Board of Commissioners and Agenda website (www.co.multnomah.or.us/cc/WeeklyAgendaPacket/). To obtain the adopted ordinance and exhibits electronically, please contact the Board Clerk at 503-988-3277. These documents may also be purchased on CD-Rom from the Land Use and Transportation Program. Contact the Planning Program at 503-988-3043 for further information.

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 1130

Amending County Land Use Code, Plans and Maps to Adopt Portland's Recent Land Use Code, Comprehensive Plan and Map Revisions Related to the Retail Sales and Services Regulations for Division Main Street in Compliance with Metro's Functional Plan and Declaring an Emergency

The Multnomah County Board of Commissioners Finds:

a. The Board of County Commissioners (Board) adopted Resolution A in 1983 which directed the County services towards rural services rather than urban.

b. In 1996, Metro adopted the Functional Plan for the region, mandating that jurisdictions comply with the goals and policies adopted by the Metro Council.

c. In 1998, the County and the City of Portland (City) amended the Urban Planning Area Agreement to include an agreement that the City would provide planning services to achieve compliance with the Functional Plan for those areas outside the City limits, but within the Urban Growth Boundary and Portland's Urban Services Boundary.

d. It is impracticable to have the County Planning Commission conduct hearings and make recommendations on land use legislative actions pursuant to MCC 37.0710, within unincorporated areas inside the Urban Growth Boundary for which the City provides urban planning and permitting services. The Board intends to exempt these areas from the requirements of MCC 37.0710, and will instead consider the recommendations of the Portland Planning Commission and City Council when legislative matters for these areas are brought before the Board for action as required by intergovernmental agreement (County Contract #4600002792) (IGA).

e. On January 15, 2009, the Board amended County land use codes, plans and maps to adopt the City's land use codes, plans and map amendments in compliance with Metro's Functional Plan by Ordinance 1127.

f. Since the adoption of Ordinance 1127, the City's Planning Commission recommended land use code, plan and map amendments to the City Council through duly noticed public hearings.

g. The City notified affected County property owners as required by the IGA.

h. The City Council adopted the land use code, plan and map amendments set out in Section 1 below and attached as Exhibits 1 through 2. The IGA requires that the County adopt these amendments for the City planning and zoning administration within the affected areas.

Multnomah County Ordains as follows:

Section 1. The County Comprehensive Framework Plan, community plans, rural area plans, sectional zoning maps and land use code chapters are amended to include the City land use code, plan and map amendments, attached as Exhibits 1 through 2, effective on the same date as the respective Portland ordinance:

Exhibit No.	Description	Date
1	Ordinance to revise Retail Sales and Services regulations for Division Main Street and amending the Comprehensive Plan Map and Zoning Map (**PDX Ord. #182474**)	1/14/09
2	Portland City Council Revisions to Division Street Regulation through the Regulatory Improvement Code Amendment Package 4	1/09/09

Section 2. In accordance with ORS 215.427(3), the changes resulting from Section 1 of this ordinance shall not apply to any decision on an application that is submitted before the applicable effective date of this ordinance and that is made complete prior to the applicable effective date of this ordinance or within 180 days of the initial submission of the application.

Section 3. In accordance with ORS 92.040(2), for any subdivisions for which the initial application is submitted before the applicable effective date of this ordinance, the subdivision application and any subsequent application for construction shall be governed by the County's land use regulations in effect as of the date the subdivision application is first submitted.

Section 4. Any future amendments to the legislative matters listed in Section 1 above, are exempt from the requirements of MCC 37.0710. The Board acknowledges, authorizes and agrees that the Portland Planning Commission will act instead of the Multnomah Planning Commission in the subject unincorporated areas using the City's own procedures, to include notice to and participation by County citizens. The Board will consider the recommendations of the Portland Planning Commission when legislative matters for County unincorporated areas are before the Board for action.

Section 5. An emergency is declared in that it is necessary for the health, safety and general welfare of the people of Multnomah County for this ordinance to take effect concurrent with the City code, plan and map amendments. Under section 5.50 of the Charter of Multnomah County, this ordinance will take effect in accordance with Section 1.

FIRST READING AND ADOPTION: February 12, 2009

BOARD OF COUNTY COMMISSIONERS,
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

BOARD OF COMMISSIONERS FOR MULTNOMAH COUNTY OREGON

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By Sandra Duffy
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:
M. Cecilia Johnson, Director, Department of Community Services

EXHIBIT LIST FOR ORDINANCE

1. Ordinance to revise Retail Sales and Services regulations for Division Main Street and amending the Comprehensive Plan Map and Zoning Map (**PDX Ord. #182474**).
2. Portland City Council Revisions to Division Street Regulation through the Regulatory Improvement Code Amendment Package 4.

Prior to adoption, this information is available electronically or for viewing at the Multnomah County Board of Commissioners and Agenda website (www.co.multnomah.or.us/cc/WeeklyAgendaPacket/). To obtain the adopted ordinance and exhibits electronically, please contact the Board Clerk at 503-988-3277. These documents may also be purchased on CD-Rom from the Land Use and Transportation Program. Contact the Planning Program at 503-988-3043 for further information.

ORDINANCE No. 182474 As Amended

Revise Retail Sales And Service regulations for Division Main Street through the Regulatory Improvement Code Amendment Package 4 (Ordinance; amend Title 33)

The City of Portland Ordains:

Section 1. The Council finds:

General Findings

1. This project is part of the Regulatory Improvement Workplan, an ongoing program to improve City building and land use regulations and procedures. Each package of amendments is referred to as a Regulatory Improvement Code Amendment Package (RICAP), followed by a number.

2. During the Spring and Summer of 2007, staff from the Planning Bureau and the Bureau of Development Services (BDS) worked with the Regulatory Improvement Stakeholder Advisory Team (RISAT) to develop a workplan for the fourth Regulatory Improvement Code Amendment Package (RICAP 4). The RISAT includes participants from city bureaus and the community and advises staff.

3. On July 24, 2007, the Planning Commission held a hearing to discuss and take testimony on the RICAP 4 workplan. The workplan consisted of 49 issues proposed for further research in order to find potential solutions. Three additional items were added during the research of the workplan items; two were added by the Bureau of Development Services and one by City Council, bringing the total to 52 items.

4. During the Winter of 2007 and Spring of 2008, Planning staff worked with BDS and RISAT to address the issues in the workplan.

5. During the Spring and Summer of 2008, Planning staff also worked with BDS and RISAT to develop a workplan for the fifth Regulatory Improvement Code Amendment Package (RICAP 5).

6. At the August 26, 2008 Planning Commission hearing on the workplan for RICAP 5, members of the public requested the regulations for Retail Sales And Service Uses for the Division Main Street be amended.

7. At the conclusion of this hearing, the Planning Commission directed staff to prepare a code amendment to modify the Retail Sales And Service Uses limit for Division Main Street. They directed staff to bring the amendment before them as part of RICAP 4. This issue is the item addressed by this ordinance.

8. On August 27, 2008, notice of the proposed RICAP 4 code amendments was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by ORS 197.610.

9. On September 11, 2008, notice was sent to all neighborhood associations and coalitions, and business associations in the City of Portland as well as those involved with the Division Green Street / Main Street Plan (also known as Division Vision). In addition, notice was sent to those who were interested in a 2006 land use adjustment case and appeals involving the former Natures / Wild Oats

building on Division Street. The adjustment and appeals involved the regulations for Retail Sales And Service Uses for the Division Main Street. The notice was for the Planning Commission Hearing on the staff proposal for the Regulatory Improvement Code Amendment Package 4 (RICAP 4), and to announce the availability of the Proposed Draft.

10. On September 16, 2008, the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4) Proposed Draft* was published. It included an amendment to the Division Street retail limits that would remove the floor area restriction from buildings that existed when the regulation was adopted.

11. On October 14, 2008, the Planning Commission held a hearing on the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4), Proposed Draft.* Staff presented the proposal and public testimony was received. At the end of the meeting, Planning Commission directed staff to prepare amended language on several issues, including a change to the proposed Division Street retail limits. In response to testimony, they asked staff to prepare language that applied the retail limitation to only the ground floor of buildings that existed when the regulation was adopted.

12. On October 28, 2008, the Planning Commission heard additional testimony on the Division Street retail limits, and considered language staff had prepared in response to their October 14 request.

13. At the conclusion of the hearing, the Commission voted to recommend that City Council adopt the staff recommendation for RICAP 4, including the language that applied the Division Street retail limits only to the ground floor of buildings that existed when the regulation was adopted.

14. On December 10, 2008, City Council held a hearing on the portion of the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4), Planning Commission Recommended Draft* that affects Retail Sales And Service Uses on Division Street in the Main Street Corridor Overlay Zone. Staff presented the proposal and public testimony was received.

15. On December 17, 2008, Council decided to defer their vote on the portion of the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4), Planning Commission Recommended Draft* that amends the regulations affecting Retail Sales And Service Uses on Division Street in the Main Street Corridor Overlay Zone.

16. On January 7, 2009, Council made amendments to the Planning Commission's recommended code language, and voted to adopt the portion of the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4), Planning Commission Recommended Draft* that amends the regulations affecting Retail Sales And Service Uses on Division Street in the Main Street Corridor Overlay Zone, as amended.

17. For clarity, the portion of the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4),* affecting Retail Sales And Service Uses on Division Street is now a separate document titled *Regulatory Improvement Code Amendment Package 4 (RICAP 4): City Council Revisions to Division Street Regulations,* dated January 9, 2009, and attached as Exhibit A.

18. On January 14, 2009, Council voted to adopt *Regulatory Improvement Code Amendment Package 4 (RICAP 4): City Council Revisions to Division Street Regulations,* dated January 9, 2009.

Findings on Statewide Planning Goals

19. State planning statutes require cities to adopt and amend comprehensive plans and land use regulations in compliance with state land use goals. Only the state goals addressed below apply.

20. **Goal 1, Citizen Involvement**, requires the provision of opportunities for citizens to be involved in all phases of the planning process. The preparation of this amendment has provided numerous opportunities for public involvement:

    - On July 24, 2007, the Planning Commission held a public hearing on the RICAP 4 Proposed Workplan and heard testimony from citizens on the proposed issues. The Planning Commission voted to adopt the workplan, directing staff to work on code amendments on the 49 issues listed in the workplan. The RICAP 4 workplan did not contain amendments to the regulations affecting Retail Sales And Service Uses on Division Main Street.
    - During 2007 and 2008, staff worked on proposed code amendments for RICAP 4.
    - During the summer of 2008, Planning received letters and phone calls from the Division/Clinton Business Association, Hosford/Abernathy Neighborhood Development Association and Richmond Neighborhood Association regarding the retail size limitations in the Zoning Code established through the Division Green Street / Main Street Plan.
    - On August 26, 2008, during the Planning Commission hearing on the workplan for RICAP 5, several members of the neighborhood and business associations as well as an owner in the Division Street area, testified to request that staff address the retail size limitations on Division Street. This Ordinance applies to the amendments associated with their request.
    - On September 11, 2008, notice was sent to all neighborhood associations and coalitions, and business associations in the City of Portland, as well as persons involved with the Division Green Street / Main Street Plan (also known as Division Vision), as well as all those who were interested in a 2006 land use adjustment case and appeals involving the former Natures/Wild Oats building on Division Street. The adjustment and appeals involved the regulations for Retails Sales And Service Uses for the Division Main Street. The notice was for the Planning Commission Hearing on the staff proposal for the Regulatory Improvement Code Amendment Package 4 (RICAP 4) and to announce the availability of the Proposed Draft.
    - On September 16, 2008, the *Regulatory Improvement Code Amendment Package 4(RICAP 4) Proposed Draft* was published. The report explained the proposed amendments to the Zoning Code. The report was available to City bureaus and the public and mailed to all those requesting a copy. An electronic copy was posted to the Bureau's website.
    - On October 14 and 28, 2008, the Planning Commission held a public hearing to discuss and take testimony on the report. The bulk of the testimony was on the proposed amendment to the Division Street retail size limits.
    - On November 21, 2008, notice was sent to those who testified at the Planning Commission hearings, and to people interested in RICAP 4, of the proposed City Council hearing on the Planning Commission recommendation for RICAP 4.
    - On December 10, 2008, the City Council held a public hearing to discuss and take testimony on the recommendations from the Planning Commission.
    - On December 17, 2008, Council voted to defer their decision on the portion of the *Regulatory Improvement Workplan: Regulatory Improvement Code Amendment Package 4 (RICAP 4), Planning Commission Recommended Draft* that amends the regulations affecting Retail Sales And Service Uses on Division Street in the Main Street Corridor Overlay Zone.

- On January 7, 2008, Council discussed the amendments affecting Retail Sales And Service Uses on Division Street in the Main Street Corridor Overlay Zone, and accepted additional testimony.

21. **Goal 9, Economic Development,** requires the provision of adequate opportunities for a variety of economic activities vital to public health, welfare and prosperity. The amendment to the Division Street retail regulations support this goal by providing additional flexibility for the economic re-use of existing buildings, while maintaining a pedestrian scale to the ground floor retail environment.

Findings on Metro Urban Growth Management Functional Plan

22. The following element of the Metro Urban Growth Management Functional Plan is relevant and applicable to the amendment affecting Retail Sales And Service regulations for Division Street in the Main Street Corridor Overlay Zone.

23. **Title 6, Central City Regional Centers, Town Centers and Station Communities,** defines Metro's policy to enhance Centers by encouraging growth within these Centers. This amendment is consistent with this Title by providing additional flexibility for commercial development within existing buildings along Division Street, which is designated a Region 2040 Main Street.

Findings on Portland's Comprehensive Plan Goals

24. The City's Comprehensive Plan was adopted by the Portland City Council on October 16, 1980, and was acknowledged as being in conformance with the statewide planning goals by the Land Conservation and Development Commission on May 1, 1981. On May 26, 1995, the LCDC completed its review of the City's final local periodic review order and periodic review work program, and reaffirmed the plan's compliance with statewide planning goals.

25. The following goals, policies, and objectives of the Portland Comprehensive Plan are relevant and applicable to the amendment affecting Retail Sales And Service regulations for Division Street in the Main Street Corridor Overlay Zone.

26. **Goal 1, Metropolitan Coordination,** calls for the Comprehensive Plan to be coordinated with federal and state law and to support regional goals, objectives and plans. The amendment is consistent with this goal because it does not change policy or intent of existing regulations relating to metropolitan coordination and regional goals.

27. **Goal 2, Urban Development,** calls for maintaining Portland's role as the major regional employment and population center by expanding opportunities for housing and jobs, while retaining the character of established residential neighborhoods and business centers. This amendment supports this goal by expanding the opportunities for the re-use of existing commercial buildings along Division Street, while retaining the street's character as an established commercial node.

28. **Goal 3, Neighborhoods,** calls for the preservation and reinforcement of the stability and diversity of the city's neighborhoods while allowing for increased density.

    Policy 3.1, Physical Conditions calls for the provision of programs to prevent the deterioration of existing structures and public facilities. This amendment supports the policy by adding flexibility for the re-use of existing buildings that may have exceeded the size limits in place at the implementation of the Division Green Street / Main Street Plan, and that may have remained vacant as a consequence of these limits.

Policy 3.5, Neighborhood Involvement encourages active involvement of neighborhood residents and businesses in decisions affecting their neighborhood, through the promotion of neighborhood and business associations. This amendment supports this policy since the amendment is based upon suggestions from the neighborhood and business associations surrounding Division Street.

Policy 3.6, Neighborhood Plan calls for maintaining and enforcing neighborhood plans that are consistent with the Comprehensive Plan and that have been adopted by City Council. This includes the Division Green Street / Main Street Plan which was adopted by Council in February, 2006. The Division Plan includes goals to focus commercial activity in a series of villages, including building at a pedestrian scale. The Division Plan also calls for supporting a healthy local economy, including businesses that provide a diverse range of goods and services, and to allow a collaborative approach to achieve a connected community. The amendment supports these plan goals by forwarding a code change that was suggested by the neighborhood and business associations. The amendment also supports these goals by adding flexibility to use existing buildings for a wider range of retail uses. At the same time, the provision maintains the pedestrian scale of the ground level of buildings.

29. **Goal 5, Economic Development,** calls for the promotion of a strong and diverse economy that provides a full range of employment and economic choices for individuals and families in all parts of the city. The amendment to the Division Street retail limitation supports this goal by adding flexibility for the economic re-use of existing buildings, while maintaining a pedestrian scale to the ground floor retail environment.

30. **Goal 9, Citizen Involvement**, calls for improved methods and ongoing opportunities for citizen involvement in the land use decision-making process, and the implementation, review, and amendment of the Comprehensive Plan. This project followed the process and requirements specified in Chapter 33.740, Legislative Procedure. The amendments support this goal for the reasons found in the findings for Statewide Planning Goal 1, Citizen Involvement

31. **Goal 10, Plan Review and Administration,** includes several policies and objectives. Policy 10.10, Amendments to the Zoning and Subdivision Regulations, directs that amendments to the zoning and subdivision regulations should be clear, concise, and applicable to the broad range of development situations faced by a growing, urban city.

    The amendment is supportive of Policy 10.10 because it clarifies and streamlines a regulation in the Zoning Code. It also responds to an identified current and anticipated problem, such as a barrier to desirable development, and will help ensure that Portland remains competitive with other jurisdictions as a location in which to live, invest, and do business.

32. **Goal 12, Urban Design,** calls for enhancing Portland as a livable city, attractive in its setting and dynamic in its urban character by preserving its history and building a substantial legacy of quality private developments and public improvements for future generations. Policy 12.4 recognizes that Portland is experienced most intimately by pedestrians and that development should ensure a pleasant, rich and diverse experience for pedestrians. The amendment is consistent with this policy by maintaining the retail size limit along the ground level of buildings in the Division Green Street / Main Street plan, thus ensuring a variety of uses along the ground level frontage.

182474

NOW, THEREFORE, the Council directs:

a. Adopt Exhibit A, *Regulatory Improvement Code Amendment Package 4 (RICAP 4): City Council Revisions to Division Street Regulations,* dated January 9, 2009;

b. Amend Title 33, Planning and Zoning as shown in Exhibit A, *Regulatory Improvement Code Amendment Package 4 (RICAP 4): City Council Revisions to Division Street Regulations,* dated January 9, 2009

c. Adopt the commentary and discussion in Exhibit A, *Regulatory Improvement Code Amendment Package 4 (RICAP 4): City Council Revisions to Division Street Regulations,* dated January 9, 2009, as legislative intent and further findings;

d. Direct staff to monitor the effect of the other amendments as part of their overall monitoring program.

Passed by the Council: JAN 14 2009

MAYOR SAM ADAMS

Prepared by:
Phil Nameny Bureau of Planning and Sustainability
November 21, 2008

GARY BLACKMER

Auditor of the City of Portland
By Susan Parsons

Deputy

182474

EXHIBIT A

Regulatory Improvement Workplan

Regulatory Improvement Code Amendment Package 4

(RICAP 4)

CITY OF PORTLAND
BUREAU OF
PLANNING

Council Revisions to
Division Street Regulations

January 9, 2009

The Bureau of Planning and Sustainability is committed to providing equal access to information and hearings. If you need special accommodation, please call 503-823-7700, the City's TTY at 503-823-6868, or the Oregon Relay Service at 1-800-735-2900.

For more information about **this report** or **Regulatory Improvement Code Amendment Package 4** please contact:

Phil Nameny, City Planner
Portland Bureau of Planning and Sustainability
1900 SW 4th Avenue, Suite 7100
Portland, Oregon 97201-5380
Phone: 503-823-7709
Email: bopregimp@ci.portland.or.us

I. Introduction

Summary

This report is part of the Regulatory Improvement Workplan, an ongoing program to improve City building and land use regulations and procedures. Each package of amendments is referred to as a Regulatory Improvement Code Amendment Package (RICAP), followed by a number. The amendments addressed in this report were part of RICAP 4.

The workplan for RICAP 4 was adopted by the Planning Commission at a public hearing in July, 2007. The amendments addressed in this report, which affect Retail Sales And Service uses along Division Street, were not initially a part of this package. At the Planning Commission Hearing for the RICAP 5 workplan on August 26, 2008, there was considerable testimony about the retail size limitation, which is part of the portion of the Main Street Overlay Zone that applies to Division Street. The Planning Commission asked staff to bring forward a code amendment for this issue in time for the RICAP 4 Planning Commission hearing.

There was extensive testimony and discussion on this issue at the Planning Commission hearings. As a result, staff created a separate ordinance to allow the Council to approve the RICAP 4 package independent of the Division Street issue. Council also heard extensive testimony on December 10, 2008 and January 7, 2009.

On January 7, 2009, City Council adopted several amendments to the Planning Commission's recommended code language. This report includes Council's amendments.

II. Impact Assessment

During each RICAP review process, an impact assessment is conducted in order to identify and evaluate positive and negative impacts of regulations that may be proposed. The process also identifies situations where a nonregulatory approach is a better solution.

The impact assessment in the *Regulatory Improvement Code Amendment Package 4 (RICAP 4), Planning Commission Recommended Draft* describes the process used to select and analyze the items in RICAP 4, including the item addressed in this report. The information in this section supplements that assessment.

Stakeholder Outreach and Feedback

During the August 2008 Planning Commission Hearing for our next workplan (RICAP 5), several representatives of neighborhood and business organizations requested that the Commission direct staff to address the retail limits along part of SE Division Street. Their concern was that the current standard was having the unintended consequence of forcing the former Natures/Wild Oats building to remain vacant, and it was having a negative effect on the area. After hearing the testimony, the Planning Commission directed staff to prepare a code amendment on this issue as part of the RICAP 4 package of amendments.

In addition to the outreach and notice described in the *Regulatory Improvement Code Amendment Package 4 (RICAP 4), Planning Commission Recommended Draft,* notice was also sent to those who had been involved in Division Street planning, in the adjustment requested for the former Natures/Wild Oats building, and the subsequent appeals.

The Planning Commission Hearing afforded members of the public the opportunity to testify about any of the items in RICAP 4. Most of the testimony was on the proposed changes to the Division Street retail limits. Testimony was received both in favor and opposed to the proposed changes. The Commission felt that the neighborhood's proposal to waive the limitation only within existing buildings on floors other than the ground floor was the best compromise. This option would allow greater flexibility to reuse older buildings while maintaining a streetscape that features smaller storefronts.

Additional notice and opportunities to testify were provided with the City Council hearings on December 10 and January 7.

III. Amendments to the Zoning Code (Title 33)

The amendments to the Zoning Code are included in this section of the report. The amendments are on the odd-numbered pages. The facing (even-numbered) pages contain commentary about the amendment. The commentary includes a description of the problem being addressed, the legislative intent of the amendment, and an assessment of the impact of the change.

Division Street Regulations

33.460.300 Purpose
33.460.310 Additional Standards

The Division Green Street / Main Street Plan went into effect in March 2006. One of the regulations added to the Zoning Code was a limitation on the size of individual Retail Sales And Service uses to 10,000 square feet of net building area. Supermarkets are exempt from the limitation.

According to the commentary in the adopting report, the purpose of the regulation was: "The community places a high value on retaining the local scale of retail along Division. Although this does not prohibit chain stores less than 10,000 square feet, it sends a message that the scale of retail along Division is local serving, rather than providing a regional draw. Supermarkets require larger floor area to provide local services and are exempt from this regulation."

After the plan took effect, a grocery store in the plan area closed, and the building owner has had difficulty finding a tenant for the space. The floor area of the existing building is more than 10,000 square feet and includes a second story, but potential tenants must either use only part of the building, or seek an adjustment to the 10,000 square foot limitation. One potential tenant did request an adjustment; the City approved it, but it was appealed to LUBA and remanded to the City.

Concerned about the potentially blighting effect of a long-vacant large building, the neighborhoods in the area asked that the 10,000 square foot limitation be lifted in very limited circumstances. Several options were considered. The first, and simplest was originally offered by staff, and would exempt buildings that were larger than 10,000 square feet on the date the Division Street Plan took effect. The second option was one suggested by a coalition of neighborhood groups. This would apply the 10,000 square foot limitation only to the ground floor of buildings.

At the Planning Commission hearings, there was a considerable amount of testimony, both in favor and against the proposal. The Commission felt that the proposal from the coalition of neighborhood groups was the best approach to retain the desired neighborhood character of smaller storefronts, while increasing the flexibility to re-use buildings. The area this regulation applies to is small, and this regulation affects only a few buildings. This analysis was specific to the Division Street corridor. They agreed that a separate analysis should be done in any future areas that consider incorporating the Division Street retail limitations. Based upon the testimony of neighbors, the Planning Commission recommended that Council adopt the second option.

[Commentary continues on next even-numbered page]

Language to be **added** is underlined
Language to be **deleted** is shown in ~~strikethrough~~

Division Street Regulations

33.460.300 Purpose
These regulations promote development that fosters a pedestrian- and transit-oriented main street and reinforces the pattern of older industrial, commercial, and residential buildings along the street. These regulations ensure that development:

- Activates Division Street corners and enhances the pedestrian environment;
- Steps down building heights to reduce the negative impacts of larger scale buildings on the adjoining single-dwelling zones;
- Is constructed with high quality materials in combinations that are visually interesting;
- Consists of retail that primarily serves the surrounding neighborhood, is small in scale and promotes pedestrian activity; and
- Provides neighbors with the opportunity to give early input to developers on significant projects.

33.460.310 Additional Standards.

A-C. [No change.]

D. Floor area for Retail Sales And Service.

1. Generally. Each individual Retail Sales And Service use is limited to 10,000 square feet of net building area.

2. Exceptions.

a. Supermarkets are exempt from this regulation.

b. A Retail Sales And Service use may exceed 10,000 square feet if:

(1) The building it is in had more than 10,000 square feet of floor area on March 17, 2006;

(2) The maximum floor area of that use on the ground level of the building is no more than 10,000 square feet;

(3) The total building floor area is no more than 120 percent of the floor area that existed on March 17, 2006; and

(4) The applicant must present the proposal to City Council before a building permit is applied for. The Council discussion is advisory only and is not binding on the applicant.

At the City Council hearings, there was also a considerable amount of testimony, both in favor and against the proposal. In Council's discussion, they were particularly concerned about the potential for buildings expanding by signficant amounts to take advantage of the proposed provisions, and about removing the opportunity for neighborhood involvment. As a result, they added three elements to the Planning Commission recommendation:

1. Buildings taking advantage of this provision may have no more than 120 percent of the floor area that they had on the date the original regulation was adopted (March 17, 2006).

2. Applicants using this provision must offer to meet with the neighborhood, as is now required for applicants adding more than 5,000 square feet of floor area to a site.

3. Applicants using this provision must present their proposal to City Council for an advisory discussion before applying for a building permit.

Language to be **added** is <u>underlined</u>
Language to be **deleted** is shown in ~~strikethrough~~

E. Neighborhood contact. Proposals meeting the following conditions are subject to the neighborhood contact requirement as specified in Section 33.700.025, Neighborhood Contact. All of the steps in 33.700.025 must be completed before a building permit is applied for:

1. The proposed development has not been subject to a land use review, and

2. The proposed development will add more than 5,000 square feet of gross building area to the site<u>, or will utilize the Retail Sales And Service exception of D.2.b above.</u>

182474

CITY OF PORTLAND
BUREAU OF
PLANNING

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only	
Meeting Date:	02/12/09
Agenda Item #:	R-8
Est. Start Time:	11:15 AM
Date Submitted:	01/29/09

Agenda Title:	RESOLUTION Granting the City of Portland Access to County Property for Road Purposes

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	10 minutes
Department:	Community Services	**Division:**	Land Use & Transportation
Contact(s):	Brian Vincent, PE, County Engineer		
Phone:	(503) 988-5050 **Ext.** 29642	**I/O Address:**	425/2nd
Presenter(s):	Brian Vincent, PE, or Patrick Hinds, PLS (Program Manager)		

General Information

1. **What action are you requesting from the Board?**

   The Land Use and Transportation is requesting that the Board grant the City of Portland a Deed for Road Purposes.

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   In 1965, Multnomah County purchased approximately 6 acres in the Southwest corner of the intersection of NE 122nd Boulevard (County Rd. No. 3119) and NE Marine Drive (County Rd. No. 1469). The purpose of this purchase was to build a wider portion of Marine Drive south of the existing Marine Drive. Subsequent to this purchase, changes to the Comprehensive Plan changed the designation of Marine Drive to a "scenic route," thereby perpetuating the location of Marine Drive on the existing dike. As a result of this change in road designation, the right of way purchased for the expansion of Marine Drive was no longer needed. The property that was purchased in 1965 was not accepted for use in conjunction with either Marine Drive or NE 122nd Blvd.

   In 1984, Multnomah County transferred road jurisdiction of NE Marine Drive and NE 122nd Blvd. to the City of Portland. Since the 6-acre tract was not accepted for use in conjunction with a County Road, no interest in this track was conveyed to Portland.

In 1987, Multnomah County sold most of the 6 acres to a private party. The County did, however, retain a portion of the 6-acre track along NE 122nd. The portion retained is a strip, being 35 feet wide and 420 feet long (0.34 acre), abutting NE 122nd Blvd.

Because of the slope of NE 122nd Blvd., the volume of traffic, and the geometry of this intersection, it is reasonable to assume that this 35-foot-wide strip was retained for road purposes.

The City of Portland has road jurisdiction at this location and has a current road improvement plan that will impact this strip of County-owned property. The City's plan appears to be consistent with the purpose for the County's retention of this strip. Therefore, the Land Use and Transportation Program supports granting of a Deed for Road Purposes to the City.

If the road had been built as originally planned, this strip would have been incorporated into the road, and the interest being conveyed today would have been conveyed to Portland when road jurisdiction was transferred.

If the strip had been sold when the 6-acre tract was sold, it is possible that as the abutting property developed, the development would have required the dedication and construction of road improvements within this strip.

3. Explain the fiscal impact (current year and ongoing).

None anticipated.

4. Explain any legal and/or policy issues involved.

None anticipated.

5. Explain any citizen and/or other government participation that has or will take place.

The City of Portland is requesting that the County grant this dedication for road purposes.

Required Signature

Elected Official or Department/ Agency Director:	M. Cecilia Johnson	**Date:**	**01/29/09**

-----Original Message-----
From: RYAN Matthew O
Sent: Thursday, January 22, 2009 10:16 AM
To: HINDS Patrick J; KRAMER Cathey M
Cc: KINOSHITA Carol
Subject: FW: Final Exhibit A and Final Deed for signatures

Pat & Cathey,
The attached resolution and dedication deed have been reviewed and are approved for submission to the BCC for its consideration. Thanks.

Matthew O. Ryan
Assistant County Attorney
Office of Multnomah County Attorney
501 SE Hawthorne, Suite 500
Portland, Oregon 97214
Tel: 503-988-3138; Fax: 503-988-3377
matthew.o.ryan@co.multnomah.or.us

From: HINDS Patrick J
Sent: Thursday, January 22, 2009 9:12 AM
To: RYAN Matthew O
Subject: FW: Final Exhibit A and Final Deed for signatures

Matt: Please review these docs.

The deed titled EXHIBIT A will accompany the resolution, with the map and legal description.

The deed that will be signed will not be titled EXHIBIT A, but will be our standard form. I would like the City to sign the original deed before the Chair signs.

Please include Cathey Kramer in your response. Thanks, ph

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. ________

Granting the City of Portland Access to County Property for Road Purposes

The Multnomah County Board of Commissioners Finds:

a. In 1965, Multnomah County purchased a tract of land situated in the southwesterly corner of the intersection of NE Marine Drive (County Road No. 1469) and NE 122nd Boulevard (County Road No. 3119). This tract abutted both County Roads but was not officially accepted into either County Road. This tract shall be referred to as "the Property."

b. In 1984, Multnomah County transferred road jurisdiction for a portion of NE Marine Drive (in this location) and NE 122nd Blvd. to the City of Portland.

c. In 1987, Multnomah County sold the majority portion of the Property, except for the easterly 35.00 feet thereof that directly abuts NE 122nd Blvd. This easterly section extends approximately 420.00 feet from the Marine Drive intersection along NE 122nd Blvd.

d. Presently, the City of Portland Office of Transportation desires to add a right-turn lane from the southbound lane on NE 122nd Blvd., turning onto eastbound NE Airport Way. This proposal requires the use of a portion of the above referenced 35.00 foot wide strip as part of the lane taper leading into the new right turn lane.

e. The portion of the 35-foot wide strip requested by the City (the "Dedication Property") is more particularly described in the attached Exhibit A, a proposed "Deed for Road Purposes."

f. The Property was originally acquired in 1965 for a road project, and the City's proposal is consistent with the intent of the original purchase.

The Multnomah County Board of Commissioners Resolves:

1. It is in the best public interest to grant the City of Portland a Deed for Road Purposes of the Dedication Property.

2. The Chair is authorized to execute a Deed for Road Purposes to the City of Portland in substantial compliance with the attached deed identified as Exhibit A.

ADOPTED this 12th day of February, 2009.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

____
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By______________________________
Matthew O. Ryan, Assistant County Attorney

SUBMITTED BY:
M. Cecilia Johnson, Director
Department of Community Services

ORIGINAL

After recording return to:
Patrick Hinds
Transportation Division, Bldg. #425

NE 122nd Blvd.
Item No. 08-14
January 5, 2009

Until a change is requested,
tax statements shall be sent to:
City of Portland
1221 SW 4th Ave.
Portland OR 97204

ROAD PURPOSES DEDICATION

MULTNOMAH COUNTY, a Political Subdivision of the State of Oregon, "Grantor", grants to the City of Portland, a Municipal Corporation of the State of Oregon, "Grantee," for road purposes; the real property described in the attached **Exhibit "A."**

The true and actual consideration paid for this grant stated in terms of dollars is $0.00.

MULTNOMAH COUNTY has caused this deed to be executed by the Chair of the Multnomah County Board of Commissioners by authority of the Board of County Commissioners heretofore entered of record.

____
Ted Wheeler, County Chair
Multnomah County

STATE OF OREGON)
) ss
County of Multnomah)

This instrument was acknowledged before me on ____________________, 2009, by Ted Wheeler, County Chair, Multnomah County, authorized to execute the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

____
Notary Public for Oregon
My Commission Expires: ________________

REVIEWED:
By Agnes Sowle, County Attorney
For Multnomah County, Oregon

By: ____________________
Assistant County Attorney

Approved as to form:

____
City Attorney

Approved:

By: ____________________
City Engineer or Designee

NE 122nd Boulevard
Item No. 08-14

EXHIBIT "A"

ROAD PURPOSES:

A portion of Parcel "A" as described in that Warranty Deed recorded on October 14, 1965 in Book 400, Page 376, Multnomah County Deed Records, situated in the Southwest One-quarter of Section 14, Township 1 North, Range 2 East, W.M., Multnomah County, Oregon, more particularly described as follows:

> That portion of said Parcel "A" that lies southeasterly of a line that is 75.00 feet (when measured at right angles) northwesterly of and parallel with the centerline of N.E. 122nd Boulevard, formerly County Road No. 3119.
>
> Containing 0.34 acre more or less.

REGISTERED PROFESSIONAL LAND SURVEYOR

Robert A Hovden

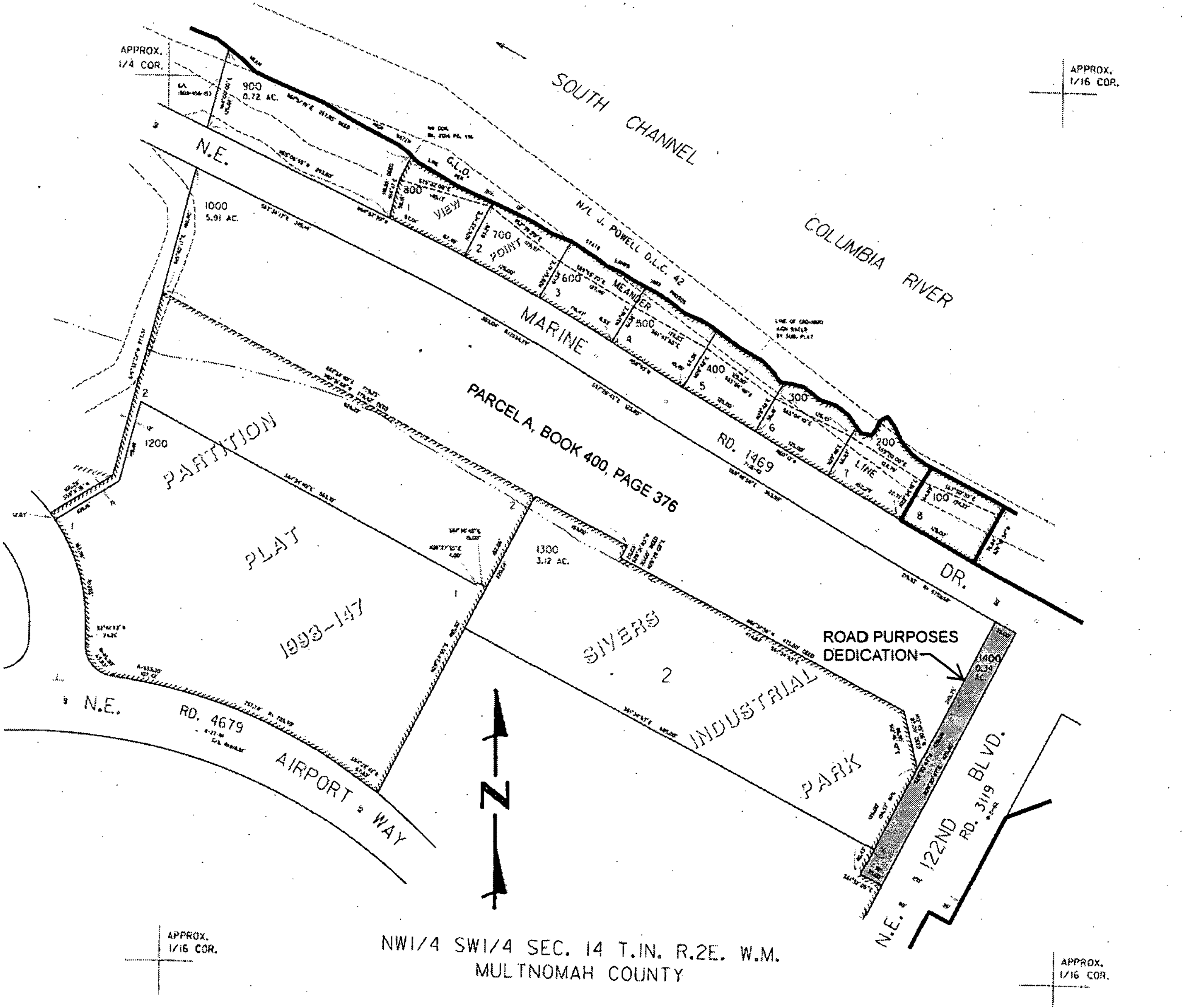
OREGON
JULY 16, 1971
ROBERT A. HOVDEN
954

RENEWS 7-01-2009

As shown on the attached EXHIBIT MAP, herein made a part of this document. In the event of a conflict or discrepancy between the map as shown on the EXHIBIT MAP and the written legal description, the written legal description shall prevail.

EXHIBIT MAP

IN 2E 14CB
PORTLAND



NW1/4 SW1/4 SEC. 14 T.1N. R.2E. W.M.
MULTNOMAH COUNTY

IN 2E 14CB
PORTLAND

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 09-018

Granting the City of Portland Access to County Property for Road Purposes

The Multnomah County Board of Commissioners Finds:

a. In 1965, Multnomah County purchased a tract of land situated in the southwesterly corner of the intersection of NE Marine Drive (County Road No. 1469) and NE 122nd Boulevard (County Road No. 3119). This tract abutted both County Roads but was not officially accepted into either County Road. This tract shall be referred to as "the Property."

b. In 1984, Multnomah County transferred road jurisdiction for a portion of NE Marine Drive (in this location) and NE 122nd Blvd. to the City of Portland.

c. In 1987, Multnomah County sold the majority portion of the Property, except for the easterly 35.00 feet thereof that directly abuts NE 122nd Blvd. This easterly section extends approximately 420.00 feet from the Marine Drive intersection along NE 122nd Blvd.

d. Presently, the City of Portland Office of Transportation desires to add a right-turn lane from the southbound lane on NE 122nd Blvd., turning onto eastbound NE Airport Way. This proposal requires the use of a portion of the above referenced 35.00 foot wide strip as part of the lane taper leading into the new right turn lane.

e. The portion of the 35-foot wide strip requested by the City (the "Dedication Property") is more particularly described in the attached Exhibit A, a proposed "Deed for Road Purposes."

f. The Property was originally acquired in 1965 for a road project, and the City's proposal is consistent with the intent of the original purchase.

The Multnomah County Board of Commissioners Resolves:

1. It is in the best public interest to grant the City of Portland a Deed for Road Purposes of the Dedication Property.

2. The Chair is authorized to execute a Deed for Road Purposes to the City of Portland in substantial compliance with the attached deed identified as Exhibit A.

ADOPTED this 12th day of February, 2009.

BOARD OF COMMISSIONERS FOR MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By
Matthew O. Ryan, Assistant County Attorney

SUBMITTED BY:
M. Cecilia Johnson, Director
Department of Community Services

After recording return to:
Patrick Hinds
Transportation Division, Bldg. #425

NE 122nd Blvd.
Item No. 08-14
January 5, 2009

Until a change is requested,
tax statements shall be sent to:
City of Portland
1221 SW 4th Ave.
Portland OR 97204

EXHIBIT A to Resolution

ROAD PURPOSES DEDICATION

MULTNOMAH COUNTY, a Political Subdivision of the State of Oregon, "Grantor", grants to the City of Portland, a Municipal Corporation of the State of Oregon, "Grantee," for road purposes; the real property described in the attached **Exhibit "A."**

The true and actual consideration paid for this grant stated in terms of dollars is $0.00.

MULTNOMAH COUNTY has caused this deed to be executed by the Chair of the Multnomah County Board of Commissioners by authority of the Board of County Commissioners heretofore entered of record.

____
Ted Wheeler, County Chair
Multnomah County

STATE OF OREGON)
) ss
County of Multnomah)

This instrument was acknowledged before me on ____________________________, 2009, by Ted Wheeler, County Chair, Multnomah County, authorized to execute the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

____
Notary Public for Oregon
My Commission Expires: __________________

REVIEWED:
By Agnes Sowle, County Attorney
For Multnomah County, Oregon

By: ____________________________
Assistant County Attorney

Approved as to form:

____
City Attorney

Approved:

By: _________________________________
City Engineer or Designee

ROAD PURPOSES:

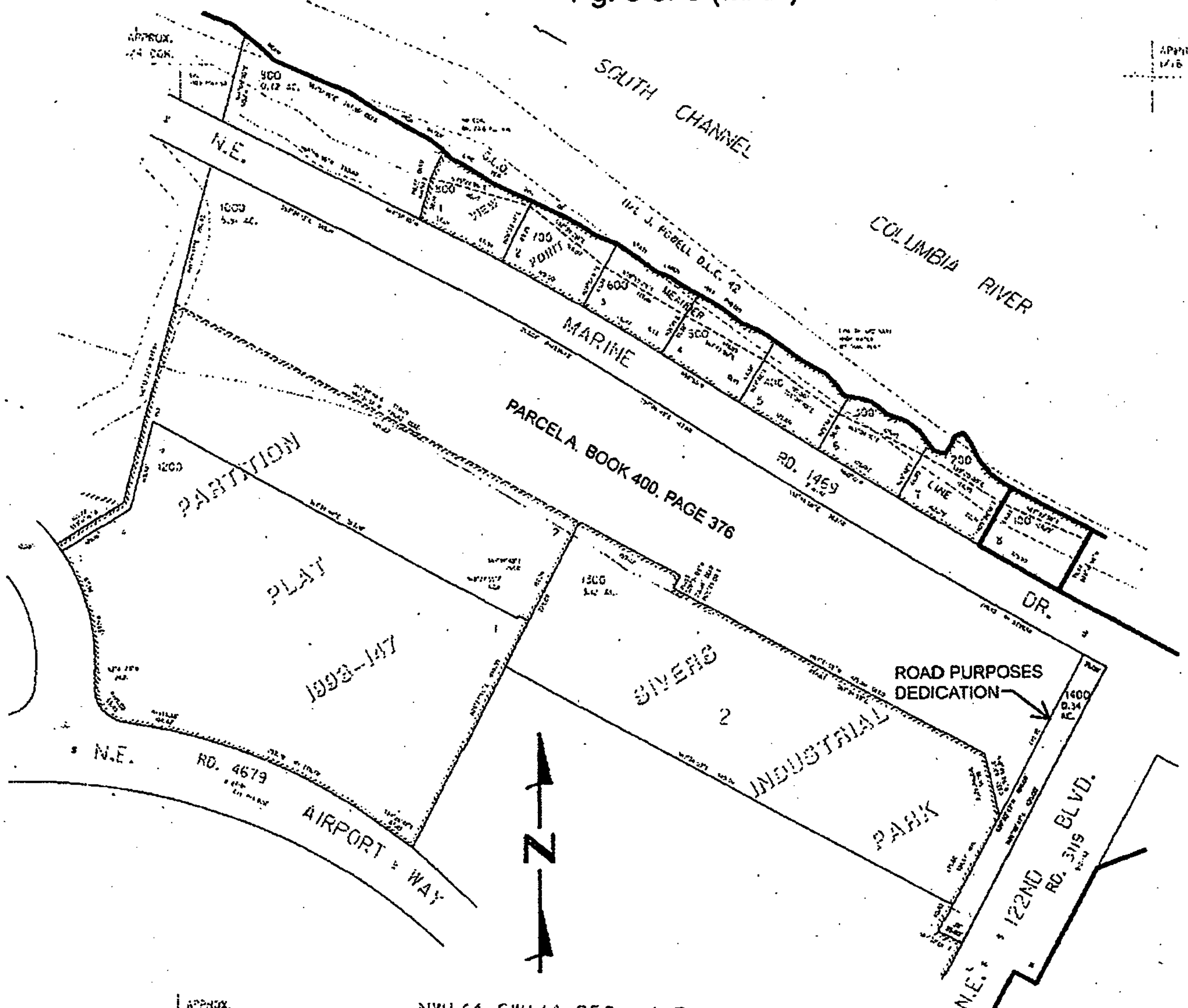
A portion of Parcel "A" as described in that Warranty Deed recorded on October 14, 1965 in Book 400, Page 376, Multnomah County Deed Records, situated in the Southwest One-quarter of Section 14, Township 1 North, Range 2 East, W.M., Multnomah County, Oregon, more particularly described as follows:

That portion of said Parcel "A" that lies southeasterly of a line that is 75.00 feet (when measured at right angles) northwesterly of and parallel with the centerline of N.E. 122nd Boulevard, formerly County Road No. 3119.

Containing 0.34 acre more or less.

As shown on the attached MAP, herein made a part of this document. In the event of a conflict or discrepancy between the map as shown on the MAP and the written legal description, the written legal description shall prevail.

Resolution EXHIBIT A
Pg. 3 of 3 (MAP)



NW1/4 SW1/4 SEC. 14 T.1N. R.2E. W.M.
MULTNOMAH COUNTY

original

After recording return to:
Patrick Hinds
Transportation Division, Bldg. #425

NE 122nd Blvd.
Item No. 08-14
January 5, 2009

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BOARD OF COMMISSIONERS FOR MULTNOMAH COUNTY OREGON

Ted Wheeler, County Chair
Multnomah County

STATE OF OREGON)
) ss
County of Multnomah)

This instrument was acknowledged before me on February 19, 2009, by Ted Wheeler, County Chair, Multnomah County, authorized to execute the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

Deborah Lynn Bogstad
Notary Public for Oregon
My Commission Expires: June 27, 2009

OFFICIAL SEAL
DEBORAH LYNN BOGSTAD
NOTARY PUBLIC-OREGON
COMMISSION NO. 392621
MY COMMISSION EXPIRES JUNE 27, 2009

REVIEWED:
By Agnes Sowle, County Attorney
For Multnomah County, Oregon

By: ______
Assistant County Attorney

Approved as to form:

______
City Attorney

Approved:

By: ______
City Engineer or Designee

NE 122nd Boulevard
Item No. 08-14

EXHIBIT "A"

ROAD PURPOSES:

A portion of Parcel "A" as described in that Warranty Deed recorded on October 14, 1965 in Book 400, Page 376, Multnomah County Deed Records, situated in the Southwest One-quarter of Section 14, Township 1 North, Range 2 East, W.M., Multnomah County, Oregon, more particularly described as follows:

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>
> Containing 0.34 acre more or less.

REGISTERED
PROFESSIONAL
LAND SURVEYOR

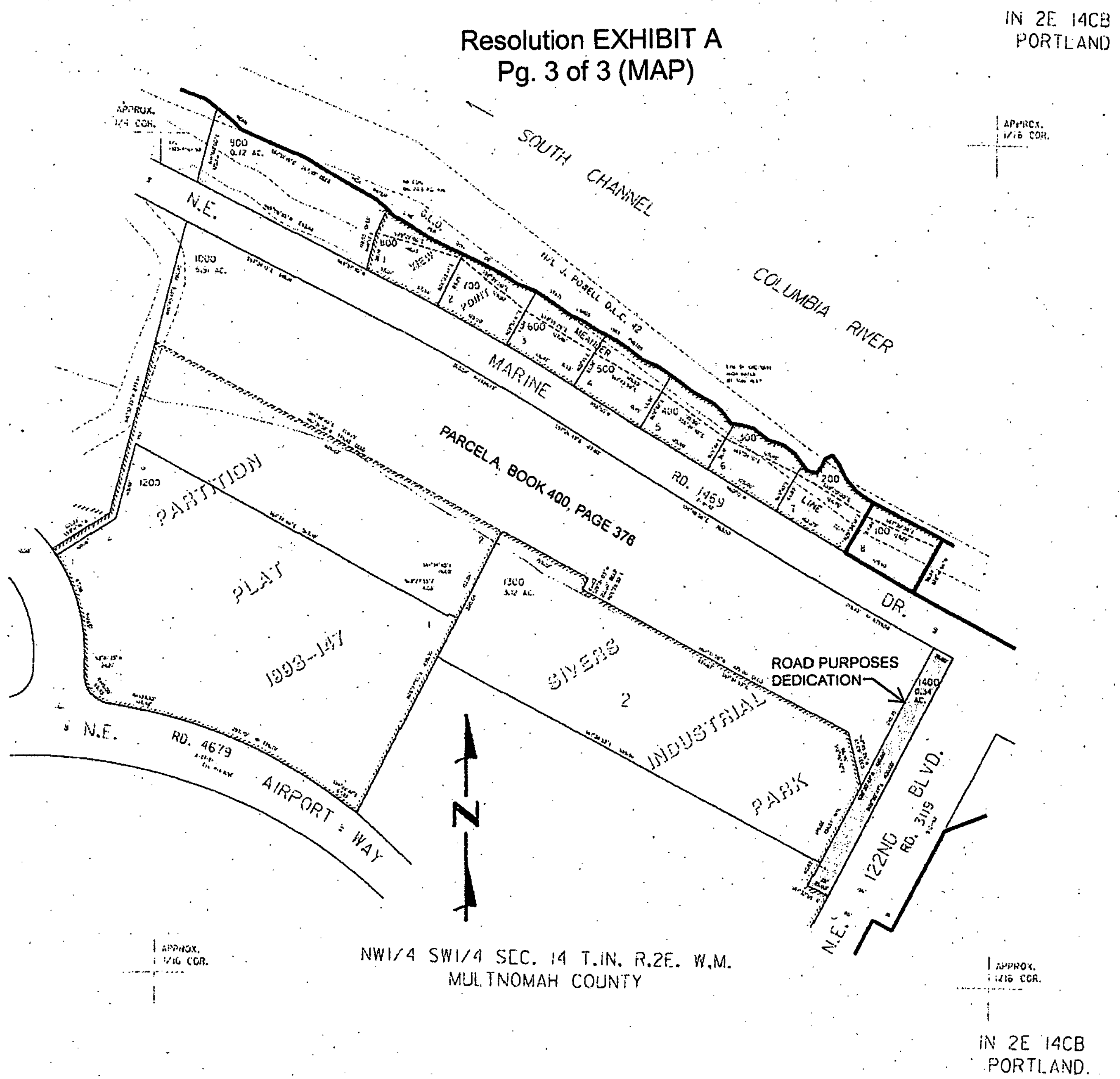
Robert A Hovden

OREGON
JULY 16, 1971
ROBERT A. HOVDEN
954

RENEWS 7-01-2009

As shown on the attached EXHIBIT MAP, herein made a part of this document. In the event of a conflict or discrepancy between the map as shown on the EXHIBIT MAP and the written legal description, the written legal description shall prevail.

Resolution EXHIBIT A
Pg. 3 of 3 (MAP)



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-9 DATE 2.12.09
DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only

Meeting Date:	02/12/09
Agenda Item #:	R-9
Est. Start Time:	11:20 AM
Date Submitted:	02/03/09

Agenda Title:	**NOTICE OF INTENT to Submit a Grant Application to the United Way of the Columbia-Willamette Community Investment Grant Program**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2008	**Amount of Time Needed:**	5 mins
Department:	Health	**Division:**	Integrated Clinical Services
Contact(s):	Jody Davich, Nicole Hermanns		
Phone:	503-988-3674 **Ext.** 26314	**I/O Address:**	160/9
Presenter(s):	Jody Davich, Nicole Hermanns		

General Information

1. **What action are you requesting from the Board?**

   Authorize the Director of the Health Department to apply for up to $200,000 a year in grant funding through the United Way of the Columbia-Willamette Community Investment grant program to improve Case Management, Home-Based Nursing, and Positive Self Management Classes for persons living with HIV.

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   The Health Department's HIV Health Services Center (HIV Clinic) serves the Portland metropolitan area. The HIV Clinic provides comprehensive, specialized medical care and support services designed to address the chronic, complex needs of low income and uninsured persons living with HIV from early diagnosis to advanced illness (AIDS). Services include outpatient medical care (including on-site Hep C treatment and high resolution anoscopy), mental health and substance abuse counseling, case management, health education, HIV prevention and risk reduction support, and treatment adherence counseling. Access to and use of HIV medications is optimized by clinical pharmacy services such as patient focused education and adherence support. We offer on-site chronic disease self management workshops and peer mentoring. Because of the infectious nature of

HIV and public health mandates, the clinic integrates HIV prevention messages into all aspects of service delivery. The clinic is supported by an active Client Advisory Board and a well established network of HIV social services providers.

The number of persons living with AIDS in the metropolitan area has increased 12% over the past three years which has fueled a continuing public health problem. The majority of new cases are among low-income, uninsured populations. The HIV Clinic serves almost 1 out of 4 persons living with HIV in the greater Portland area. Clinic clients have high rates of substance abuse (29%) and mental illness (56%). Our clients are overwhelmingly low income (75 % < 100 FPL and 95% < 200 FPL) and experience high rates of homelessness (17%). 31% of clients are persons of color, and 16% are limited English speakers. The patient population is aging and care is becoming much more complex, as the number of diagnosed conditions has increased steadily from an average of 6.7 diagnoses per client in 1995 to an average of 9.2 diagnoses per client in 2007.

While the number of clients seen annually by the HIV Clinic has almost doubled since 2004, case management resources for clinic and home-based services have remained the same. Case management services and nursing home visits plays a big role in keeping patients insured and engaged in care. Being actively engaged in their health care enables clients to better control their disease and reduce the risk of transmitting HIV to others as well as prevents costly health crises and hospitalization. Case management services are enhanced by providing Positive Living, a chronic disease self management workshop series. Positive Living workshops are facilitated by two trained leaders (one or both of whom are non-health professionals with HIV), and focus on the integration of medication regimens into daily life, nutrition, effective communication, appropriate exercise, evaluating symptoms, and dealing with frustration, fear, fatigue, pain, and isolation.

These three services play a major role in reducing the HIV/AIDS morbidity rate and curtailing the spread of the epidemic. By funding a Case Manager, a Home-Based Nurse, and four additional Positive Self Management Classes, this grant will enable the Health Department to provide a better level of care that has both short and long term implications for the health of persons living with HIV/AIDS and the local community.

3. **Explain the fiscal impact (current year and ongoing).**

   This grant would provide the Health Department with up to $200,000 per year over a three year period (for a total of up to $600,000). No County funding is requested.

4. **Explain any legal and/or policy issues involved.**

   None identified.

5. **Explain any citizen and/or other government participation that has or will take place.**

   The Health Department will contract with Oregon Health and Science University's Partnership project for Home-Based Nursing visits and the provision of Positive Self Management Classes.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a <u>Grant Application</u> or <u>Notice of Intent</u>, please answer <u>all</u> of the following in detail:

- **Who is the granting agency?**

  United Way of the Columbia-Willamette
- **Specify grant (matching, reporting and other) requirements and goals.**

  The goal of Community Investment funding is to support efforts to alleviate poverty, promote financial stability, and shape social support systems through a focus on strategies that respond to community needs in the areas of education, income, and health. There is no required match. Regular reporting will be required.
- **Explain grant funding detail – is this a one time only or long term commitment?**

  It is a one time funding opportunity that will cover a three year time period.
- **What are the estimated filing timelines?**

  The grant is due February 13, 2009
- **If a grant, what period does the grant cover?**

  The grant period runs from July 1, 2009 through June 30, 2011.
- **When the grant expires, what are funding plans?**

  The HIV Health Services Center and grant writing team will continue to search for additional funding to maintain any additional capacity after the grant expires.
- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

  These costs, including facilities and other internal service costs, will be covered through grant funds.

ATTACHMENT B

Required Signatures

Elected Official or Department/ Agency Director:	Lillian Shirley	**Date:**	**02/02/09**
Budget Analyst:	Angela Burdine	**Date:**	**02/03/09**

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date:	02/12/09
Agenda Item #:	R-10
Est. Start Time:	11:25 AM
Date Submitted:	02/04/09

Agenda Title: **NOTICE OF INTENT to Submit a Grant Application of up to $200,000 to the United Way of the Columbia-Willamette to Support an Initiative to Address Disparities in the Latino Teen Birth Rate**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	February 12, 2008	**Amount of Time Needed:**	5 mins
Department:	Health	**Division:**	Community Health Promotion, Partnerships and Planning
Contact(s):	Consuelo Saragoza, Kathy Norman, Noelle Wiggins, Tom Waltz		
Phone:	503-988-3674 **Ext.** 26785	**I/O Address:**	160/8
Presenter(s):	Consuelo Saragoza, Kathy Norman, Noelle Wiggins		

General Information

1. **What action are you requesting from the Board?**

   Authorize the Director of the Health Department to apply for a grant of up to $200,000 a year for three years through the United Way of the Columbia-Willamette's Community Investment Grant Program to support an initiative to address the disparity in the Latino teen birth rate in Multnomah County.

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   Racial and ethnic health disparities[1] are known to affect four minority populations in Multnomah County, including African Americans, Asians, American Indians, and Hispanics. One such disparity, the teen birth rate, can have a profound impact on the lives of youths and their child(ren), and on the

[1] The National Institutes of Health has defined a health disparity as "a population-specific difference in the presence of disease, health outcomes, or access to care." Health disparities are also referred to as health inequalities or inequities. Racial and ethnic health disparities identify differences in health outcomes that disproportionately affect populations of color when compared to Whites.

success of communities.

Teen birth data for Multnomah County show that a significant disparity exists between White non-Hispanic youths and for Latina teens. For example, the teen birth rate for Latina teens was five times higher than the White non-Latina teen birth rate for the period 1999-2003, and for the period 2001-2005 the rate of births to teenage Latinas was more than six times higher than for White non-Latina teens.

Teen births are associated with adverse consequences for teen mothers, fathers, and their children; and there are also consequences for local communities and the public sector. Because the Latino community is demographically the fastest growing component of Multnomah County's population, it is essential that steps be taken now to address this health disparity.

Factors prevalent among the Latino community that may be contributing to the teen birth disparity include:

- Need for greater emphasis on the importance of education among Latino youths and parents (the high school drop out rate among Latino youths is the highest among all population groups in the county).
- Need for access to culturally specific sexual health information (e.g., consistent and correct use of contraception and condoms, and appropriate decision-making skills).
- Need to develop mechanisms for parent/child connectedness and communications about avoiding risky behaviors (e.g., information concerning options and opportunities, and building parenting skills necessary to discuss risky behaviors).

Even though there are a number of Latino serving organizations in Multnomah County that provide youth programs focused on gang prevention and domestic violence prevention, there are few Latino-specific teen pregnancy prevention activities that effectively address the needs of this community.

In an effort to address the disparity in the Latino teen birth rate and to promote the success of Latino families, the Health Department is requesting authorization from the Board of Commissioners to apply for grant funding through the United Way of the Columbia-Willamette to support a Latina teen pregnancy prevention initiative. The goal of the proposed project is to "prevent and reduce teen pregnancy among Latinas by reducing at risk behaviors among Latino youths and by promoting parenting skills among Latino families." Objectives of this initiate include:

1. Increase skills among Latino parents to effectively talk to their children about the consequences of being sexually active, with an emphasis on the importance of sexual health and pregnancy prevention;
2. Increase the capacity of local service providers in the Latino community to offer curricula focusing on increasing parent-child connectedness; and
3. Decrease systemic barriers to formal education for Latino teens through Community-Based Participatory Research.

3. Explain the fiscal impact (current year and ongoing).

This grant would provide the Health Department with up to $200,000 a year over three years (a total of up to $600,000). No County funding is requested.

4. Explain any legal and/or policy issues involved.

None known (addressing disparities in health is a strategic priority for the Health Department).

5. Explain any citizen and/or other government participation that has or will take place.

The United Way requires that applicants collaborate with at least one partner. In addition, the Latino Summit (March 2009) will serve as a resource from which the Health Department will leverage input from individuals representing the Latino community in Multnomah County.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a Grant Application or Notice of Intent, please answer all of the following in detail:

- **Who is the granting agency?**

  United Way of the Columbia-Willamette

- **Specify grant (matching, reporting and other) requirements and goals.**

  The goal of Community Investment Grant Program is to support efforts to alleviate poverty, promote financial stability, and shape social support systems through a focus on strategies that respond to community needs in the areas of education, income, and health. Matching funds are not required. Grantees are required to monitor expenses, report activities on regular intervals as established in the grant agreement, and provide a final report upon completion of the project. In addition, grantees are expected to participate in the United Way's annual funding activities.

- **Explain grant funding detail – is this a one time only or long term commitment?**

  It is a one time funding opportunity that will cover a three year time period.

- **What are the estimated filing timelines?**

  The grant is due February 13, 2009.

- **If a grant, what period does the grant cover?**

  The grant period runs from July 1, 2009 through June 30, 2011.

- **When the grant expires, what are funding plans?**

  It is expected that this project will have a positive impact in terms of reducing the disparity of Latino teen births. As needed, the Health Department will seek additional grant funding to maintain needed capacity after the grant expires.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

  These administrative costs will all be covered through these grant funds.

ATTACHMENT B

Required Signatures

Elected Official or Department/ Agency Director:	Kakeri Johnson for Lillian Shirley	**Date:**	**02/03/09**
Budget Analyst:	Angela Burdine	**Date:**	**02/04/09**

BOGSTAD Deborah L

From: BOGSTAD Deborah L

Sent: Tuesday, February 10, 2009 2:37 PM

To: Deborah KAFOURY; Diane MCKEEL; Jeff COGEN; Judith Shiprack; Ted WHEELER

Cc: Ana KARNES; Beckie LEE; Corie WIREN; Marissa MADRIGAL; Matthew LASHUA; Sam PETERSON; Tara BOWEN-BIGGS; Tom RINEHART

Subject: Department request to postpone indefinitely R-10 on February 12 agenda

The Health Department has requested that R-10 on this Thursday's agenda be postponed indefinitely as they no longer wish to submit this grant application. (Postpone indefinitely is a way to dispose of an item without prejudice.)

R-10 NOTICE OF INTENT to Submit a Grant Application of up to $200,000 to the United Way of the Columbia-Willamette to Support an Initiative to Address Disparities in the Latino Teen Birth Rate

Deb Bogstad, Board Clerk
Multnomah County Commissioners
501 SE Hawthorne Boulevard, Suite 600
Portland, Oregon 97214-3587
☎(503) 988-3277
🖶 (503) 988-3013
✉deborah.l.bogstad@co.multnomah.or.us
http://www.co.multnomah.or.us/cc/index.shtml

MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only	
Meeting Date:	02/12/09
Agenda Item #:	R-11
Est. Start Time:	11:30 AM
Date Submitted:	02/03/09

Agenda Title: **RESOLUTION Approving the County Department of Health Rules and Regulations Implementing the Nutrition Labeling Policy**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date:	February 12, 2009	**Amount of Time Needed:**	30 minutes
Department:	Non-Departmental	**Division:**	District 2, Commissioner Cogen
Contact(s):	Karol Collymore; Sonia Manhas, Health Department		
Phone:	503-988-3674 **Ext.** 86786	**I/O Address:**	503/6
Presenter(s):	Dr. Gary Oxman, Sonia Manhas		

General Information

1. **What action are you requesting from the Board?**

   Acting in its role as the Multnomah County Board of Health, consider a resolution to approve the Health Department's rules and regulations to implement Chain Restaurant Nutrition Policy Order 08-114.

2. **Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.**

   Background: On July 31, 2008, the Board adopted a policy requiring the nutrition labeling of food items at chain restaurants in Multnomah County and directing the Health Department to promulgate rules and regulations to implement the policy.

   The Rule-Making Process: The Health Department coordinated a two-month public comment period to seek input and finalize the nutrition labeling rules. Every licensed restaurant in Multnomah County was notified by mail of the adopted policy and the opportunity to give input on the rules, including dates for two public hearings and information about how to submit comments via the internet and by mail. The Health Department received fifty eight written public comments. Forty four people attended public hearings, and twenty one people made oral comments about the rules.

The Final Rules: Input received from community stakeholders, including representatives from the food and restaurant industries, resulted in many revisions to the original draft rules. Examples of key issues that were addressed through the revisions: nutrition labeling of alcoholic beverages, combination meals, rounding rules, clearer definitions of menu items and exempted products.

3. **Explain the fiscal impact (current year and ongoing). (is this question specific to the county?)**

   None, existing resources will be allocated to implement policy.

4. **Explain any legal and/or policy issues involved.**

   The Health Department is asking the Board to consider this Resolution in its role as Board of Health. The Board adopted a Policy Order in July 2008. This Policy Order included a directive to the Health Department to promulgate rules and regulations to carry out and enforce the nutrition labeling policy.

5. **Explain any citizen and/or other government participation that has or will take place.**

   The Health Department coordinated a two month public comment period to seek input on the draft rules, including two public hearings and opportunities to submit comments via the internet and by mail. The Health Department received fifty eight written public comments. Forty four attendees at public hearings and twenty one people provide oral comments about the rules.

Required Signature

Elected Official or Department/ Agency Director: ______________________ **Date: 02/03/09**

Fast Food & Chain Restaurant Nutrition Labeling Policy Initiative
Overview of Public Rule-Making Process
January 27, 2009

Overview of Process:

- 2-month public comment process, including two public hearings and opportunities to submit comments via the internet and by mail
- Received 58 written public comments
- Forty four attendees at public hearings; 21 made oral comments about the rules.

Areas of Comments:

Key issues Identified in Comments:

- Combination meals
- Per-serving postings
- Alcoholic beverages
- Buffets
- Timeline
- Which information to include, where to post

Input incorporated into revised rules

- Exclude movie theatres from definition of Chain Restaurant
- Exempt temporary off-site events
- Allow take-out menus to list calories only
- Clarify definitions of condiments, such as salad dressings
- Allow supplemental information to be provided in multiple formats
- Adopt FDA requirements for listing of trans fat
- Modify rounding rules
- Allow per serving listings for buffets
- Allow use of abbreviations
- Revise requirements for combination meals so that acceptable range for posted calories is more than 20% (as long as calories for individual menu items are listed)
- Allow use of standard values for alcoholic beverages
- Exclude pre-packaged food items
- Allow use of Food Tags in place of listing on menu boards
- Allow for variation in language used to list daily recommended calorie intake guidelines
- Allow total number of calories to be listed as prominent in size and appearance as that used to post either the name or price of the menu item
- Address civil liability issues
- Revisit timeline due to delayed rule-making process

If you have any questions or need more information, please contact:
Sonia Manhas, Program Manager
Chronic Disease Prevention Program
Telephone: 503-988-3674 ext. 26221

MULTNOMAH COUNTY
Health Department

Public Health
Prevent. Promote. Protect.

Multnomah County Chain Restaurant Nutrition Labeling Policy
Public Comment Period October – November 2008
Analysis of Public Comments

December 21, 2008

SNAPSHOT OF PUBLIC RESPONSE

Written Submissions
- Total # of Written Submissions: 58 (includes letters, emails, written testimony)
- Chain restaurants represented: at least 30
- Responses from members of general public: 29
- Responses from public health organizations: 5

Public Hearings
- Total # of Hearings: 2
- Total # of Attendees: 44
- Total # of Comments at hearings: 21

INPUT ON ADMINISTRATIVE RULES

I. Definitions

Clarify definition of Chain Restaurant
- Section 1.1, part B #3, seems ambiguous and feels like it needs clarification as it can be interpreted differently depending on the reader (operation under the same apparent brand or substantially the same name)

Broaden definition of Chain Restaurant
- Lower the threshold for defining chains to fewer than 15 outlets in order to include more restaurants
- Remove loophole that exempts facilities whose revenues exceed 51% from retail sales so that grocery stores and convenience stores are included

Narrow definition of Chain Restaurant
- Explicitly exempt movie theatres, make sure movie theatres are not unintentionally included due to technical definitions of a full service restaurant
- Define chain by # of outlets within Multnomah County

Clarify definition of Menus
- Kudos for excluding marketing materials, it would have been cost prohibitive and a logistical nightmare for restaurant companies
- Do menus intended for taken out for later use need all required information?
- How do the rules apply to temporary events, e.g. The Bite?
- Better define marketing materials

Clearly distinguish Standard Menu Item from Condiments and Self-Service Items

- Better define self-service item (does it include condiments, salad dressings, dipping sauces)
- Better distinguish and clarify self-service items and condiments
- If salad dressings are listed on the menu, does every one need nutrition info? Is dressing a condiment or a menu item? What if it's already listed on the packaging?

Define Standard Menu Item by time on menu

- Kudos for defining menu items by 90 days on the menu, many time limited offers are less than 90 days, this requirement is work-able from industry-perspective
- Use 120 days to define standard menu item

II. Labeling Requirements

Expand what nutrition information is required

- Require labeling fiber and added sugar
- Require an ingredient list instead of carbs, sodium, trans fat, saturated fat; this will allow customers to determine if whole grains are included and what products have added sugar
- Require listing of carbohydrates with calories at point of ordering without having to ask for it (x23 responses)
- Require posting of carbs, sodium, protein, to be useful need all of this information

Allow more choices for alternate formats for additional nutrition information

- Prefer printed handout, can make changes quicker and less expense
- alternative formats: allow restaurants to use other formats, e.g. nutrition poster and brochure, not limit to supplemental menus
- Difficult to replicate same order of menu items on menu boards as on supplemental menus, eliminate having to place the supplemental menu in the same order as the menu board (e.g. brochures may list by food category)
- Allow other formats for additional info, e.g. brochures
- More clarification about protocol for pursuing "alternative formats", especially taking into account changing technology
- Include brochures as allowable alternate formats

Allow supplemental menus to substitute menu and menu board labeling

- Allow supplemental menus to substitute for menu and menu board labeling all together
- Remove requirement to post calories at point of ordering
- Instead of calories directly on the menu, allow an insert to be given with each menu presented to guests, allows for easy updates especially with changes in recipes or changes in buying patterns

Provide guidelines for listing of Trans Fat

- Follow the position of the FDA, disregard the existence of trans fat in food containing less than 0.5g of Trans Fat per reference amount, or in the case of a meal product or main dish, less than 0.5g of Trans Fat per labeled serving.

Expand food tag listing requirements

- Important for informing customer choices, extend this requirement to include non-self serve display items (e.g. 'each food item that is on display to customers shall be accompanied by a food tag or the item shall be listed on a menu board that is visible from the display are')
- Allow use of food tags for Item Variants instead of listing of every variation on menu boards. Variants, like ice-cream, could be listed on food tags instead of on menu boards (e.g. language that says if the menu item contains more than three variant, can display this on food tags instead of on the menu board)

Adjust Rounding Requirements

- Rounding requirements are good, help consumers to see and respond to information
- Modify rounding rules as "may" instead of "shall"
- Remove rounding requirements

Clarify labeling requirements for Menu Items that are intended to be customized

- What about a place like Chipotle – what is customizing, what is standard? Are ranges not effective, too many variations, ranges too broad to be useful?

Minimize duplicative listings

- Remove food tag requirement if item is also listed in menus, in the case of dine-in restaurants

Maintain 20% variation requirement with variations of a single menu item

- Allow broader variation range for pizza (beyond 20%), because of the many variations possible
- Maintain 20% for variation of an item, if the range becomes too broad, it will be meaningless (e.g. all Jamba Juice smoothies being listed with one broad range is insufficient)
- 20% variation is more than sufficient, do not want this requirement to be removed
- Maintain 20% variation
- If drinks are only listed as "soft drinks" on the menu board, is it expected that each flavor plus each size be listed with calorie information?

Allow per-serving listings for shared meals, family size meals, and buffets

- Shared meals such as appetizers: allow to provide information by serving size, e.g. nachos, serves four, 500 calories each. This helps by reflecting the size of the menu item.
- Allow information for pizzas by the slice
- Allow calorie posting per serving basis, e.g. for meals intended for more than one person instead of broad calorie ranges for combo meals or median ranges
- Allow 'per serving' listings
- Allow items in buffets and salads to include tag with calories per portion / serving size

Revise style requirements for labeling

- Allow abbreviations for labeling (e.g. cal for calories)
- Delete or modify requirement that total number of calories be listed in a "size and typeface…no less prominent than the price", this may result in some menus listing calorie info in a font size larger than the item because of one price listed for multiple

dishes, e.g. NYC allows at least as prominent in size and appearance as that used to post either the name or price of the menu item
- Allow the use of a labeling key: e.g. Calories / Saturated Fat / Trans Fat / Carbohydrates / Sodium, to be listed: 590 / 0g / 0g / 103 g / 1350mg

Better address Combo Meals
- Allow broader variation for combo meals because of the many variations
- Allow posting for individual menu items and sides and then let consumers add up their own calories for combos
- combo meals could produce 20-30 different combos, King County allows a full range, but that seems like it would be not be very informative, how to handle combos
- Allow to provide information by serving size, e.g. serves four, 400 calories each
- Allow for broader variation for combo meals (beyond 20%)
- Allow restaurants to list the elements of the combo meal separately instead of the total.
- Don't use broad ranges because they do not provide meaningful information to make decisions.
- Combos: allow listing for each menu item, then let guests add up items in combo baskets
- Either allow a listing of ranges for all possible combinations or omit additional disclosure when values for each items are provided separately
- List individual items, let customers add up own combo meals

Allow more variation with wording of 'recommended limits'
- Remove requirement to have 'recommended limits' disclaimer on the menu board and menus, not required in NYC or King Co, would require redoing the technology behind menu and menu board online ordering tool, limit this requirement to supplemental nutrition info only
- Standardize "recommended limits" statement, as written is different from King Co, other proposals
- Allow variation of "recommended limits" statement
- Remove recommended limit statement from menu board, require only on supplemental menus

Allow use of standard USDA values for beer, wine, and spirits
- Allow for alternate method for providing nutrition information for wine, beers, and spirits using values from USDA National Nutrient Database, with a disclaimer statement that 'signature drinks or liqueurs with added ingredients may increase caloric content'
- Seems sufficient to use standard values for beer and wine
- Reasonable to allow the use of average nutritional values for beer and wine (perhaps a "may" instead of "shall"). But this should not displace or change requirements for cocktails on menus, should have the nutrient content not averages for these drinks.
- Allow use of standard values for alcoholic beverages

Develop separate provisions for buffets and salad bars
- Exempt for buffet restaurants without set menus nor recipes
- Exempt labeling of self-service buffet and salad bar items
- Exempt all you can eat, self serve salad bars

- Exempt food bars with 'all you can eat', difficult to provide in a reasonable or accurate way
- Allow per serving listings for buffets and salad bars

Include more specific requirements about accessibility of additionally required nutrition information

- Make section 1.2A more specific so that supplemental info is not buried somewhere in the restaurant and customers don't have to ask for it to be found, e.g. easily available in a handout form at the entrance of the restaurant

Develop separate provisions for Drive Thru Menu Boards

- Exempt drive thrus, or come up with alternatives
- Develop separate provisions for drive thrus, e.g. extend implementation date, require that take away brochures be available at drive thru locations
- Limit menu board requirement only to chains who use drive thrus and exclusively rely on menu boards, e.g. not apply this to dine-in restaurants

Address Packaged Food that already meets FDA nutrition disclosure guidelines

- Exclude pre-packaged food that already meet FDA nutrition disclosure guidelines from take-away menus
- Clarify whether or not a product that is exempt from FDA requirements must be labeled (a bag of whole beans), prefer exclusion of these products
- If we sell takeaway products like "Burgerville spread" for sale on the menu board and it already has a retail style nutrition label, does the info need to be listed additionally on the menu board?

II. Enforcement

Lengthen timeline for implementation

- Expand timeline for implementation
- Phased in implementation timeline is reasonable, longer than timeline given in NYC
- Revisit timeline once rules are final
- Adjust effective date to January 1, 2010 to give ample time (Yum brands)
- Adjust timeline, effective date July 1 2009, grace period for compliance commence Jan 1 2010

Strengthen or clarify enforcement mechanism

- Fines are too low, raise them so restaurants know the county is serious about implementation of the policy
- Enforcement is reasonable, shows willingness to not be overly punitive and efforts to reach out and help restaurants
- Clarify whether not posting info or inaccurate info is a violation, either
- Make sure environmental health specialists are not using inspection time for menu labeling, not taking away from work to ensure safety of food

Clarify what constitutes evidence of 'reasonable basis' for analysis

- Clarify who needs to 'hold' documentation of analysis (e.g. every site, or corporate office)

- Lack of guidance about 'reasonable basis' for determining values, clarify role of Health Dept to perform analysis, provide uniform standard of compliance by requiring HD to conduct analysis, clarify: "only be allowed to request the verification of data used to determine if the reliance was reasonable and not then be able to second-guess the restaurant with alternative data"

Strengthen legal protection from civil action

- Include language that explicitly provides that consumers do not have a private right of action arising out of a violation of a law
- Strengthen liability protection, e.g. "this section shall not be construed to create or enhance any claim, right of action, or civil liability that did not previously exist under state law or limit any claim, right of action, or civil liability that otherwise exists under state law. The only enforcement mechanism of this section is the local enforcement agency" (Yum brands)
- Include protection from civil suits: e.g. enforcement of the rules are to be within the exclusive authority of the Director of the Health Dept or his or her representative

GENERAL SUGGESTIONS FOR CONSIDERATION

- Evaluation: 1) analyze how often customers use calorie information, 2) analyze how policy pushes restaurants to reduce portion sizes, 3) measure how often customers access required product information
- Enforcement: work towards as much consistency as possible among inspectors

GENERAL CONCEPTUAL SUPPORT

- Well written and straightforward
- This is such an important step towards individuals taking personal responsibility, would like to see this extended to all restaurants
- Strongly in favor, as someone with diabetes, dealing with websites is cumbersome, particularly important for people with medical conditions
- Absolutely in favor, want the information as accessible in grocery stores on packaged food, want this extended to all restaurants
- Should be prominently displayed at point of ordering, not hidden 'behind the cash register', in easy to understand formats
- Support caloric information provided at point of ordering
- Rules make sense, makes the information available to customers and allows some leeway to restaurants so the burden is not onerous

GENERAL CONCEPTUAL CONCERNS

- Unnecessary tax burden on a very small population of business owners
- Economic crisis
- Undue burden given increase in minimum wage
- Independent franchisee
- Issue of equity in terms of cost
- Apply across the board because people are eating out at all kinds of restaurants, should be available at every restaurants for those who want to see it, including local delis
- Not enough evidence to support the policy
- Patchwork across jurisdictions; varying municipalities' requirements
- Prefer a state-wide approach

Health Department

DRAFT revised
02-02-09

CHAIN RESTAURANT NUTRITION LABELING POLICY
DRAFT ADMINISTRATIVE RULES

1.0 PURPOSE AND POLICY.

A. These rules are adopted pursuant to the authority granted the Multnomah County Health Department by the Multnomah County Board of Health in Order 08-114.

B. The purpose of this policy is to provide Multnomah County residents with basic nutrition information about prepared foods sold at chain restaurants licensed by Multnomah County Health Department. Readily available product disclosures are necessary to allow customers to make informed purchasing decisions about the food that they and their children and dependents eat. Further, product disclosures help foster free market competition based on the true nutritional quality of chain restaurants' products.

C. Scope. These rules apply to Chain Restaurants defined in section 1.1(B) below that are licensed and inspected by Multnomah County Health Department.

1.1 DEFINITIONS. The definitions in this section apply throughout these rules unless the context clearly requires otherwise:

A. "Restaurant" means any establishment where food or drink is prepared for consumption by the public or any establishment where the public obtains food or drink so prepared in form or quantity consumable then and there, whether or not it is consumed within the confines of the premises where prepared, and also includes establishments that prepare food or drink in consumable form for service outside the premises where prepared, but does not include railroad dining cars, bed and breakfast facilities or temporary restaurants.

B. "Chain Restaurant" means a Restaurant that is licensed by Multnomah County as a full service restaurant, and that is part of an affiliation of Restaurants and for which the affiliated Restaurants:
(1) Have at least fifteen or more restaurants within the United States;
(2) Sell Standard Menu Items that comprise at least eighty percent of Menu Items served in at least fifteen restaurants; and
(3) ~~Operate under the same~~ Operate under the same or substantially the same brand name, regardless of whether individual restaurants are subject to the same ownership or type of ownership (e.g., corporate ownership, individually-owned franchise, etc.).~~apparent brand or substantially the same name,~~

~~regardless of whether the restaurants are subject to the same ownership or type of ownership.~~

C. "Food Product" means a discrete item of Food such as a hamburger or a soda that is offered for sale separately or as a part of a combination meal. A "Food Product" includes each different size or flavor offered. A Food Product does not include ingredients except ingredients that are sold separately, such as a slice of cheese added to a hamburger for an additional charge.

D. "Food Tag" means any informational label placed in proximity to an individual Food Product it identifies or characterizes for example:
   (1) A label placed next to a cherry pie showing a picture of a cherry and listing the price per slice, or
   (2) A label placed next to a container of pasta in a salad bar with the text, "Pesto Pasta Salad".

   Food Tag is not synonymous with a Menu or a Menu Board.

E. "Menu" means a printed or pictorial list of Food Products offered for sale. A Menu is intended to assist customers in ordering Food Products whether the ordering is done on the restaurant premises or off premises (for example, a phone-in menu or take-out menu). A menu does not include printed or pictorial materials intended for the purpose of marketing.

F. "Menu Board" means any posted list or pictorial display of Food Products offered for sale. A Menu Board may be posted inside or outside a restaurant, and is typically designed to be visible to multiple customers, and/or visible at a moderate distance. A Menu Board is intended assist customers in ordering Food Products, and may take various forms, including but limited to, a back-lit marquee sign above an ordering counter, a chalk board or other hand-written board, or a drive-through area signboard. A Menu Board does not include posted text or pictorial materials intended for the purpose of marketing.

G. "Menu Item" means
   (1) a single Food Product listed on a Menu, Menu Board, or Food Tag, or
   (2) a combination of Food Products offered together on a Menu, Menu Board, or Food Tag, for example, a "kids meal" combining a hamburger, french-fries, and a carton of milk.

H. "Standard Menu Item" means a Menu Item that is essentially the same between affiliated restaurants and prepared using a consistent standardized recipe.

I. "Self-Service Item" means any Food Product or Menu Item that customers in a restaurant are permitted to obtain without assistance of a Restaurant employee or agent, for example, foods offered at a salad bar or buffet line. Condiments placed on a dining table or on a counter for general use without charge are not considered "Self Service Items".

~~J. A "Supplemental Menu" is an alternative printed or pictorial list of Menu Items offered for sale and provides the full set of nutrition information required by subsection 1.2(A) for each Menu Item. A "Supplemental Menu" must be similar in appearance to the Menu, and must list food categories and Menu Items in the same order as these appear on the Menu. All nutritional information required by subsection 1.2 (A) shall be displayed next to each Menu Item on the Supplemental Menu. The nutrition labeling shall be easily readable, in a typeface similar to the Menu, and in a font no less than nine point. A supplemental menu is not required to contain photos or menu item descriptions that may appear on the menu.~~

~~K. A "Menu Insert" is an additional printed or pictorial list of Menu Items offered for sale that is intended to be used along with a Menu in order to provide the full set of nutrition information required by subsection 1.2(A) for each Menu Item. A "Menu Insert" must be similar in appearance to the Menu it accompanies, and must list food categories and Menu Items in the same order as these appear on the Menu. All nutritional information required by subsection 1.2 (A) shall be displayed next to each Menu Item on the Menu Insert. The nutrition labeling shall be easily readable, in a typeface similar to the Menu, and in a font no less than nine point. A Menu Insert is not required to contain photos or menu item descriptions that may appear on the menu.~~

J. "Reasonable basis or reasonable bases" means any reliable and verifiable method for determining calorie and nutrient contents of Food Products offered for sale by the Chain Restaurant. These may include the use of calorie and nutrient databases, cookbooks, laboratory analyses, and other reliable and verifiable methods of analysis.

1.2 FOOD NUTRITION LABELING REQUIREMENTS.

A. Required Product Information. Each Chain Restaurant shall accurately ascertain, and make available to customers the following product information for each Standard Menu Item, as the item is usually prepared and offered for sale, including condiments routinely added to a menu item as part of a standard recipe:
   (1) Total calories;
   (2) Total grams of saturated fat;
   (3) Total grams of trans fat;
   (4) Total grams of carbohydrates;
   (5) Total milligrams of sodium.

B. Food Item Exclusions and Exemptions. Requirement 1.2 A does not apply to:
   (1) Food Products or Menu Items that are offered for sale for less than ninety (90) days in a calendar year;
   (2) Condiments available for use without charge; ~~available for use without charge placed on the dining table or on counter for general use without charge;~~
   ~~(2) Food Products or Menu Items that are offered for sale for less than ninety (90) days in a calendar year;~~
   (3) Alcoholic beverages not listed as Standard Menu Items.

(4) Unopened pre-packaged food products that are not intended to be part of the standard menu item or combination meal. Examples include a jar of a sauce or dressing intended primarily for home use, or a bag of coffee beans. In contrast, pre-packaged food products that are intended to be part of the standard menu item or combination meal (e.g. a bag of potato chips that comes as part of a meal) must be included in Required Product Information per Section 1.2.

C. Nutrition Labeling on Menus. Each Chain Restaurant that uses a Menu shall list the total number of calories next to each Standard Menu Item in a size and typeface that is easily readable, clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item.~~no less prominent than the price.~~ The use of abbreviations is acceptable (e.g. cal for calories). ~~If price is not listed on the Menu, the total number of calories must be shown in a size and typeface no less prominent than the name or description of the Menu Item.~~ The Menu shall include, in an easily readable, clear and conspicuous manner, a~~the following~~ statement substantially similar to the following: ~~:~~ "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

D. Nutrition Labeling on Menu Boards. Each Chain Restaurant that uses a Menu Board shall list the total number of calories next to each Standard Menu Item on the Menu Board in a size and typeface that is clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. ~~no less prominent than the price. If price is not listed on the Menu Board, the total number of calories must be shown in a size and typeface no less prominent than the name or description of the Menu Item.~~ The use of abbreviations is acceptable (e.g., cal for calories). The Menu Board shall include, in an easily readable, clear and conspicuous manner, a statement substantially similar to the following:~~the following statement:~~ "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

E. Nutrition Labeling of Food Tags. Each Chain Restaurant that uses a Food Tag shall list the total number of calories for each Standard Menu Item represented on the Food Tag in a size and typeface that is clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g. cal for calories).~~no less prominent than the price. If price is not listed on the Food Tag, the total number of calories must be shown in a size and typeface no less prominent than the name or description of the Menu Item.~~ Menu Items labeled with Food Tags do not need to be labeled on Menu Boards.

F. Listing of Additional Nutrition Information. Upon the request by a customer, the Chain Restaurant shall provide at the time of ordering a list of the values for nutrition information other than calories required by under subsection 1.2(A). The nutrition information shall be in an easily readable format, in a typeface similar to the Menu, and in a font no less than nine point. The use of abbreviations is acceptable (e.g., cal for calories). The listing is not required to contain photos or menu item descriptions that may appear on the menu. Approved methods for providing this requested information to a customer include:

(1) A supplemental menu, or
(2) A menu insert, or
(3) A brochure or printed handout, or
(4) An electronic kiosk
(5) An alternate method not otherwise provided for in this section only after the method has been submitted to and approved by the Health Department as being substantially equivalent to the identified methods. A Chain Restaurant shall seek approval of the proposed alternative method for providing the additional nutritional information by submitting a written proposal to the Health Department that describes how the proposed nutrition labeling approach will operate, including sample nutrition labeling materials and other documents that demonstrate the form in which nutrition information would be provided to customers.

~~F.~~G. Nutrition Labeling of Self-Service Items. Each Self-Service Item shall be accompanied by a Food Tag, or the Self-Service Item shall be listed on a Menu Board that is readily visible from the self-service location.

~~G.~~H. Nutrition Labeling of Variable Items. For a Standard Menu Item that comes in more than one flavor, variety, or size (e.g., variations of bagel), the Chain Restaurant shall provide required nutrition information for Menu Items as follows:

(1) If both the highest and lowest value of the Standard Menu Item that comes in more than one flavor, variety, or size are within 0-10% of the median value, the median value alone of the required nutrition information may be listed; .
(2) If both the highest and lowest value of the Standard Menu Item that comes in more than one flavor, variety, or size are within 11-20% of the median value, the range of values of the required nutrition information may be listed; and
(3) If neither subsection (1) or (2) applies, each flavor, variety, or size of the Standard Menu Item must be listed as a separate Standard Menu Item and accompanied by appropriately ascertained values of the required nutrition information.

~~If both the highest and lowest value of the Menu Item that comes in more than one flavor, variety, or size are within 0-10% of the median value, the median value alone of the required nutrition information MUST be listed; .~~
~~If both the highest and lowest value of the Menu Item that comes in more than one flavor, variety, or size are within 11-20% of the median value, the range of values of the required nutrition information MUST be listed; and~~

~~If neither subsection (1) or (2) applies, each flavor, variety, or size of the Menu Item must be listed as a separate Menu Item and accompanied by appropriately ascertained values of the required nutrition information.~~

I. Nutrition Labeling of ~~and~~ Combination Meals. A combination meal means a Standard Menu Item that is comprised of two or more food products and gives the consumer a choice of food items to be included in the meal ~~Meals.~~

(1) A Chain Restaurant may provide calorie labeling for a combination meal that uses a range of the lowest and highest values of calorie content among all possible combinations of food products offered in a combination meal.

(2) If the calorie range for combination meals is greater than 20%, labeling of individual combinations is not required as long as nutrition labeling is provided on the menu board, food tag, or menu for the individual food products that comprise the combination meal.

~~(3)iInformation per individual serving.~~

~~Nutrition Labeling by Serving Size. For purposes of these rules, Standard Menu Items (including but not limited to entrees, salads, beverages, desserts, and combination meals) must generally be labeled with Nutrition Information as a single serving for an individual. When clearly justified by the size and nature of the item, or manner of serving, a Standard Menu Item may be designated as intended to serve more than one individual, and Nutrition Labeling may be done on per- serving size basis. Examples include pizzas, a platter of chicken wings, a bucket of chicken, or a family-style bowl of salad. utrition labeling by serving size include all of the following:~~

~~The number of individuals intended to be served by the Menu Item, and~~

~~Nutrition Information per individual serving.~~

~~For any Menu Item that comes in more than one flavor, variety, or size, the Chain Restaurant shall provide required nutrition information for Menu Items as follows:~~

J. Nutrition Labeling of Shared Meals. By nature or manner of serving, some Standard Menu Items can be intended to serve either one or multiple individuals. Nutrition Information for such Standard Menu Items must be provided for the entire Menu Item. In addition, the number of diners intended to be served may also be listed. Pizzas intended to serve more than one individual can be listed by two options: 1) by the slice or 2) the whole pizza.

J. Approval process for proposed substantially equivalent methods of nutrition labeling. A chain restaurant may propose a method of nutrition labeling not otherwise identified in these rules for approval by the Health Department as a substantially equivalent method for use in lieu of requirements in Section 1.2 (G) Nutrition Labeling of Self-Service Items, Section 1.2 (H) Nutrition Labeling of Variable Items, Section 1.2 (I) Nutrition Labeling of Combination Meals, and Section 1.2 (J) Nutrition Labeling of Shared Meals.

(1) Restaurant shall obtain approval from the Health Department of any proposed substantially equivalent method for nutrition labeling before implementation.

(2) A chain restaurant shall seek approval of a proposed substantially equivalent method by submitting a written proposal to the Health Department that

demonstrates how the proposed method is expected to allow for consumers at the point of ordering to:
a. Perceive that nutrition information is readily available;
b. Encounter nutrition information routinely and automatically; and
c. Access nutrition information in a manner that does not interrupt the normal flow of business.

(3) The written proposal shall include documentation of the following:
a. Sample nutrition labeling materials or other documents such as photographs that demonstrate that the form in which nutrition information would be provided to consumers is substantially equivalent to the requirements of the relevant section(s) of these rules – i.e., Section 1.2 (G), Section 1.2 (H), Section 1.2 (I), Section 1.2 (J), and
b. Evidence from customer surveys or other methods that demonstrate that the proposed nutrition labeling method results in at least 75% of consumers seeing nutrition information before placing their order. This percentage may be changed by the Health Department based on findings from future research.
c. In addition, Health Department may request that additional information be submitted before a proposal is considered for approval.

(4) The Health Department may:
a. Approve a substantially equivalent method as submitted,
b. Approve a substantially equivalent method conditional on changes to the proposed method required by the Health Department,
c. Limit approval of a substantially equivalent method to use in one chain,
d. Limit approval of a substantially equivalent method to use for a limited time.

K. Nutrition Labeling of Alcoholic Beverages. A Chain Restaurant may use the following average nutritional values for beers, wines, and spirits:
(1) Wine – 5 ounces: 122 calories; 4 grams carbohydrates; 7 milligrams sodium;
(2) Regular beer – 12 ounces: 153 calories; 13 grams carbohydrates; 14 milligrams sodium;
(3) Light beer – 12 ounces: 103 calories; 6 grams carbohydrates; 14 milligrams sodium; and
(4) Distilled spirits (80 proof gin, rum, vodka, or whisky) – 1.5 ounces: 96 calories.
Calorie values may be rounded in accordance with section 1.2 N. These guidelines do not exempt or replace labeling of additional alcoholic beverages that are Standard Menu Items (such as signature drinks).

L. Nutrition Labeling of Buffets. For Standard Menu Items offered in a buffet, nutrition labeling must specify:
(1) The size of an individual serving.
(2) The nutrition information for an individual serving.

~~I.~~

~~(1)If both the highest and lowest value of the Menu Item that comes in more than one flavor, variety, or size are within 10% of the median value, the median value alone of the required nutrition information may be listed; .~~
~~(2)If both the highest and lowest value of the Menu Item that comes in more than one flavor, variety, or size are within 20% of the median value, the range of values of the required nutrition information may be listed; and~~
~~(3)If neither subsection (1) or (2) applies, each flavor, variety, or size of the Menu Item must be listed as a separate Menu Item and accompanied by the appropriate ascertained values of the required nutrition information.~~
~~H.Listing of Additional Nutrition Information. Upon the request by a customer, the Chain Restaurant shall provide at the time of ordering a list of the values for nutrition information other than calories required by under subsection 1.2(A). Approved methods for providing this requested information to a customer include:~~
~~(1)A Supplemental Menuu that is available at each point of ordering and is presented by the server, or~~
~~A Menu Insert that is available at each point of ordering and is presented by the server along with the Menu, or~~
~~(3)An alternate method not otherwise provided for in this section only after the method has been submitted to and approved by the Health Department as being substantially equivalent to a supplemental menu or menu insert A Chain Restaurant shall seek approval of the proposed method of nutrition labeling by submitting a written proposal to the Health Department that describes how the proposed nutrition labeling approach will operate, including sample nutrition labeling materials and other documents that demonstrate the form in which nutrition information would be provided to customers.~~

M. Labeling of Trans Fat. A Restaurant may follow FDA guidelines for labeling trans fat. This means that trans fat does not have to be listed if the **total** fat in a food is less than 0.5 gram (or 1/2 gram) per labeled serving and no claims are made about fat, fatty acids or cholesterol content.

~~I.~~N. Rounding Rules. Whenever a Restaurant, pursuant to this policy, is required to disclose information to the public, the Restaurant may~~shall~~ round numerical values as follows:

(1) For values above 50 calories, the disclosed value shall be rounded to the nearest value evenly divisible by 10 (e.g., 322 is rounded to 320, 435 is rounded to 440, etc);
(2) For values equal to or less than 50 calories, the disclosed value shall be rounded to the nearest value evenly divisible by 5 (e.g., 43 is rounded to 45, 21 is rounded to 20, etc.).

~~J.~~O. Verifiable and Accurate Information Required. If requested by the Health Department, Chain Restaurants shall provide information and documentation of the reasonable basis or bases of calorie and nutrient content of Food Products.

~~K.~~P. Disclaimers Permitted. Nothing in this policy prohibits the Restaurant from publishing truthful disclaimers, including on the Menus, Menu Boards, and Food

Tags, notifying customers that there may be small variations in nutritional content across servings, due to differences in preparation, service sizes, ingredients, or custom orders.

~~Q.~~ Additional Nutrition Labeling Permitted. Nothing in this policy precludes Restaurants from voluntarily providing additional nutrition labeling of Menu Items.

Q.

~~Q.~~R. Restaurant Exemptions. The following types of food service facilities are exempted from the requirements of this policy:

(1) A food facility that is not a full service facility licensed by Multnomah County Health Department. Examples include: public and private school cafeterias, government operated food facilities, private organizations, or association facilities, facilities whose revenue exceeds 51% from retail sales.

(2) Movie theaters,

(3) Hospital cafeterias.

S. The nutrition labeling requirements do not apply to licensed temporary events.

1.3 ENFORCEMENT. The Director of the Multnomah County Health Department or his or her authorized representative is authorized to enforce the nutrition labeling requirements of this chapter.

A. The Health Department shall maintain a system for receiving reports of violations, providing educational materials and site visits, and issuing notices of violation.

B. The Health Department shall: 1) develop procedures to identify Chain Restaurant Status, 2) provide education and assistance to restaurants to help them comply with nutrition labeling requirements, and 3) receive, respond to, and investigate reports of violations and take appropriate action to assure compliance.

C. An Environmental Health Specialist who notes a possible violation of these rules during a regular inspection of a full service chain restaurant licensed and inspected by the Health Department shall note a possible violation of these rules and report the possible violation to Health Department staff delegated to supervise compliance with these rules.

D. Complaint Response. The Health Department shall respond to a report of violation as follows:

(1) The Department shall determine status as a Chain Restaurant and if confirmed:

~~i.~~a. Provide the owner or operator with a notice of possible violation,

~~ii.~~b. Provide the owner or operator with educational materials and other assistance to come into compliance with these rules,

~~iii.~~c. Gather information to make the determination if the Restaurant is in compliance with these rules. This may include but is not limited to conducting site visits, requesting additional information from the Restaurant, carrying out additional independent analyses of nutritional content of Menu Items, and obtaining consultation from nutrition professionals.

(2) Finding of Violation: A violation is deemed to have occurred if the Health Department finds that:

~~i.~~a. Nutrition information required by this policy is not present or is not in the form required by Subsection 1.2; or

~~ii.~~b. The nutritional content of one or more Menu Items as posted on a Menu, Menu Board, Food Tag or other authorized method of display deviates by more than twenty percent (20%) from what actual analysis or other reliable evidence shows to be the actual nutritional content.

(3) Remediation Plan: After a finding of a violation, a Health Department representative and the Restaurant will jointly agree on the contents of a plan contemplated to bring the restaurant into compliance with these rules by a clearly identified date. Within 14 days of reaching agreement with the Health Department representative, the Restaurant will submit and begin implementation of a remediation plan that is intended to remedy the violation. A restaurant owner or operator may request in writing an extension of time in which to complete implementation of the remediation plan for good cause.

~~(3)~~(4) ~~Remediation Plan: After a finding of a violation, the Health Department representative and the Restaurant will jointly agree on the contents of a plan contemplated to bring the restaurant into compliance with these rules by a clearly identified date. The Restaurant will submit a remediation plan that remedies the violation within 14 days of reaching agreement with the Health Department representative. A restaurant owner or operator may request in writing an extension of time in which to complete implementation of the remediation plan for good cause.~~

~~(2)~~Follow-up Visit: A Health Department representative shall make a follow-up visit within 14 days of the remediation plan completion date to confirm implementation.

~~(3)~~(5) Failure to Complete the Remediation Plan on Schedule. If during the follow-up visit, the Health Department representative finds that the remediation plan has not been implemented, the representative shall document the finding and notify the Restaurant that a citation will be issued. The citation, including a civil fine, shall be personally delivered to the restaurant employer or agent or mailed to the business address by both first class mail certified mail, return receipt requested.

~~M.~~E. Civil Fine Schedule:

~~(1)~~(1) A fine of $100 will be assessed for failure to submit a remediation plan that remedies the violation within 14 days of reaching agreement with the Health Department representative.

(2) A fine of $500 will be assessed for failure to fully implement the remediation plan within 60 days of the implementation date specified in the plan.
(3) Additional fines of $250 will be assessed for each 30 day period that the remediation plan has not been fully implemented.

~~N.~~F. Phased-in Implementation: The rules take effect March 12, 2009. From March 12~~5~~, 2009, through September 12~~5~~, 2009, a Chain Restaurant shall not be deemed to be in violation of these rules. ~~From January 15, 2009, through July 15, 2009, a Chain Restaurant shall not be deemed to be in violation of these rules if, on request by the Health Department, the Restaurant provides documentation that it has taken significant steps to obtain calorie and nutrient analysis of Menu Items and create nutrition labeling.~~

~~O.~~G. Appeals Process: A Chain Restaurant cited with a violation may request and shall be provided an opportunity to challenge the citation, including an opportunity to refute any evidence against it.
(1) The owner or operator of a Restaurant receiving a notice of violation or citation as provided in these rules may request a hearing by writing the Health Department Director or representative within seven days of the date of notice.
(2) The Health Department Director or Health Officer shall schedule and oversee the hearing and issue a ruling within 20 days of its conclusion. The Director or Health Officer's ruling shall be final.
(3) If the Health Department Director or Health Officer finds the violation to exist, the ruling shall set a date for remedy of the violation to be accomplished by the Chain Restaurant.
(4) If the Health Department Director or Health Officer determines that the violation was issued in error, the ruling may order the Health Department ~~representative to make reasonable restitution~~ to vacate any fines and take other necessary and appropriate actions to remedy the situation.

If any provision of these rules or its application to any person or circumstance is held invalid, the remainder of these rules of the application to other persons or circumstances is not affected.

H.

I. This section shall not be construed to create or enhance any claim, right of action, or civil liability that did not previously exist under state law or limit any claim, right of action, or civial liability that otherwise exists under state law. The only enforcement mechanism of the rules is the local enforcement agency.

BEFORE THE BOARD OF COUNTY COMMISSIONERS
ACTING AS THE MULTNOMAH COUNTY BOARD OF HEALTH

ORDER NO. 08-114

Adopting a Policy Requiring the Nutrition Labeling of Food Items at Chain Restaurants and Directing the County Department of Health to Promulgate Rules and Regulations to Implement the Policy

The Multnomah County Board of Health Finds:

a. The Multnomah County Board of County Commissioners constitutes and is the policymaking body of the Multnomah County Board of Health under ORS 431.410 and 431.415.

b. The Nutrition Council of Oregon and the Oregon Coalition for Promoting Physical Activity published *A Healthy Active Oregon: Statewide Physical Activity and Nutrition Plan 2007-2012.* (Community Objectives and Strategies III.n):

> "Restaurants shall expand and promote options for healthy foods, beverages and meals by providing caloric content and other key nutritional information."

c. The analysis of the potential for implementing this strategy in Multnomah County undertaken by the Chronic Disease Prevention Program of the Multnomah County Health Department documented that:

(1) Consumers have difficulty making informed choices about food purchases in restaurants because of an absence of relevant nutrient information, as evidenced by the following:

- An FDA-commissioned report concluded that without access to nutritional information, consumers are not able to assess the caloric content of foods;
- Multiple studies have shown that restaurant foods contain almost twice the number of calories estimated by consumers, including a study of well-trained nutrition professionals who consistently underestimated the calorie content of restaurant foods by 200 to 600 calories.

(2) Obesity is one of the greatest public health challenges facing the nation and the communities of Multnomah County, as evidenced by the following:

- Nationally, obesity rates have doubled in children and tripled in teenagers over the past twenty years;
- Fifty percent of overweight children and teenagers remain overweight as adults;
- Two thirds of adults in Multnomah County are overweight or obese;
- Obesity-related chronic diseases, including cardiovascular disease, diabetes, hypertension, cancer, and asthma, are the leading causes of death and disability in Oregon and Multnomah County;
- In 2005, 25% of the years of potential lost in Multnomah County, a measure of premature mortality, were due to chronic diseases caused or escalated by poor eating habits;
- The indirect and direct costs of adult obesity in America are $117 billion each year.

(3) Americans eat an increasing number of meals outside the home, and such meals are linked to higher calorie intake, as evidenced by the following:

- In 1970, Americans spent just 26% of their food dollars on restaurant meals and other food prepared outside of the home. Today, Americans spend 47.8% of their food dollars on away-from-home foods;
- About one-third of the calories in an average American's diet come from restaurant or other away from home foods;
- Between 1972 and 1997, the per-capita number of fast food restaurants doubled, and the per-capita number of full-service restaurants rose by 35%;
- On average, children and youth aged 11-18 visit fast food outlets twice a week, and children consume nearly twice as many calories from restaurant meals than from home-cooked meals;
- Restaurant foods are generally higher in those nutrients for which over-consumption is a problem, such as fat and saturated fat, and lower in nutrients required for good health, such as calcium and fiber;
- Portion sizes are often large at restaurants, and it is not uncommon for a restaurant entrée to provide half a day's calories, saturated and trans fat, or sodium.

(4) The Federal Nutrition Labeling and Education Act requires food manufacturers to provide nutrition information on nearly all packaged foods but explicitly exempts restaurants from that requirement;

(5) Competition within the food service industry is healthy and desirable, and the availability of nutrition information can serve as another factor to inform consumer choices, as evidenced by the following:

- Three quarters of American adults report using nutritional labels on packaged foods;
- Studies have shown that people who use food labels are more likely to eat healthfully;
- Almost half of consumers report that the information provided on food labels has caused them to change their food purchasing habits or decide between similar foods.

(6) Nutrition labeling in fast food and chain restaurants is well-supported by the public, as evidenced by the following:

- Six national representative consumer polls found that between 61% and 87% of Americans support nutrition labeling in restaurants;
- Sixty nine percent of Oregonians support requiring nutritional labeling in fast food and chain restaurants.

(7) The United States Surgeon General, the Food and Drug Administration, the National Academies' Institute of Medicine, the American Heart Association, the American Diabetes Association, and the American Medical Association have recommended the provision of nutrition information at restaurants as a strategy to address rising obesity rates.

(8) The current system of voluntary nutritional labeling at restaurants is inadequate. Approximately half of the largest chain restaurants fail to provide any nutritional information about their menu item to customers. Restaurants that do provide such information often do not do so at the point of sale, but rather on websites, tray-liners, on fast-food packages or in brochures that are available only by request.

(9) Many individual, family, community, and societal factors influence dietary patterns and levels of physical activity. Addressing obesity will require a broad range of interventions, and nutrition labeling is one tool to empower Multnomah County residents to take greater control of their own health and make healthier choices about what they eat.

d. The Chronic Disease Prevention Program coordinated a multi-phase community engagement process with representatives from the food service, public health, academic, non-profit, and business communities to assess the feasibility of fast food and chain restaurant menu item labeling and develop a policy for recommendation to the Board.

e. It is the intent of the Multnomah County Board of Health to provide consumers with basic nutrition information and other product information about prepared Foods sold at Chain Restaurants in Multnomah County so that consumers can make informed Food choices.

The Multnomah County Board of Health Orders:

1. The Board adopts the attached Chain Restaurant Nutrition Labeling Policy as recommended by the Chronic Disease Prevention Program. [with Amendments (attached)].

2. The Board directs the County Department of Health to promulgate rules and regulations to carry out and enforce this policy.

3. The Health Department may adopt a schedule of fees to recover expenses of the Department in performing its responsibilities in carrying out this Order.

ADOPTED this 31st day of July 2008.

BOARD OF COUNTY COMMISSIONERS
ACTING AS THE MULTNOMAH COUNTY
BOARD OF HEALTH

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By
Jacqueline A. Weber, Assistant County Attorney

SUBMITTED BY:
Lillian Shirley, Director of the Department of Health

Chain Restaurant Nutrition Labeling Policy

Purpose. The purpose of this policy is to provide Multnomah County residents with basic nutrition information and other product information about prepared Foods sold at Chain Restaurants. Readily available product disclosures are essential to allow consumers to make informed purchasing decisions about the Food that they, and their children and dependents, eat. Further, product disclosures help foster free market competition based on the true nutritional quality of a Chain Restaurant's products.

Definitions. The following words and phrases, whenever used in this policy, shall have the meanings defined in this policy unless the context clearly requires otherwise:

a) "Chain Restaurant" means a Restaurant within Multnomah County that is part of an affiliation of Restaurants and for which the affiliated Restaurants:
   (1) Have at least fifteen or more restaurants within the United States;
   (2) Sell Formula Menu Items that comprise at least eighty percent or more of Menu Items served in at least fifteen restaurants; and
   (3) Operate under the same apparent brand or substantially the same name, regardless of whether the restaurants are subject to the same ownership or type of ownership.

b) "Food" means any substance in whatever form used or intended for use in whole or in any part for human consumption such as, for example, meals, snacks, desserts, and beverages of all kinds.

c) "Food Product" means a discrete item of Food offered for sale or consumption, such as, for example, a hamburger, or offered in conjunction with another discrete item of Food, such as, for example a hamburger sold as part of a meal including french-fries and a soda, but does not include ingredients except ingredients sold separately, such as, for example, a slice of cheese added to a hamburger for an additional charge.

d) "Food Tag" means any informational label placed in proximity to a Food Product it identifies or characterizes, such as, for example, a label placed next to a cherry pie showing a picture of a cherry and listing the price per slice or a label placed next to a container of pasta in a salad bar with the text, "Pesto Pasta Salad", but does not include a Menu or a Menu Board.

e) "Menu" means any listing of Food Products offered for sale, including for example a pictorial display, and includes listings intended for consumption on or off the premises, such as a takeout, but does not include a Menu Board.

f) "Menu Board" means any listing of Food Products offered for sale, including, for example, a pictorial display, that is posted and intended for joint viewing by multiple consumers such as, for example, back-lit marquee signs above a point of sale at fast food outlets or chalk boards listing Food Products for sale; and also means any listing of Food Products for sale that is posted and intended for viewing by a consumer purchasing Food to go, such as, for example, a drive-through signboard.

g) "Menu Item" means (1) a Food Product listed on a Menu, Menu Board, or Food Tag, and means (2) a combination of Food Products offered together on a Menu, Menu Board, or Food Tag, such as, for example, a "kids meal" combining a hamburger, french-fries, and a carton of milk.

h) "Menu Item Variant" means each standardized alternative of a singly listed Menu Item, such as, for example, each different size of the Menu Item (e.g., small, medium, large, etc.), each different flavor of the Menu Item "soda" (e.g. Coke, Sprite, etc), each pizza topping combination (e.g. pepperoni, extra cheese, mushroom, etc), each different type of bagel (e.g. poppy seed, raisin, etc), each ice-cream flavor (e.g. chocolate, vanilla, etc.), or each variation of a "kids meal" (e.g. a hamburger with french fries, a hamburger with apple slices, etc).

i) "Formula Menu Item" means a Menu Item that is essentially the same between affiliated restaurants and prepared using a consistent standardized recipe.

j) "Restaurant" means (1) a facility at which any prepared, unprepackaged Food Product is offered for sale for consumption on or off the premises, such as, for example: traditional sit-down restaurants, cafes, coffee stands, cookie stands; delis; bakeries; ice-cream shops; and fast-food outlets; and means (2) any area within a grocery, convenience, or variety store that is a separately owned food facility at which any prepared, un-prepackaged Food Product is offered for sale and consumption on or off the premises, but does not include other areas of a grocery, convenience, or variety store.

k) "Self-Service Item" means any prepared, un-prepackaged Food that consumers are permitted to procure without assistance of a Restaurant agent or employee, such as, for example, Food displayed at a salad bar or buffet line, but does not include condiments placed on a dining table or on a counter for general use without charge.

Minimum Product Information.

a) Required Product Information. Each Chain Restaurant shall accurately ascertain, at a minimum, the following product information for each Menu Item Variant, as the item is usually prepared and offered for sale:
(1) Total calories;
(2) Total grams of saturated fat;
(3) Total grams of trans fat;
(4) Total grams of carbohydrates;
(5) Total milligrams of sodium.

b) Verifiable and Accurate Information Required.
   (1) The product information required by this policy shall be based on verifiable and accurate analysis of the Menu Item Variant, which may include the use of nutrient databases, laboratory testing, or other methods of analysis allowed by the Federal Food and Drug Administration for the labeling of packaged foods.
   (2) A Restaurant is in violation of this policy if the provided product information required by this policy:
      i. Is not present or is not in the form required by this Policy;
      ii. Is different from what the Restaurant knows or believes to be the true and accurate information; or
      iii. Deviates by more than twenty percent (20%) from what actual analysis or other reliable evidence shows to be the average content of a representative sample of the Menu Item Variant.

General Requirements and Prohibitions.

a) Whenever a Restaurant, pursuant to this policy, is required to disclose information to the public, the Restaurant shall round numerical values as follows:
   (1) For values above 50, the disclosed value shall be rounded to the nearest value evenly divisible by 10 (e.g., 322 is rounded to 320, 435 is rounded to 440, etc);
   (2) For values equal to or less than 50, the disclosed value shall be rounded to the nearest value evenly divisible by 5 (e.g., 43 is rounded to 45, 21 is rounded to 20, etc.). [these rounding rules are based on those used by the FDA for packaged food]

b) Each discrete display of a Self-Service Item shall be accompanied by a Food Tag, or the Self-Service Item shall be listed on a Menu Board that is readily visible from the self-service location.

c) Upon the request by a consumer visiting a Chain Restaurant, the Restaurant shall promptly provide the consumer with a physical, written list of the values for the: total calories; total grams of saturated fat; total grams of trans fat; total grams of carbohydrates; and total milligrams of sodium for all Menu Item Variants. The list, such as a supplemental menu or menu insert, shall be available at each point of sale.

Product Disclosure Requirements for Menus.

a) Product disclosure on Menus.
   (1) Each Chain Restaurant that uses a Menu shall disclose the total calories next to each Menu Item in a size and typeface that is clear and conspicuous, and no less prominent that the price.
   (2) Each Chain Restaurant that uses a Menu shall include on the Menu in a prominent location and in a clear and conspicuous manner, the following statement: "Recommended limits for a 2,000 calorie daily diet are 20 grams of

saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

b) Product disclosure on Menu Boards.
   (1) Each Chain Restaurant that uses a Menu Board shall display the total calories next to each Menu Item on the Menu Board in a size and typeface that is clear and conspicuous, and no less prominent that the price.
   (2) Each Chain Restaurant that uses a Menu Board shall include on the Menu in a prominent location and in a clear and conspicuous manner, the following statement: "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

c) Product disclosure on Food Tags. Each Chain Restaurant that uses a Food Tag shall display the total calories for each Menu Item represented on the Food Tag in a size and typeface that is clear and conspicuous, and no less prominent that the price.

d) Disclaimers Permitted. Nothing in this policy prohibits the Restaurant from publishing truthful disclaimers, including on the Menus, Menu Boards, and Food Tags, notifying consumers that there may be small variations in nutritional content across servings, due to differences in preparation, service sizes, ingredients, or custom orders.

e) Additional nutrition labeling permitted. Nothing in this policy precludes Restaurants from voluntarily providing additional nutrition labeling of Food.

Variable Items and Combo Meals. For any Menu Item having more than a single Menu Item Variant (e.g. more than one flavor or more than one size), and for each type of information required (e.g. calories, saturated fat, etc):

a) If both the highest and lowest value of all the Menu Item Variants are within 10% of the median value, the median value alone may be used whenever this policy requires disclosure of the type of information;

b) If both the highest and lowest value of all the Menu Items are within 20% of the median value, the range of values may be used whenever this policy requires disclosure of the type of information; and

c) If neither subsection (a) or (b) applies, each Menu Item Variant must be listed as a separate Menu Item and accompanied by the appropriate ascertained value whenever this policy requires disclosure of the type of information.

Exclusions and Exemptions.

a) Food Items Excluded. This policy does not apply to:

(1) Condiments placed on the dining table or on counter for general use without charge;
(2) Food that is offered for sale for less than sixty (60) days in a calendar year;
(3) Alcoholic beverages not listed as Menu Items.

b) Restaurant Exemptions. The following types of Restaurants are exempted from the requirements of this policy:
(1) Public and private school cafeterias
(2) Licensed health care facilities

Amendment 2 - passed unanimously

Delete "licensed health care facilities" from the restaurant exemptions.

Add a severability clause listed in Amendment 1. ["If any provision of this regulation or its application to any person or circumstance is held invalid, the remainder of the regulation of the application to other persons or circumstances is not effected."][1]

Policy

Licensed health care facilities should be the first organizations to promote nutrition labeling and educating their clients about diet and caloric intake.

[1] The severability clause was read into the record by Commissioner Naito.

Amendment 4

Change the exclusion of food that is offered for sale under (a) (2) from sixty (60) to ninety (90) days. ~~and add "in a calendar year."~~[1]

Policy

We should encourage the use of seasonal and fresh produce and products. The costs of changing menus and information can be costly, so the County should provide for an approach that recognizes establishments may want to provide seasonal menu items in the fall, winter, summer and spring. King County adopted a 90 day requirement.

[1] This language was deleted by motion of Commissioner Naito and approved unanimously.

Amendment 5

Change the Minimum Product Information required under (b)(1) to delete "The product information required by this policy shall be based on verifiable and accurate analysis of the Menu Item Variant, which may include the use of nutrient databases, laboratory testing, or other methods of analysis allowed by the Federal Food and Drug Administration for the labeling of packaged foods."

Adopt the reasonable basis standard of King County as follows

"The restaurant shall be required to provide information and documentation of the reasonable basis or bases of calorie and nutrient analysis. Reasonable basis or reasonable bases means any reliable and verifiable calorie and nutrient analysis of a menu item, which may include the use of calorie and nutrient databases, cookbooks, laboratory analyses and other reliable and verifiable methods of analysis."

Policy

Proponents of the ordinance have asserted that it is easy, using computer programs, to determine the calorie and nutrient content of menu items. I don't believe this to be accurate. My office has consulted nutritionists and one of my office staff is a chef and tested the program using his recipes. Accurate information of calorie content and nutrition is in fact complicated to ascertain. We should allow restaurants to use information they have a reasonable basis believe is true.

Amendment #7

Amend the definition of "Menu" and "Menu Board" to exempt advertising.

Add language as follows

"Menu" does not include printed or pictorial materials posted in establishments for the purpose of marketing.

"Menu Board" does no[t] include printed or pictorial materials posted in establishments for the purpose of marketing.

Policy

This language is contained in King County. The definition of "menu" and "menu board" in our proposed policy would arguably cover all marketing, including ads, such as promotional posters on the premises, or television and other ads off the [premises].

Amendment 9

Approval process for proposed substantially equivalent methods of nutrition labeling.

Add language as follows:

"A restaurant may propose a method of nutrition labeling not otherwise provided for in this ordinance with approval from the Health Department of any proposed substantially equivalent method for nutrition labeling.

~~The proposal shall be submitted in writing and demonstrate how the proposed method is expected to allow for consumers at the point of ordering with information that is routinely and readily available.~~ [1]

The Health Department shall establish standards for [written] approval, a process and procedure written approval before implementation.

[1] This paragraph was deleted by motion of Commissioner Naito and approved unanimously.

BEFORE THE BOARD OF COUNTY COMMISSIONERS
ACTING AS THE MULTNOMAH COUNTY BOARD OF HEALTH

RESOLUTION NO. ______

Approving the County Department of Health Rules and Regulations Implementing the Nutrition Labeling Policy

The Multnomah County Board of Health Finds:

a. The Multnomah County Board of County Commissioners constitutes and is the policymaking body of the Multnomah County Board of Health under ORS 431.410 and 431.415.

b. On July 31, 2008, by Order 08-114, the Board adopted a nutrition labeling policy with respect to chain restaurants.

c. The County Department of Health has developed rules and regulations implementing this policy as directed by the Board.

The Multnomah County Board of Health Resolves:

1. The attached Rules and Regulations implementing Order 08-114, the Chain Restaurant Nutrition Labeling Policy, are approved.

ADOPTED this 12th day of February, 2009.

BOARD OF COUNTY COMMISSIONERS
ACTING AS THE MULTNOMAH
COUNTY BOARD OF HEALTH

____
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By______________________________
Jacqueline A. Weber, Assistant County Attorney

SUBMITTED BY:
Lillian Shirley, Director, Department of Health

Health Department

CHAIN RESTAURANT NUTRITION LABELING POLICY
DRAFT ADMINISTRATIVE RULES

1.0 PURPOSE AND POLICY.

A. These rules are adopted pursuant to the authority granted the Multnomah County Health Department by the Multnomah County Board of Health in Order 08-114.

B. The purpose of this policy is to provide Multnomah County residents with basic nutrition information about prepared foods sold at chain restaurants licensed by Multnomah County Health Department. Readily available product disclosures are necessary to allow customers to make informed purchasing decisions about the food that they and their children and dependents eat. Further, product disclosures help foster free market competition based on the true nutritional quality of chain restaurants' products.

C. Scope. These rules apply to Chain Restaurants defined in section 1.1(B) below that are licensed and inspected by Multnomah County Health Department.

1.1 DEFINITIONS. The definitions in this section apply throughout these rules unless the context clearly requires otherwise:

A. "Restaurant" means any establishment where food or drink is prepared for consumption by the public or any establishment where the public obtains food or drink so prepared in form or quantity consumable then and there, whether or not it is consumed within the confines of the premises where prepared, and also includes establishments that prepare food or drink in consumable form for service outside the premises where prepared, but does not include railroad dining cars, bed and breakfast facilities or temporary restaurants.

B. "Chain Restaurant" means a Restaurant that is licensed by Multnomah County as a full service restaurant, and that is part of an affiliation of Restaurants and for which the affiliated Restaurants:
(1) Have at least fifteen or more restaurants within the United States;
(2) Sell Standard Menu Items that comprise at least eighty percent of Menu Items served in at least fifteen restaurants; and
(3) Operate under the same or substantially the same brand name, regardless of whether individual restaurants are subject to the same ownership or type of ownership (e.g., corporate ownership, individually-owned franchise, etc.).

C. "Food Product" means a discrete item of Food such as a hamburger or a soda that is offered for sale separately or as a part of a combination meal. A "Food Product" includes each different size or flavor offered. A Food Product does not include ingredients except ingredients that are sold separately, such as a slice of cheese added to a hamburger for an additional charge.

D. "Food Tag" means any informational label placed in proximity to an individual Food Product it identifies or characterizes for example:
   (1) A label placed next to a cherry pie showing a picture of a cherry and listing the price per slice, or
   (2) A label placed next to a container of pasta in a salad bar with the text, "Pesto Pasta Salad".

   Food Tag is not synonymous with a Menu or a Menu Board.

E. "Menu" means a printed or pictorial list of Food Products offered for sale. A Menu is intended to assist customers in ordering Food Products whether the ordering is done on the restaurant premises or off premises (for example, a phone-in menu or take-out menu). A menu does not include printed or pictorial materials intended for the purpose of marketing.

F. "Menu Board" means any posted list or pictorial display of Food Products offered for sale. A Menu Board may be posted inside or outside a restaurant, and is typically designed to be visible to multiple customers, and/or visible at a moderate distance. A Menu Board is intended assist customers in ordering Food Products, and may take various forms, including but limited to, a back-lit marquee sign above an ordering counter, a chalk board or other hand-written board, or a drive-through area signboard. A Menu Board does not include posted text or pictorial materials intended for the purpose of marketing.

G. "Menu Item" means
   (1) a single Food Product listed on a Menu, Menu Board, or Food Tag, or
   (2) a combination of Food Products offered together on a Menu, Menu Board, or Food Tag, for example, a "kids meal" combining a hamburger, french-fries, and a carton of milk.

H. "Standard Menu Item" means a Menu Item that is essentially the same between affiliated restaurants and prepared using a consistent standardized recipe.

I. "Self-Service Item" means any Food Product or Menu Item that customers in a restaurant are permitted to obtain without assistance of a Restaurant employee or agent, for example, foods offered at a salad bar or buffet line. Condiments placed on a dining table or on a counter for general use without charge are not considered "Self Service Items".

J. "Reasonable basis or reasonable bases" means any reliable and verifiable method for determining calorie and nutrient contents of Food Products offered for sale by the Chain Restaurant. These may include the use of calorie and nutrient databases, cookbooks, laboratory analyses, and other reliable and verifiable methods of analysis.

1.2 FOOD NUTRITION LABELING REQUIREMENTS.

A. Required Product Information. Each Chain Restaurant shall accurately ascertain, and make available to customers the following product information for each Standard Menu Item, as the item is usually prepared and offered for sale, including condiments routinely added to a menu item as part of a standard recipe:
   (1) Total calories;
   (2) Total grams of saturated fat;
   (3) Total grams of trans fat;
   (4) Total grams of carbohydrates;
   (5) Total milligrams of sodium.

B. Food Item Exclusions and Exemptions. Requirement 1.2 A does not apply to:
   (1) Food Products or Menu Items that are offered for sale for less than ninety (90) days in a calendar year;
   (2) Condiments available for use without charge;
   (3) Alcoholic beverages not listed as Standard Menu Items.
   (4) Unopened pre-packaged food products that are not intended to be part of the standard menu item or combination meal. Examples include a jar of a sauce or dressing intended primarily for home use, or a bag of coffee beans. In contrast, pre-packaged food products that are intended to be part of the standard menu item or combination meal (e.g. a bag of potato chips that comes as part of a meal) must be included in Required Product Information per Section 1.2.

C. Nutrition Labeling on Menus. Each Chain Restaurant that uses a Menu shall list the total number of calories next to each Standard Menu Item in a size and typeface that is easily readable, clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g. cal for calories). The Menu shall include, in an easily readable, clear and conspicuous manner, a statement substantially similar to the following: "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

D. Nutrition Labeling on Menu Boards. Each Chain Restaurant that uses a Menu Board shall list the total number of calories next to each Standard Menu Item on the Menu Board in a size and typeface that is clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g., cal for calories). The Menu Board shall include, in an easily readable, clear and conspicuous manner, a statement substantially similar to the following: "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

E. Nutrition Labeling of Food Tags. Each Chain Restaurant that uses a Food Tag shall list the total number of calories for each Standard Menu Item represented on the Food Tag in a size and typeface that is clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g. cal for calories). Menu Items labeled with Food Tags do not need to be labeled on Menu Boards.

F. Listing of Additional Nutrition Information. Upon the request by a customer, the Chain Restaurant shall provide at the time of ordering a list of the values for nutrition information other than calories required by under subsection 1.2(A). The nutrition information shall be in an easily readable format, in a typeface similar to the Menu, and in a font no less than nine point. The use of abbreviations is acceptable (e.g., cal for calories). The listing is not required to contain photos or menu item descriptions that may appear on the menu. Approved methods for providing this requested information to a customer include:
(1) A supplemental menu, or
(2) A menu insert, or
(3) A brochure or printed handout, or
(4) An electronic kiosk
(5) An alternate method not otherwise provided for in this section only after the method has been submitted to and approved by the Health Department as being substantially equivalent to the identified methods. A Chain Restaurant shall seek approval of the proposed alternative method for providing the additional nutritional information by submitting a written proposal to the Health Department that describes how the proposed nutrition labeling approach will operate, including sample nutrition labeling materials and other documents that demonstrate the form in which nutrition information would be provided to customers.

G. Nutrition Labeling of Self-Service Items. Each Self-Service Item shall be accompanied by a Food Tag, or the Self-Service Item shall be listed on a Menu Board that is readily visible from the self-service location.

H. Nutrition Labeling of Variable Items. For a Standard Menu Item that comes in more than one flavor, variety, or size (e.g., variations of bagel), the Chain Restaurant shall provide required nutrition information for Menu Items as follows:
(1) If both the highest and lowest value of the Standard Menu Item that comes in more than one flavor, variety, or size are within 0-10% of the median value, the median value alone of the required nutrition information may be listed; .
(2) If both the highest and lowest value of the Standard Menu Item that comes in more than one flavor, variety, or size are within 11-20% of the median value, the range of values of the required nutrition information may be listed; and

(3) If neither subsection (1) or (2) applies, each flavor, variety, or size of the Standard Menu Item must be listed as a separate Standard Menu Item and accompanied by appropriately ascertained values of the required nutrition information.

I. Nutrition Labeling of Combination Meals. A combination meal means a Standard Menu Item that is comprised of two or more food products and gives the consumer a choice of food items to be included in the meal

(1) A Chain Restaurant may provide calorie labeling for a combination meal that uses a range of the lowest and highest values of calorie content among all possible combinations of food products offered in a combination meal.

(2) If the calorie range for combination meals is greater than 20%, labeling of individual combinations is not required as long as nutrition labeling is provided on the menu board, food tag, or menu for the individual food products that comprise the combination meal.

J. Nutrition Labeling of Shared Meals. By nature or manner of serving, some Standard Menu Items can be intended to serve either one or multiple individuals. Nutrition Information for such Standard Menu Items must be provided for the entire Menu Item. In addition, the number of diners intended to be served may also be listed. Pizzas intended to serve more than one individual can be listed by two options: 1) by the slice or 2) the whole pizza.

J. Approval Process for Proposed Substantially Equivalent Methods of Nutrition Labeling. A chain restaurant may propose a method of nutrition labeling not otherwise identified in these rules for approval by the Health Department as a substantially equivalent method for use in lieu of requirements in Section 1.2 (G) Nutrition Labeling of Self-Service Items, Section 1.2 (H) Nutrition Labeling of Variable Items, Section 1.2 (I) Nutrition Labeling of Combination Meals, and Section 1.2 (J) Nutrition Labeling of Shared Meals.

(1) Restaurant shall obtain approval from the Health Department of any proposed substantially equivalent method for nutrition labeling before implementation.

(2) A chain restaurant shall seek approval of a proposed substantially equivalent method by submitting a written proposal to the Health Department that demonstrates how the proposed method is expected to allow for consumers at the point of ordering to:

a. Perceive that nutrition information is readily available;
b. Encounter nutrition information routinely and automatically; and
c. Access nutrition information in a manner that does not interrupt the normal flow of business.

(3) The written proposal shall include documentation of the following:

a. Sample nutrition labeling materials or other documents such as photographs that demonstrate that the form in which nutrition information would be provided to consumers is substantially equivalent to the requirements of the relevant section(s) of these rules – i.e., Section 1.2 (G), Section 1.2 (H), Section 1.2 (I), Section 1.2 (J), and

b. Evidence from customer surveys or other methods that demonstrate that the proposed nutrition labeling method results in at least 75% of consumers seeing nutrition information before placing their order. This percentage may be changed by the Health Department based on findings from future research.

c. In addition, Health Department may request that additional information be submitted before a proposal is considered for approval.

(4) The Health Department may:

a. Approve a substantially equivalent method as submitted,

b. Approve a substantially equivalent method conditional on changes to the proposed method required by the Health Department,

c. Limit approval of a substantially equivalent method to use in one chain,

d. Limit approval of a substantially equivalent method to use for a limited time.

K. Nutrition Labeling of Alcoholic Beverages. A Chain Restaurant may use the following average nutritional values for beers, wines, and spirits:

(1) Wine – 5 ounces: 122 calories; 4 grams carbohydrates; 7 milligrams sodium;

(2) Regular beer – 12 ounces: 153 calories; 13 grams carbohydrates; 14 milligrams sodium;

(3) Light beer – 12 ounces: 103 calories; 6 grams carbohydrates; 14 milligrams sodium; and

(4) Distilled spirits (80 proof gin, rum, vodka, or whisky) – 1.5 ounces: 96 calories.

Calorie values may be rounded in accordance with section 1.2 N. These guidelines do not exempt or replace labeling of additional alcoholic beverages that are Standard Menu Items (such as signature drinks).

L. Nutrition Labeling of Buffets. For Standard Menu Items offered in a buffet, nutrition labeling must specify:

(1) The size of an individual serving.

(2) The nutrition information for an individual serving.

M. Labeling of Trans Fat. A Restaurant may follow FDA guidelines for labeling trans fat. This means that trans fat does not have to be listed if the **total** fat in a food is less than 0.5 gram (or 1/2 gram) per labeled serving and no claims are made about fat, fatty acids or cholesterol content.

N. Rounding Rules. Whenever a Restaurant, pursuant to this policy, is required to disclose information to the public, the Restaurant may round numerical values as follows:

(1) For values above 50 calories, the disclosed value shall be rounded to the nearest value evenly divisible by 10 (e.g., 322 is rounded to 320, 435 is rounded to 440, etc);

(2) For values equal to or less than 50 calories, the disclosed value shall be rounded to the nearest value evenly divisible by 5 (e.g., 43 is rounded to 45, 21 is rounded to 20, etc.).

O. Verifiable and Accurate Information Required. If requested by the Health Department, Chain Restaurants shall provide information and documentation of the reasonable basis or bases of calorie and nutrient content of Food Products.

P. Disclaimers Permitted. Nothing in this policy prohibits the Restaurant from publishing truthful disclaimers, including on the Menus, Menu Boards, and Food Tags, notifying customers that there may be small variations in nutritional content across servings, due to differences in preparation, service sizes, ingredients, or custom orders.

Q. Additional Nutrition Labeling Permitted. Nothing in this policy precludes Restaurants from voluntarily providing additional nutrition labeling of Menu Items.

R. Restaurant Exemptions. The following types of food service facilities are exempted from the requirements of this policy:
  (1) A food facility that is not a full service facility licensed by Multnomah County Health Department. Examples include: public and private school cafeterias, government operated food facilities, private organizations, or association facilities, facilities whose revenue exceeds 51% from retail sales.
  (2) Movie theaters,
  (3) Hospital cafeterias.

S. The nutrition labeling requirements do not apply to licensed temporary events.

1.3 ENFORCEMENT. The Director of the Multnomah County Health Department or his or her authorized representative is authorized to enforce the nutrition labeling requirements of this chapter.

A. The Health Department shall maintain a system for receiving reports of violations, providing educational materials and site visits, and issuing notices of violation.

B. The Health Department shall: 1) develop procedures to identify Chain Restaurant Status, 2) provide education and assistance to restaurants to help them comply with nutrition labeling requirements, and 3) receive, respond to, and investigate reports of violations and take appropriate action to assure compliance.

C. An Environmental Health Specialist who notes a possible violation of these rules during a regular inspection of a full service chain restaurant licensed and inspected by the Health Department shall note a possible violation of these rules and report the possible violation to Health Department staff delegated to supervise compliance with these rules.

D. Complaint Response. The Health Department shall respond to a report of violation as follows:
   (1) The Department shall determine status as a Chain Restaurant and if confirmed:
      a. Provide the owner or operator with a notice of possible violation,
      b. Provide the owner or operator with educational materials and other assistance to come into compliance with these rules,
      c. Gather information to make the determination if the Restaurant is in compliance with these rules. This may include but is not limited to conducting site visits, requesting additional information from the Restaurant, carrying out additional independent analyses of nutritional content of Menu Items, and obtaining consultation from nutrition professionals.
   (2) Finding of Violation: A violation is deemed to have occurred if the Health Department finds that:
      a. Nutrition information required by this policy is not present or is not in the form required by Subsection 1.2; or
      b. The nutritional content of one or more Menu Items as posted on a Menu, Menu Board, Food Tag or other authorized method of display deviates by more than twenty percent (20%) from what actual analysis or other reliable evidence shows to be the actual nutritional content.
   (3) Remediation Plan: After a finding of a violation, a Health Department representative and the Restaurant will jointly agree on the contents of a plan contemplated to bring the restaurant into compliance with these rules by a clearly identified date. Within 14 days of reaching agreement with the Health Department representative, the Restaurant will submit and begin implementation of a remediation plan that is intended to remedy the violation. A restaurant owner or operator may request in writing an extension of time in which to complete implementation of the remediation plan for good cause.
   (4) Follow-up Visit: A Health Department representative shall make a follow-up visit within 14 days of the remediation plan completion date to confirm implementation.
   (5) Failure to Complete the Remediation Plan on Schedule. If during the follow-up visit, the Health Department representative finds that the remediation plan has not been implemented, the representative shall document the finding and notify the Restaurant that a citation will be issued. The citation, including a civil fine, shall be personally delivered to the restaurant employer or agent or mailed to the business address by both first class mail certified mail, return receipt requested.

E. Civil Fine Schedule:
   (1) A fine of $100 will be assessed for failure to submit a remediation plan that remedies the violation within 14 days of reaching agreement with the Health Department representative.
   (2) A fine of $500 will be assessed for failure to fully implement the remediation plan within 60 days of the implementation date specified in the plan.

(3) Additional fines of $250 will be assessed for each 30 day period that the remediation plan has not been fully implemented.

F. Phased-in Implementation: The rules take effect March 12, 2009. From March 12, 2009, through September 12, 2009, a Chain Restaurant shall not be deemed to be in violation of these rules.

G. Appeals Process: A Chain Restaurant cited with a violation may request and shall be provided an opportunity to challenge the citation, including an opportunity to refute any evidence against it.
   (1) The owner or operator of a Restaurant receiving a notice of violation or citation as provided in these rules may request a hearing by writing the Health Department Director or representative within seven days of the date of notice.
   (2) The Health Department Director or Health Officer shall schedule and oversee the hearing and issue a ruling within 20 days of its conclusion. The Director or Health Officer's ruling shall be final.
   (3) If the Health Department Director or Health Officer finds the violation to exist, the ruling shall set a date for remedy of the violation to be accomplished by the Chain Restaurant.
   (4) If the Health Department Director or Health Officer determines that the violation was issued in error, the ruling may order the Health Department to vacate any fines and take other necessary and appropriate actions to remedy the situation.

H. If any provision of these rules or its application to any person or circumstance is held invalid, the remainder of these rules of the application to other persons or circumstances is not affected.

I. This section shall not be construed to create or enhance any claim, right of action, or civil liability that did not previously exist under state law or limit any claim, right of action, or civil liability that otherwise exists under state law. The only enforcement mechanism of the rules is the local enforcement agency.

#1

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: MENU LABELING

AGENDA NUMBER OR TOPIC: MENU LABELING RULES R-11

FOR: X AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: MARY LOU HENDRICK

ADDRESS:

CITY/STATE/ZIP:

PHONE: DAYS: 503.887.8416 EVES:

EMAIL: FAX:

SPECIFIC ISSUE: MULTIPLE

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#2

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Menu Labeling

AGENDA NUMBER OR TOPIC: Menu Labeling Rules R-9

FOR: X AGAINST: ____ THE ABOVE AGENDA ITEM

NAME: Dr. Mel Kohn

ADDRESS: 800 NE Oregon

CITY/STATE/ZIP: Portland, OR 97212

PHONE: DAYS: 971-673-1300 EVES: ____

EMAIL: melvin.a.kohn@state.or.us FAX: ____

SPECIFIC ISSUE: ____

WRITTEN TESTIMONY: ____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
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#3

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/19/09

SUBJECT: MENU LABELING

AGENDA NUMBER OR TOPIC: MENU LABELING RULES R-11

FOR: ✓ AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: CAT LIVINGSTON

ADDRESS:

CITY/STATE/ZIP:

PHONE: DAYS: 503 449.1037 EVES:

EMAIL: FAX:

SPECIFIC ISSUE: HEALTH ISSUES

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
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#14

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2-12-09

SUBJECT: NUTRITIONAL DISCLOSURE

AGENDA NUMBER OR TOPIC: R-11

FOR: ______ AGAINST: X THE ABOVE AGENDA ITEM

NAME: BILL PERRY

ADDRESS: 8565 SALISH LANE

CITY/STATE/ZIP: WILSONVILLE OR 97070

PHONE: DAYS: 503 682 4422 EVES: ______

EMAIL: bill@org.org FAX: ______

SPECIFIC ISSUE: COSTS TIMELANCS

WRITTEN TESTIMONY: YES

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
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OREGON Restaurant ASSOCIATION

Testimony for Multnomah County
Bill Perry, Oregon Restaurant Association
February 12, 2009

The restaurant industry is not opposed to providing nutrition information and we understand it's an important component to providing customers with nutritional information and education. Chain restaurants have been trying for years to find a way that encourages consumers to make healthier eating choices. This is an issue that concerns all of us and it is far bigger than Multnomah County. We do believe that a customer having consistent information regardless of what county they're in is the only way to change behavior. The ORA already is working diligently to pass a statewide nutritional disclosure bill.

Some of the state and local menu-labeling laws for chain restaurants focus solely on caloric information. Others include different nutrition data points. Shoppers for packaged foods see the same nutrition data no matter where the store is located; these shoppers should see the same information no matter where they dine at a chain foodservice establishment. Providing the full nutritional disclosure like grocery stores also gives the consumer the full picture instead of bits and pieces. Using operator dollars to conduct a social science project on their menu boards is not the answer.

Regarding the ordinance in front of you today, I would like to point out a few issues that will cause some implementation problems for our members.

1) Drive-Thru's

To date New York is the only policy that has actually enacted labeling on a menu board and the calories were not required to be on the actual drive thru menu, extension signs were allowed. California has completely exempted drive-thrus because of the complications with city signage codes, cluttering the menu and the huge expense.

King County is also giving establishments the option of expansion sides on the side of the menu board and has given the restaurants an additional 10 months to comply with this portion of the ordinance. Should today's ordinance pass as-is, Multnomah County would have their drive-thru's implemented before King County who has been working on labeling for over 2 years.

2) Self-Service Items

Although the rule currently excludes labeling ingredients to some degree, it still includes self service items and buffets. Trying to define a serving size in regards to buffets or condiments (ex: spoon full of macaroni and cheese) when the customer is serving themselves will be extremely difficult for an establishment. Regulation is also very difficult with these items. Again self service has been exempted in other states and counties for this exact reason and we would ask that Multnomah County take the same approach.

3) Labeling Variable Items

In regards to variable items (ex: milkshakes, smoothies, caloric soft drinks, french fries) fitting into the 10% or 20% criteria. Many of our members have items that do not fit within the 20%, they are not even close. This would mean every flavor milkshake and every size would all need individual calories after them. As well as each smoothie, caloric soft drinks, etc... This would make the beverage menu board unmanageable. We ask that you consider allowing variable items to be listed with a range of calories similar to a combination meal.

4) 20% Deviation

Trying to measure 20% deviation will be very cumbersome both for operators and enforcement, especially when self-service items are included. There are already multiple lawsuits in place against chain restaurants for being a certain percentage off on their nutrition information; stating the 20% will only open the door to legal issues and punish a restaurant trying to do the right thing. ORA recommends allowing the establishment to use reasonable basis to determine their nutrition information and remove the deviation percentage. Considering the operators already have the option of rounding, they may already be 3-4% off on their nutrition labeling.

5) Implementation Timeline

A 7 month implementation is extremely short. September 12th is right around the corner and establishments need time to bid, design, and print the needed menu panels and menus. This is a lengthy process including many brand and legal requirements. We ask that you reevaluate the start date of this ordinance. King County has been discussing this for two years and they still don't have their ordinance complete. The shortest implementation timeline to date has been a full year. This will add substantial costs to our members. At a time of deepening economic strain and uncertainty, it is especially important to proceed with careful regard for both the public benefit and the business impact of new requirements.

We as an industry believe in taking the next logical step: getting the information into restaurants. However, we need to address all aspects of healthy lifestyles, including all the nutritional information necessary, and educate people on how to use the information. The industry needs to be a partner in a proactive approach, not the first shot out of a rifle in a targeted approach.

If the solution covers a larger area, the information will be easier to achieve because more companies and suppliers will be working on it. Hopefully the process will become less expensive and more reliable. **We would urge you not to pass this ordinance;** the Health Department still has not attempted to establish an industry group to address the implementation issues like they have in other jurisdictions.

Thank you for your time and consideration.

The Seattle Times

Saturday, January 3, 2009 - Page updated at 08:55 AM

New calorie information on restaurant menus causes barely a hiccup

By Maureen O'Hagan
Seattle Times staff reporter

Restaurantgoers, put down your forks. The day of reckoning has arrived.

As of Thursday, chain restaurants in King County were required to post nutritional information on their menus.

Ivar's bread bowl of white chowder: 1,360 calories.

Baja Fresh quesadilla: up to 1,430 calories.

Cold Stone Creamery milkshake in "Gotta Have It" size: anywhere from 1,000 to a teeth-chattering 2,040 calories.

Talk about a buzz-kill. One measly paper cup and you have a full day's worth of calories — or so those persnickety food scientists say.

While King County restaurantgoers used to be able to slurp or scarf or smack their lips in a state of blissful ignorance, those days are officially over.

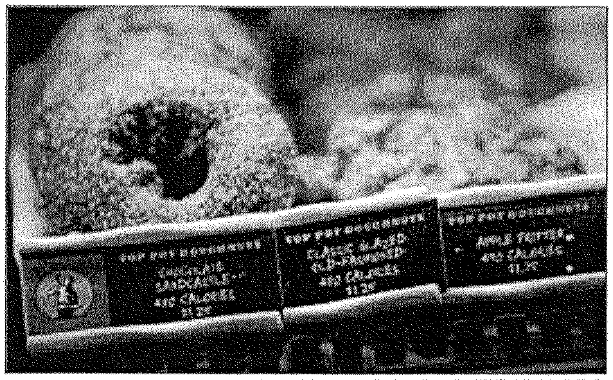
Or so one would think.

In reality, the new nutrition-labeling rule, passed amid much controversy by the King County Board of Health in 2007 and amended after much haggling thereafter, doesn't appear to be as big of a deal as opponents feared.

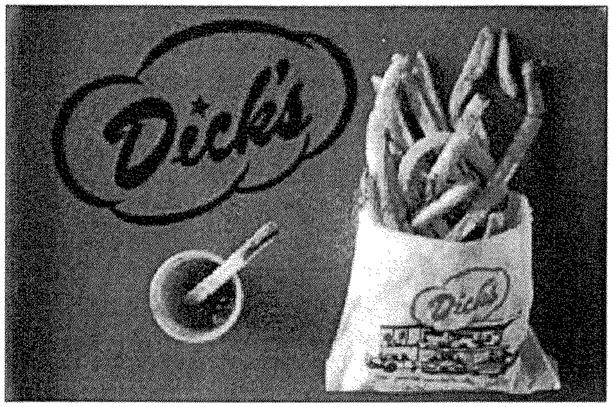
In a food-focused tour of Seattle on Thursday, we saw patrons paying so little notice to the new rule that we initially wondered whether we had discovered a new sort of temporary blindness, perhaps caused by growling stomachs.

"I didn't see the sign," said Bruce Flemins, of Seattle, enjoying a plateful of Ivar's fish and chips.

GREG GILBERT / THE SEATTLE TIMES
Chain-restaurant menus in King County now must post nutrition info. Ivar's chowder bread bowl: 1,360 calories.



CHRIS HONDROS / GETTY IMAGES
Calories are listed next to Top Pot doughnuts for sale in a Starbucks store Friday in New York City.



ERIKA SCHULTZ / THE SEATTLE TIMES
The new nutrition-labeling rule, passed amid much controversy by the King County Board of Health in 2007 and amended after much haggling thereafter, doesn't appear to

"Uh ... I didn't notice," said Kevin Sakuda, of Queen Anne, after stepping up to a Baja Fresh counter in Fremont, where he ordered a burrito as he stood alongside a new 2-foot-high nutrition sign.

Other patrons noticed the calorie information, but it didn't faze them.

"We eat what we want," said Damon Mayfield, of Colorado Springs, Colo., as he sat with a group of friends lunching at Ivar's. Learning that, say, an order of fish 'n' chips contained 606 calories had "not the slightest effect" on his choice, he said.

be as big of a deal as opponents feared.

Truth in eating

Beginning Thursday, King County restaurants with 15 or more locations nationwide were required to post nutrition data, including calorie, saturated fat, carbohydrate and sodium information. The rule does not apply to grocers, convenience stories or self-service counters, i.e., salad bars. Restaurants that fail to post the information could be cited by health inspectors.
Seattle Times staff

Jonathan Andersen, a Los Angeles resident visiting his father who lives in Puyallup, made a lunchtime trip to Ivar's and saw that the bread bowl he craved could be problematic, caloriewise. He ordered it anyway, but he overcame his guilt by vowing not to eat every last morsel.

"It's impossible to eat the whole thing anyway," he later confessed.

Ivar's posted its nutrition information about three weeks ago, crew member James Fisher said, but nothing much has changed.

"People don't care," he said. At worst, they get mixed up and think the calorie counts are really the prices.

Also on Jan. 1, a rule banning plastic-foam containers, such as Styrofoam, took effect. As of Thursday, some takeout restaurants had switched to other types of containers and others hadn't. Restaurants using foam containers could face fines.

The nutrition rule is aimed at consumer awareness, said James Apa, communications manager for Public Health — Seattle & King County. Initially, the Washington Restaurant Association fought the regulation vigorously, calling it "simply not workable." The two sides came up with a compromise that affects only larger chains.

Officials continue to hope nutritional information will help consumers address obesity. Public Health — Seattle & King County plans to launch a public-education campaign about menu labeling and do follow-up studies to see whether the new rule has an effect on dining habits, Apa said.

At Baja Fresh, though, customers seemed to be ordering the same as they always had, said Adriana Hurtado, general manager of the Fremont location.

Across the street, at Cold Stone Creamery, however, employee Leah McKee stood beneath the newly installed signs with nutritional information, waiting for customers. Her gut said the problem wasn't the newly posted calorie data.

"Everybody has their New Year's resolutions," she sighed.

Maureen O'Hagan: 206-464-2562 or mohagan@seattletimes.com

#5

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Dept. of Health Rules Implementing Nutrition Labeling Policy

AGENDA NUMBER OR TOPIC: R-11

FOR: ______ AGAINST: X THE ABOVE AGENDA ITEM

NAME: Harlan Levy

ADDRESS: 16179 S. Widman Ct.

CITY/STATE/ZIP: Oregon City, OR 97045

PHONE: DAYS: 503-936-5786 EVES: ______

EMAIL: harlan.levy evs.mcd.com FAX: ______

SPECIFIC ISSUE: Opposing the rules

WRITTEN TESTIMONY: Yes.

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#6

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Dept. of Health Rules Implementing Nutrition Labeling Policy

AGENDA NUMBER OR TOPIC: R-11

FOR: ______ AGAINST: X THE ABOVE AGENDA ITEM

NAME: Francisco Rivera - Giusti

ADDRESS: P O Box 16757

CITY/STATE/ZIP: Portland OR 97292-0757

PHONE: DAYS: 503-358-2824 EVES: ______

EMAIL: francisco.rivera@partners.mcd.com FAX: ______

SPECIFIC ISSUE: Opposing the rules

WRITTEN TESTIMONY: Yes

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
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IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

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2. Written testimony will be entered into the official record.

February 12, 2009

Multnomah County Board of Commissioners
501 SE Hawthorne Boulevard, Suite 600
Portland, Oregon 97214

RE: Chain Restaurant Nutrition Labeling Policy

Chair Wheeler and County Commissioners:

My name is Francisco Rivera-Giusti. I own two McDonald's restaurants, both of them in Multnomah County. Small business owners like me own over 80% of the McDonald's Restaurants in the United States. In fact, 100% of the McDonald's Restaurants in Mutnomah County are owned by independent business owners. I employ about 95 employees and have owned my restaurants for nearly six years. I appear before you today to respectfully request that you not adopt the proposed Chain Restaurant Nutrition Labeling Policy.

McDonald's has been providing full nutritional information to our customers for over 35 years. This information is available in printed brochures, tray liners, and food packaging located in all of our restaurants. McDonald's also provides this information to the public via a toll-free hotline and a website.

Thus, McDonald's is not opposed to the concept of nutrition labeling. We are concerned about a patchwork of local laws that will make compliance nearly impossible and confusing.

McDonald's supports the Labeling Education and Nutrition Act ("LEAN Act") which will soon be introduced in Congress. This bill looks to expand current packaged food labeling law to require a uniform national nutrition labeling standard for chain restaurants. I have attached information about the LEAN Act to my testimony. It should be noted that the Oregon Legislature is also considering a nutritional labeling bill.

An analogy to packaged foods is appropriate here. Local jurisdictions do not require different labels for packaged foods. This would create tremendous confusion for consumers and be extremely difficult for food producers to implement.

Rather, packaged food nutritional labeling is regulated at the federal level with uniform nationwide standards. As with packaged goods, nutrition information requirements for restaurants should be set at the national level.

Finally, we are concerned about several specific aspects of this ordinance. First, this ordinance does not distinguish regular menu boards from drive-thru menu boards, which would make our drive-thru menu boards very difficult to comprehend by our customers. Other jurisdictions do not require full labeling on their drive-thru menu boards.

Second, the implementation timelines contemplated in this ordinance will be very difficult to meet. This ordinance would become effective in one month, on March 12, 2009. Even though the ordinance provides that a chain restaurant would not be subject to a fine until September 12, a chain restaurant would still be guilty in the court of public opinion. Furthermore, the September 12 deadline will still be difficult to meet.

In conclusion, McDonald's has provided nutritional information to our customers for over 35 years. We support this concept and, therefore, support the federal LEAN Act. We are very concerned, however, with a patchwork of local laws with differing standards. I therefore respectfully request that you not adopt this ordinance. Thank you for this opportunity to testify.

Sincerely,

F. Rivera-Giusti

Francisco Rivera-Giusti
McDonald's Owner/Operator

America's Restaurants: Moving the Nation Forward

$558 billion in sales | 13.1 million employees | 48% of the food dollar | $1.3 trillion economic impact

NUTRITION INFORMATION

BACKGROUND: From New York City to the state of California, more and more cities, counties, and states are passing differing laws mandating that chain restaurants put calories and other nutrition information on menus. The result is a growing patchwork of regulation that is not helpful to the consumer and is harmful to restaurateurs, increasing expenses and leaving them open to frivolous lawsuits.

National Restaurant Association research has shown that Americans are seeking to eat healthfully when they dine out. While many restaurant chains have responded to this trend by offering nutrition information, state and local policymakers have reacted by passing menu labeling laws. Instead, the federal government should set a single national standard for nutrition-information disclosure for chain foodservice companies. Such a uniform national nutrition standard will allow consumers access to detailed nutrition information that meets their needs while providing clarity, consistency and flexibility for restaurants in how that information is provided.

Sen. Tom Carper (D-Del.) this month is expected to introduce the Labeling Education and Nutrition (LEAN) Act of 2008. The bill would expand current packaged food labeling law to require a uniform national nutrition labeling standard for chain foodservice establishments, while providing a reasonable range of flexibility for the restaurant. While the LEAN Act would require a uniform national nutrition standard, the law also would provide for a single set of guidelines in how nutrition information is calculated and will provide legal protection for those restaurants that abide by the law.

83% of voters place the most responsibility for making healthy choices square on the shoulders of people who dine out.

57% of voters say the manner in which nutrition information is provided to consumers should be left up to the restaurants rather than determined by the government

National Restaurant Association, Peter D. Hart Research Associates, 2008

"THE ASK"

Will you cosponsor the "Labeling Education and Nutrition Act of 2008" providing a national nutrition labeling standard for foodservice establishments?

As larger chain restaurants with standard menus and standard methods of preparation are better situated to meet such requirements, the LEAN Act would apply only to chains with 20 or more units.

TALKING POINTS

1. Customers should have consistent information. Some of the state and local menu-labeling laws for chain restaurants focus solely on caloric information. Others include different nutrition data points. Shoppers for packaged foods see the same nutrition data no matter where the store is located; these shoppers should see the same information no matter where they dine at a chain foodservice establishment.

2. Restaurants should have flexibility and freedom from frivolous lawsuits. Foodservice establishments vary greatly — from carry-out to delivery, buffets to quickservice to table service, convenience stores to grocery stores. Restaurateurs should have the flexibility to present nutrition information in the ways their guests want. Restaurateurs also should be able to use simple, inexpensive means to determine nutrition data, without fear of a lawsuit because of unavoidable variances found in restaurant food. Some restaurants may choose to put all the information directly on the menu. Others may choose alternative methods such as electronic kiosks, supplemental menus or wall posters.

3. A single, consistent national nutrition labeling standard is the answer. Cities, counties and states do not require different labels for packaged foods, and those jurisdictions should not be able to set different requirements for foodservice establishments. As with packaged goods, nutrition information requirements should be set at the national level.

Brendan Flanagan | (202) 331-5916 | bflanagan@restaurant.org

#7

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Nutritional Labeling

AGENDA NUMBER OR TOPIC: R-11

FOR: ______ AGAINST: X THE ABOVE AGENDA ITEM

NAME: Chris Hein

ADDRESS: 10975 S.W. Junica St.

CITY/STATE/ZIP: Tualatin OR 97062

PHONE: DAYS: 503-345-5812 EVES: 503-691-9052

EMAIL: Chrish@OSF.com FAX: 503-226-6214

SPECIFIC ISSUE: Nutrition Labeling - Consistency & Timing

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#8

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/8/07

SUBJECT: MENU LABELING

AGENDA NUMBER OR TOPIC: MENU LABELING RULES R-11

FOR: Y AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: ADRIANA VOSS-ANDREAE

ADDRESS: ______

CITY/STATE/ZIP: ______

PHONE: DAYS: 503.319.4104 EVES: ______

EMAIL: ______ FAX: ______

SPECIFIC ISSUE: ______

WRITTEN TESTIMONY: ______

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
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#9

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2-12-09

SUBJECT: Nutrition Labeling

AGENDA NUMBER OR TOPIC: R-11

FOR: _______ AGAINST: _______ THE ABOVE AGENDA ITEM

NAME: DEBE NAGY-NERO The Holland, Inc./Burgerville

ADDRESS: 109 W. 17th St.

CITY/STATE/ZIP: VANCOUVER, WA 98661

PHONE: DAYS: 360-906-4448 EVES: ______

EMAIL: deben@burgerville.com FAX: ______

SPECIFIC ISSUE: ______

WRITTEN TESTIMONY: ______

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
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#10

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Menu labeling

AGENDA NUMBER OR TOPIC: R-11

FOR: ✓ AGAINST: ____ THE ABOVE AGENDA ITEM

NAME: Nancy Becker

ADDRESS: 2417 NE 16th

CITY/STATE/ZIP: Portland OR 97212

PHONE: DAYS: ____ EVES: ____

EMAIL: ____ FAX: ____

SPECIFIC ISSUE: menu labeling

WRITTEN TESTIMONY: ____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
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IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

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#1.1

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: NUTRITION LABELING

AGENDA NUMBER OR TOPIC: R-11

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: ALEJANDRO QUERAL, AMERICAN HEART ASSOC.

ADDRESS: 1200 NW NAITO PARKWAY

CITY/STATE/ZIP: PORTLAND OR 97209

PHONE: DAYS: 503-595-2278 EVES:

EMAIL: alejandro.queral@heart.org FAX:

SPECIFIC ISSUE:

WRITTEN TESTIMONY: I will submit copies

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
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#12

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/19/09

SUBJECT: MENU LABELING

AGENDA NUMBER OR TOPIC: MENU LABELING RULES R-11

FOR: Y AGAINST: ____ THE ABOVE AGENDA ITEM

NAME: RAQUEL BOURNHONESQUE

ADDRESS: RAQUEL BOURNHONESQUE

CITY/STATE/ZIP:

PHONE: DAYS: 503 704 . 8332 EVES:

EMAIL: FAX:

SPECIFIC ISSUE:

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#13

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: MENU LABELING

AGENDA NUMBER OR TOPIC: MENU LABELING R-11

FOR: Y AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: SARAH GAYLORD - RATSIMBAZAFY

ADDRESS:

CITY/STATE/ZIP:

PHONE: DAYS: EVES:

EMAIL: FAX:

SPECIFIC ISSUE:

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#14

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Menu Labeling

AGENDA NUMBER OR TOPIC: R-11

FOR: ✓ AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: Emily Hirsh

ADDRESS: ______

CITY/STATE/ZIP: ______

PHONE: DAYS: 5034272482 EVES: ______

EMAIL: ______ FAX: ______

SPECIFIC ISSUE: ______

WRITTEN TESTIMONY: ______

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#15

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2-12-09

SUBJECT: Menu Labeling in Chain Restaurants

AGENDA NUMBER OR TOPIC: Rules for menu labeling R-11

FOR: X AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: Mel Rader

ADDRESS: 2127 NW Irving St. #206

CITY/STATE/ZIP: Portland OR 97210

PHONE: DAYS: 503-449-1037 EVES:

EMAIL: mel@upstreampublichealth.org FAX:

SPECIFIC ISSUE: Support for rules

WRITTEN TESTIMONY: NO

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#16

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

2.12.09

MEETING DATE: ~~Feb 20~~

SUBJECT: Menu Labeling in Chain Restaurants

AGENDA NUMBER OR TOPIC: R-11

FOR: X AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: Wendy Rankin

ADDRESS: 2236 S.E. Ladd ave.

CITY/STATE/ZIP: Portland, OR. 97214.

PHONE: DAYS: 503-232-7018 · EVES: same

EMAIL: wendyjrankin@gmail.com FAX:

SPECIFIC ISSUE:

WRITTEN TESTIMONY:

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#17

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Menu Labeling

AGENDA NUMBER OR TOPIC: R-11

FOR: X AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: Samantha Rodriguez

ADDRESS: 8958 N Westanna Ave P

CITY/STATE/ZIP: Portland / OR

PHONE: DAYS: 503 939 2174 EVES: ______

EMAIL: ______ FAX: ______

SPECIFIC ISSUE: In support of food Menu Labeling

WRITTEN TESTIMONY: ______

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

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2. Written testimony will be entered into the official record.

#18

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/12/09

SUBJECT: Menu labelling

AGENDA NUMBER OR TOPIC: R-11

FOR: X AGAINST: ____ THE ABOVE AGENDA ITEM

NAME: Jeremy Milburn

ADDRESS: 2215 NW NORTHRUP ST ~~[illegible]~~

CITY/STATE/ZIP: PORTLAND, OR, 97210

PHONE: DAYS: ____ EVES: ____

EMAIL: ____ FAX: ____

SPECIFIC ISSUE: ____

WRITTEN TESTIMONY: ____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

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2. Written testimony will be entered into the official record.

#19

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
*****This form is a public record*****

MEETING DATE: 2/2-09

SUBJECT: R-11 MENU - LABELING

AGENDA NUMBER OR TOPIC: MENU - LABELING #R-11

FOR: ✓ AGAINST: ______ THE ABOVE AGENDA ITEM

NAME: FRED BRADEN

ADDRESS: 9020 SW WASHINGTON SQ RD.

CITY/STATE/ZIP: TIGARD, OR

PHONE: DAYS: (503) 644- [redacted] -3004 EVES: (503) 887-5515

EMAIL: EXECDIR@DAIRYQUEENPNW.COM FAX: (503) 644-3008

SPECIFIC ISSUE: MENU - LABELING

WRITTEN TESTIMONY: NO.

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes.**
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

BEFORE THE BOARD OF COUNTY COMMISSIONERS
ACTING AS THE MULTNOMAH COUNTY BOARD OF HEALTH

RESOLUTION NO. 09-019

Approving the County Department of Health Rules and Regulations Implementing the Nutrition Labeling Policy

The Multnomah County Board of Health Finds:

a. The Multnomah County Board of County Commissioners constitutes and is the policymaking body of the Multnomah County Board of Health under ORS 431.410 and 431.415.

b. On July 31, 2008, by Order 08-114, the Board adopted a nutrition labeling policy with respect to chain restaurants.

c. The County Department of Health has developed rules and regulations implementing this policy as directed by the Board.

The Multnomah County Board of Health Resolves:

1. The attached Rules and Regulations implementing Order 08-114, the Chain Restaurant Nutrition Labeling Policy, are approved.

ADOPTED this 12th day of February, 2009.

BOARD OF COUNTY COMMISSIONERS
ACTING AS THE MULTNOMAH
COUNTY BOARD OF HEALTH

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By
Jacqueline A. Weber, Assistant County Attorney

SUBMITTED BY:
Lillian Shirley, Director, Department of Health

MULTNOMAH COUNTY HEALTH DEPARTMENT
Chain Restaurant Nutrition Labeling Policy Order 08-114
Administrative Rules

1.0 PURPOSE AND POLICY.

A. These rules are adopted pursuant to the authority granted the Multnomah County Health Department by the Multnomah County Board of Health in Order 08-114.

B. The purpose of this policy is to provide Multnomah County residents with basic nutrition information about prepared foods sold at chain restaurants licensed by Multnomah County Health Department. Readily available product disclosures are necessary to allow customers to make informed purchasing decisions about the food that they and their children and dependents eat. Further, product disclosures help foster free market competition based on the true nutritional quality of chain restaurants' products.

C. Scope. These rules apply to Chain Restaurants defined in section 1.1(B) below that are licensed and inspected by Multnomah County Health Department.

1.1 DEFINITIONS. The definitions in this section apply throughout these rules unless the context clearly requires otherwise:

A. "Restaurant" means any establishment where food or drink is prepared for consumption by the public or any establishment where the public obtains food or drink so prepared in form or quantity consumable then and there, whether or not it is consumed within the confines of the premises where prepared, and also includes establishments that prepare food or drink in consumable form for service outside the premises where prepared, but does not include railroad dining cars, bed and breakfast facilities or temporary restaurants.

B. "Chain Restaurant" means a Restaurant that is licensed by Multnomah County as a full service restaurant, and that is part of an affiliation of Restaurants and for which the affiliated Restaurants:
(1) Have at least fifteen or more restaurants within the United States;
(2) Sell Standard Menu Items that comprise at least eighty percent of Menu Items served in at least fifteen restaurants; and
(3) Operate under the same or substantially the same brand name, regardless of whether individual restaurants are subject to the same ownership or type of ownership (e.g., corporate ownership, individually-owned franchise, etc.).

C. "Food Product" means a discrete item of Food such as a hamburger or a soda that is offered for sale separately or as a part of a combination meal. A "Food Product" includes each different size or flavor offered. A Food Product does not include ingredients except ingredients that are sold separately, such as a slice of cheese added to a hamburger for an additional charge.

D. "Food Tag" means any informational label placed in proximity to an individual Food Product it identifies or characterizes for example:
   (1) A label placed next to a cherry pie showing a picture of a cherry and listing the price per slice, or
   (2) A label placed next to a container of pasta in a salad bar with the text, "Pesto Pasta Salad".

   Food Tag is not synonymous with a Menu or a Menu Board.

E. "Menu" means a printed or pictorial list of Food Products offered for sale. A Menu is intended to assist customers in ordering Food Products whether the ordering is done on the restaurant premises or off premises (for example, a phone-in menu or take-out menu). A menu does not include printed or pictorial materials intended for the purpose of marketing.

F. "Menu Board" means any posted list or pictorial display of Food Products offered for sale. A Menu Board may be posted inside or outside a restaurant, and is typically designed to be visible to multiple customers, and/or visible at a moderate distance. A Menu Board is intended assist customers in ordering Food Products, and may take various forms, including but limited to, a back-lit marquee sign above an ordering counter, a chalk board or other hand-written board, or a drive-through area signboard. A Menu Board does not include posted text or pictorial materials intended for the purpose of marketing.

G. "Menu Item" means
   (1) a single Food Product listed on a Menu, Menu Board, or Food Tag, or
   (2) a combination of Food Products offered together on a Menu, Menu Board, or Food Tag, for example, a "kids meal" combining a hamburger, french-fries, and a carton of milk.

H. "Standard Menu Item" means a Menu Item that is essentially the same between affiliated restaurants and prepared using a consistent standardized recipe.

I. "Self-Service Item" means any Food Product or Menu Item that customers in a restaurant are permitted to obtain without assistance of a Restaurant employee or agent, for example, foods offered at a salad bar or buffet line. Condiments placed on a dining table or on a counter for general use without charge are not considered "Self Service Items".

J. "Reasonable basis or reasonable bases" means any reliable and verifiable method for determining calorie and nutrient contents of Food Products offered for sale by the Chain Restaurant. These may include the use of calorie and nutrient databases, cookbooks, laboratory analyses, and other reliable and verifiable methods of analysis.

1.2 FOOD NUTRITION LABELING REQUIREMENTS.

A. Required Product Information. Each Chain Restaurant shall accurately ascertain, and make available to customers the following product information for each Standard Menu Item, as the item is usually prepared and offered for sale, including condiments routinely added to a menu item as part of a standard recipe:
   (1) Total calories;
   (2) Total grams of saturated fat;
   (3) Total grams of trans fat;
   (4) Total grams of carbohydrates;
   (5) Total milligrams of sodium.

B. Food Item Exclusions and Exemptions. Requirement 1.2 A does not apply to:
   (1) Food Products or Menu Items that are offered for sale for less than ninety (90) days in a calendar year;
   (2) Condiments available for use without charge;
   (3) Alcoholic beverages not listed as Standard Menu Items.
   (4) Unopened pre-packaged food products that are not intended to be part of the standard menu item or combination meal. Examples include a jar of a sauce or dressing intended primarily for home use, or a bag of coffee beans. In contrast, pre-packaged food products that are intended to be part of the standard menu item or combination meal (e.g. a bag of potato chips that comes as part of a meal) must be included in Required Product Information per Section 1.2.

C. Nutrition Labeling on Menus. Each Chain Restaurant that uses a Menu shall list the total number of calories next to each Standard Menu Item in a size and typeface that is easily readable, clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g. cal for calories). The Menu shall include, in an easily readable, clear and conspicuous manner, a statement substantially similar to the following: "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

D. Nutrition Labeling on Menu Boards. Each Chain Restaurant that uses a Menu Board shall list the total number of calories next to each Standard Menu Item on the Menu Board in a size and typeface that is clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g., cal for calories).

The Menu Board shall include, in an easily readable, clear and conspicuous manner, a statement substantially similar to the following: "Recommended limits for a 2,000 calorie daily diet are 20 grams of saturated fat and 2,300 milligrams of sodium. Additional nutrition information available upon request."

E. Nutrition Labeling of Food Tags. Each Chain Restaurant that uses a Food Tag shall list the total number of calories for each Standard Menu Item represented on the Food Tag in a size and typeface that is clear and conspicuous, and at least as prominent in size and appearance as that used to post either the name or price of the Menu Item. The use of abbreviations is acceptable (e.g. cal for calories). Menu Items labeled with Food Tags do not need to be labeled on Menu Boards.

F. Listing of Additional Nutrition Information. Upon the request by a customer, the Chain Restaurant shall provide at the time of ordering a list of the values for nutrition information other than calories required by under subsection 1.2(A). The nutrition information shall be in an easily readable format, in a typeface similar to the Menu, and in a font no less than nine point. The use of abbreviations is acceptable (e.g., cal for calories). The listing is not required to contain photos or menu item descriptions that may appear on the menu. Approved methods for providing this requested information to a customer include:
(1) A supplemental menu, or
(2) A menu insert, or
(3) A brochure or printed handout, or
(4) An electronic kiosk
(5) An alternate method not otherwise provided for in this section only after the method has been submitted to and approved by the Health Department as being substantially equivalent to the identified methods. A Chain Restaurant shall seek approval of the proposed alternative method for providing the additional nutritional information by submitting a written proposal to the Health Department that describes how the proposed nutrition labeling approach will operate, including sample nutrition labeling materials and other documents that demonstrate the form in which nutrition information would be provided to customers.

G. Nutrition Labeling of Self-Service Items. Each Self-Service Item shall be accompanied by a Food Tag, or the Self-Service Item shall be listed on a Menu Board that is readily visible from the self-service location.

H. Nutrition Labeling of Variable Items. For a Standard Menu Item that comes in more than one flavor, variety, or size (e.g., variations of bagel), the Chain Restaurant shall provide required nutrition information for Menu Items as follows:
(1) If both the highest and lowest value of the Standard Menu Item that comes in more than one flavor, variety, or size are within 0-10% of the median value, the median value alone of the required nutrition information may be listed; .

(2) If both the highest and lowest value of the Standard Menu Item that comes in more than one flavor, variety, or size are within 11-20% of the median value, the range of values of the required nutrition information may be listed; and
(3) If neither subsection (1) or (2) applies, each flavor, variety, or size of the Standard Menu Item must be listed as a separate Standard Menu Item and accompanied by appropriately ascertained values of the required nutrition information.

I. Nutrition Labeling of Combination Meals. A combination meal means a Standard Menu Item that is comprised of two or more food products and gives the consumer a choice of food items to be included in the meal
(1) A Chain Restaurant may provide calorie labeling for a combination meal that uses a range of the lowest and highest values of calorie content among all possible combinations of food products offered in a combination meal.
(2) If the calorie range for combination meals is greater than 20%, labeling of individual combinations is not required as long as nutrition labeling is provided on the menu board, food tag, or menu for the individual food products that comprise the combination meal.

J. Nutrition Labeling of Shared Meals. By nature or manner of serving, some Standard Menu Items can be intended to serve either one or multiple individuals. Nutrition Information for such Standard Menu Items must be provided for the entire Menu Item. In addition, the number of diners intended to be served may also be listed. Pizzas intended to serve more than one individual can be listed by two options: 1) by the slice or 2) the whole pizza.

K. Approval Process for Proposed Substantially Equivalent Methods of Nutrition Labeling. A chain restaurant may propose a method of nutrition labeling not otherwise identified in these rules for approval by the Health Department as a substantially equivalent method for use in lieu of requirements in Section 1.2 (G) Nutrition Labeling of Self-Service Items, Section 1.2 (H) Nutrition Labeling of Variable Items, Section 1.2 (I) Nutrition Labeling of Combination Meals, and Section 1.2 (J) Nutrition Labeling of Shared Meals.
(1) Restaurant shall obtain approval from the Health Department of any proposed substantially equivalent method for nutrition labeling before implementation.
(2) A chain restaurant shall seek approval of a proposed substantially equivalent method by submitting a written proposal to the Health Department that demonstrates how the proposed method is expected to allow for consumers at the point of ordering to:
   a. Perceive that nutrition information is readily available;
   b. Encounter nutrition information routinely and automatically; and
   c. Access nutrition information in a manner that does not interrupt the normal flow of business.
(3) The written proposal shall include documentation of the following:
   a. Sample nutrition labeling materials or other documents such as photographs that demonstrate that the form in which nutrition information

would be provided to consumers is substantially equivalent to the requirements of the relevant section(s) of these rules – i.e., Section 1.2 (G), Section 1.2 (H), Section 1.2 (I), Section 1.2 (J), and

b. Evidence from customer surveys or other methods that demonstrate that the proposed nutrition labeling method results in at least 75% of consumers seeing nutrition information before placing their order. This percentage may be changed by the Health Department based on findings from future research.
c. In addition, Health Department may request that additional information be submitted before a proposal is considered for approval.

(4) The Health Department may:
a. Approve a substantially equivalent method as submitted,
b. Approve a substantially equivalent method conditional on changes to the proposed method required by the Health Department,
c. Limit approval of a substantially equivalent method to use in one chain,
d. Limit approval of a substantially equivalent method to use for a limited time.

L. Nutrition Labeling of Alcoholic Beverages. A Chain Restaurant may use the following average nutritional values for beers, wines, and spirits:
(1) Wine – 5 ounces: 122 calories; 4 grams carbohydrates; 7 milligrams sodium;
(2) Regular beer – 12 ounces: 153 calories; 13 grams carbohydrates; 14 milligrams sodium;
(3) Light beer – 12 ounces: 103 calories; 6 grams carbohydrates; 14 milligrams sodium; and
(4) Distilled spirits (80 proof gin, rum, vodka, or whisky) – 1.5 ounces: 96 calories.
Calorie values may be rounded in accordance with section 1.2 N. These guidelines do not exempt or replace labeling of additional alcoholic beverages that are Standard Menu Items (such as signature drinks).

M. Nutrition Labeling of Buffets. For Standard Menu Items offered in a buffet, nutrition labeling must specify:
(1) The size of an individual serving.
(2) The nutrition information for an individual serving.

N. Labeling of Trans Fat. A Restaurant may follow FDA guidelines for labeling trans fat. This means that trans fat does not have to be listed if the **total** fat in a food is less than 0.5 gram (or 1/2 gram) per labeled serving and no claims are made about fat, fatty acids or cholesterol content.

O. Rounding Rules. Whenever a Restaurant, pursuant to this policy, is required to disclose information to the public, the Restaurant may round numerical values as follows:

(1) For values above 50 calories, the disclosed value shall be rounded to the nearest value evenly divisible by 10 (e.g., 322 is rounded to 320, 435 is rounded to 440, etc);
(2) For values equal to or less than 50 calories, the disclosed value shall be rounded to the nearest value evenly divisible by 5 (e.g., 43 is rounded to 45, 21 is rounded to 20, etc.).

P. Verifiable and Accurate Information Required. If requested by the Health Department, Chain Restaurants shall provide information and documentation of the reasonable basis or bases of calorie and nutrient content of Food Products.

Q. Disclaimers Permitted. Nothing in this policy prohibits the Restaurant from publishing truthful disclaimers, including on the Menus, Menu Boards, and Food Tags, notifying customers that there may be small variations in nutritional content across servings, due to differences in preparation, service sizes, ingredients, or custom orders.

R. Additional Nutrition Labeling Permitted. Nothing in this policy precludes Restaurants from voluntarily providing additional nutrition labeling of Menu Items.

S. Restaurant Exemptions. The following types of food service facilities are exempted from the requirements of this policy:
(1) A food facility that is not a full service facility licensed by Multnomah County Health Department. Examples include: public and private school cafeterias, government operated food facilities, private organizations, or association facilities, facilities whose revenue exceeds 51% from retail sales.
(2) Movie theaters,
(3) Hospital cafeterias.

T. The nutrition labeling requirements do not apply to licensed temporary events.

1.3 ENFORCEMENT. The Director of the Multnomah County Health Department or his or her authorized representative is authorized to enforce the nutrition labeling requirements of this chapter.

A. The Health Department shall maintain a system for receiving reports of violations, providing educational materials and site visits, and issuing notices of violation.

B. The Health Department shall: 1) develop procedures to identify Chain Restaurant Status, 2) provide education and assistance to restaurants to help them comply with nutrition labeling requirements, and 3) receive, respond to, and investigate reports of violations and take appropriate action to assure compliance.

C. An Environmental Health Specialist who notes a possible violation of these rules during a regular inspection of a full service chain restaurant licensed and inspected by the Health Department shall note a possible violation of these rules and report the possible violation to Health Department staff delegated to supervise compliance with these rules.

D. Complaint Response. The Health Department shall respond to a report of violation as follows:
   (1) The Department shall determine status as a Chain Restaurant and if confirmed:
      a. Provide the owner or operator with a notice of possible violation,
      b. Provide the owner or operator with educational materials and other assistance to come into compliance with these rules,
      c. Gather information to make the determination if the Restaurant is in compliance with these rules. This may include but is not limited to conducting site visits, requesting additional information from the Restaurant, carrying out additional independent analyses of nutritional content of Menu Items, and obtaining consultation from nutrition professionals.
   (2) Finding of Violation: A violation is deemed to have occurred if the Health Department finds that:
      a. Nutrition information required by this policy is not present or is not in the form required by Subsection 1.2; or
      b. The nutritional content of one or more Menu Items as posted on a Menu, Menu Board, Food Tag or other authorized method of display deviates by more than twenty percent (20%) from what actual analysis or other reliable evidence shows to be the actual nutritional content.
   (3) Remediation Plan: After a finding of a violation, a Health Department representative and the Restaurant will jointly agree on the contents of a plan contemplated to bring the restaurant into compliance with these rules by a clearly identified date. Within 14 days of reaching agreement with the Health Department representative, the Restaurant will submit and begin implementation of a remediation plan that is intended to remedy the violation. A restaurant owner or operator may request in writing an extension of time in which to complete implementation of the remediation plan for good cause.
   (4) Follow-up Visit: A Health Department representative shall make a follow-up visit within 14 days of the remediation plan completion date to confirm implementation.
   (5) Failure to Complete the Remediation Plan on Schedule. If during the follow-up visit, the Health Department representative finds that the remediation plan has not been implemented, the representative shall document the finding and notify the Restaurant that a citation will be issued. The citation, including a civil fine, shall be personally delivered to the restaurant employer or agent or mailed to the business address by both first class mail certified mail, return receipt requested.

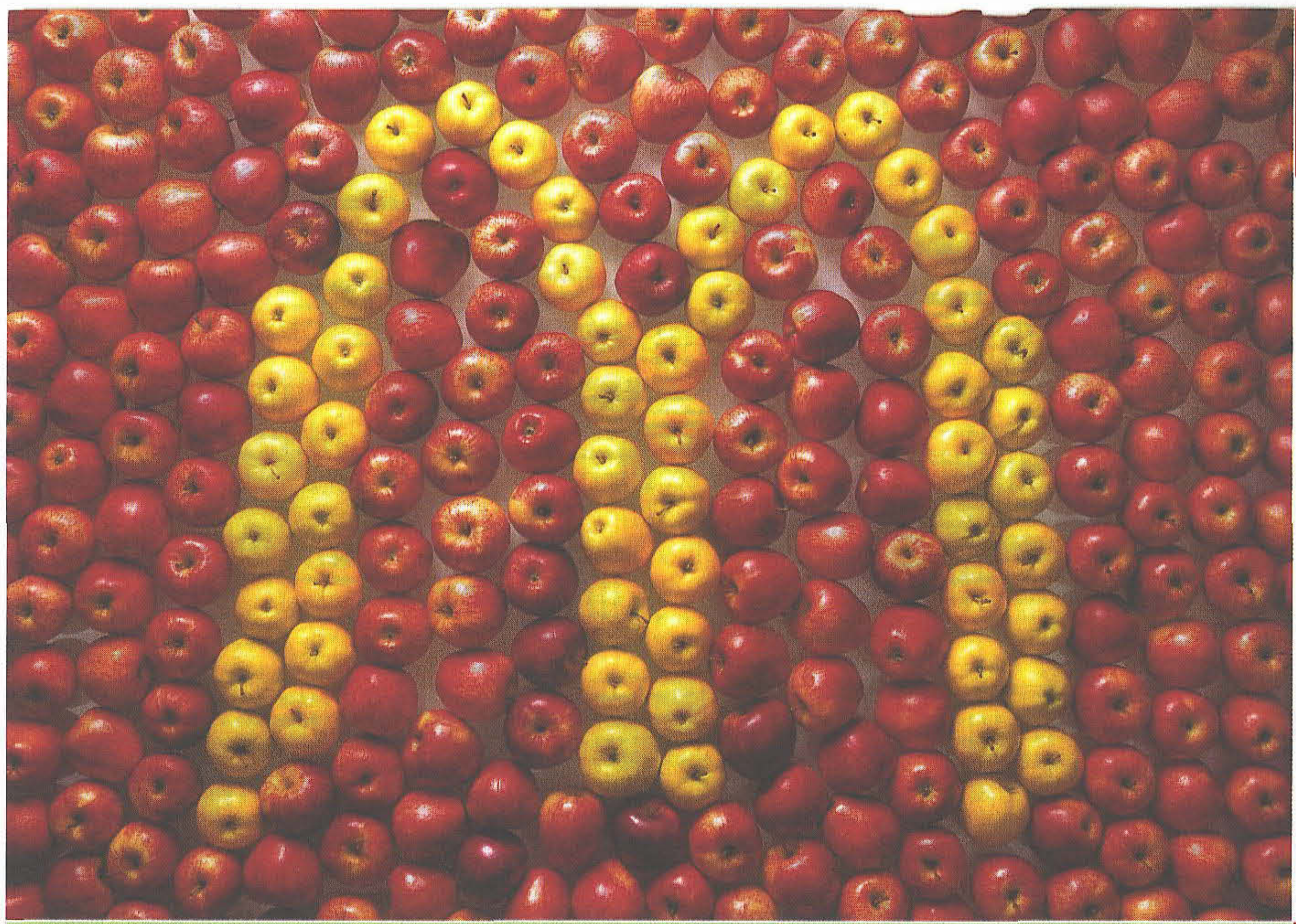
E. Civil Fine Schedule:
   (1) A fine of $100 will be assessed for failure to submit a remediation plan that remedies the violation within 14 days of reaching agreement with the Health Department representative.
   (2) A fine of $500 will be assessed for failure to fully implement the remediation plan within 60 days of the implementation date specified in the plan.
   (3) Additional fines of $250 will be assessed for each 30 day period that the remediation plan has not been fully implemented.

F. Phased-in Implementation: The rules take effect March 12, 2009. From March 12, 2009, through December 31, 2009, a Chain Restaurant shall not be deemed to be in violation of these rules.

G. Appeals Process: A Chain Restaurant cited with a violation may request and shall be provided an opportunity to challenge the citation, including an opportunity to refute any evidence against it.
   (1) The owner or operator of a Restaurant receiving a notice of violation or citation as provided in these rules may request a hearing by writing the Health Department Director or representative within seven days of the date of notice.
   (2) The Health Department Director or Health Officer shall schedule and oversee the hearing and issue a ruling within 20 days of its conclusion. The Director or Health Officer's ruling shall be final.
   (3) If the Health Department Director or Health Officer finds the violation to exist, the ruling shall set a date for remedy of the violation to be accomplished by the Chain Restaurant.
   (4) If the Health Department Director or Health Officer determines that the violation was issued in error, the ruling may order the Health Department to vacate any fines and take other necessary and appropriate actions to remedy the situation.

H. If any provision of these rules or its application to any person or circumstance is held invalid, the remainder of these rules of the application to other persons or circumstances is not affected.

I. This section shall not be construed to create or enhance any claim, right of action, or civil liability that did not previously exist under state law or limit any claim, right of action, or civil liability that otherwise exists under state law. The only enforcement mechanism of the rules is the local enforcement agency.



Quality, Variety, Choice...

McDonald's offers a variety of high-quality foods, different tastes and flexibility to fit into a balanced diet. With our Made For You cooking system, our guests can special order menu items to help meet their individual tastes and nutritional needs. For additional information about our commitment to quality, please visit

www.mcdonalds.com/qualityfood

DID YOU KNOW?

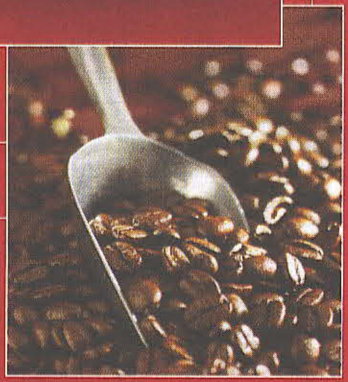
▸ www.mcdonalds.com

For more than 50 years, quality has been the cornerstone of our business.

- You can depend on McDonald's to serve great-tasting, high-quality food with every meal or snack.
- McDonald's uses many of the same trusted brands our guests purchase at the grocery store.
- We monitor our food from the farm to the restaurant to assure quality.
- We only work with suppliers who conduct regular testing to ensure consistent taste and quality food.

McDonald's great-tasting food choices are made with high-quality ingredients.

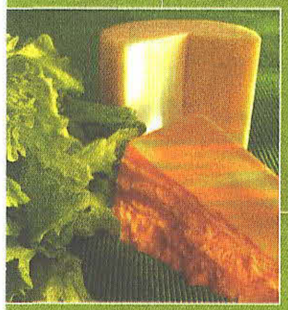
- Our hamburgers are made with 100% USDA inspected beef – NO fillers and NO preservatives.
- We use white meat from boneless, skinless whole chicken breast filets.
- Every egg we serve is individually inspected – all three billion of them per year.
- Our Premium Salads are prepared fresh daily in our restaurants.
- We brew a fresh pot of coffee every 30 minutes with 100% Arabica beans from Guatemala, Costa Rica, Colombia and Brazil.
- We use only 100% white fish (pollock or hoki) to make our filets in the U.S.



see what we're made of™

McDonald's® nutrition facts

McDonald's® nutrition FACTS



▸ **Revised** May 2008

For more than 30 years, McDonald's has been a leader in providing nutrition information to help our guests make informed choices when visiting our restaurants. To make it even easier, we've developed a Nutrition Chart that appears right on the packaging of our most popular food items.

OUR NUTRITION CHART – WHAT'S IT ALL ABOUT?

Calories	Cal	15%	300
Protein		36%	18g
Fat		19%	12g
Carbs		10%	30g
Sodium		34%	820mg

For each menu item label, our Nutrition Chart (shown above for McDonald's Egg McMuffin®) provides information about five key nutrients: **calories, protein, fat, carbohydrates (carbs) and sodium.**

The left-hand column shows the percentage of each nutrient a menu item contributes toward recommended amounts for a 2,000-calorie daily diet. The recommended amounts for calories, protein, fat, carbs and sodium vary depending on your gender, age and activity level.

The dotted line represents one-third of the recommended amounts, which helps you plan three balanced meals a day.

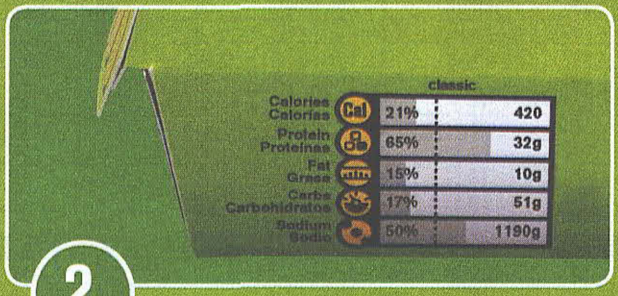
The right-hand column shows the amount of each nutrient in the menu item.

FIVE WAYS TO FIND McDONALD'S NUTRITION INFORMATION

McDonald's believes that accurate and accessible nutrition information helps guests make informed menu choices. It's why we have provided this information for more than 30 years.

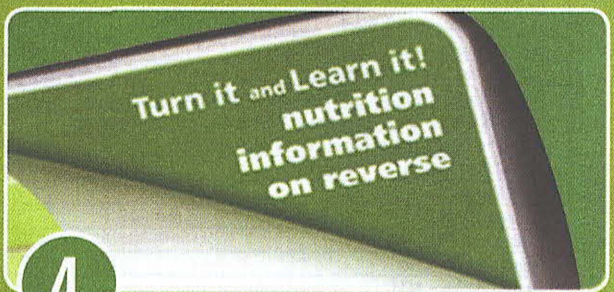
Check out these five easy ways to get additional nutrition information on your favorite McDonald's menu items.

1. www.mcdonalds.com – The most accurate source of nutrition information and the place to find food ingredient and allergen information.



2. Product Packaging – Our most popular food menu item packages feature the FDA Nutrition Facts panel and our own McDonald's Nutrition Chart.

3. Brochure – This comprehensive collection of nutrition facts and information is available in our restaurants.



4. Trayliner – Another in-restaurant source of nutrition facts and figures. Turn it over to learn more the next time you dine in.

5. Toll-Free Phone Line – Call 1-800-244-6227 if you have questions or want additional information about our menu items.

Nutrition Facts

	Serving Size	Calories	Total Fat (g)	Saturated Fat (g)	Trans Fat (g)	Cholesterol (mg)	Sodium (mg)	Total Carbohydrates (g)	Dietary Fiber (g)	Sugars (g)	Protein (g)	% Daily Value			
												Vitamin A	Vitamin C	Calcium	Iron
BEEF															
Hamburger	100 g	250	9	3.5	0.5	25	520	31	2	6	12	0	2	10	15
Cheeseburger	114 g	300	12	6	0.5	40	750	33	2	6	15	6	2	20	15
Double Cheeseburger	165 g	440	23	11	1.5	80	1150	34	2	7	25	10	2	25	20
Quarter Pounder® +	169 g	410	19	7	1	65	730	37	2	8	24	2	4	15	20
Quarter Pounder® with Cheese +	198 g	510	26	12	1.5	90	1190	40	3	9	29	10	4	30	25
Double Quarter Pounder® with Cheese ++	279 g	740	42	19	2.5	155	1380	40	3	9	48	10	4	30	35
Big Mac®	214 g	540	29	10	1.5	75	1040	45	3	9	25	6	2	25	25
Big 'N Tasty®	206 g	460	24	8	1.5	70	720	37	3	8	24	6	8	15	25
Big 'N Tasty with Cheese	220 g	510	28	11	1.5	85	960	38	3	8	27	10	8	20	25
FRENCH FRIES															
Small French Fries	71 g	230	11	1.5	0	0	160	29	3	0	3	0	8	2	4
Medium French Fries	117 g	380	19	2.5	0	0	270	48	5	0	4	0	15	2	6
Large French Fries	154 g	500	25	3.5	0	0	350	63	6	0	6	0	20	2	8
Ketchup Packet (1 pkg)	10 g	15	0	0	0	0	110	3	0	2	0	2	2	0	0
CHICKEN/FISH															
McChicken®	143 g	360	16	3	0	35	830	40	2	5	14	0	2	10	15
Premium Chicken Club Sandwich (crispy)	254 g	630	28	7	0.5	75	1420	60	4	13	36	8	8	20	20
Premium Chicken Club Sandwich (grilled)	250 g	530	17	6	0	90	1470	52	4	12	40	8	10	20	20
Premium Chicken Ranch BLT Sandwich (crispy)	240 g	580	23	4.5	0	60	1460	61	3	14	32	4	8	8	20
Premium Chicken Ranch BLT Sandwich (grilled)	237 g	470	12	3	0	80	1500	53	3	13	36	4	10	10	20
Premium Chicken Classic Sandwich (crispy)	230 g	530	20	3.5	0	50	1150	59	3	12	28	4	8	8	20
Premium Chicken Classic Sandwich (grilled)	226 g	420	10	2	0	70	1190	51	3	11	32	4	10	8	20
Southern Style Chicken Sandwich	164 g	400	17	3	0	45	1030	39	1	6	24	2	2	10	10
Ranch Snack Wrap™ (crispy)	117 g	340	17	4.5	0	30	810	33	1	2	14	2	0	10	10
Ranch Snack Wrap™ (grilled)	122 g	270	10	4	0	45	830	26	1	2	18	2	0	10	10
Honey Mustard Snack Wrap™ (crispy)	118 g	330	16	4.5	0	30	780	34	1	4	14	2	0	10	10
Honey Mustard Snack Wrap™ (grilled)	124 g	260	9	3.5	0	45	800	27	1	4	18	2	0	10	10
Chipotle Barbeque Snack Wrap™ (crispy)	120 g	330	15	4.5	0	30	810	35	1	4	14	4	0	10	10
Chipotle Barbeque Snack Wrap™ (grilled)	125 g	260	9	3.5	0	45	830	28	1	5	18	4	2	10	10
Chicken McNuggets® (4 piece)	64 g	190	12	2	0	30	400	11	0	0	10	0	2	0	4
Chicken McNuggets (6 piece)	95 g	280	17	3	0	40	600	16	0	0	14	0	2	2	4
Chicken McNuggets (10 piece)	159 g	460	29	5	0	70	1000	27	0	0	24	0	2	2	8
Barbeque Sauce (1 pkg)	28 g	50	0	0	0	0	260	12	0	10	0	2	0	0	0
Hot Mustard Sauce (1 pkg)	28 g	60	2.5	0	0	5	250	9	2	6	1	0	0	0	2
Sweet 'N Sour Sauce (1 pkg)	28 g	50	0	0	0	0	150	12	0	10	0	2	0	0	0
Honey (1 pkg)	14 g	50	0	0	0	0	0	12	0	11	0	0	0	0	0
Chicken Selects® (3 piece)	131 g	400	24	3.5	0	50	1010	23	0	0	23	0	0	2	4
Chicken Selects (5 piece)	219 g	660	40	6	0	85	1680	39	0	0	38	0	0	4	8
Creamy Ranch Sauce (1 pkg)	43 g	200	22	3.5	0	10	320	2	0	1	0	0	0	2	0
Chipotle Barbeque Sauce (1 pkg)	43 g	70	0	0	0	0	260	18	1	13	0	4	0	2	4
Spicy Buffalo Sauce (1 pkg)	43 g	70	7	1	0	0	960	1	2	0	0	6	2	0	2
Tangy Honey Mustard Sauce (1 pkg)	43 g	70	2.5	0	0	5	170	13	0	9	1	0	0	0	0
Filet-O-Fish®	142 g	380	18	3.5	0	40	640	38	2	5	15	2	0	15	10
SALADS															
Premium Asian Salad with Grilled Chicken	362 g	300	10	1	0	65	890	23	5	12	32	130	90	15	15
Premium Asian Salad with Crispy Chicken	366 g	410	20	2.5	0	45	850	31	5	13	28	130	80	15	15
Premium Asian Salad without Chicken	243 g	150	7	0.5	0	0	35	15	5	9	8	130	70	10	15
Premium Bacon Ranch Salad with Grilled Chicken	321 g	260	9	4	0	90	1010	12	3	5	33	130	50	15	10
Premium Bacon Ranch Salad with Crispy Chicken	324 g	370	20	6	0	75	970	20	3	6	29	130	50	15	10
Premium Bacon Ranch Salad without Chicken	223 g	140	7	3.5	0	25	300	10	3	4	9	130	50	15	8
Premium Caesar Salad with Grilled Chicken	311 g	220	6	3	0	75	890	12	3	5	30	130	50	20	10
Premium Caesar Salad with Crispy Chicken	314 g	330	17	4.5	0	60	840	20	3	6	26	130	50	20	10
Premium Caesar Salad without Chicken	213 g	90	4	2.5	0	10	180	9	3	4	7	130	50	20	8
Premium Southwest Salad with Grilled Chicken	350 g	320	9	3	0	70	960	30	6	11	30	130	50	15	15
Premium Southwest Salad with Crispy Chicken	353 g	430	20	4	0	55	920	38	6	12	26	130	50	15	15
Premium Southwest Salad without Chicken	230 g	140	4.5	2	0	10	150	20	6	6	6	130	45	15	10
Side Salad	87 g	20	0	0	0	0	10	4	1	2	1	45	25	2	4
Snack Size Fruit & Walnut Salad	163 g	210	8	1.5	0	5	60	31	2	25	4	0	170	8	2
Newman's Own® Creamy Caesar Dressing (1 pkg)	2 fl oz	190	18	3.5	0	20	500	4	0	2	2	0	0	6	0
Newman's Own Creamy Southwest Dressing (1 pkg)	1.5 fl oz	100	6	1	0	20	340	11	0	3	1	0	0	2	2
Newman's Own Low Fat Balsamic Vinaigrette (1 pkg)	1.5 fl oz	40	3	0	0	0	730	4	0	3	0	0	4	0	0
Newman's Own Ranch Dressing (1 pkg)	2 fl oz	170	15	2.5	0	20	530	9	0	4	1	0	0	4	0
Newman's Own Low Fat Family Recipe Italian Dressing (1 pkg)	1.5 fl oz	60	2.5	0	0	0	730	8	0	1	1	0	0	0	0
Newman's Own Low Fat Sesame Ginger Dressing (1 pkg)	1.5 fl oz	90	2.5	0	0	0	740	15	0	10	1	0	0	0	0
Butter Garlic Croutons (1 pkg)	14 g	60	1.5	0	0	0	140	10	1	0	2	0	0	2	4
BREAKFAST															
Egg McMuffin®	139 g	300	12	5	0	260	820	30	2	3	18	10	0	30	20
Sausage McMuffin®	114 g	370	22	8	0	45	850	29	2	2	14	6	0	25	15
Sausage McMuffin with Egg	164 g	450	27	10	0	285	920	30	2	2	21	10	0	30	20
Bacon, Egg & Cheese Bagel	188 g	580	28	10	0.5	260	1410	56	3	7	25	20	2	20	20
Bacon, Egg & Cheese Biscuit (Regular Size Biscuit)	142 g	430	24	12	0	240	1290	37	2	3	16	10	0	15	15
Bacon, Egg & Cheese Biscuit (Large Size Biscuit) ■	162 g	520	30	13	0	245	1520	43	3	4	19	15	0	15	20
Sausage Biscuit with Egg (Regular Size Biscuit)	163 g	510	33	14	0	250	1170	36	2	2	18	6	0	10	20
Sausage Biscuit with Egg (Large Size Biscuit) ■	177 g	570	37	15	0	250	1280	42	3	3	18	10	0	10	20
Sausage Biscuit (Regular Size Biscuit)	117 g	430	27	12	0	30	1080	34	2	2	11	0	0	6	15
Sausage Biscuit (Large Size Biscuit) ■	131 g	480	31	13	0	30	1190	39	3	3	11	4	0	8	15
Southern Style Chicken Biscuit	143 g	410	20	8	0	30	1180	41	2	3	17	0	2	6	15
Bacon, Egg & Cheese McGriddles®	167 g	420	19	8	0	240	1190	48	2	15	16	10	0	20	15
Sausage, Egg & Cheese McGriddles®	202 g	560	32	12	0	265	1360	48	2	15	20	10	0	20	15
Sausage McGriddles®	141 g	420	22	8	0	35	1030	44	2	15	11	0	0	8	10
Sausage Burrito	111 g	300	16	7	0.5	130	830	26	1	2	12	10	2	15	15
McSkillet™ Burrito with Sausage	238 g	610	36	14	0.5	410	1390	44	3	4	27	20	10	20	25
McSkillet™ Burrito with Steak	251 g	570	30	12	1	430	1470	44	3	4	32	20	10	20	30
Big Breakfast® (Regular Size Biscuit)	269 g	740	48	17	0	555	1560	51	3	3	28	15	2	15	25
Big Breakfast (Large Size Biscuit) ■	283 g	800	52	18	0	555	1680	56	4	3	28	15	2	15	30
Deluxe Breakfast (Regular Size Biscuit) (without syrup or margarine)	420 g	1090	56	19	0	575	2150	111	6	17	36	15	2	25	40
Deluxe Breakfast (Large Size Biscuit) ■ (without syrup or margarine)	434 g	1150	60	20	0	575	2260	116	7	17	36	15	2	30	40
Hotcakes and Sausage (without syrup or margarine)	192 g	520	24	7	0	50	930	61	3	14	15	0	0	15	15
Scrambled Eggs (2)	96 g	170	11	4	0	520	180	1	0	0	15	15	0	6	10
Hash Browns	56 g	150	9	1.5	0	0	310	15	2	0	1	0	2	0	2
Hotcake Syrup	60 g	180	0	0	0	0	20	45	0	33	0	0	0	0	0
1 Margarine Pat	6 g	40	4.5	1.5	0	0	55	0	0	0	0	4	0	0	0
Picante Sauce – Hot	14 g	5	0	0	0	0	150	1	0	0	0	2	0	0	0
Picante Sauce – Mild	14 g	5	0	0	0	0	120	1	0	0	0	2	0	0	0
DESSERTS															
Apple Dippers (1 pkg)	68 g	35	0	0	0	0	0	8	0	6	0	0	310	4	0
Low Fat Caramel Dip (1 pkg)	21 g	70	0.5	0	0	5	35	15	0	9	0	0	0	2	0
Fruit 'n Yogurt Parfait without Granola	142 g	130	2	1	0	5	55	25	0	19	4	0	15	10	2
Fruit 'n Yogurt Parfait with Granola	149 g	160	2	1	0	5	85	31	1	21	4	0	15	15	4
Vanilla Reduced Fat Ice Cream Cone	90 g	150	3.5	2	0	15	60	24	0	18	4	6	0	10	2
Strawberry Sundae	178 g	280	6	4	0	25	95	49	1	45	6	10	4	20	0
Caramel Sundae	182 g	340	8	5	0	30	160	60	1	44	7	10	0	25	0
Hot Fudge Sundae	179 g	330	10	7	0	25	180	54	2	48	8	10	0	25	6
Peanuts (for Sundaes)	7 g	45	3.5	0.5	0	0	0	2	1	0	2	0	0	0	0
McFlurry® with M&M'S® Candies	12 fl. oz. cup	620	20	12	1	55	190	96	1	85	14	20	0	45	6
McFlurry with OREO® Cookies	12 fl. oz. cup	550	17	9	1	50	250	88	1	73	13	20	0	45	6
Chocolate Triple Thick® Shake	16 fl. oz. cup	580	14	8	1	50	250	102	1	84	13	20	0	45	10
Strawberry Triple Thick Shake	16 fl. oz. cup	560	13	8	1	50	170	97	0	84	13	20	2	45	2
Vanilla Triple Thick Shake	16 fl. oz. cup	550	13	8	1	50	190	96	0	72	13	20	0	45	2
Cinnamon Melts™	114 g	460	19	9	0	15	370	66	3	32	6	4	0	6	15
Baked Hot Apple Pie	77 g	250	13	7	0	0	170	32	4	13	2	4	25	2	6
McDonaldland Cookies (1 bag)	57 g	250	8	2	0	0	260	42	1	13	4	0	0	0	10
BEVERAGES															
1% Low Fat Milk Jug	8 fl. oz.	100	2.5	1.5	0	10	125	12	0	12	8	10	4	30	0
1% Low Fat Chocolate Milk Jug	8 fl. oz.	170	3	1.5	0	5	150	26	1	25	9	10	6	30	0
Orange Juice, Small §	12 fl. oz. cup	140	0	0	0	0	5	33	0	29	2	4	160	2	2
Minute Maid® Apple Juice Box	6.75 fl. oz.	90	0	0	0	0	15	23	0	21	0	0	100	10	0
Coffee §	12 fl. oz. cup	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Iced Tea, unsweetened §	16 fl. oz. cup	0	0	0	0	0	10	0	0	0	0	0	0	0	0
Coffee Cream (1 pkg)	11 ml	20	2	1.5	0	10	15	0	0	0	0	2	0	2	0
Sugar Packet (1 pkg)	4 g	15	0	0	0	0	0	4	0	4	0	0	0	0	0
SPLENDA® No Calorie Sweetener †	1 pkg	0	0	0	0	0	0	<1	0	<1	0	0	0	0	0
EQUAL® 0 Calorie Sweetener ††	1 pkg	0	0	0	0	0	0	<1	0	<1	0	0	0	0	0

Coca-Cola® Classic

	Child		Small		Medium		Large	
Cup Size	12 fl. oz.		16 fl. oz.		21 fl. oz.		32 fl. oz.	
		%DV		%DV		%DV		%DV
Calories	110	–	150	–	210	–	310	–
Total Fat (g)	0	0	0	0	0	0	0	0
Sodium (mg) §	5	0	10	0	15	1	20	1
Total Carbohydrates (g)	29	10	40	13	58	19	86	29
Sugar (g)	29	–	40	–	58	–	86	–
Protein (g)	0	–	0	–	0	–	0	–
Vitamin C	–	0	–	0	–	0	–	0

Diet Coke®

	Child		Small		Medium		Large	
Cup Size	12 fl. oz.		16 fl. oz.		21 fl. oz.		32 fl. oz.	
		%DV		%DV		%DV		%DV
Calories	0	–	0	–	0	–	0	–
Total Fat (g)	0	0	0	0	0	0	0	0
Sodium (mg) §	15	1	20	1	30	1	45	2
Total Carbohydrates (g)	0	0	0	0	0	0	0	0
Sugar (g)	0	–	0	–	0	–	0	–
Protein (g)	0	–	0	–	0	–	0	–
Vitamin C	–	0	–	0	–	0	–	0

Sprite®

	Child		Small		Medium		Large	
Cup Size	12 fl. oz.		16 fl. oz.		21 fl. oz.		32 fl. oz.	
		%DV		%DV		%DV		%DV
Calories	110	–	150	–	210	–	310	–
Total Fat (g)	0	0	0	0	0	0	0	0
Sodium (mg) §	30	1	40	2	55	2	80	3
Total Carbohydrates (g)	28	9	39	13	56	19	83	28
Sugar (g)	28	–	39	–	56	–	83	–
Protein (g)	0	–	0	–	0	–	0	–
Vitamin C	–	0	–	0	–	0	–	0

Hi-C® Orange Lavaburst

	Child		Small		Medium		Large	
Cup Size	12 fl. oz.		16 fl. oz.		21 fl. oz.		32 fl. oz.	
		%DV		%DV		%DV		%DV
Calories	120	–	160	–	240	–	350	–
Total Fat (g)	0	0	0	0	0	0	0	0
Sodium (mg) §	0	0	5	0	10	0	10	0
Total Carbohydrates (g)	32	11	44	15	64	21	94	31
Sugar (g)	32	–	44	–	64	–	94	–
Protein (g)	0	–	0	–	0	–	0	–
Vitamin C	–	110	–	150	–	210	–	320

POWERade® Mountain Blast

	Child		Small		Medium		Large	
Cup Size	12 fl. oz.		16 fl. oz.		21 fl. oz.		32 fl. oz.	
		%DV		%DV		%DV		%DV
Calories	70	–	100	–	150	–	220	–
Total Fat (g)	0	0	0	0	0	0	0	0
Sodium (mg) §	65	3	85	4	130	5	190	8
Total Carbohydrates (g)	20	7	27	9	39	13	58	19
Sugar (g)	16	–	21	–	31	–	46	–
Protein (g)	0	–	0	–	0	–	0	–
Vitamin C	–	0	–	0	–	0	–	0

Percent Daily Values (DV) are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

Revised May 2008

+ Based on the weight before cooking 4 oz. (113.4 g).

++ Based on the weight before cooking 8 oz. (226.8 g).

■ May be available in certain restaurants in the Midwest, South and Middle Atlantic United States. Call 1-800-244-6227 for additional information.

§ The values represent the sodium derived from ingredients plus water. Sodium content is based on the value for municipal water in the USDA National Nutrient Database. The actual amount of sodium may be higher or lower depending upon the sodium content of the water where the beverage is dispensed.

† SPLENDA is a registered trademark of McNeil Nutritionals, LLC.

†† EQUAL is a registered trademark of Merisant Company.

The nutrition information on this leaflet is correct as of May 2008 and amends the nutrition information found on other printed materials in this restaurant including packaging. This information is specific to restaurants that use cooking oil with 0 grams of trans fat per labeled serving. This information is derived from testing conducted in accredited laboratories, published resources, or from information provided from McDonald's suppliers. The nutrition information is based on standard product formulations and serving sizes. All nutrition information is based on average values for ingredients from McDonald's suppliers throughout the U.S. and is rounded to meet current U.S. FDA NLEA guidelines. Variation in serving sizes, preparation techniques, product testing and sources of supply, as well as regional and seasonal differences may affect the nutrition values for each product. In addition, product formulations change periodically. You should expect some variation in the nutrient content of the products purchased in our restaurants. None of our products are certified as vegetarian.

For additional nutrition information, visit www.mcdonalds.com or call 1-800-244-6227.

www.mcdonalds.com