

Multnomah County, Oregon 2011-12 Hearing Minutes

Wednesday, June 8, 2011

1:30 p.m.

Multnomah County Building
501 SE Hawthorne Blvd.
Portland, Oregon

Present:

TSCC:

Chair Terry McCall, Commissioner Steven Nance, Commissioner Javier Fernandez, Commissioner Susan Schneider, Commissioner Roslyn Elms Sutherland, Executive Director Tom Linhares and Budget Analyst Tunie Betschart.

Multnomah County:

Multnomah County Board of Commissioners: Chair Jeff Cogen, Commissioner Deborah Kafoury, Commissioner Judy Shiprack, Commissioner Loretta Smith and Commissioner Diane McKeel.

Chair Terry McCall opened the hearing by stating the duties of TSCC with regard to the budget hearing followed by introductions of Commission and staff. He asked the district to introduce themselves and then the Commission had questions they would like to have addressed.

Chair Cogen gave an overview of the budget stating this is the eleventh consecutive year of service level reductions. There is a \$4.4 million shortfall just to maintain current service levels. At the same time the state is cutting services. He said they won't know the extent of the cuts until later. They have made maintaining as many services as possible a high priority and have closed the budget gap through administrative efficiencies, reorganization and salary freezes.

TSCC questions:

Chair McCall asked the following questions:

This budget freezes wages for management and exempt employees and also requests that County union groups forego cost of living adjustments (COLA) for 2011-12. What progress have you made in securing the unions' agreement to forestall cost of living increases in 2011-12?

Chair Cogen said he sent letters to those unions who are scheduled to receive a cost of living increase on July 1, 2011 requesting they consider relinquishing their increase for this year. To date there have been discussions with two unions but an agreement has not been reached. He said they are currently bargaining with three unions, AFSCME Local 88, Federation of Oregon Parole and Probation Officers and Deputy Sheriff's Association,

for successor agreements or re-openers but have not completed discussions regarding economic issues.

If all the unions agreed to your request, how much would that save in the upcoming year?

He said the budget assumes a cost of living (COLA) ranging from 1.5% to 2% depending on the specific bargaining unit and contract requirements. The savings from a COLA freeze is estimated at \$4.8 million. Of this, the General Fund is estimated to save about \$2.4 million. There may be additional savings from overtime costs.

He added that as a reference, the management and executive staff COLA and Merit wage freeze for FY 2012 saves \$3.4 million, \$1.5 million in the General Fund and \$1.9 million in other funds.

What are the budget priorities for the additional savings should the unions agree to give up their COLA?

Chair Cogen said if the unions agree to give up their COLA, this would lower the overall operating costs of the County thereby allowing the County to preserve services that might be lost during the expected state reductions. As they get closer and have better information as to where the cuts are and what the reductions might be, they will be able to provide additional detail.

Commissioner Fernandez asked this follow-up question:

You mentioned a \$4.4 million gap. Does that gap include the COLA?

Chair Cogen said the budget was balanced with cuts as mentioned. If there are savings from union COLA it will be used to offset state cuts.

Chair McCall continued with this question:

Through the Multnomah Evolves Initiative, several administrative areas were reorganized and span of control was increased. What is the current span of control or the average number of employees a manager supervises and what is the ratio you are hoping to achieve?

Commissioner Cogen said the county did not analyze overall span of control this year. Rather, through the Multnomah County Evolves Initiative they have started a process of evaluating span of control on a department by department basis with the overall goal of addressing span of control issues that fall below a 1:7 ratio. Evaluation of three departments is underway with preliminary decisions being reflected in the budget. Additional departments will be evaluated once the county has more certainty concerning the state budget and how those funding outcomes will affect the organization.

Commissioner Sutherland asked the following questions:

As part of this process, the Chief Operating Officer and the Director of County Management have been combined within the Office of County Management, reporting directly to the Board Chair. Will this position function similarly to a County Administrator?

Chair Cogen answered saying by combining the duties of both the COO and Director of the Department of County Management this position is responsible for overall county operations which includes authority for and direct oversight of the department directors and their agencies. In terms of day to day operations this structure can be compared to how a County Administrator might function. However, changes were not made to the political structure of the organization to recognize a County Administrator form of government. A change such as this would require amendment of the county's charter.

The State is investigating potential reforms to the health care delivery system, to be implemented in 2011-12 and 2012-13. The Budget Message notes that County managers are actively involved in development of the new model. Can you provide us with an update of the process and explain the benefits the County can expect from a new health care delivery system?

Commissioner Smith answered saying Joanne Fuller, the Department of County Management Director and Chief Operating Officer, Lillian Shirley, Health Department Director, and Kathy Tinkle Human Services Department Director, have been involved in shaping health care reform legislation through participation on advisory boards and by working with our Government Relations team to educate legislators about the bill's impact on the clients that the County provides with health and mental health services.

She reviewed the process updates stating currently, several pieces of legislation are being considered to determine how Health Care Reform will be implemented in Oregon. House Bill 3650 is the main vehicle for these efforts. House Bill 3650 has passed the Joint Committee on Health Care Transformation and is currently in Ways and Means. When it comes out of Ways and Means it will go to the House floor and then the Senate floor for a vote. The legislature is expected to wrap up by June 17th. At that point, if the bill is passed, the rulemaking process to determine the logistics of how to implement Health Care Reform will begin. The County will also have the opportunity to influence rule-making by the Oregon Health Authority once the law has passed.

The State Healthcare Redesign process is based around implementing a new type of organization called a Coordinated Care Organization to improve the health of the population, enhance the patient experience of care, and reduce or control the cost of care. Coordinated Care Organizations or CCOs will provide a full continuum of care for groups with state-funded health benefits, including those on the Oregon Health Plan and eventually State employees. The CCOs will coordinate and integrate physical, mental and oral health.

She said their expectation is that by July 2012, all Medicaid participants will be enrolled in Coordinated Care Organizations (CCOs) if the Oregon Legislature passes this legislation as expected. The state is preparing to issue a Request for Certification for CCOs this fall.

Explaining the benefits she said the coordinated care organization model will coordinate and integrate physical, mental and oral health services and will be held accountable for efficiency and health outcomes. Payments to CCOs will be based on specific and defined health outcomes. CCOs will decide how to distribute the payment among different providers with the goal of improving the patient's health while saving money. This payment methodology provides incentives for prevention and wellness.

She concluded by saying the CCO will focus on improving patient experience and access to care and focus on preventive rather than acute care. This coordinated approach will

lead to quality services, lower costs for uninsured and under-insured, and better health outcomes over the long run.

Commissioner Schneider asked this follow-up question:

There was an article in this morning's paper about this. Can you tell us how this ties in?

Lillian Shirley, Multnomah County Health Department Director, answered saying this is the second phase of the reform and an important aspect of the process. It is the establishment of involving an insurance exchange where health insurance is purchased.

Commissioner Schneider continued with the following questions:

The City of Portland Auditor has questioned the separation of services provided by the City of Portland and Multnomah County under Resolution A, passed by the County and agreed to by the City in 1983. Specifically, she questions Portland's increased funding for social services that according to the Resolution is the province of the County. Do you think it is a problem that there is no longer a clear distinction between services provided by various government units or do you see it as a partnership that benefits the community, regardless of the provider?

Commissioner Shiprack answered saying the Auditor's Report raises important questions about the separation of services agreed upon by the City and the County under Resolution A. An important piece of context to this question is that the City primarily helps to fund social services that are directly related to public safety within the City of Portland – which is a city responsibility.

For example, the City pays for the CHIERS van to take intoxicated people to the Hooper Detox center. They pay for mental health services for people who otherwise would be in crisis on the streets, instead of requiring police to take them to expensive emergency room care. The City also pays for District Attorneys to prosecute drug selling and human trafficking. Without these services, the City would incur a greater cost by using sworn officers to manage some of these populations. Funding for these services frees officers to attend to more serious crimes rather than the misdemeanor of public intoxication. Similarly, services for the mentally ill is much more cost effective than having police officers as front-line responders for people experiencing mental illness.

Given the geographic overlap between the City and the County and the pressures on the County's budget over the last ten years, it makes sense for both jurisdictions to look for ways that we can work together to solve common problems in the most cost effective manner possible. Resolution A states that "the first priority for the available resources of Multnomah County shall be for those services available to all residents of the County, such as Assessment and Taxation, Elections, Corrections, Libraries and Health Services". They believe that the current arrangement for funding services between the City and the County meets this standard. She concluded by saying they welcome the City's assistance and willingness to spend their money.

A big uncertainty in putting this budget together was the state funding for a variety of shared state-county services and it is recognized that midyear corrections to the budget will be needed once the impacts of state budget cuts on Multnomah County are known. At this

point, with the Legislative Session close to winding down, do you have some sense of where and how deep the cuts might be?

Commissioner Shiprack said at the time the budget was being assembled, the State projected a shortfall of \$3.5 billion, or about 22% of the State's current General Fund services. The County is still uncertain about the impact of state cuts to services, both in terms of where they will fall, how deep they will be, and which year of the biennium will see greater impacts. Right now the Governor's Budget is being debated in the legislature. Due to this uncertainty, the County is unable to speculate at this time about how large the cuts will be or where they will hit.

She said they can, however, identify areas where the County currently receives significant support from the State. The County's major state supported services include Mental Health Services, Parole and Probation Services and Corrections Services, Services for Seniors and those with Disabilities, Health Services through the Oregon Health Plan, and funding for Education and Early Childhood services. These are all critical safety net services that are in danger of being reduced in the State's budget.

She concluded by saying as it currently exists, the Governor's budget is heavily front-end loaded and relies on major policy changes and efficiency gains to balance: the Health Care Redesign being a great example. Given the timeline of the Health Care Redesign, as highlighted in our response to Question 4, some of the reductions may be felt in FY 2013 instead of FY 2012.

So you really don't have any more indication now than you did in January?

Chair Cogen answered "not really".

Commissioner Fernandez commented about PERS payments. He commended the County on their policy and past practices regarding PERS and their proactive approach to building reserves, anticipating this increase.

Commissioner Fernandez proceeded with the following questions:

As we all know, Clackamas County voters rejected a \$5 vehicle license fee to pay for a portion, \$22 million, of replacement costs for the Sellwood Bridge. What is the current cost projections and funding sources for the new Sellwood Bridge?

Commissioner Kafoury said the 30% design cost estimate for the project is \$290 million.

The funding plan as of now is:

Carry forward from Planning phase \$11 million – the cost is down \$40 million and further reductions.

Multnomah County VRF \$127 million.

ODOT Jobs and Transportation Act \$30 million.

City of Portland \$80 million.

Federal Transportation Act Reauthorization Asking \$20 million.

Clackamas VRF \$0.

There is no way of knowing when the Transportation Act will be reauthorized.

At this point, what are the options for making up the shortfall?

- 1) Additional revenue
- 2) Reducing the current project cost through delaying some scope elements until additional funding becomes available,
- 3) Refining project design and getting improved cost estimates to better quantify and decrease the project shortfall.

Will the shortfall delay the project?

Commissioner Kafoury said no, that is unlikely, though as described above, the County is reviewing the scope and design of the project to achieve savings. The project team is moving forward assuming that through the three strategies above, the project will be built on schedule. She said in addition, there is going to be a Tiger 3 Grant they are not sure how much they will ask for. She added that they are "shaking the cushions", cutting costs, possibly changing the ramp to a shoe-fly configuration, which could save \$5-\$10 million.

Commissioner Fernandez said he knows with the "In water construction" comes lots of complexities. If there is a shortfall of finances could this cause problems?

Commissioner Kafoury said she feels the project is on the fast track and will start on time. They are looking at additional revenue from other partners as well. She concluded by saying this is the number one priority for transportation since it scored 2 out 100 for safety by Federal standards.

While continuing to pursue a new Downtown Courthouse at the foot of the Hawthorne Bridge, the county is also looking into the feasibility of renovating the existing Courthouse building. What is the preliminary cost estimates for the renovation project and would this preclude the need to build a new courthouse?

Commissioner Kafoury said she and Commissioner Shiprack are heading up the study; with Commissioner Shiprack working on funding and her on design. She said she looks for it to take 4- 6- years to complete.

Ms. Kafoury said in April the Board received a report and briefing from a consultant team led by SERA Architects that provided an analysis of renovating the existing downtown courthouse. The renovation concept presented to the Board consists of a project with seven distinct phases which would be completed over a period of four to six years.

Based on the proposed renovation strategy and the assumptions developed for it the estimated cost of the project is in a range from \$176 - \$220 million in current dollars. As envisioned by the report the renovated courthouse would have an additional building area of approximately 75,000 square feet. Upon completion the building would have an additional two to three fully functional courtrooms.

Commissioner Kafoury said this study concluded that a renovated courthouse would meet projections that were developed by the National Center for State Courts in 2002. One of the recommendations made in the report is to perform an updated analysis of the Court's space needs over the longer term.

She concluded by saying the board has not made a decision on building a new courthouse or remodeling existing.

Commissioner Sutherland commented on the impact, inconvenience and distraction to employees who must work in a building under renovation.

Commissioner Nance asked the following questions:

Changes to the charter now allow for the County to refer a Library Special District measure directly to the voters. The deadline for submitting a measure for the November ballot is in early September. Can you tell us where the County is in evaluating the assumptions and financial impacts associated with creating the special district and when might a decision be made?

Commissioner McKeel answered saying there has been a discussion about funding options for the November ballot for the Library with the Chair's Office: a library district measure or a renewal of the local option levy. The Board had a briefing in February about the two options, including the pros and cons, potential rates, and the financial impact of moving to a district. An internal district analysis task force met this winter to identify and research any potential issues around forming a library district. The task force's conclusion was that there is no substantial barrier to forming a library district, though there would be many transition details to be worked out. Another Board briefing is scheduled for June 21 and it is expected that the Board will make a decision soon after that briefing.

Have there been any recent conversations with the City of Portland concerning the Mayor's opposition to forming a special library district?

Chair Cogen clarified this saying the Mayor has not said he is opposed to forming a special district but has expressed concerns. Chair Cogen said yes, library staff, his staff, and Budget Office staff met with some of the Mayor's staff this winter and shared the financial projections for the library district. Library staff met twice with Commissioner Saltzman regarding the district and the potential impact on the Portland Children's Levy. The County's economist and the City's economist have also been in recent contact regarding the financial projections.

Chair Cogen said he has also met with and discussed the matter with the Mayor and most members of council within the past month.

The 2011-12 Budget includes funding for the Gresham Temporary Hold facility, with expectations that east county municipalities will help pay for the facility in future years. What are the annual costs and how might these costs be allocated to the different cities?

Commissioner McKeel said currently the annual cost of the Gresham Temporary Hold (GTH) program is \$129,878. The program costs are for a deputy's time to staff the operation 4 days per week at 10 hours per day or 1.30 FTE with the post relief factor built in. The cells used are located in the Gresham Police facility and there is no charge to Multnomah County for use of that space. Transports from the MCDC facility or the Transport Unit occur as necessary to support the GTH operation.

She said the east county jurisdictions and partners that use GTH include: Gresham Police Department; Multnomah County Sheriff's Office; Troutdale; Fairview; Portland PB; Oregon State Police; Tri-Met; and others with arrest authority, but recent statistics had roughly 80% of the use by the Gresham Police Department.

There have been discussions in the past regarding two costing methods:

- 1) a fee for use cost, and
- 2) a shared cost model which could be based on utilization statistics of the jurisdictional partners.

Commissioner McKeel concluded by saying the second method was the preferred method during the last discussions as it could be adjusted based on additional factors such as Gresham's provision of the cell space or as negotiated with participating jurisdictions.

Chair McCall said that was the end of the formal questions, but asked if there were any questions or comments from the public. There were none.

Chair McCall closed the public hearing and opened the meeting of the Commissioners to consider Multnomah County 2011-12 budget.

Commissioner Schneider said she would like to echo Commissioners comments about the excellent way the County is dealing with the increase in PERS.

Commissioner Nance said he was very impressed with the clarity and straightforwardness of the budget.

Commissioner Nance moved to certify that the Commissioners had no objections or recommendations with regard to Multnomah County's 2011-12 Budget. Commissioner Fernandez seconded the motion. Motion passed with a unanimous vote.

Commissioner Nance moved the meeting be close. Commissioner Sutherland seconded. All were in favor.

The meeting was adjourned at 2:30 p.m.

-- Tunie Betschart, Executive Assistant, TSCC
-- Tom Linhares, Executive Director, TSCC