

**Minutes of the Board of Commissioners
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Tuesday, April 29, 2014**

BUDGET WORK SESSION #1

Chair Marissa Madrigal called the meeting to order at 9:37 a.m. with Vice-Chair Diane McKeel and Commissioners Liesl Wendt, Loretta Smith present. Commissioner Judy Shiprack joined the meeting telephonically.

Also attending were Jenny M. Madkour, County Attorney, and Marina Baker, Assistant Board Clerk.

[THE FOLLOWING TEXT IS THE BYPRODUCT OF THE CLOSED CAPTIONING OF THIS PROGRAM.]

Chair Madrigal: OK. GOOD MORNING AND WELCOME TO TODAY'S FIRST BUDGET WORK SESSION.

Ms. Kieta: GOOD MORNING, CHAIR MADRIGAL, MEMBERS OF THE BOARD, KARYNE KIETA, BUDGET DIRECTOR, AND I HAVE MIKE JASPIN, WHO YOU KNOW, AND HE'S OUR COUNTY ECONOMIST, AND HE HAS A GOOD CHUNK OF THIS PRESENTATION THIS MORNING. GO AHEAD AND GO TO THE NEXT PAGE, PLEASE. THE PURPOSE OF THIS PRESENTATION TODAY IS TO BRIEFLY REVIEW THE SCHEDULE AND THE PROCESS, AND TO PROVIDE YOU WITH A BIG PICTURE OF THE FINANCIAL CONTEXT, AND SOME OF THE PERCOLATING TOPICS AND ISSUES FOR THE COUNTY'S BUDGET, AS IT WILL BE DISCUSSED OVER THE NEXT FOUR WEEKS. WE'LL BE PRESENTING SOME TREND INFORMATION, AND THEN WE'LL WRAP IT UP WITH THE SUMMARY. IF I HAD TO PICK A THEME FOR OUR BUDGET THIS YEAR, IT WOULD BE ALL ABOUT STRIKING A BALANCE. GENERALLY, OUR RELATIVELY STABLE FISCAL POSITION IS BASED ON STRIKING A BALANCE THAT ANTICIPATES WE'LL KEEP FORECASTED ONGOING EXPENDITURES IN LINE WITH THE REVENUES OVER THREE YEARS. WE'LL BE TALKING TO YOU MORE ABOUT THIS BALANCING ACT, AND LATER SLIDES, AND THEN AGAIN, WHEN WE PRESENT OUR UPDATED FORECAST, ON MAY, I GUESS THE 14th.

I WOULD LIKE TO TALK A BIT ABOUT THE BUDGET PROCESS, AND THIS IS -- I WANT TO COVER SOME OF THE MAJOR CHECKPOINTS OF THINGS THAT WE HAVE ALREADY COMPLETED, AND SOME OF THE STUFF THAT'S LEFT TO DO. IN NOVEMBER, WE PRESENTED THE, THE GENERAL FUND FORECAST, WHICH SET THE FISCAL PERMITTERS FOR FORECAST YEAR 2015. AT THAT TIME WE REPORTED THAT REVENUES EXCEEDED THE PROJECTED COST OF CURRENT SERVICE LEVELS BY ABOUT 10.9 MILLION. WE ALSO SAID THAT IF YOU STARTED 10.9 MILLION WORTH OF NEW PROGRAMS, WE WOULD NOT BE

ABLE TO SUSTAIN THAT FUNDING OVER THE FIVE YEARS. LIKELY, WE WOULD HAVE TO BEGIN CUTTING AGAIN WITHIN TWO YEARS. IN FEBRUARY, THE DEPARTMENT SUBMITTED THEIR REQUESTED BUDGET, AND IN MARCH, WE UPDATED THE FORECAST, AND WE PULLED THE GENERAL FUND SURPLUS NUMBER DOWN TO 8.3 MILLION. THAT WAS MAINLY DUE TO A HIGHER CPI, WHICH IS THE CONSUMER PRICE INDEX INFLATION, AND A BIT WEAKER BIT, WHICH IS BUSINESS INCOME TAX. ON APRIL 24, WHICH WAS JUST LAST WEEK, THE CHAIR RELEASED HER 2015 PROPOSED BUDGET, AND THE BOARD ALSO APPROVED IT. THE BOARD, ACTING AS THE LIBRARY DISTRICT BOARD, ALSO APPROVED THE LIBRARY DISTRICT'S BUDGET. AS I MENTIONED EARLIER ON MAY 14, WE'LL BE UPDATING THE FORECAST AGAIN, AND THERE ARE THREE EVENING PUBLIC HEARINGS COMING UP ON APRIL 30. THIS IS FROM 6:00 TO 8:00 P.M. WHERE WE TAKE PUBLIC TESTIMONY. WE'LL BE HOLDING THAT IN EAST COUNTY AND GRESHAM. ON MAY 7, WE WILL HOLD IT IN NORTHEAST AND MAY 14, WE'LL BE BACK HERE IN THE MULTNOMAH COUNTY BOARDROOM. ADDITIONALLY, ON MAY 22, THERE ARE TWO TSCC HEARINGS, AND THIS IS THE TAX SUPERVISING COMMISSION, AND THIS IS THE REQUIREMENT OF OREGON BUDGET LAW. THE FIRST HEARING ON THE MULTNOMAH COUNTY, IS ON THE MULTNOMAH COUNTY BUDGET, AND THE SECOND IS ON THE LIBRARY DISTRICT. AND LASTLY, WE WERE SCHEDULED TO ADOPT ON MAY 29. I WANT TO TALK A BIT ABOUT THE BUDGET WORK SESSIONS NOW. AND WE REALLY KICK OFF THIS PORTION OF THE BUDGET PROCESS THIS WEEK WITH THE FINANCIAL OVERVIEW. TODAY, YOU WILL ALSO HEAR FROM KATHLEEN TODD, AND THE CHAIR OF THE CIC. YOU WILL HEAR FROM MARK CAMPBELL ABOUT THE FINANCIAL POLICIES, FINANCE AND BUDGET POLICIES, AND NEW FOR THIS YEAR, WE HAVE SCHEDULED THREE MINI WORK SESSIONS. WE HAVE A NUMBER OF POLICY ISSUES THAT CROSS DEPARTMENTAL BOUNDARIES, AND WE THOUGHT IT WOULD MAKE MORE SENSE TO HAVE THOSE BRIEFINGS WHEN ALL OF THE DEPARTMENTS ARE, ARE HERE TO HELP FRAME THE ISSUES. THAT WAY, WHEN WE GET TO THE DEPARTMENT PRESENTATION, YOU WILL REALLY HAVE ALL OF THE BACKGROUND INFORMATION ON THE POLICY ISSUES, AND YOU CAN FOCUS ON THE SPECIFICS FOR THAT DEPARTMENT. LASTLY, THIS WEEK, YOU WILL HAVE A BRIEFING ABOUT MULTNOMAH COUNTY'S DEBT, AND YOU WILL HEAR ABOUT THE CAPITAL BRIEFING AND, AND WITH REGARD TO THE WORK SESSIONS THEMSELVES, WE TRIED TO GROUP THEM BY FUNCTIONAL AREAS, SO STARTING ON MAY 5, YOU WILL HEAR FROM THE HEALTH AND HUMAN SERVICES FOLKS, AND THEN ON THE WEEK OF MAY 12, YOU WILL HEAR FROM THE PUBLIC SAFETY PEOPLE, AND WE ALSO SLOTTED IN COUNTY MANAGEMENT AND, AND THE DEPARTMENT OF COMMUNITY SERVICES. THIS IS, ALSO, WHERE WE UPDATE THE FORECAST. THE WEEK OF MAY 19, WE'LL INCLUDE PRESENTATIONS FROM THE REST OF THE GENERAL GOVERNMENT GROUP AND, AND YOU WILL ALSO HEAR FROM THE LIBRARY DISTRICT, AND WE HAVE THE TSCC PRESENTATIONS. THROUGH EACH OF THE WEEKS, WE RESERVED SOME ADDITIONAL TIME TO RESPOND TO INFORMATION REQUESTS AND AMENDMENT PROPOSALS FROM THE

DEPARTMENTS AND THE BOARD. SO, WE HAVE PLENTY OF KIND OF FOLLOW-UP TIME IN ADDITION TO THE SCHEDULED WORK SESSIONS. LASTLY, ON THE WEEK OF MAY 26, WE'LL BE ADOPTING THE BUDGETS FOR MULTNOMAH COUNTY IN THE LIBRARY DISTRICT, AND JUST A NOTE, THERE ARE NO BOARD ACTIONS REQUIRED AT ANY OF THESE WORK SESSIONS. YOU WON'T BE VOTING ON ANYTHING UNTIL MAY 29. BUT, YOU CAN PROPOSE BUDGET AMENDMENTS OR BUDGET NOTES DURING ANY OF THE PUBLIC WORK SESSIONS. BEFORE I AGAIN WITH THE SUBSTANCE OF THIS PRESENTATION, I WANT TO CALL OUT THE, THE CHARTS AND GRAPHS YOU ARE GOING TO SEE WILL FEEL VERY FAMILIAR TO YOU. EVERY YEAR WE DO A ONE-YEAR SNAPSHOT, AND THEN WE UPDATE THE TRENDING INFORMATION. SOMETIMES, THE INCREMENTAL CHANGES BETWEEN YEAR TO YEAR IS VERY SMALL, SO IT ALMOST MAY FEEL REDUNDANT FROM WHAT YOU SAW LAST YEAR. BUT, IT'S REALLY GOOD INFORMATION TO HAVE, TO LOOK AT THE TRENDS. AND THE NUMBER MOST PEOPLE WANT TO KNOW ABOUT IS, IS HOW BIG IS THE BUDGET AND HOW MUCH DID IT CHANGE FROM LAST YEAR. THE FISCAL YEAR 2015 BUDGET IS SLIGHTLY OVER 1.6 BILLION FOR ALL FUNDS, AND THAT INCLUDES CONTINGENCIES, RESERVES, AND UNAPPROPRIATED BALANCE. THIS IS A 5.5% INCREASE, OR ROUGHLY \$84 MILLION. THIS CHANGE NUMBER IS, IS A LITTLE BIT MISLEADING BECAUSE IT'S A REFLECTION OF A NET CHANGE, AND THAT RESULTS FROM A LOT OF UPS AND DOWNS IN OUR 32 FUNDS, SO THIS IS JUST KIND OF THE BOTTOM LINE FIGURE. NEXT, PLEASE. I BRIEFLY WANT TO REVIEW THE GENERAL FUNDS, SPECIFICALLY, WHERE OUR MONEY COMES FROM AND WHERE IT GOES TO. WE TYPICALLY PAY A LOT OF ATTENTION TO, TO THE GENERAL FUND BECAUSE IT'S OUR LARGEST SOURCE OF DISCRETIONARY REVENUE, AND IT'S WHERE THE BOARD HAS THE MOST CONTROL OVER ITS ALLOCATION. THE GENERAL FUND REPRESENTS ABOUT ONE-THIRD OF OUR OVERALL BUDGET, OR \$453 MILLION. THIS ALSO INCLUDES THE FQHC, WHICH IS THE FEDERALLY QUALIFIED HEALTH CENTER MEDICAID WRAP-AROUND PAYMENTS, WHICH IS ROUGHLY ABOUT \$33 MILLION. THE GENERAL FUND RESOURCES HAVE INCREASED \$10 MILLION FROM, FROM FISCAL YEAR 2014, AND THIS MAINLY CAN BE ATTRIBUTED TO A \$17 MILLION INCREASE IN TAXES AND A \$5 MILLION DECREASE IN THE CAPITAL. I WANT TO DRAW YOUR ATTENTION TO THE PIE CHART IN THE UPPER LEFT-HAND CORNER. THERE ARE THREE REVENUES IN THE TAX CATEGORY THAT MAKE UP ABOUT 73.5% OF THE GENERAL FUND, AND THAT'S PROPERTY TAXES AT ROUGHLY \$247 MILLION. THE BUSINESS INCOME TAX AS \$63 MILLION, AND THE MOTOR VEHICLE RENTAL TAX AT \$22.5 MILLION. THAT IS, THAT IS THE BULK OF THE GENERAL FUND RIGHT THERE OR ABOUT \$332 MILLION. THE NEXT BIGGEST CHUNK, AS YOU CAN SEE, IS THE BEGINNING WORKING CAPITAL. THAT'S \$50.9 MILLION, AND THAT INCLUDES ROLLING OVER THE RESERVES, ANY UNSPENT BIT RESERVES FROM FISCAL YEAR 2014, UNUSED CONTINGENCY AND FISCAL YEAR 2013 DEPARTMENTAL UNDERSPENDING. THE SMALLER SLIVERS INCLUDE SERVICE CHARGES, INTERGOVERNMENTAL REVENUES AND LICENSES AND PERMITS. THIS IS WHERE WE PICK UP THE U.S.

MARSHAL, OUR FQHC, RECORDING FEES AND THE FAHD [INAUDIBLE]. ON THE EXPENDITURE SIDE, IF YOU LOOK AT THE BAR CHART IN THE RIGHT HAND CORNER, THE SHERIFF'S OFFICE IS THE LARGEST SINGLE CONSUMER OF GENERAL FUND DOLLARS AT ROUGHLY \$112 MILLION. AND THAT'S ABOUT A QUARTER OF THE GENERAL FUND. THE TOTAL PUBLIC SAFETY FUNCTION, WHICH INCLUDES THE DISTRICT ATTORNEY, THE DEPARTMENT OF COMMUNITY JUSTICE, AND THE DISTRICT ATTORNEY'S OFFICE REPRESENTS ABOUT 45% OF THE TOTAL ALLOCATION OF GENERAL FUND RESOURCES. THE NEXT LARGEST IS THE HEALTH AND HUMAN SERVICES FUNCTIONS, WITH 37% OF THE GENERAL FUND AND, AND GENERAL GOVERNMENT, WHICH IS THE SMALLEST CONSUMER OF GENERAL FUND RESOURCES AT AROUND 18%. THE NEXT SLIDE REPRESENTS ALL FUNDS, SO IT'S ALL 32 FUNDS, INCLUDING THE GENERAL FUND. AND, AND THE TOTAL BUDGET IS \$1.6 BILLION. AGAIN, I WOULD LIKE TO DRAW YOUR ATTENTION TO THE PIE CHART IN THE UPPER LEFT-HAND CORNER WHERE OUR MONEY COMES FROM. WHAT'S INTERESTING ABOUT THIS PIE CHART IS THAT WHERE THE TAXES ARE MADE UP OF A MAJORITY OF THE FUND, THEY MAKE UP A SMALLER PERCENTAGE, WHEN YOU ARE LOOKING AT THE OVERALL RESOURCES. SO, IT'S 28% AS OPPOSED TO THE 73% THAT YOU SAW ON THE PREVIOUS SLIDE. INTERGOVERNMENTAL, OR FEDERAL STATE FUNDS, MAKE UP ABOUT 31%, AND IT IS THE LARGEST SLICE OF THIS PIE. UNTIL VERY RECENTLY, TAXES WERE THE LARGEST SOURCE OF REVENUE AND, AND THE, THE INTERGOVERNMENTAL CATEGORY HAS ECLIPSED THAT CATEGORY. AND WHAT THIS MEANS IS THAT A LARGER PERCENTAGE OF OUR BUSINESS IS BEING A CONTRACTOR FOR OTHER AGENCIES. OUR MOST RECENT EXAMPLE IS THE FORMATION OF THE LIBRARY DISTRICT IN THIS FISCAL YEAR. WE USED TO COLLECT TAXES TO SUPPORT THE LIBRARY DEPARTMENT OPERATIONS. NOW, THE LIBRARY DISTRICT COLLECTS THE TAXES, AND THERE IS A CONTRACTUAL RELATIONSHIP WITH MULTNOMAH COUNTY TO PROVIDE LIBRARY SERVICE SAYS. BWC MAKES UP 25.6%, AND IF YOU ARE THE, THE LARGER SOURCES ARE THE GEM FUND AT 351 MILLION, FIRST RESPONSE AT 70 MILLION, RISK MANAGEMENT AT \$54 MILLION, AND THE SELLWOOD BRIDGE REPLACEMENT FUND, \$71 MILLION.

IF YOU LOOK AT WHERE THE MONEY GOES TO, AND THAT'S THE BAR CHART IN THE BOTTOM RIGHT HAND CORNER, THE TAKE-AWAY FROM THIS IS THAT OUR ABSORB SERVICE AGENCIES RECEIVE FAR MORE FUNDING FROM OTHER SOURCES THAN THE GENERAL FUND. THE PUBLIC SAFETY DEPARTMENTS RECEIVE A FAR SMALLER, SMALLER PERCENTAGE OF RESOURCES FROM OTHER FUNDS. AND THIS IS REALLY AN IMPORTANT POINT BECAUSE ANY CHANGES AT THE FEDERAL AND STATE LEVEL ARE GOING TO HAVE A FAR GREATER IMPACT ON OUR SOCIAL SERVICE AGENCIES BY VIRTUE OF THE FUNDING SOURCE, IF NOTHING ELSE. NEXT SLIDE, PLEASE. THIS SLIDE SHOWS THE CHANGES IN FTE, AN FTE IS A FULL-TIME EQUIVALENT, IT'S GOOD COUNTY JARGON HERE, AND THAT IS, BASICALLY, ONE POSITION. AT FIRST, IF I CAN HAVE YOU LOOK AT THE

OVERALL TREND AND IGNORE BOTH LINES, BUT LOOK AT THE OVERALL TREND. OVER THE COURSE OF 13 YEARS, THE COUNTY HAS REDUCED A NET OF 389FTE FROM A HIGH OF 5,35 IN 2001 TO A LOW OF 4,398 IN 2010 TO WHERE WE'RE AT TODAY IN 2015, WITH 4,646 BUDGETED FTE. WE HAVE A 75 FTE INCREASE OVER FISCAL YEAR 2014. WHAT'S NOTABLE, IF YOU LOOK AT THE END OF THE LINE, BOTH OF THOSE LINES THERE, IT'S STILL -- WE HAVE NOT ECLIPSED OUR FISCAL YEAR 2001 LEVEL. SO, WE'RE STILL SHY OF THAT. THE INCREASE OF 75, FTE OVER 2014 CAN BE ATTRIBUTED TO THE DEPARTMENT OF COUNTY HUMAN SERVICES, AND THE DEPARTMENT OF COMMUNITY JUSTICE. YOU WILL HEAR MORE ABOUT THOSE INCREASES DURING THE DEPARTMENT'S PRESENTATION. I NOW WANT TO DIRECT YOU TO THE BLUE LINE WHICH SHOWS THE TOTAL FTE, INCLUDING THE LIBRARY. IF YOU LOOK AT THE GREEN LINE, THAT SHOWS THE FTE WITHOUT THE LIBRARY. AND WHAT WE'RE TRYING TO SHOW YOU WITH THIS SLIDE IS THAT THE CHANGE IN FTE OVER THE LAST FEW YEARS HAS BEEN RELATIVELY FLAT. WITH THE EXCEPTION OF 2014, DUE TO THE FORMATION OF THE LIBRARY DISTRICT IN THE BLUE LINE, AND YOU CAN SEE BECAUSE WE RESTORED HOURS, WE INCREASED FTE, AND THAT'S WHY THE BLUE LINE RISES. IF YOU LOOK AT THE GREEN LINE WITHOUT THE LIBRARY, YOU CAN SEE THE INCREASE IN FTE BETWEEN 2014 AND 2015, WHICH IS MAINLY DUE TO DCJ AND DCHS. SO IF YOU COMBINE 2014 AND 2015 TOGETHER, YOU WILL SEE THE FIRST SIGNIFICANT RISE IN FTE, AND IN BASICALLY, A DECADE.

THE NEXT CHART SHOWS THE YEAR OVER YEAR CHANGE BY THE DEPARTMENTS. THE BLUE BAR REPRESENTS THE FISCAL YEAR 2014, ADOPTED, AND THE GREEN BAR REPRESENTS 2015, APPROVED. AND AS YOU CAN SEE, THE OVERALL CHANGES WITHIN THE DEPARTMENTS REMAIN RELATIVELY FLAT WITH THE EXCEPTION OF COUNTY HUMAN SERVICES AND DCJ, AND HERE YOU CAN VISUALLY SEE THE ADDITION OF THOSE 75, FTE. WHAT'S MORE USEFUL ABOUT THIS CHART IS TO SEE WHERE THE POSITIONS ARE ALLOCATED BY DEPARTMENT. THE HEALTH DEPARTMENT HAS THE LARGEST NUMBER OF EMPLOYEES THAT CREST 1,000, FTE. THE SHERIFF'S OFFICE IS NEXT IN LINE WITH 781, AND OUR SMALLEST DEPARTMENT EXCLUDING NON DEA HAS 200 FTE. IT SEEMS LIKE EVERY TIME THAT I GET IN THE ELEVATOR, THERE IS A NEW POSTER ANNOUNCING A RETIREMENT. WE WANTED TO SEE HOW MANY ARE ELIGIBLE TO RETIRE. I WANT TO PUT SOME CLARIFYING PARAMETERS ON THIS. THIS CHART IS JUST A SNAPSHOT OF ONE DATA POINT. IT DOES NOT PROVIDE US WITH ALL THE DETAILS THAT WE NEED TO TELL A PRECISE STORY, BUT IT REALLY SHOULD BE GIVING US SOME FOOD FOR THOUGHT. THIS CHART SHOWS US BY DEPARTMENT, THE PERCENTAGE OF PEOPLE ELIGIBLE TO RETIRE AS OF JULY 1, 2014. THIS DOES NOT TAKE INTO ACCOUNT ANY WORK HISTORY OR ANYTHING ELSE OUTSIDE OF MULTNOMAH COUNTY. THIS IS JUST WHAT'S CURRENTLY IN THE SYSTEM THAT WE LOOKED AT. THE BLACK LINE REPRESENTS THE OVERALL AVERAGE OF PERMANENT COUNTY EMPLOYEES THAT ARE ELIGIBLE TO RETIRE AT 2015. THAT'S AT 15%. WHAT IS NOT SHOWN IN THIS CHART THAT

THIS PERCENTAGE RISES TO 29% IN 2020. IF YOU LOOK, YOU CAN SEE THAT DCM, DCHF AND THE SHERIFF'S OFFICE HAS THE HIGHEST PERCENTAGE OF PEOPLE ABLE TO RETIRE. NEXT SLIDE, PLEASE. THIS NEXT SLIDE TAKES THE SAME DATA AND SLICES IT A BIT DIFFERENTLY. SO, IT TAKES ALL OF THOSE FOLKS THAT ARE ELIGIBLE TO RETIRE, AND IT BREAKS IT DOWN BY DEPARTMENT AND BY NON REPRESENTED, WHICH YOU CAN COUNT AS MANAGEMENT AND, AND REPRESENTED EMPLOYEES. THE BLUE BAR IS NON REPRESENTED EMPLOYEES, AND THE GREEN BAR IS REPRESENTED EMPLOYEES. AND FOR ME, THE MOST STRIKING THING ABOUT THIS CHART WAS THE MIX MAXED NATURE OF THE DATA. WE HAVE SEVEN DEPARTMENTS THAT HAVE A HIGHER PERCENTAGE OF NON REPRESENTED EMPLOYEES THAT ARE ELIGIBLE TO RETIRE. THE REMAINING THREE DEPARTMENTS, IT'S JUST THE REVERSE. SO, THERE IS A HIGHER PERCENTAGE OF REPRESENTED EMPLOYEES ELIGIBLE TO RETIRE. AGAIN, THIS IS JUST FOOD FOR THOUGHT, ALL THE DEPARTMENTS ARE THINKING ABOUT THIS. AND, AND WE THOUGHT IT WAS KIND OF AN INTERESTING TREND LINE. ON APRIL 4, OR APRIL 24, YOU RECEIVED CHAIR MADRIGAL'S BUDGET, AND I REALLY JUST WANTED TO PROVIDE SOME HIGHLIGHTS. I WANT TO SUM UP THE \$1.6 BILLION BUDGET. IT'S 1300 PAGES, AND SLIGHTLY LESS THAN 10 POUNDS OF, OF BUDGET DOCUMENTATION IN THIS ONE SLIDE. SO, THIS BUDGET BALANCES THE FUND FOR THE NEXT THREE YEARS, AND WE HAVE A CURRENT SERVICE LEVEL BUDGET. IT INVESTS IN THE SAFETY NET SERVICES, INCLUDING MENTAL HEALTH, SUN, AND HOUSING PROGRAMS, AND IT'S ALSO, IT MAINTAINS THE PUBLIC SAFETY SERVICE LEVELS. IT USES ONE-TIME ONLY FUNDS, RESPONSIBLY FOR CAPITAL INVESTMENTS, AND WE HAVE CREATED THREE NEW, NEW CAPITAL FUNDS FOR ADDITIONAL TRANSPARENCY. THOSE FUNDS ARE THE DOWNTOWN COURTHOUSE CAPITAL FUND, THE LIBRARY CAPITAL CONSTRUCTION FUND, AND THE HEALTH HEADQUARTERS CAPITAL FUND. THE BUDGET ALSO INCLUDES THE VISITOR'S DEVELOPMENT FUNDS FOR THE IGA WITH METRO AND THE CITY OF PORTLAND AND A HOST OF OTHER FOLKS, AND THAT'S AN ADDITIONAL HALF A MILLION DOLLARS. IT PROVIDES ARE EMPLOYEE MERIT AND COLA INCREASE, AND WE FULLY FUND OUR GENERAL FUND AND BIT RESERVES. THE SECOND QUESTION WE USED TO GET ASKED THE MOST WAS HOW DID YOU CLOSE THE GAP IN THE GENERAL FUND? WELL, NEW FOR THIS YEAR, THE QUESTION IS REALLY ALL ABOUT THE SURPLUS. HOW MUCH DID WE HAVE AND WHAT WAS THE POLICY DIRECTION FOR THE BUDGET? SO, I WANT TO WALK YOU THROUGH SOME GENERAL FUND BASICS, AND WE REALLY HAVE BROKEN THIS DOWN INTO THREE CATEGORIES. THE FIRST CATEGORY IS ABOUT THE GENERAL FUND FORECAST, ITSELF, AND AS I MENTIONED, AT THE BEGINNING OF THE PRESENTATION, REVENUES EXCEEDED EXPENDITURES BY 8.3 MILLION. THERE ARE TWO COST DRIVERS THAT CAN TAKE A MAJORITY OF THE CREDIT FOR THIS. THE FIRST IS THAT WE HAD FLAT MEDICAL DENTAL RATES, AND THE SECOND IS WE HAD A REDUCTION IN OUR PERS RATES, AND TO HELP PROVIDE US WITH AN ORDER OF MAGNITUDE ABOUT THE \$8.3 MILLION, MIKE CAME UP WITH A REAL -- KIND OF

AN INTERESTING AND FUN CALCULATION. MIKE CALCULATED THE GENERAL FUND COST TO OPERATE THE COUNTY FOR ONE DAY. AND THAT COST WAS BETWEEN \$1.2 AND \$1.6 MILLION, AND THAT REALLY DEPENDS ON WHETHER YOU ARE A MONDAY THROUGH FRIDAY OPERATION, 8:00 TO 5:00 HOURS, AND IF YOU EXCEEDED THAT. SO, \$8.3 MILLION REPRESENTS ROUGHLY ONE WEEK OF COUNTY OPERATIONS. OK.

THE SECOND CATEGORY IS POLICY DIRECTION AND ASSUMPTIONS. SO, WE TREATED \$4.7 MILLION OF THE \$8.3 MILLION AS ONE-TIME ONLY TO BALANCE THE BUDGET OVER THREE YEARS. THAT MEANS WE WERE ABLE TO ADD \$3.6 MILLION OF ONGOING OVER AND ABOVE CURRENT SERVICE LEVELS, AND THAT REPRESENTS TWO TO THREE DAYS OF OPERATIONS. I WANT TO THROW A CAVEAT IN HERE. THIS ALL ASSUMES THAT WE WILL AVERAGE 95 U.S. MARSHAL BIDS A DAY, AND WE'LL TALK ABOUT THAT. AND YOU HAVE A MINI BRIEFING COMING UP ON THAT. THE THIRD CATEGORY ON THE GENERAL FUND BASICS IS ONE-TIME ONLY FUNDS AND, AND THERE IS \$15.4 MILLION OF ONE-TIME ONLY AFTER FUNDING OUR RESERVES, THE \$15.4 MILLION INCLUDES THE 4.7 MILLION OF ONGOING THAT WE TREATED AS ONE-TIME ONLY AND, AND OF THAT 15.4 MILLION, 9.8 MILLION OF THAT IS DEDICATED TO CAPITAL PROJECTS. OF COURSE, YOU ARE GOING TO BE GETTING MUCH MORE DETAILED INFORMATION ABOUT THIS WITH THE DEPARTMENTAL PRESENTATIONS. THIS NEXT SLIDE HIGHLIGHTS SOME OF THE ONE-TIME ONLY INVESTMENTS IN THE PROPOSED BUDGET, AND WE HAVE ALSO GROUPED THOSE INTO FOUR GROceries, AND I REALLY JUST WANT TO HIGHLIGHT A COUPLE OF THESE IN EACH CATEGORY. THE FIRST CATEGORY IS RESPONDING TO COMMUNITY NEEDS. AND THERE IS \$751 MILLION FOR THE MENTAL HEALTH PILOT PROGRAM. THESE ARE TWO PROGRAM OFFERS IN THE HEALTH DEPARTMENT AND THE DEPARTMENT OF COMMUNITY JUSTICE. THE THIRD LEG OF THIS PROGRAM IS FUNDED WITH ONGOING, AND IT'S IN COUNTY HUMAN SERVICES. THERE IS 586,000 TO UPDATE THE LAND USE COMPREHENSIVE PLAN, AND YOU WILL HEAR MORE ABOUT THAT. THE SECOND CATEGORY IS, IS THE FACILITIES, CAPITAL, AND DEBT. WE HAVE \$1 MILLION ALLOCATED FOR THE HEALTH DEPARTMENT HEADQUARTERS, IN ADDITION TO THE 5.4 MILLION THAT WAS BUDGETED IN 2014. ADDITIONALLY, WE HAVE ALLOCATED \$700,000 TO THE RIGHT SIZE AND UPDATE THE ANIMAL SERVICES FACILITY. THE THIRD CATEGORY IS INFORMATION, INFORMATION AND CAPITAL, INFORMATION AND, AND COMMUNICATIONS CAPITAL, AND THERE IS \$1.1 MILLION FOR VOIP, AND THAT IS ALSO KNOWN AS THE VOICEOVER INTERNET PROTOCOL, AND THAT IS TO CONTINUE THE REPLACEMENT OF OUR AGING PHONE SYSTEM. LASTLY, IN THE OTHER CATEGORY, WE HAVE A HALF MILLION DOLLARS TO, TO UPGRADE AND REPLACE OUR BALLOT TALLY SYSTEM, AND 174,000 FOR THE SHERIFF'S OFFICE TO HIRE ADDITIONAL BACKGROUND INVESTIGATORS TO HELP WITH THEIR VACANCY ISSUE. OUR GENERAL FUND RESERVES ARE FULLY FUNDED AND IN COMPLIANCE WITH OUR FINANCIAL POLICIES. THEY ARE FUNDED AT \$34.3 MILLION, WHICH IS 10% OF THE APPROPRIATE

RESERVES. OUR CORPORATE REVENUES. AND THE BIT STABILIZATION RESERVE IS, IS ALSO FUNDED AT 10% AND, AND THAT IS \$6.3 MILLION. AND, AND WE HAVE AN OVERALL CONTINGENCY OF \$9.1 MILLION, AND IT INCLUDES SEVERAL SMALLER BUCKETS. WE HAVE OUR REGULAR CONTINGENCY AT \$1.25 MILLION. AND WE HAVE AN ADDITIONAL ONE-TIME ONLY AMOUNT AVAILABLE OF \$858,000 FOR THE BOARD TO ALLOCATE AS THEY MIGHT CHOOSE DURING THIS BUDGET PROCESS. AND THERE IS \$400,000 SET ASIDE IN THE EVENT OF A RUNOFF COLLECTION, AND [INAUDIBLE] FOR DISPARITIES REDUCTION IN THE COMMUNITIES OF COLOR. THIS IS WHERE THE BIT STABILIZATION RESERVE LIVES. THERE IS A SHORT LAUNDRY LIST OF THINGS FLOATING AROUND THAT WE WILL NEED, WE WILL NEED TO, TO BE KEEPING OUR EYE ON AS THEY DEVELOP OVER THE COURSE OF THE NEXT FEW WEEKS. MONTHS, AND SOME OF THESE WILL PROBABLY SPAN YEARS. THE FIRST TOPIC IS THE U.S. MARSHAL BED USAGE. RIGHT NOW, WE'RE BUDGETED AT 95 ACTUAL BEDS PER DAY. IF WE HAVE BEEN LOOKING AT THE TRENDING, THE USAGE HAS BEEN LOWER THAN THAT. IT HAS GONE DOWN AS LOW AS 34 OR 35 BEDS. WHAT'S INTERESTING IS OVER THE COURSE OF THE LAST WEEK, THE JAIL BED UTILIZATION HAS JUMPED UP TO 70 BEDS, BEEN A DRAMATIC INCREASE. WHAT WE'RE REALLY LOOKING FOR IS, IS THE OUTCOME OF THE ELECTION NEXT MONTH IN COLUMBIA COUNTY, AND WE THINK THAT MAY CONTINUE TO IMPACT THE UTILIZATION OF THE U.S. MARSHAL. SO WE NEED TO STAY TUNED AND KEEP OUR EYE ON THAT BALL. HOWEVER, IF THOSE REVENUES DO NOT IMPROVE THE BOARD WILL NEED TO DETERMINE HOW, HOW TO, TO CLOSE THAT GAP BETWEEN THE LOSS OF REVENUE AND EXPENDITURES.

Commissioner Smith: KARYNE, THE COLUMBIA COUNTY, IS THAT THE RESULT OF A VOTE FOR THEIR PUBLIC SAFETY --

Ms. Kieta: THAT'S CORRECT.

Commissioner Smith: OK.

Ms. Kieta: THE SECOND TOPIC THAT WE REALLY NEED TO KEEP OUR EYE ON, WHICH EVERYBODY IS VERY AWARE OF, IS REALLY A BROAD UMBRELLA TOPIC, AND IT COVERS ALL THE THINGS THAT WE DON'T KNOW WITH REGARD TO, TO THE AFFORDABLE CARE ACT IN HEALTH CARE TRANSFORMATION. THIS INCLUDES NEW CLIENTS, THE NUMBER OF VISITS, AND HEALTH CARE COVERAGE FOR INCARCERATED PERSONS. THIS IS, ALSO, A TOPIC OF MANY WORK SESSIONS YOU WILL HEAR ABOUT ON MAY 1st, BUT FOR NOW, IT SEEMS LIKE WE HAVE A BIT MORE OF THE UNKNOWN THAN THE KNOWN IN THIS CATEGORY. MOVING ONTO HB-3194. THIS IS, ALSO, THE TOPIC OF THE MINI WORK SESSION.

Ms. Kieta: THE LOCAL PUBLIC SAFETY COORDINATING COUNCIL WILL BE COMING TO YOU WITH A RECOMMENDATION OF HOW TO SPEND THE

REMAINING \$2.8 MILLION FROM THIS BIENNIAL ALLOCATION. WHATEVER THE BOARD CHOOSES TO FUND FROM THOSE RECOMMENDATIONS WILL REQUIRE AN AMENDMENT PACKAGE IN ORDER TO APPROPRIATE THAT AND GET IT INTO THE BUDGET. THE MONEY IS SITTING IN THE BUDGET IN THE FEDERAL STATE FUND CONTINGENCY, BUT WE'LL NEED TO GET IT ALLOCATED OUT TO THE DEPARTMENTS.

WITH REGARD TO, TO CAPITAL PROJECTS, THERE IS JUST A LOT OF ACTIVITY IN THIS AREA THAT THE BOARD WILL BE INVOLVED IN. OF COURSE, AS ALWAYS, THE BIGGEST ISSUE IS HOW ARE WE GOING TO PAY FOR THEM. WITH REGARD TO LOCAL PARTNERSHIPS, THIS IS, REALLY, A REFLECTION OF THE WORK OF THE CHAIR AND THE CITY OF PORTLAND TO ALIGN THE CITY AND COUNTY SERVICES, IN A WAY THAT MAKES MORE SENSE. THIS INCLUDES THE SUN EXPANSION, AND THE COUNTY TAKING RESPONSIBILITY FOR FULL FUNDING OF THE [INAUDIBLE] WHILE THE CITY TOOK, TOOK FULL RESPONSIBILITY FOR FULL FUNDING OF SOBERING, SO WE'LL BE HEARING MORE ABOUT THAT. AS I DO EVERY YEAR, I REALLY HAVE TO OFFER THE OBLIGATORY NOTE, REGARDING BACK-FILLING, OTHER GOVERNMENT'S CUTS OR EXPENDITURES ON MAJOR CAPITAL PROJECTS. OUR CURRENT REVENUE STREAM CANNOT SUPPORT IT WITHOUT REDUCING OUR CURRENT LEVELS. SO, AT THIS POINT, I AM GOING TO TURN THIS OVER TO MIKE, AND HE WILL TALK MORE ABOUT TRENDING INFORMATION.

Mr. Jaspin: GOOD MORNING. MICHAEL JASPIN FROM THE BUDGET OFFICE. THIS IS WHERE WE LIKE TO SLICE THE BUDGET A DIFFERENT WAY, AND ALSO, SHOW SOME LONG-TERM, LONG-TERM TRENDS. I AM GOING TO USE THE SAME SET OF SLIDES WE USED LAST YEAR, BUT WE DID UPDATE THEM FOR THE UPCOMING YEAR. THE STORY IS GOING TO BE, BASICALLY, THE SAME, EXCEPT WE MANAGED TO PUT A HAPPY ENDING ON IT. SO, THIS SLIDE SHOWS OUR SPENDING, WHAT WE SPEND OUR RESOURCES ON BY CATEGORY. AND THE TOP BLUE LINE IS, IS, IS PERSONNEL SPENDING. IT'S OUR, OUR LARGEST SPENDING CATEGORY AT OVER HALF A BILLION DOLLARS, AND IT'S ALSO OUR FASTEST GROWING. IT'S ALMOST DOUBLE THE NEXT, THE NEXT LARGEST CATEGORY, WHICH IS OUR CONTRACTED SERVICES. THE STORY ABOUT OUR PERSONNEL HAS, HAS, HAS BEEN KIND OF THE SAME SINCE, SINCE 2004. THAT WAS THAT, THAT WE KEPT SPENDING MORE AND MORE ON, ON OUR PEOPLE, BUT WE, ACTUALLY, DIDN'T GET ANY MORE PEOPLE OR FTE. THAT STORY HAS STARTED TO CHANGE. IF YOU LOOK AT THE GREEN BAR DOWN AT THE, AT THE BOTTOM, OR THE GREEN LINE, THAT SHOWS OUR FTE ON A YEAR OVER YEAR BASIS, AND YOU CAN SEE THAT LAST YEAR, IT STARTED TO CREEP UP, LARGELY, DUE TO THE LIBRARY, AND THIS YEAR, IT CREEPS UP EVEN MORE IN PART, DUE TO DCHS, BUT YOU WILL NOTICE THAT, THAT THE COSTS ARE NOT RISING QUITE AS QUICKLY, FOR THE FIRST TIME, WE'RE SPENDING MORE, BUT WE ARE GETTING MORE, MORE FTE. ONE OF THE THINGS THAT, THAT HAS DRIVEN THIS RESULT OVER THE YEARS HAS BEEN THE AMOUNT THAT WE SPEND ON

BENEFITS AND INSURANCE. SO, WHAT THIS CHART DOES IS SHOW THE AVERAGE COST PER FTE, AND SO, THIS, THIS INCLUDES SOCIAL SECURITY TAXES, BUT REALLY, THE VAST MAJORITY OF IT IS GOING TO BE OUR PERS COST AND OUR HEALTH CARE COSTS. SO, IN 2 ON YOUR SIDE, WE SPENT ABOUT \$19,190 PER FTE ON, ON BENEFITS AND INSURANCE. BY LAST YEAR, THAT, THAT -- THE CURRENT YEAR, THAT HAD CREPT UP TO \$42,608, AND YOU WILL NOTICE FOR THE FIRST TIME GOING INTO NEXT YEAR, THAT, AMEND, DECLINES. IT DECLINES TO 41,753. THIS GRAPH IS NOT ADJUSTED FOR INFLATION, SO YOU COULD ARGUE THAT, THAT SOME OF THESE COSTS SHOULD GO UP DUE TO INFLATION. HOWEVER, WHEN YOU LOOK AT IT AS A PERCENTAGE OF PAYROLL, THE STORY STILL IS THE SAME. IN 2 ON YOUR SIDE, WE SPENT ABOUT 46% OF BASE PAY ON, ON THE BENEFITS AND INSURANCE, SO IN OTHER WORDS, IF WE PAID FOR EVERY DOLLAR THAT WE SPENT ON BASE PAY, WE SPENT 46 CENTS ON, ON PERS AND HEALTH CARE. THAT NUMBER CREPT UP TO 67% IN THE CURRENT FISCAL YEAR. FOR NEXT YEAR, IT DROPS DOWN TO 65%. AGAIN, WE HAVE HAD A, WE HAVE HAD IT WHERE IT HAS GONE DOWN, BUT, THAT'S VERY SIGNIFICANT TO HAVE, TO HAVE IT GO DOWN BY TWO PERCENTAGE POINTS. THE NOT SO FUN, FUN FACT THAT WE POINTED OUT LAST YEAR, WAS THAT IF YOU, RATHER THAN SPENDING 67% IN THE CURRENT FISCAL YEAR, IF WE COULD GET THAT LEVEL BACK TO 46%, LIKE 2 ON YOUR SIDE, THAT WOULD HAVE FREED UP 33 MILLION OF GENERAL FUND, AND ALMOST A LIKE AMOUNT IN OTHER FUNDS, WHICH WOULD ALLOW YOU TO, TO BUY A D.A.'S OFFICE AND A HALF, OR THE ENTIRE LIBRARY SYSTEM TO GIVE YOU A SENSE OF, OF SCOPE.

Chair Madrigal: MIKE, IS THAT A RESULT OF, MOSTLY, OF HEALTH INSURANCE OR PERS, OR IS IT A COMBINATION OF BOTH? OR WHO IS THE BIGGER CULPRIT, I GUESS?

Mr. Jaspin: THAT IS A GREAT SEGUE INTO THE NEXT SLIDE.

Chair Madrigal: EXCELLENT.

Mr. Jaspin: SO, BECAUSE OF THE PERS AND HEALTH CARE. SO, LET'S TAKE OFF PERS FIRST, SO, WE CHARGED DEPARTMENTS FOR THE PERS COSTS, SO THERE IS FOUR DIFFERENT RATES THAT WE CHARGE. DEPENDING ON THE DEMOGRAPHICS, SO WHAT THIS CHART SHOWS IS, IS, IS THOSE RATES. SO, THE TOP BLUE LINE IS A PERS RATE THAT WE CHARGE TO THE DEPARTMENTS FOR CURE ONE AND TWO UNIFORMED FOLKS, SO CORRECTIONS OFFICERS, OR THE DEPUTY SHERIFFS. THE NEXT, THE LOWER BLUE LINE IS TIER 1 AND 2 FOR NON UNIFORM, SO ESSENTIALLY, EVERYBODY ELSE. YOU CAN SEE THAT, THAT THE UNIFORMED, OR NON UNIFORM IDEA IS THE LESSER OF THE, THE, THE CHEAPER OF THE PLANS, IN PART, BECAUSE, BECAUSE THE UNIFORMED FOLKS GET TO RETIRE EARLIER. THE NEXT SET OF LINES IS THE GREEN ONES, AND THAT'S FOR, FOR WHAT WE CALL TIER 3, OR OPS WHICH WENT INTO EFFECT IN 2003, AND WHAT YOU

WILL NOTICE IS THAT THOSE ARE CHEAPER THAN THE TIER 1 AND 2. AND, AND YOU CAN SEE FROM 2000 TO, TO LAST YEAR, THAT THE RATES WERE, WERE EVER INCREASING, AND THEN FOR THE UPCOMING FISCAL YEAR, THEY GO DOWN BY, BY ABOUT TWO PERCENTAGE POINTS OF BASE PAY. AND KEEP IN MIND, WE DID NOT ASSUME ANY OF THE SAVINGS THAT THE LEGISLATURE, THE LEGISLATIVE REFORMS LAST YEAR, SO WE'RE STARTING TO SEE THOSE KICK IN FOR THE UPCOMING YEAR, AGAIN, THIS ASSUMES THAT, THAT ALL THOSE REFORMS ARE, ARE UPHELD IN THE VARIOUS COURT CHALLENGES. SO, THE ABSOLUTE DECLINE IN RATES HELPS TO DRIVE OUR RESULT FOR THE CURRENT YEAR. THE OTHER IMPORTANT THING TO NOTE IS THAT OP-SERT IS A LESSER OF THE PLANS, SO WHEN YOU LOOK AT THE DEMOGRAPHICS, THIS CHART SHOWS THE NUMBER OF FOLKS THAT WE HAVE IN EACH OF THE TIERS. SO, IN AT ONE AND -- AND 2002, HERE THIS WAS THE LARGEST, AND 2 PEAKED IN 2003, AND THEN IT HAS BEEN DECLINING, AS WELL, AND YOU CAN SEE THE PICKUP IN TIER 3. THE INTERESTING THING IS TIER 3 IS NOT ONLY THE LARGEST GROUP OF EMPLOYEES, ACTIVE EMPLOYEES RIGHT NOW, BUT ALMOST TWICE AS LARGE, OR IT IS AS LARGE AS THE OTHER TWO COMBINED. SO, OVER TIME, THIS WILL HELP TO DRIVE OUR PERS COSTS LOWER. HOWEVER, MOST OF THE INCREASE IN RATES ATTRIBUTABLE TO TIER 1 FOLKS, AND LARGELY FOLKS WHO HAVE ALREADY RETIRED, SO IT'S NOT THAT THE COSTS WILL DROP ANY TIME SOON, WHEN YOU THINK ABOUT, ABOUT THINGS LIKE RETIREMENT PLANS, YOU CAN THINK OF GENERATIONS IN DECADES AND, AND SO, WHAT YOU SEE IS, IS KIND OF THE GLIMMER OF THE, OF HOPE AS WE GO FORWARD.

Mr. Jaspin: THE OTHER PIECE OF THE PUZZLE IS HEALTH CARE COSTS. SO, TWO LINES TO LOOK AT HERE. THE FIRST IS THE DOTTED GREEN LINE, AND THAT IS THE AVERAGE TOTAL PREMIUM FOR FAMILY COVERAGE, AND IT'S A YEAR OVER YEAR CHANGE AS PROVIDED BY KAISER. KAISER DOES A SURVEY, AND THEY TALK ABOUT PRIVATE AND PUBLIC EMPLOYERS. YOU CAN SEE THAT, THAT, THAT IN THE EARLY PART OF, OF THE LAST DECADE, THAT THE ANNUAL INCREASES WERE, WERE INTO THE DOUBLE-DIGIT RANGE, AND THEY STARTED TO COME DOWN IN THE MIDDLE OF THE LAST DECADE, THEY WERE MID SINGLE DIGITS AND, AND THEY HAVE BEEN RELATIVELY FLAT, OR HAVE CONTINUED TO COME DOWN. THE BLUE LINE IS, IS THE, THE -- OUR ACTUAL COST FOR OUR KAISER PLANS AND OURSELF ENSURED PLANS PER FTE, AND YOU LOOK AT THE YEAR OVER YEAR CHANGE, AND OURS HAS MIRRORED THE KAISER SURVEY RESULTS CLOSELY. BUT, WHAT YOU WILL NOTICE IS IN THE CURRENT FISCAL YEAR, AND THE UPCOMING FISCAL YEAR, THE RATES THAT WE'RE CHARGING TO THE DEPARTMENTS ARE FLAT. SO, THAT'S THE OTHER PIECE OF THE PUZZLE, AND THAT, THAT IS A PRETTY REMARKABLE DECLINE IN HEALTH CARE COSTS OVER THE LAST DECADE AND A HALF. SO, WE HAVE ONE SLIDE HERE TO SHOW THE -- WHERE WE SPEND THE GENERAL FUND OVER THE LAST, LAST, DECADE OR SO AND, AND IT'S AN ODD PLACE TO PUT THE SLIDE, BUT WE NEEDED TO SHOW IT. AND SO, THE GENERAL STORY HERE IS, IS

THAT THE, THE SPLIT BETWEEN PUBLIC SAFETY, GENERAL GOVERNMENT, AND THE HEALTH AND HUMAN SERVICES HAS BEEN RELATIVELY CONSTANT THROUGH, THROUGH TIME, AND YOU CAN REALLY SEE THAT FROM 2006 TO, TO 2012. YOU WILL SEE IN 2013, IT STARTS TO JOG AROUND A BIT, AND THAT'S FOR ACCOUNTING AND VOTER APPROVED REASONS. THE CREATION OF THE LIBRARY DISTRICT SHIFTED THE PERCENTAGES AROUND, BUT NOT THE ACTUAL, THE, THE DOLLAR AMOUNT THAT, THAT, THAT GOES TO ANY OF THE, OF THE, OF THE AREAS. YOU CAN SEE FROM 2014 GOING INTO 2015, IT'S BACK TO BEING STABLE AND, AND THE, THE GRAPH MAKES THE MOVES LOOK MORE PRONOUNCED, BUT THEY ARE, ESSENTIALLY, LESS THAN 1% CHANGE IN ALLOCATION ON A YEAR OVER YEAR BASIS.

THE NEXT QUESTION THAT PEOPLE OFTEN ASK US IS HOW FAST IS THE GENERAL FUND GROWING TO SUPPORT THE, THE VARIOUS SERVICES? SO, I THINK THAT YOU WILL NEED TO LOOK AT THE SCREEN HERE BECAUSE THIS IS ANIMATED, AND SO WHAT I WANT TO DO IS LOOK AT THE THREE BIG REVENUE SOURCES, WHICH IS BIT, MOTOR VEHICLE RENTAL TAX, AND OUR PROPERTY TAX. AND OUR VIT IS SENSITIVE, IT GOES UP 40%, DROPS 36% AND, AND KIND OF MOVES AROUND IN A VERY ROLLER-COASTER FASHION. ALL TOLD, IT'S BEEN OVER THE, THE SPAN SHOWN HERE, IT HAS INCREASED AT AN ANNUAL RATE OF 5.3%. THE MOTOR VEHICLE RENTAL TAX ALSO BOUNCES AROUND A BIT BECAUSE IT IS TIED TO THE ECONOMY, TOO. BUT, OVER THE LONG-TERM, IT HAS BEEN GROWING AT ABOUT 2.3%. PROPERTY TAXES, AS WE TALKED ABOUT BEFORE, TEND TO BE NICE AND STABLE, BUT THEY DON'T GROW AS FAST AS WE WOULD LIKE. OVER THIS TIME PERIOD, THEY HAVE GROWN AT ABOUT 2.9%. THERE IS A BIT OF, OF A MISNOMER WHEN YOU LOOK AT 2014, AND THAT'S BECAUSE THE PASSAGE OF THE LIBRARY DISTRICT, THE COMPRESSION WENT UP A FAIR CLUNK, BUT WE ARE ALSO RELIEVED OF A GREATER SET OF GENERAL FUND EXPENDITURES TO SUPPORT THE LIBRARY. SO, YOU TAKE ALL THIS TOGETHER, AND THE REVENUE GROWS IN A RELATIVELY STABLE FASHION, UNLESS THERE IS A RECESSION, AND THAT, THAT -- IF YOU TAKE THAT RATE INTO A NICE AVERAGE COMPOUND RATE, THAT WORKS OUT TO BE ABOUT 3.32% IS HOW FAST THEY GROW, AND THAT'S KIND OF THE MAGIC NUMBER. ANY TIME OUR EXPENDITURES GROW FASTER THAN 3.32, WE FIND OURSELVES CUTTING. AND IF YOU THINK BACK TO, TO THE PERS GRAPH, AND THE HEALTH CARE COSTS, WHEN THOSE WERE CONSISTENTLY GROWING, THAT CAUSED OUR OVERALL COSTS TO GROW FASTER THAN 3.32% OVER THE LONG-TERM, WHICH IS WHY WE SAID THAT WE HAD A STRUCTURAL DEFICIT, TO THE DEGREE THAT THOSE GRAPHS ARE STARTING TO FLATTEN OUT, IT HELPS TO MAKE OUR STRUCTURAL DEFICIT GO AWAY OR BECOME A MUCH, MUCH, MUCH MORE MODEST ONE. SO FOR COMPARISON, THE LONG-TERM AVERAGE REVENUE GROWTH, AS I SAID BEFORE, WAS 3.2%. THIS YEAR, OUR REVENUES WILL, GOING INTO 2015, THE REVENUES WILL GROW 4.2%, SO, WE, ESSENTIALLY, OUR GROWTH IS ABOVE AVERAGE, BUT ON THE COST SIDE, OUR, OUR TOTAL GENERAL FUND COSTS WILL GROW AT 2.2%.

PERSONNEL COSTS WILL ONLY GROW AT ABOUT, LET'S CALL IT 2.25%. SO, THAT HELPS TO EXPLAIN WHY WE HAVE AN 8.3 MILLION SURPLUS, ESSENTIALLY, OUR COSTS ARE GROWING 1% SLOWER THAN OUR LONG-TERM AVERAGE, AND OUR REVENUES ARE GROWING ABOUT A PERCENT FASTER THAN THE LONG-TERM AVERAGE.

>> SO WE HAVE LOTS OF GOOD NEWS IN OUR BUDGET IS THIS YEAR AND, AND AS I MENTIONED, AT THE BEGINNING OF THE PRESENTATION, THIS BUDGET IS ALL ABOUT STRIKING BALANCING CURRENT AND FUTURE DEMANDS, AND BALANCING THE ALLOCATION OF RESOURCES, ACROSS THE FUNCTIONAL AREAS OF OUR COUNTY GOVERNMENT, AND BALANCING THE DEMAND FOR CURRENT SERVICES WHILE PROVIDING FOR A FISCALLY STABLE, FISCALLY STABLE AND SOUND FUTURE. THIS BUDGET, I JUST WANT TO REITERATE, BALANCES, THE GENERAL FUND THROUGH FISCAL YEAR 2017. OUR RESERVES AND CONTINGENCIES ARE FULLY FUNDED, AND IT AVOIDS BAD BUDGET PRACTICES. IT USES ONE-TIME ONLY, AND IT CONTINUES TO MANAGE OUR DEBT WHILE MAINTAINING HIGH CREDIT RATINGS. AND I WAS ABLE TO SAY THIS LAST YEAR, BUT I'M VERY PLEASED TO BE ABLE TO SAY IT THIS YEAR. WE ARE IN BETTER SHAPE THAN THE OTHER LOCAL GOVERNMENT JURISDICTIONS. THIS IS REALLY A DIRECT RESULT OF THE GOOD FISCAL DISCIPLINE AND MANAGEMENT BY THE CHAIR AND THE BOARD. ULTIMATELY, BY APPROVING AND ADOPTING A BUDGET THAT STRIKES THE RIGHT BALANCE. ON THAT NOTE, WE WOULD BE HAPPY TO ANSWER ANY QUESTIONS FOR YOU.

Commissioner Smith: MADAM CHAIR, I HAVE A COUPLE OF QUESTIONS. THANK YOU, KARYNE AND MIKE. IN TERMS OF THE CAPITAL FUNDS THAT WE HAVE, YOU SPOKE ABOUT THE LIBRARY CAPITAL FUND. COULD YOU EXPLAIN THAT A BIT FOR ME? I WAS NOT AWARE THAT WE WERE KEEPING CAPITAL FUNDS FOR THE LIBRARIES. I THOUGHT THAT THEY HAD THEIR OWN LIBRARY DISTRICT FUNDING.

>> YEAH, SO AS PART OF THE FACILITY CHARGES THAT WE CHARGE TO ALL THE DEPARTMENTS, THERE IS A CAPITAL IMPROVEMENT CHARGE AND AN ASSET PRESERVATION CHARGE. WE GET THROWS FROM ALL FUNDING SOURCES, AND THEY GET DEPOSITED IN THE CAPITAL FUNDS TO BE SPENT ON THE BUILDINGS. IN THE CASE OF THE LIBRARY, WHICH IS, TO THE DEGREE THAT WE WERE CHARGING THE COUNTY'S OPERATING THE LIBRARY, TO THE DEGREE THAT WE WERE, WE WERE STILL IMPOSING THOSE CHARGES, BUT THEN TAKING THAT MONEY AND PUTTING IT IN WITH ALL THE OTHER MONEY, KIND OF MEANS THAT WE WERE CO-MINGLING THE MONEY, SO BY CREATING A SEPARATE FUND, IT MEANS WHEN WE CHARGE THE LIBRARY, THOSE, THOSE ASSET PRESERVATION AND CAPITAL IMPROVEMENT CHARGES, THEY GO ON THE LIBRARY BUILDINGS, AND THEY GO INTO A FUND THAT'S DEDICATED JUST FOR THOSE LIBRARIES, SO IT HELPS TO INCREASE THE TRANSPARENCY.

Commissioner Smith: SO IF WE NEED TO REPAIR OR BUILD A NEW LIBRARY, WE WOULD GO TO THAT FUND?

>> CORRECT.

>> Commissioner Smith: OK. AND SO, THIS GETS TO MY OTHER QUESTION, AND I WAS LOOKING AT SOME OF THE PROGRAM OFFERS. I COULDN'T GET A, A CLEAR UNDERSTANDING. DO WE CHARGE EVERY DEPARTMENT THE SAME INTERNAL SERVICE RATES? BECAUSE THERE ARE DIFFERENT NUMBERS, AND IT DID NOT ADD UP TO ME.

>> SO, WE CHARGED DIFFERENT RATES, IN SOME CASES, THE RATES ARE GOING TO BE THE SAME, BUT IN OTHER CASES, THEY ARE DIFFERENT. AND, AND THOSE RATES ARE, ARE DRIVEN BY THE USAGE OF THE VARIOUS SERVICES. SO, IF THE DEPARTMENT IS MORE, MORE I.T. INTENSIVE, THE RATES SHOULD BE HIGHER ON A PER DOLLAR SPEND OR PER HEAD BASIS AS OPPOSED TO A DEPARTMENT THAT'S NOT USING IT AS MUCH. THE SAME GOES FOR FACILITIES CHARGES. THOSE ARE BASED ON INDIVIDUAL BUILDINGS AND, AND INDIVIDUAL BUILDINGS HAVE HIGHER ENERGY USAGES, AND ETC.

Commissioner Smith: CAN YOU GIVE ME KIND OF A BACKGROUND ON THIS SO WE CAN GO OVER THIS BECAUSE, THERE IS A BUNCH OF QUESTIONS BUT I DON'T HAVE THE TIME NOW TO DO THAT. AND, KARYNE, YOU SPOKE ABOUT SOMETHING IN TERMS OF THE BACKFILLING OF PROGRAMS. IS THERE A WAY TO GET A LIST OF ALL THE PROGRAMS THAT WE'RE TRYING TO BACKFILL FROM OTHER GOVERNMENTS?

Ms. Kieta: YES, COMMISSIONER. WE CAN PULL THAT OUT. THE PROGRAM OFFERS HAVE A CHARACTERISTIC AND, AND IF THEY ARE THE GENERAL FUND BACKFILL, IF A GRAND GOES AWAY OR SOMETHING, IT SHOULD BE MARKED, AND WE CAN DO, WE CAN PULL THAT OUT, AND WE'LL GET THAT LIST TO YOU.

Commissioner Smith: OK, GREAT, THANK YOU. THANK YOU.

Chair Madrigal: COMMISSIONER McKEEL.

Commissioner McKeel: THANK YOU. I JUST HAVE A COUPLE OF COMMENTS, AND KAREN, I REALLY APPRECIATE YOU PUTTING CONTEXT AROUND THE RETIREMENTS THAT ARE GOING TO HAPPEN HERE IN THE COUNTY. WE HEAR THIS NUMBER, THIS PERCENTAGE ALL THE TIME OF WHO IS ELIGIBLE TO RETIRE, BUT, THAT DOES NOT GIVE US THE CONTEXT AROUND IN WHAT DEPARTMENT, WHAT LEVEL, AND, AND SO, I REALLY APPRECIATE YOU PUTTING SOME CONTEXT AROUND THAT. I THINK THAT THAT'S A, A HUGE

ISSUE THAT WE NEED TO BE LOOKING AT, THE SUCCESSION PLANNING AND ALL OF THAT AROUND THESE NUMBER OF RETIREMENTS THAT ARE COMING UP. WE DON'T LIKE LOSING OUR GOOD PEOPLE FROM THE COUNTY, EITHER. SO, I APPRECIATE THAT. I'M ALWAYS INTERESTED IN BUSINESS AND ECONOMIC DEVELOPMENT, I'M GOING TO MAKE A COMMENT ABOUT THE, THE -- OUR REVENUE SOURCES, THE VEHICLE RENTAL TAX, WHICH IS DIRECTLY RELATED TO TOURISM AND, AND OUR, OUR BUSINESS INCOME TAX, WHICH IS DIRECTLY RELATED TO OUR BUSINESSES AND THE ECONOMIC DEVELOPMENT. SO, DEFINITELY WE HAVE A PLACE THERE. THANK YOU VERY MUCH.

Chair Madrigal: COMMISSIONER WENDT.

Commissioner Wendt: THIS, THANK YOU. IT STRUCK ME WITH THE LEADERSHIP DIFFERENCES IN THE DEPARTMENTS, AS WELL, WHICH IS, WHICH IS PROFOUND IN TERMS OF THE SUCCESSION PLANNING. THIS IS A COMMENT FOR THE HEALTH DEPARTMENT BRIEFING, BUT I NOTICED IN THE BUDGET, THERE IS DEFINITELY GOING TO BE A SHIFT TOWARDS MORE COMPETITIVE GRANTS, AND WE HAVE ALREADY BEGUN TO SEE THAT, SO I'M CURIOUS WHAT THE CAPACITY DEVELOPMENT IS TO, TO BE SURE THAT MULTNOMAH COUNTY IS AS COMPETITIVE AS POSSIBLE FOR THOSE GRANTS SINCE IT'S A DIFFERENT WAY OF RECEIVING FUNDING. IT'S NOT SOMETHING THAT YOU NEED TO ANSWER, BUT IT'S A KEY QUESTION.

Ms. Kieta: WE WILL MAKE SURE THAT THE HEALTH DEPARTMENT ADDRESSES THIS IN THEIR PRESENTATION.

Commissioner Wendt: THANKS.

Commissioner Smith: I HAD ANOTHER QUESTION. I WAS TRYING TO IDENTIFY THE DDF FUNDING FOR FISCAL YEAR 2014. I THOUGHT WE WERE TO HAVE \$250,000 AND 500,000 FOR FISCAL YEAR 2015. SO, AS YOU HAVE SEEN IN THE MEDIA, THAT THERE IS THIS FIGHT GOING ON WITH, WITH METRO. DOES THAT HAVE ANY IMPACT ON US BEING ABLE TO INCORPORATE THE \$500,000 OR 250 IN OUR BUDGET?

Ms. Kieta: COMMISSIONER, I DON'T BELIEVE THAT IT DOES. THE CURRENT PROPOSED BUDGET DOES INCLUDE THE \$500,000, AND IT GOES INTO THE OVERALL GENERAL FUND POT.

Chair Madrigal: I CAN SPEAK TO THAT. WHEN WE VOTED ON THE IGA WITH THE CITY OF PORTLAND AND METRO, WE AGREED TO HOW WE WOULD SPLIT THE FUNDS IN THAT VISITOR INVESTMENT FUND. I THINK THAT MIGHT BE A DIFFERENT, THERE MIGHT BE A DIFFERENT NAME FOR ALL THE BUCKETS, BUT, THAT, THAT STANDS REGARDLESS OF WHAT HAPPENS WITH HEADQUARTER HOTEL, WHICH IS WHAT THE CURRENT LEGAL --

>> SO THEY CHANGED THE BUCKETS, SO, IT'S EFFECTIVE?

>> IT'S EFFECTIVE.

>> WHETHER THEY DO THAT OR NOT.

>> RIGHT.

>> OK, SO, IS IT IDENTIFIED WHERE, WHERE THE \$250? WE HAD THAT FOR FISCAL YEAR 2014 THAT WE DID NOT SPEND. IS THAT IN THE GENERAL FUND? OR IS THAT, IS THAT --

>> BOTH THE 250 AND THE 500 ARE ALL INCLUDED IN OUR GENERAL FUND FORECAST. SO, YEAH.

Commissioner Smith: OK. THANK YOU.

Chair Madrigal: ANY OTHER QUESTIONS? OK. THANK YOU.

Ms. Kieta: NEXT ON THE AGENDA FOR TODAY, YOU WILL -- I WILL ASK KATHLEEN TODD AND JIM LASHER TO COME UP, AND THEY ARE GOING TO BE PRESENTING THE CIC RECOMMENDATIONS. RIGHT AFTER THEIR PRESENTATION, MARK CAMPBELL WILL BE PRESENTING THE FINANCE AND BUDGET POLICIES. WE WILL HAVE A BREAK FOR LUNCH, AND BE BACK HERE AT 1:30. WE WILL HAVE A COUPLE OF THE MINI BRIEFINGS, AND WE'LL HAVE THAT THE DEBT OVERVIEW.

Commissioner Smith: KARYNE, WHEN DO YOU SUGGEST IF THERE ARE AMENDMENTS TO THIS BUDGET, WHERE SHOULD THEY GO?

Ms. Kieta: COMMISSIONER, YOU CAN PROPOSE AN AMENDMENT AT ANY TIME DURING ANY OF THESE WORK SESSIONS. HOWEVER, OFTENTIMES IF IT'S, IF IT'S TIED TO A PARTICULAR DEPARTMENT, IT'S ALWAYS HELPFUL TO DO THAT AMENDMENT PROPOSAL DURING THE DEPARTMENT'S PRESENTATION BECAUSE IT MAKES A TIE, MAKES IT TIE IN AND HELPS IT ALL PULL TOGETHER, SO ANY TIME, THOUGH.

Commissioner Smith: I WILL WAIT UNTIL THE END OF THIS.

Ms. Todd: GOOD MORNING, COMMISSIONERS.

Chair Madrigal: GOOD MORNING.

Ms. Todd: I AM KATHLEEN TODD, THE DIRECTOR OF THE OFFICE OF CITIZEN INVOLVEMENT. WITH ME TODAY IS JIM LASHER, THE CHAIR OF THE CENTRAL

CITIZENS ADVISORY COMMITTEE AND ROB WILSON FROM THE OFFICE OF CITIZEN INVOLVEMENT. HE'S THE OUTREACH COORDINATOR. WE'RE GOING TO TALK TO YOU TODAY ABOUT THE CENTRAL CBAC RECOMMENDATIONS, WHICH JIM WILL SHARE WITH YOU. THEN ROB AND I WILL GIVE YOU A SHORT OVERVIEW OF THE RESULTS OF THE BUDGET SURVEY, WHICH WAS ONLINE. JIM?

Mr. Lasher: I AM JIM LASHER, AND I AM A MEMBER OF THE, OF THE CITIZENS INVOLVEMENT COMMITTEE AND ALSO CHAIR OF THE CENTRAL CITIZENS BUDGET ADVISORY COMMITTEE. THE CENTRAL CBAC IS MADE UP OF THE CBAC CHAIRS, OR A DESIGNATED MEMBER FROM THAT CBAC, AND YOU RECEIVED OUR REPORT PLUS THE DIFFERENT CBAC REPORTS ALREADY. I'M GOING TO USE THE SAME WORD THAT WE HAVE USED OVER THE LAST COUPLE OF YEARS, AND THAT'S COLLABORATION. WE'RE VERY PLEASED AND ENCOURAGED THAT THE COUNTY DEPARTMENTS HAVE DONE AN EXCELLENT JOB IN WORKING TOGETHER. WE ALSO NOTED THAT THIS COLLABORATION HAS SPREAD TO, FROM THE COUNTY DEPARTMENTS TO, TO WORKING WITH, WITH THE, THE CITIES WITHIN THE COUNTY, AND ALSO, THE NEIGHBORING COUNTIES. THIS WORKING TOGETHER HELPS ACHIEVE GOALS WITH THE REDUCED EXPENDITURE TO THE COUNTY RESIDENTS. THE CENTRAL CBAC REALIZED THAT MANY DOLLARS SPENT WERE ON MENTAL HEALTH. THESE DOLLARS ARE JUST NOT OUT OF ONE COUNTY DEPARTMENT, BUT AFFECT MANY DEPARTMENTS, SUCH AS HEALTH AND ALSO ALL OF THE JUSTICE SYSTEM. WE ARE PLEASED TO SEE THAT VARIOUS DEPARTMENTS ARE WORKING TOGETHER TO ADDRESS THIS ISSUE. SUICIDES IN THE JAILS ARE NOT LIMITED TO THOSE WITH MENTAL HEALTH ISSUES. PEOPLE JAILED ALSO CANNOT COPE WITH A, A LONG SENTENCE, FACING THEM, OR CHARGES THAT, THAT, THAT ARE BEING BROUGHT FORTH AGAINST THEM. SUICIDE WATCHES ARE NECESSARY, BUT, AT A COST TO THE COUNTY. WE RECOMMEND CONSIDERATION OF ANOTHER JOB CLASSIFICATION TO CONTINUE THESE WATCHES, WHICH LIKE I SAY, IS, IS ABSOLUTELY NECESSARY. WE ARE PLEASED THAT THE COUNTY BOARD CONTINUES TO, TO FUND THESE WATCHES. REDUCTION OF THE WATCHES CAN RESULT IN A SUICIDE AND A POSSIBLE CIVIL LAWSUIT. ALTHOUGH THERE HAVE BEEN ATTEMPTS AT SUICIDE, THE WATCHES HAVE PREVENTED DEATHS OVER THE LAST FEW YEARS. THE CENTRAL CBAC ALSO DISCUSSED THE HOUSE BILL, 3194, AND SUPPORT THAT THE COUNTY ALLOWED THE STATE MONEYS TO FOLLOW THE POPULATION AS THEY REENTER OUR COMMUNITY. THE PROPER SUPERVISION CANNOT BE MADE WITHOUT THIS FUNDING. IN READING THE NEWSPAPERS, YOU SEE MANY EMPLOYEES UNDER PERS ARE DECIDING TO RETIRE. THE COUNTY MUST CONTINUE TO ADDRESS THIS ISSUE, AND WE ENCOURAGE SUCCESSION PLANNING SO VALUABLE KNOWLEDGE IS NOT LOST. AND WE ALSO NOTE THAT THE COUNTY IS VERY PROACTIVE IN THIS AREA. LASTLY, I WOULD LIKE TO THANK THE CENTRAL CBAC MEMBERS AND THE CBAC MEMBERS FOR, FOR THEIR, THEIR WORK. THE CENTRAL CBAC MEMBERS ARE, BASICALLY, DOING

DOUBLE DUTY MEETING WITH THE CBAC AND ALSO THE CENTRAL CBAC. TO THE CITIZENS' INVOLVEMENT STAFF WHO KEEP US A FLOAT DURING THE BUDGET PROCESS, THE CENTRAL CBAC SAYS A BIG THANK YOU, AND TO YOU, THE MEMBERS OF THE COUNTY BOARD, A BIG THANK YOU FOR, FOR ALLOWING US TO GIVE YOU INPUT ON PROGRAMS AND BUDGET ISSUES. IT IS, IT HAS BEEN A PLEASURE TO WORK WITH, WITH THE CHAIR MADRIGAL AND FROM THE CENTRAL CBAC, THEY WANTED ME TO SAY A BIG THANK YOU TO YOU.

Chair Madrigal: YOU ARE WELCOME.

>> DID YOU HAVE ANY QUESTIONS FOR JIM?

>> I WOULD LIKE TO SAY THANK YOU. I AM ALWAYS SO IMPRESSED WITH THE CALIBER AND, AND THE QUALITY OF THE WORK THAT THE CBACS DO. I LOVE GOING AND MEETING WITH EVERYONE. IT'S ONE OF THE HIGHLIGHTS OF, OF THE YEAR BECAUSE IT'S SUCH A DYNAMIC INFORMED, INTELLIGENT CONVERSATION, AND IT REALLY HELPS GUIDE THE DECISIONS THAT WE MAKE. SO, I JUST -- I WANT TO SAY THANK YOU FOR YOUR TIME AND FOR VOLUNTEERING TO DO THIS.

>> THANK YOU. AND FOR THE OTHER COMMISSIONERS, YOU ARE WELCOME TO ANY OF THE CENTRAL CBAC MEETINGS, AND ALSO THE CBAC MEETINGS, THEY ARE OPEN, AND I KNOW THAT THE CBACs VALUE YOUR TIME AND DO LIKE TO HAVE YOUR INPUT ON, ON THE, ON THE VARIOUS TOPICS BEING DISCUSSED. THANK YOU.

>> THANK YOU. I WANT TO ADD HOW MUCH I LOVE GETTING THE CBAC REPORTS. I JUST THINK THAT THE INFORMATION IS SO VALUABLE IN HELPING US ALL BE ABLE TO DO OUR JOB, AND REALLY APPRECIATE THE TIME THAT YOU ALL GIVE TO THE CBACS. AS I LOOK THROUGH THIS, THIS, YOU KNOW, THE RECOMMENDATIONS YOU HAVE GIVEN US, THEY ARE REALLY JUST RIGHT ON, AND THEY INCLUDE A LOT OF INFORMATION. I THINK THAT IT'S VERY HELPFUL TO US, AND SO THANK YOU, THANK YOU VERY MUCH.

>> THANK YOU.

>> MADAM CHAIR, THANK YOU. I WANT TO THANK YOU FOR YOUR TIME AND FOR YOUR LEADERSHIP IN HELPING US TO MOVE FORWARD. I KNOW THAT WE COULDN'T DO THIS BUDGET WITHOUT ALL THE HARD WORK THAT ALL THE CBACS DO, SO THANK YOU VERY MUCH FOR ALL THAT YOU DO FOR US.

>> THANK YOU ON BEHALF OF EVERY MEMBER OF EVERY CBAC.

>> Commissioner Smith: YES.

>> WE'RE GOING TO MOVE ON NOW TO THE RESULTS OF THE ONLINE BUDGET SURVEY. FOR THE, FOR THREE OF THE PAST FOUR YEARS, WE'VE EXPANDED OPPORTUNITIES TO INCREASE PUBLIC INPUT BY IMPLEMENTING AN ONLINE SURVEY. THE SURVEY HAS ALLOWED US TO, TO SIGNIFICANTLY EXPAND THESE PUBLIC INPUTS ABOUT AND AROUND BUDGET MANNERS WITH NEARLY 2,400 SURVEYS COMPLETED IN 2011, 2012, AND 2014. EQUALLY IMPORTANT, IT HAS GIVEN US THE CHANCE TO INCREASE EDUCATION OF THE PUBLIC ABOUT MULTNOMAH COUNTY, THE SERVICES THAT IT PROVIDES, AND THE BUDGET. 1,258 SURVEYS WERE RECEIVED THIS YEAR. THAT WAS 140% MORE THAN IN 2012. THE SURVEY WAS OPEN FOR APPROXIMATELY TWO MONTHS. IT WAS AVAILABLE IN BOTH ENGLISH AND SPANISH. IT WAS WELL PUBLICIZED USING BOTH ELECTRONIC AND PRINT MEDIA. IT WAS ALSO AVAILABLE AS PAPER COPIES, AND SOME PEOPLE DID FILL IT OUT THAT WAY. THE CIC, THE OFFICE OF CITIZEN INVOLVEMENT AND THE BUDGET OFFICE COLLABORATED ON THE DEVELOPMENT OF THE SURVEY QUESTIONS. THE SURVEY CONSISTED OF FIVE QUESTIONS IN ENGLISH AND SPANISH. THREE QUANTITATIVE AND THREE QUALITATIVE. THE QUESTIONS WERE, FIRST OFF, WE ASKED RESPONDENTS TO SELECT THREE CATEGORIES THAT WERE MOST IMPORTANT TO THEM. THE QUESTION TWO ASKS THE RESPONDENTS TO RANK THE SERVICE CATEGORIES IN ORDER. AND, AND AFTER THAT, THEY WERE ASKED TO, TO DESCRIBE WHICH FEATURES THEY VALUED THE MOST ABOUT, ABOUT THE CATEGORIES THEY SELECTED, THE FOURTH QUESTION PROVIDED AN OPPORTUNITY FOR RESPONDENTS TO SELECT ONE CHOICE FROM 10 OPTIONS FOR ALLOCATING THE APPROXIMATELY \$5 MILLION IN ADDITIONAL FUNDING. NEARLY ALL THE OPTIONS WERE MENTIONED IN THE FISCAL YEAR 2014 BUDGET DIRECTOR'S MESSAGE. THE FINAL QUESTION ASKED RESPONDENTS TO DESCRIBE WHY THEY CHOSE THE OPTION THAT THEY DID TO RECEIVE ADDITIONAL FUNDING. ONE CHANGE IN THIS YEAR'S SURVEY WAS THE LIBRARY WAS REMOVED FROM THE SERVICE CATEGORY LIST WITH THE PASSAGE OF THE NEW DISTRICT AND THE GENERAL FUND. WE HAVE SOME, SOME CHARTS TO, TO SHARE WITH YOU, AND ROB IS GOING TO GO OVER THOSE RIGHT NOW. IS THERE THANK YOU, I LOOK FORWARD TO PRESENTING THESE AND INTERPRETING ANY QUESTIONS THAT YOU HAVE AND THE CONCLUSIONS. SO THE FIRST CHART IN FRONT OF YOU IS A BREATH OF SUPPORT CHART, AND WHAT IT REALLY DOES IS HIGHLIGHTS THE NUMBER OF TIMES THAT EACH SERVICE CATEGORY OUT OF THE 17 WAS SELECTED IN THE TOP THREE BY RESPONDENTS. EIGHT OF THE 17 CATEGORIES WERE SELECTED MORE THAN 85% OF THE TIME, AS YOU CAN TELL BY THE HIGH PERCENTAGES. SEVEN OF THESE WERE RELATED TO HEALTH AND HUMAN SERVICES, AND THEY WERE MENTAL HEALTH SERVICES, SUN SCHOOLS, AND EARLY CHILDHOOD SERVICES, HOMELESS SERVICES, AND HEALTH CLINICS, AGING AND SENIOR SERVICES, AND COMMUNITY HEALTH SERVICES, AND DOMESTIC VIOLENCE SERVICES. THE OTHER ONE WAS ROADS AND BRIDGES. IN COMPARISON TO 2012, RESPONDENTS SUPPORT FOR

DOMESTIC VIOLENCE SERVICES, SUN SCHOOLS, AND EARLY CHILDHOOD SERVICES, AND ROADS AND BRIDGES, AND HOMELESS SERVICES MOVED UP SIGNIFICANTLY. WHILE HEALTH CLINICS DROPPED THE MOST. SO, THAT'S THE FIRST CHART. THE SECOND CHART IS A SUPPORT CHART. WHAT IT DOES IS HIGHLIGHTS THE TOTAL VALUE OF RESPONDENTS ASSIGNED TO EACH SERVICE CATEGORY. THIS IS ACHIEVED BY ASSIGNING POINTS TO THE CATEGORIES BASED ON WHERE RESPONDENTS RANK THEIR SELECTIONS FROM ONE TO THREE. THE FIRST WAS AWARDED THREE POINTS WHERE'S RANKED THIRD WAS AWARDED ONE POINT. COMPARED TO QUESTION ONE, THE ORDERING OF THE SERVICE CATEGORIES CHANGED SLIGHTLY WITH ROADS AND BRIDGES, MOVING UP SLIGHTLY AND HOMELESS SERVICES AND COMMUNITY HEALTH SERVICES MOVING DOWN SLIGHTLY. COMPARED TO 2012, HOWEVER, SIGNIFICANT DIFFERENCES EXIST. AS ROADS AND BRIDGES WAS PRIORITIZED FOUR SPOTS HIGHER, IN SUN SCHOOLS AND EARLY CHILDHOOD SERVICES PRIORITIZED TWO SPOTS HIGHER. HEALTH CLINICS DECREASED SIGNIFICANTLY IN PRIORITIZATION BY DROPPING FOUR SPOTS. IN GENERAL, THE GRADIENTS BETWEEN THE SERVICE CATEGORIES VARIED MUCH MORE THIS YEAR WHEN COMPARED TO THE 2012 SURVEY. THIS IS PARTICULARLY TRUE OF THE TOP SERVICE CATEGORY IN BOTH SURVEYS, WHICH IS MENTAL HEALTH SERVICES, WHICH RECEIVES 16.7% OF ALL POINTS THIS YEAR AS COMPARED TO 11% IN 2012. SO, BASICALLY, TO SUGGEST THAT RESPONDENTS SUPPORT FOR PRIORITIZING RESOURCES FOR MENTAL HEALTH SERVICES WAS, WAS AT A HIGHER LEVEL THAN IN 2012. SIGNIFICANTLY HIGHER. THE NEXT CHART, GOT FOUR HERE, IS, IS A STRENGTH OF SUPPORT CHART, AND I ALWAYS AM FASCINATED BY THIS ONE BECAUSE IT HIGHLIGHTS THE AVERAGE VALUE THAT RESPONDENTS ASSIGN A PARTICULAR SERVICE CATEGORY. WHEN THEY RANK THEM WITHIN THEIR TOP THREE. THIS PERSPECTIVE IS USEFUL FOR UNDERSTANDING HOW FERVENT OPPONENTS OF SERVICE CATEGORIES WERE IN THEIR SUPPORT. SIX SERVICE CATEGORIES HAD AVERAGE POINT VALUES OF EITHER 2.1 OR 2.0, AND MEANING THAT WHEN RESPONDENTS SELECTED IT, THEY TENDED TO PRIORITIZE IT EITHER FIRST, WHICH WAS MOST OF THE TIME, AND THEN SECOND, AS THEIR FAVORITE SERVICES. THE ORDERING HERE SHOWS THAT STRENGTH OF SUPPORT FOR A PROGRAM IS NOT NECESSARILY, NOT NECESSARILY RELATED TO THE DEPTH OF SUPPORT. TWO SERVICES, PROPERTY ASSESSMENT TAXATION AND ELECTIONS DIDN'T FALL WITHIN THE TOP NINE CATEGORIES ON THE EARLIER CHARTS. STILL, DEMONSTRATED SOME OF THE STRONGEST FEELINGS OF SUPPORT AMONG THEIR PROPONENTS. PROPERTY ASSESSMENT AND TAXATION IS PARTICULARLY REMARKABLE SINCE IT WAS SELECTED THE LEAST AMOUNT BY RESPONDENTS, A VALUED SERVICE. AND YET, THOSE WHO DID SELECT IT, PRIORITIZED IT. THEY UNDERSTAND THE VALUE OF TAX DOLLARS, PROBABLY. ALONG WITH PROPERTY ASSESSMENT AND TAXATION, SUN SCHOOLS AND EARLY CHILDHOOD SERVICES, ROADS AND BRIDGES, AND MENTAL HEALTH SERVICES, AND ELECTIONS, AND DOMESTIC VIOLENCE HAD LARGE NUMBERS OF ENTHUSIASTIC SUPPORTERS, WHO FREQUENTLY RANK

THEM AS THEIR TOP SERVICE CATEGORY. COMPARED TO 2012, RESPONDENTS ADVOCATING FOR SPECIFIC COUNTY SERVICES WAS DEFINITELY MORE OF A DECISIVE FACTOR THIS YEAR. AND THEN THE LAST CHART, WHICH HONESTLY, MAY PROVIDE THE MOST IMPORTANT INSIGHT FOR YOU, IS THE SERVICES PUBLIC PRIORITIZED, THE PUBLIC PRIORITIZES FOR ALLOCATING ADDITIONAL FUNDS. IT IS PRESENTED HERE, SO, RESPONDENTS SELECTED ONE CHOICE FROM 10 OPTIONS FOR ALLOCATING THE APPROXIMATELY \$5 MILLION IN ADDITIONAL FUNDING, WHICH SOUNDS LIKE IT'S GONE UP NOW. THREE OPTIONS WERE SELECTED NEARLY 65% OF THE TIME. THEY WERE EXPAND MENTAL HEALTH PROGRAMS, AND THAT WAS SELECTED 32.9% OF THE TIME. AND, AND EXPAND HOMELESS SHELTERS AND SERVICES AND, AND SELECTED 17.2% OF THE TIME. AND, AND INCREASED SUN SCHOOL COMMUNITY SCHOOL SERVICES OR SITES, AND THAT WAS SELECTED 15.2% OF THE TIME. MOST IMPORTANTLY, EXPAND MENTAL HEALTH PROGRAMS, SO, SO SELECTED AT DOUBLE THE RATE OF THE NEXT HIGHEST OPTION. IT CLEARLY DEMONSTRATES THAT, THAT RESPONDS OVERWHELMINGLY THOUGHT MENTAL HEALTH SERVICE OF THIS SHOULD BE HIGHLY PRIORITIZED FOR ADDITIONAL FUNDING. THANK YOU, AND WITH THAT, I WILL TURN IT BACK OVER TO KATHLEEN.

>> I AM COVERING THE ASSESSMENT OF THE RESPONSES RECEIVED TO EQUAL QUESTIONS, NUMBER THREE AND FIVE. JUST TO GIVE YOU A SENSE OF THE SCALE, OVER 2,600 COMMENTS WERE RECEIVED. IT HAD TO BE ANALYZED AND CATEGORIZED UNDER COMMON THEMES. AS I MENTIONED EARLIER, THE THIRD QUESTION ASKED RESPONDENTS TO DESCRIBE WHICH FEATURES THEY VALUED THE MOST ABOUT THE SERVICE CATEGORIES THAT THEY HAD SELECTED AS THEIR TOP THREE. THIS QUESTION WAS VERY USEFUL TO GAIN INSIGHT INTO THE QUALITIES THAT MULTNOMAH COUNTY RESIDENTS FEEL ARE THE MOST VALUABLE WITH REGARD TO, TO COUNTY SERVICES AND PROGRAMS. OVER 1,740 COMMENTS WERE SUBMITTED. THEY WERE ANALYZED AND CATEGORIZED BASED ON SIMILARITY. THEY ARE VARIED BROADLY, AND FELL INTO MORE THAN 260 DIFFERENT CATEGORIES. STILL, OVER 85% APPLIED TO TOPICS INVOLVING THE TOP EIGHT SERVICES THAT WERE SELECTED IN QUESTIONS NUMBER ONE AND TWO. COMMENTS CLASSIFIED IN THE TOP TWO TOPICS ACCOUNTED FOR MORE THAN 34% OF THE TOTAL COMMENTS. THESE WERE PEOPLE WITH MENTAL HEALTH PROBLEMS, NEED PSYCHIATRIC CARE, AND ATTENTION. AND YOUTH NEED TO RECEIVE EARLY EDUCATION, SOCIAL SERVICE ASSISTANCE, AND AFTER-SCHOOL ACTIVITIES. COMMENTS CLASSIFIED IN THE NEXT SIX TOPICS ACCOUNTED FOR OVER 51% OF THE TOTAL COMMENTS. THESE WERE THE NEED TO ADDRESS HOMELESSNESS AND ENSURE EVERYONE IN THE COMMUNITY HAS HOUSING. THE NEED TO MAINTAIN AND UPGRADE COUNTY INFRASTRUCTURE, THAT EVERYONE NEEDS HEALTH CARE, THAT AGING AND DISABLED POPULATIONS MUST BE SUPPORTED, THAT COMMUNITY HEALTH PROGRAMS PLAY AN ESSENTIAL ROLE, AND THAT DOMESTIC VIOLENCE PROGRAMS ARE NECESSARY FOR THE VICTIMS. TWO OVERARCHING

THEMES WERE VISIBLE ACROSS TOPICS AS MORE THAN 29% OF THE TOTAL COMMENTS EMBODIED THEM. THESE TWO THEMES WERE THAT THE AREAS IN NEED TO SUPPORT OUR COMMUNITIES MOST VULNERABLE AND AT-RISK POPULATIONS, AND THAT PREVENTION AND EARLY INTERVENTION AVOID RELATED SOCIETAL PROBLEMS, DECREASE OTHER SERVICE NEEDS, REDUCE LONG-TERM COSTS, AND CREATE THE BEST OUTCOMES. INTERESTING TO US WAS THAT THE TWO TOPICS RECEIVING THE MOST COMMENTS WERE DIFFERENT THAN IN 2012. IN PART, THE LIBRARY BEING REMOVED, AS A SERVICE CATEGORY. AS MENTIONED EARLIER, THE NUMBER OF COMMENTS RELATED TO MENTAL HEALTH, AS WELL AS YOUTH EDUCATION AND SUPPORT SERVICES, WAS MUCH HIGHER THIS YEAR. YOU WILL BE ABLE TO SEE EXAMPLES OF THE COMMENTS THAT RESPONDENTS OFFERED MOST FREQUENTLY IN THE TIME REPORT. IN RESPONSE TO QUESTION FIVE, RESPONDENTS SUBMITTED 865 COMMENTS WITH REGARD TO WHY THEY CHOSE THEIR SELECTED OPTION TO RECEIVE ADDITIONAL FUNDING. OCCASIONALLY, THE COMMENTS WERE HUMOROUS, AS RESPONDENTS HAD THE CHANCE TO WRITE IN THEIR OWN OPTIONS, FOR HOW THEY WOULD LIKE THE ADDITIONAL DOLLARS SPENT. ONE SUCH COMMENT ENCOURAGED THE COUNTY TO SUBSIDIZE CAR COMPANIES TO RESEARCH AND BUILD COOL AQUATIC CARS. WE THINK, WE HAVE OUR OWN VIEW ON THIS, AND WE THINK THAT, THAT THIS REALLY HAD TO DO WITH FINDING OTHER OPTIONS TO CROSS THE RIVERS IN THE EVENT THE BRIDGES FAILED, SO, THAT'S OUR TAKE ON IT.

>> CREATIVE.

>> ONE OF THE MOST IMPRESSIVE THINGS ABOUT THIS QUESTION IS THAT 131 OF THE COMMENTS, APPROXIMATELY ONE OUT OF EVERY SEVEN RESPONDENTS, FOCUSED ON EXPANDING MENTAL HEALTH PROGRAMS, TO REDUCE AND PREVENT A MULTITUDE OF THE SOCIETAL PROBLEMS. EXAMPLES INCLUDE CRIME, HOMELESSNESS, DOMESTIC VIOLENCE, GANGS, HIV, AS WELL AS REDUCE OTHER SERVICE DEMANDS AND COSTS. AN EXAMPLE WOULD BE THE RISING HEALTH CARE COSTS. THIS SUGGESTS THAT RESPONDENTS WERE VERY SOPHISTICATED AND THOUGHTFUL IN SELECTING AND JUSTIFYING THEIR OPTIONS. SINCE IT TAKES INTO ACCOUNT THE RELATIONSHIP BETWEEN ISSUES AND THE IMPORTANCE OF ADDRESSING THEM NOW TO AVOID FUTURE SOCIAL AND FINANCIAL COSTS. ONCE AGAIN, YOU WILL BE ABLE TO SEE EXAMPLES OF THE COMMENTS THAT RESPONDENTS OFFERED MOST FREQUENTLY IN THE FINAL REPORT. YOU AND YOUR STAFF WILL RECEIVE THAT REPORT LATER TODAY. IT WILL ALSO BE POSTED ONLINE AND DISTRIBUTED THROUGH OTHER OPTIONS. WE WILL ALSO -- YEAH. I ALREADY SAID THAT. WE WOULD LIKE YOU TO CONSIDER THE RESULTS OF THE REPORT WHILE YOU ARE MAKING YOUR BUDGET DECISIONS. THANK YOU.

Chair Madrigal: THANK YOU. ANY COMMENTS OR QUESTIONS?

Commissioner Smith: I HAVE A COUPLE QUESTIONS, MADAM CHAIR. THANK YOU FOR THE REPORT AND FOR PUTTING THIS TOGETHER. NOW, WE HAVE 748,000 RESIDENTS IN MULTNOMAH COUNTY. WE HAVE 1200 PEOPLE TO RESPOND. WHAT IS THE KIND OF SWEET SPOT THAT WE WOULD LIKE TO HAVE IN TERMS OF THE RESPONSE?

Ms. Todd: OH, GOSH, THE MORE THE BETTER. THEY SAY 10% IS, YOU KNOW, A GOOD --

Commissioner Smith: THERE IS A LOT MORE WORK TO DO?

Ms. Todd: YEAH. AND EVERY YEAR, IT GETS BETTER. WE FIND MORE WAYS TO DISTRIBUTE, AND WE REALLY THANK YOUR OFFICES FOR PUTTING IT IN YOUR NEWSLETTERS THIS YEAR, AS WELL. SO WE'RE STILL WORKING ON THAT AND ALWAYS WILL BE.

Commissioner Smith: THANK YOU. YOU KNOW, I STRUGGLE WITH THIS. I LOVE THE LIBRARIES. I THINK THAT THAT'S ONE OF THE MOST RECOGNIZABLE KIND OF, OF DEPARTMENTS, AND EVEN THOUGH IT'S THE LIBRARY DISTRICT, I STILL THINK THAT WE NEED TO PUT THE LIBRARIES UP THERE SO THAT WE CAN KEEP OUR BASELINE.

Ms. Todd: RIGHT. WE WILL CONSIDER THAT FOR NEXT YEAR.

Commissioner Smith: AND I WAS REALLY SURPRISED ABOUT THE BRIDGES, THAT THAT WAS ONE OF THE TOP TWO ISSUES. MOST PEOPLE DON'T KNOW THAT WE DO BRIDGES.

Mr. Wolfson: CAN I RESPOND?

Commissioner Smith: YES.

Mr. Wolfson: I THINK IT WAS IN THIS TOP FOUR, BUT I THINK WHAT WAS VERY - - THAT RECEIVED THE MOST COMMENTS, IN SOME CASES, AND THERE WAS A REAL SENSE, I THINK, OF EVERYONE USES THE ROADS AND BRIDGES, AND THAT PEOPLE RECOGNIZE THAT THEY ARE NOT IN THE BEST SHAPE AT ALL TIMES. THERE WAS SPECIFIC COMMENTS THAT WE HAD TO ADDRESS, AND IN A SENSE, IF A DISASTER -- AND ECONOMIC PROCESS PERIOD OF TIME -- PROSPERITY. A LOT OF PEOPLE COULD TIE THE FACT THAT THE ROADS AND BRIDGES ARE IN GOOD SHAPE, AS A DRIVER IN THE ECONOMY, AND FINALLY, THE ISSUE ABOUT DISASTERS, YOU KNOW.

Commissioner Smith: I THOUGHT I WAS THE ONLY ONE WORRIED ABOUT A DISASTER HAPPENING HERE, AND SO IT WAS GOOD FOR ME. IT WAS LIKE OK, GOOD, GOOD, GOOD. I HAVE A MANDATE.

>> THERE WAS A LOT OF COMMENTS ABOUT DISASTERS IN THE DOWNTOWN COURTHOUSE, WHICH IS ONE OF THE OPTIONS PEOPLE COULD SELECT MONEY GET DIRECTED TO. EVEN THOUGH IT RECEIVED LESS SUPPORT AS AN OPTION, I THINK ABOUT 90% OF THE PEOPLE RECOGNIZED THE ISSUE ABOUT A DISASTER OCCURRING AND THE EFFECTS IT WOULD HAVE.

Commissioner Smith: IT'S EQUALLY IMPORTANT. THANK YOU FOR YOUR WORK.

>> THANK YOU.

Chair Madrigal: COMMISSIONER WENDT.

Commissioner Wendt: THANK YOU. THIS IS FANTASTIC INFORMATION. A COUPLE OF QUESTIONS. WAS THERE A DEMOGRAPHIC OR GEOGRAPHIC INFORMATION ABOUT WHO THE RESPONDENTS WERE?

>> WE DON'T ASK A LOT OF QUESTIONS IN TERMS OF THE BACKGROUND HERE FOR FOLKS. THERE ARE FIVE QUESTIONS, SO WE WEREN'T REALLY GENERATING THAT KIND OF INFORMATION SO MUCH.

Commissioner Wendt: IN THE FUTURE, I THINK IT WOULD BE GREAT SO WE HAD A SENSE OF ARE WE HEARING PEOPLE, HEARING FROM PEOPLE IN A CERTAIN PART OF THE COUNTY? IT WOULD BE REALLY HELPFUL. THEN, THE NEXT QUESTION MAYBE IS A FUTURE COMMENT, AS WELL AS LOOKING AT FORCED CHOICES. WAS THERE ANYTHING IN THE SURVEY THAT THIS, BETWEEN THESE NAMES, WHICH WOULD YOU PICK? OR WERE THEY ALL -- YOU CAN COMMENT ON ALL THESE ISSUES?

>> YOU COULD COMMENT ON ANY OF THEM, ACTUALLY, AND IN OCCASION, WE WOULD SEE THAT IN TERMS OF THE TOP THREE SELECTIONS, PEOPLE WERE MOSTLY EXPLAINING WHAT FEATURES OF THE PROGRAMS THEY VALUED THE MOST, BUT THERE WERE SOME OTHER COMMENTS MADE. THEY WERE OFF THE TOPIC IN A LOT OF CASES.

>> I KNOW WE'RE NOT IN A CUT YEAR, BUT SOMETIMES IT'S HELPFUL FOR PEOPLE TO UNDERSTAND THERE IS A LIMITED PIE AND DIFFICULT CHOICES TO MAKE. THAT'S, THAT'S WHERE REPLY COMMENT IS MOSTLY COMING FROM.

>> IN ONE OF THE THINGS AS KATHLEEN TODD MENTIONED, THIS WAS DESIGNED TO BE AS MUCH EDUCATIONAL FOR PEOPLE, AND MAKE PEOPLE UNDERSTAND THE COUNTY AND HOW IT WORKS. SO, ONE OF THE KEY THINGS THAT WE WORKED WITH ON THE BUDGET OFFICE WAS, WAS DEVELOPING A BACK AND FRONT SHEET THAT LISTED ALL 17 CATEGORIES, WE CAME UP WITH THE 17 CATEGORIES OF SERVICES THE COUNTY

PROVIDES, AND IT GAVE SHORT DESCRIPTIONS, AND THINGS LIKE THAT TO FOLKS SO THAT THE GOAL WAS TO ALSO EDUCATE THEM ABOUT COUNTY SERVICES AND THINGS LIKE THAT IN THE PROCESS, WHICH WAS REALLY IMPORTANT. IN THE SPANISH VERSION, WE ALSO INCLUDED CONTACT INFORMATION SO PEOPLE KNEW WHERE TO GO IF THEY NEEDED THIS KIND OF SERVICE AND HOW, HOW TO GET THERE. I THOUGHT THAT WAS USEFUL.

Commissioner Wendt: THANK YOU. GREAT.

>> THANK YOU ALL. I JUST -- THIS IS GREAT AND HELPFUL INFORMATION. IT REALLY IS. AND I APPRECIATE THE WORK THAT YOU DO AROUND THIS SURVEY. ON A PERSONAL LEVEL, I AM ENCOURAGED TO SEE, AND I KNOW THAT THE CENTRAL CBAC INCLUDED HUMAN TRAFFICKING IN ONE OF THEIR ISSUES TO CONTINUE TO WORK ON, ON THE ENFORCEMENT, AND THEN FOR THIS TO SHOW UP IN THE SURVEY TO EXPAND THE, THE PROSECUTION FOR COMMERCIAL EXPLOITATION OF CHILDREN IS REALLY, REALLY SHOWING HOW MUCH AWARENESS IS COMING AROUND THIS, THIS HORRIBLE ISSUE THAT EXISTS HERE.

Commissioner Shiprack: MADAM CHAIR.

Chair Madrigal: COMMISSIONER SHIPRACK.

Commissioner Shiprack: THANK YOU. JUST A REMINDER THAT I'M HERE LISTENING, AND ALSO, I WANT TO THANK KATHLEEN TODD AND CREW FOR PRESENTING THIS REALLY FASCINATING INFORMATION AND PROVIDING US WITH A FEEL FOR WHERE OUR CONSTITUENCY IS, WHERE OUR CONSTITUENTS FEEL THAT WE SHOULD BE PLACING THE BALANCE, WHICH KARYNE AND MIKE SPOKE ABOUT EARLIER, SO THANK YOU.

>> THANK YOU, COMMISSIONER SHIPRACK.

>> I WOULD LIKE TO SAY THANK YOU, AS WELL. I THINK THAT IT'S VERY ENCOURAGING THAT THE PUBLIC -- THIS CERTAINLY REFLECTS ANECDOTALLY WHAT I THINK THAT WE HAVE ALL HEARD, YOU KNOW, OVER THE LAST SEVERAL MONTHS FROM THE PUBLIC TESTIMONY IN OUR MEETINGS TO OUR GOVERNMENT WORKSHOPS THAT WE HELD, THAT, THAT THESE ARE THE AREAS THAT, THAT THE PUBLIC WOULD LIKE TO SEE ADDITIONAL INVESTMENT, AND IT MAKES ME FEEL GOOD THAT, THAT THE PROPOSED BUDGET THAT, THAT WE'RE CONSIDERING PRIORITIZES THESE SERVICES, SO, IT'S VERY, VERY HELPFUL. THANK YOU.

>> THANK YOU.

>> THANK YOU.

Board Clerk: BUDGET WORK SESSION, 1C, REVIEW FINANCIAL AND BUDGET POLICIES.

Mr. Campbell: YAY.

Chair Madrigal: WAS THAT A LITTLE "YAY" THAT IT WORKED?

Mr. Campbell: WELL, YOU NEVER KNOW WHAT TECHNOLOGY IS GOING TO DO TO YOU. [LAUGHTER] GOOD MORNING, I AM MARK CAMPBELL AND I'M THE CHIEF FINANCIAL OFFICER, AND I THINK THIS IS MY THIRD TUESDAY IN A ROW BEFORE YOU FOLKS.

>> YEAH.

Mr. Campbell: I AM HERE TODAY TO TALK ABOUT THE COUNTY'S FINANCIAL AND BUDGET POLICIES. GREAT, OK. SO, WHAT I WANT TO TALK ABOUT TODAY, BRIEFLY, IS SO WHAT ARE OUR POLICIES AND WHY DO WE HAVE THEM? AT THE BASE LEVEL, I THINK THAT POLICIES CAN BE DESCRIBED AS A STATEMENT OF PRINCIPLES FOR US, AND IN GUIDING THE DEVELOPMENT OF THE BUDGET AND MANAGING THE COUNTY'S FINANCES. WE HAVE THEM BECAUSE WE WANT TO PROVIDE A, ASSURANCE TO TAXPAYERS AND OTHER EXTERNAL STAKEHOLDERS THAT WE ARE GUIDING THE, THE COUNTY'S FINANCES AND, AND IN THE MOST EFFECTIVE WAY. AND WHEN I TALK ABOUT EXTERNAL STAKEHOLDERS, I'M TALKING PRIMARILY ABOUT, ABOUT PEOPLE WHO GIVE US MONEY, AND ALSO, CREDIT RATING AGENCIES. POLICIES ALLOW US TO, TO, TO, TO -- ARE GENERALLY CONSIDERED BEST PRACTICES IN FINANCIAL MANAGEMENT, AND THEY CONTRIBUTE TO AND STRENGTHEN THE ORGANIZATION'S FINANCIAL STABILITY. I WILL ALSO BEREAVING THE CURRENT POLICIES, AND I'M GOING TO DISCUSS A COUPLE OF RECOMMENDED CHANGES THAT YOU WILL SEE FOR, FOR 2015. AND THEN I WILL BRIEFLY TOUCH ON A FEW OTHER FINANCIAL MANAGEMENT TOOLS THAT WE HAVE THAT, THAT, THAT -- THE IMPORTANT THING ABOUT POLICIES IS THAT, IS THAT THEY ARE STATEMENTS THAT REFLECT THE BOARD'S INTENTIONS. THERE ARE OTHER FINANCIAL MANAGEMENT TOOLS THAT WE USE TO MANAGE AND OPERATE THE COUNTY'S FINANCES ON A DAY-TO-DAY BASIS, AND THOSE ARE INTERNAL, EXTERNAL AUDITS, ACCOUNTING STANDARDS, AND ADMINISTRATIVE PROCEDURES. SO, TO THE POINT THAT, THAT POLICIES ARE, ARE -- REFLECT THE DIRECTION, IN THE POLICY DOCUMENT, YOU WILL NOTE THAT THERE ARE FIVE POLICY GOALS, AND THOSE ARE STATED HERE, AND THEY ARE TO PRESERVE CAPITAL THROUGH PRUDENT BUDGETING AND FINANCIAL MANAGEMENT, TO MAKE THE MOST PRODUCTIVE USE OF FUNDS TO MEET GOALS ESTABLISHED BY THE BOARD, TO ACHIEVE A STABLE BALANCE BETWEEN ONGOING COMMITMENTS AND REVENUES, AND TO LEVERAGE LOCAL FUNDS WITH FEDERAL AND STATE FUNDS. FINALLY, POLICIES SUPPORT ACCOUNTABILITY. THESE POLICIES ARE

SUBJECT TO ANNUAL REVIEW AND, AND WE UPDATE YOU ON THE STATUS OF OUR COMPLIANCE FOR THOSE, AND THEY WILL BE, BE ADOPTED WHEN YOU ADOPT THE BUDGET. WE HAVE 15 POLICY STATEMENTS. THEY CAPTURE MOST OF THE GOVERNMENT FINANCE OFFICER'S ASSOCIATION OF AMERICA'S BEST PRACTICES, AND THOSE HAVE BEEN DEVELOPED AND REFINED OVER TIME. PARTICULARLY, WHAT I WOULD LIKE TO, TO POINT OUT IS THAT, IS THAT THESE POLICIES HAVE BEEN IN PLACE FOR MANY YEARS, BUT PARTICULARLY, THEY GOT A REVAMPING. IN 2001, I BELIEVE, IT WAS, WAS WHEN THE COUNTY HAD FOUND ITSELF IN A DIRE FINANCIAL SITUATION. AND IN FACT, AT THAT TIME, WE HAD SPENT RESERVES DOWN TO, TO LESS THAN \$4 MILLION, I BELIEVE IT WAS, AT THE TIME. IT WAS MAYBE LIKE 2% OR 3% OF THE GENERAL FUNDS AT THE TIME. AND, AND THE, THE MOODY'S HAD CONTACTED US AND SAID, YOU KNOW, YOU NEED TO DEVELOP A PLAN TO ADDRESS THESE ISSUES, OR WE ARE GOING TO, TO -- OR WE RISK A RATING DOWNGRADE. SO, SO, POLICIES ALSO REFLECT BEST PRACTICES AND, AND THERE IS SOME FEATURES OF THE POLICIES THAT I WANT TO POINT OUT. THE MOST IMPORTANT THING, I THINK, IS THAT THEY EXIST IN WRITTEN FORM, AND THEY BE ACCESSIBLE. ONE OF THE THINGS THAT WE TRIED TO DO, AND WE DID A THOROUGH REVIEW OF THE POLICIES IN FISCAL YEAR 2013, AND WHAT WE DID WAS, WAS WE, WE TOOK A LOOK AT SOME OF THEM NOT NECESSARILY AREAS WHERE THE BOARD HAD DISCRETION. FOR EXAMPLE, THERE WAS A POLICY STATEMENT THAT WE WERE GOING TO DO AN EXTERNAL AUDIT. WELL, THAT'S NOT SOMETHING THAT WE GET TO DECIDE. WE ARE GOING TO DO AN EXTERNAL AUDIT -- IT'S REQUIRED. AND THERE WERE A LOT OF THINGS WHERE THEY WERE JARGONY AND NOT EASY TO UNDERSTAND. SO, WE DID A, WE DID A REVISION TO THEM, THAT I THINK MADE THEM MORE, MORE CLEAR AND, AND, AND MADE THEM A LOT MORE ACCESSIBLE TO FOLKS. IT'S IMPORTANT THAT POLICIES REPEAT ON A REGULAR BASIS.

>>> WE DO THIS ANNUALLY, AND WE PROBABLY DO MAJOR REVIEWS EVERY THREE OR FOUR YEARS TO MAKE SURE THAT THE POLICIES REFLECT CURRENT STANDARDS. AND THEN IT'S ALSO IMPORTANT THAT THE POLICY ESTABLISHES CLEAR GOALS, AND I BELIEVE THAT THE POLICIES THAT YOU HAVE ADOPTED, MEET ALL THOSE CRITERIA. THERE IS A COUPLE OF DIMENSIONS TO, TO, TO FINANCIAL AND BUDGET POLICIES, AND THOSE ARE, ARE THE, THE DIMENSIONS OF CONTROL AND FLEXIBILITY. FROM THE CONTROL STANDPOINT, A POLICY SHOULD BE WRITTEN IN A WAY THAT, THAT IT, IT CLEARLY ARTICULATES WHERE YOU COMPLY WITH ANY APPLICABLE LAWS AND REGULATIONS. BUT, YOU DON'T WANT TO HAVE A POLICY THAT'S WRITTEN SO, SO TITLE, OR SET IN STONE THAT YOU CANNOT ADAPT TO CHANGING NEEDS, AND I THINK THE BEST EXAMPLE IS OUR POLICY ON, ON THE USE OF ONE-TIME ONLY FUNDS. I WILL TALK ABOUT THAT A BIT GOING FORWARD. AS I MENTIONED, OUR POLICIES DO FOLLOW THEY RECOMMENDED GUIDELINES, AND YOU KNOW, THE THING ABOUT THOSE RECOMMENDATIONS THAT I THINK IS REALLY IMPORTANT TO KNOW

IS THAT, IS THAT POLICIES SHOULD BE TAILORED TO SUIT THE NEEDS OF THE ORGANIZATION, AND THERE IS NOT A ONE SIZE FITS ALL APPROACH. SOME ORGANIZATIONS MAY FEEL COMFORTABLE WITH, WITH A LOWER LEVEL OF RESERVES, FOR EXAMPLE, DEPENDING ON THE DIVERSITY OF THE REVENUE STREAM. HERE ARE, ARE THE, THE 15 CURRENT POLICY STATEMENTS, AND I'M NOT GOING TO GO INTO THESE IN DETAIL. WE WILL BE, BE SENDING YOU THE POLICY DOCUMENT TO REVIEW, AND KARYNE AND I WILL BE MORE THAN HAPPY TO COME AND DISCUSS, PARTICULARLY, THE CHANGES THAT WE'RE RECOMMENDING BETWEEN NOW AND, AND WHEN WE ADOPT THE BUDGET. BUT, THE ONES THAT I WANTED TO, TO NOTE THAT I THINK, I THINK WERE OF PARTICULAR INTEREST WHEN, WHEN I DESCRIBED THE, WHEN I DESCRIBED THE, THE ISSUE THAT WE RAN INTO IN 2001, WHEN WE WERE ASKED BY MOODY'S TO, TO GET OUR FISCAL HOUSE IN ORDER, IS THE GENERAL FUND FORECAST, IT'S ALWAYS A GOOD PRACTICE TO DO A GENERAL FUND FORECAST, AND THE FACT THAT THAT, WE DO ONE FOR FIVE YEARS, AND WE ADHERE TO IT, IS SOMETHING THAT HAS BEEN, HAS BEEN, ACTUALLY, NOTED BY THE RATING AGENCIES IN THEIR REVIEWS RECENTLY. WE HAVE THIS, THIS POLICY ON THE USE OF ONE-TIME ONLY RESOURCES, AND THE GOAL HERE IS GENERALLY TO MATCH ONGOING REVENUES WITH ONGOING RESOURCES. SO, WE LAY OUT SORT OF CRITERIA FOR HOW THE -- THOSE ARE GOING TO BE USED. THERE IS A CHANGE TO THAT I WILL HIGHLIGHT SHORTLY. THE OTHER POLICIES ON, ON GENERAL FUND RESERVE WAS ANOTHER ONE THAT MOODY'S POINTED OUT, THAT THEY WANTED TO SEE US DEVELOP A POLICY THAT SAID THAT WE WOULD RESERVE UP TO A CERTAIN AMOUNT. THEY DID NOT TELL US HOW MUCH, BUT, THEY DID SAY THAT THEY WANTED US TO DEVELOP A PLAN FOR REPLENISHING IT, AND TO, TO MAKE SURE THAT WHENEVER, WHATEVER WE DID SET AS A GOAL, THAT WE WERE ABLE TO MAINTAIN AND, AND WE HAVE DONE THAT. SO, THAT'S, THAT'S, DID THAT'S A GOOD THING.

>> SO DID THEY ASK FOR A PARTICULAR DOLLAR NUMBER RATHER THAN A PERCENTAGE?

>> WHAT THEY SAID AT THE TIME WAS THAT WE HAD -- WE WENT DOWN TOO FAST, AND WHAT THEY WANTED TO SEE WAS A PLAN TO GET IT BACK TO THE LEVEL THAT IT HAD BEEN.

>>> THEY DID NOT SAY WE WANT YOU TO HAVE 10%. THAT WAS SOMETHING THAT WE DEVELOPED INTERNALLY ON OUR OWN AS SORT OF WHAT WE FELT WAS A REASONABLE AMOUNT.

>> OK.

>> WE MADE A SLIGHT CHANGE TO THE POLICY ON OTHER FUND BALANCES, AND WHAT THAT IS A REFLECTION OF A GOVERNMENT ACCOUNTING STANDARDS' BOARD PRONOUNCEMENT ON HOW REVENUES ARE, ARE

RESTRICTED, AND, AND WHAT, WHAT, WHAT ACTIONS THE BOARD TAKES TO PLACE RESTRICTIONS ON THEM. I WILL TALK TOMORROW ABOUT, ABOUT THE SHORT-TERM AND LONG-TERM DEBT FINANCING POLICY. FINALLY, THERE IS, THERE IS A POLICY THAT WE HAVE ON INTER-FUND LOANS THAT WE MAKE A CHANGE TO. SO, TO, TO, TO TALK, SPECIFICALLY, ABOUT, ABOUT THE CHANGES. THIS IS, THIS IS THE SINGLE BIGGEST ONES THAT WE'RE RECOMMENDING THIS YEAR. AS I MENTIONED FOR, FOR THE USE OF ONE-TIME ONLY RESOURCES, GENERALLY THE GOAL WAS TO MATCH ONGOING SPENDING WITH ONGOING RESOURCES. WE'VE BEEN FORTUNATE OVER THE, THE PAST SEVERAL YEARS TO HAVE, TO HAVE A, A BOUNTY OF ONE-TIME ONLY REVENUE. IT HAS BEEN VERY HELPFUL IN HELPING US TO REGAIN FINANCIAL STABILITY, AND IT'S BEEN, BEEN, BEEN ESPECIALLY HELPFUL AS WE WENT THROUGH THE, THE, THE ECONOMIC RECESSION, THAT WE WERE ABLE TO CONTINUE TO PROVIDE SUPPORT FOR MANY CRITICAL COUNTY SERVICES. BUT, THE COUNTY NOW HAS, HAS ACHIEVED FINANCIAL STABILITY, AS YOU HEARD. THE FISCAL YEAR 2015 BUDGET IS BALANCED OVER THREE YEARS AND, AND OUR RESERVES ARE FULLY FUNDED. SO, WHEN WE TOOK A LOOK AT THIS, ONE OF THE THINGS THAT, THAT I THINK JUMPED OUT AT US WAS, WAS THAT WE HAVE A LOT OF CAPITAL CONSTRUCTION NEEDS. WE HAVE PARTICULARLY, A COUPLE OF BIG PROJECTS THAT ARE IN THE HOPPER.

>>> SO, WHEN WE LOOKED AT THIS POLICY, WE THOUGHT THAT, THAT IT COULD BE STRENGTHENED A BIT, AND TO REFLECT THAT WE NEED TO, TO, TO -- WE NEED TO IDENTIFY A FUNDING SOURCE FOR, FOR CAPITAL PROJECTS. I BELIEVE I DISCUSSED THIS WITH ALL OF YOU, AT LEAST INFORMALLY, BUT, WHAT WE'RE RECOMMENDING IS THAT, IS THAT, IS THAT AFTER YOU PROVIDE FOR RESERVES, THOSE ARE FULLY FUNDED, WE WOULD TAKE 50% OF WHATEVER THE REMAINING ONE-TIME ONLY FUNDS IDENTIFIED BY THE BUDGET OFFICE, AND DEDICATE THOSE TO FACILITIES CAPITAL. ON THE NEXT SLIDE, I WILL SHOW YOU HOW THAT WORKS. MY MATH MAY NOT COMPLETELY JIVE WITH THE BUDGET OFFICE, BUT IT SHOULD. IT SHOULD. BUT, WHAT I DID WAS I TOOK THE TOTAL GENERAL FUND AUTO REVENUE IDENTIFIED IN THE BUDGET, AND I BACKED OUT THE, THE AMOUNT THAT'S DEDICATED TO THE BIT RESERVE AND DEDICATED CONTINGENCY ITEMS, OR EARMARKED CONTINGENCY ITEMS. I ALSO BACKED OUT IN 2013 THE TRANSIT CENTER TO THE LIBRARY THAT WAS MADE TO, TO, TO GET THEM THROUGH THE, THE, THE TRANSITION. SO UNDER THE RECOMMENDED POLICY LANGUAGE, OVER THE PAST THREE YEARS, WE WOULD HAVE HAD APPROXIMATELY 20.5 MILLION THAT COULD HAVE BEEN DEDICATED TO CAPITAL. AS YOU CAN SEE, THE ACTUAL AMOUNT THAT WE DEDICATED OVER THAT TIME IS ABOUT \$13.8 MILLION. SO, THAT'S ROUGHLY 33% OF THE ONE-TIME ONLY FUNDING. SO, IT'S GONE FOR, FOR THE HEALTH DEPARTMENT HEADQUARTERS BUILDING DOWNTOWN CORE HOUSING AND BUILDING RIO STAR GRAPEFRUIT -- AND BUILDING RELOCATION AND A FEW OTHER THINGS, SO WE ARE AT 33%, SO, IT'S NOT

REALLY A HUGE STRETCH TO GET TO 50%. WE ALL, WE WILL WANT TO HAVE THAT DISCUSSION.

>> I HAVE A QUESTION ABOUT -- I UNDERSTAND NEEDING TO ALLOCATE FUNDING FOR, FOR BUILDING CAPITAL, BUT WE ALSO HAVE OTHER INFRASTRUCTURE NEEDS, YOU KNOW, A CONSTANTLY TECHNOLOGY LANDSCAPE CHANGING. DID YOU FACTOR THAT INTO THE CALCULATION OF THE 50%, AND, YOU KNOW, IF NOT, WHY?

>> WELL, THIS, THIS CONTEMPLATES PRIMARILY THE FACILITIES CAPITAL AND, AND YES, WE DID CONSIDER OTHER NEEDS LIKE IN I.T. BECAUSE WE HAVE DEDICATED ONE-TIME ONLY REVENUES TO I.T. PROJECTS, AND OVER THE PAST YEARS. BUT, THIS IS A JUDGMENT CALL, I GUESS. IN LOOKING AT THE, AT THE, JUST THE SHEER DOLLAR VOLUME OF THE CAPITAL MEANS THAT WE HAVE, I THINK, THAT WAS THE PRIMARY REASON FOR THAT RECOMMENDATION, BUT, WE'RE CERTAINLY OPEN TO, TO, TO LOOKING AT, AT ALL INFRASTRUCTURE NEEDS.

>> I THINK THAT I WOULD -- OH, I'M SORRY. I WOULD APPRECIATE A BIT MORE OF A DISCUSSION AROUND THAT KNOWING HOW FAR WE HAVE COME WITH OUR TECHNOLOGY IN THE LAST YEARS, AND ALSO, HOW HEALTH CARE TRANSFORMATION MAY REQUIRE US TO, YOU KNOW, TO INVEST IN NEW SYSTEMS SO WE'RE ON THE SAME SYSTEMS AS OUR PARTNERS. AS WE LOOK AT, AT WHETHER WE STAY IN THE, THE MEDICAID BUSINESS, AS AN INSURER, WE MAY NEED TO DO -- I THINK THE AUDITOR MAY COME AND TALK ABOUT THAT, AND WE ALSO HAVE CONSULTANTS LOOKING AT THAT. SO, JUST, YOU KNOW, I WOULD BE INTERESTED IN JUST TALKING MORE ABOUT THAT. BUT, I THINK THAT IT MAKES SENSE TO REALLY FOCUS ON, ON THE FACILITIES' CAPITAL, TOO.

Chair Madrigal: COMMISSIONER SMITH.

Commissioner Smith: THANK YOU, AND I AGREE. I WOULD LIKE A MORE EXPANDED CONVERSATION ABOUT THIS BECAUSE AS MUCH AS WE CAN PUT IN DOLLARS FOR, FOR, YOU KNOW, BRICKS AND MORTAR, INFRASTRUCTURE, WE ARE A SOCIAL SERVICE ORGANIZATION, AND WE ALSO NEED TO, TO MAKE SURE THAT, THAT WE PUT ENOUGH INFRASTRUCTURE IN THE PEOPLE PIECE OF THIS, AS WELL. UNTIL WE, ACTUALLY, GET A REPORT FROM THE FACILITIES, THAT SAYS WHICH TIER 1 AND 2, I DON'T KNOW THAT WE HAVE THE FULL PICTURE IN ORDER TO DO THIS YET.

>> YES. I GUESS THAT I WOULD JUST POINT OUT THAT, YOU KNOW, THE DOWNTOWN HOUSE IS A VERY, VERY LARGE PROJECT, AND THAT, YOU KNOW, THERE IS, THERE IS, YOU KNOW, THAT, THAT, THAT THE ADDITIONAL ONE-TIME ONLY FUNDING COULD HELP US MEET THAT NEED.

Commissioner Smith: BUT THERE IS ANOTHER QUESTION BEFORE WE EVEN DEAL WITH THAT ISSUE. WE HAVE TO TAKE A VOTE ON WHETHER WE'RE GOING TO SUPPORT GOING FORWARD ON THE DOWNTOWN CORE HOUSE, SO THAT'S TO ME, FOR THE A GOOD EXAMPLE OF WHY WE NEED TO DO THIS. I THINK THAT WE NEED TO FIGURE OUT WHAT IT IS THAT WE'RE GOING TO NEED IN TERMS OF HOW MUCH IT WILL COST TO BUILD THE COURTHOUSE. I'M VERY MUCH IN SUPPORT OF IT, BUT I DON'T HAVE ENOUGH NUMBERS TO MAKE THAT, YOU KNOW, MY CENTERPIECE OF WHY WE NEED TO DO THIS.

>> COMMISSIONER SMITH, I DO THINK THAT MARK MAKES A GOOD POINT ON THE COURTHOUSE, JUST FOR CONTEXT.

Commissioner Smith: FOR CONTEXT.

>> IF WE LOOK AT WHAT OUR COST PER YEAR ON, YOU KNOW, \$100 MILLION, IN DEBT SERVICES, IT'S --

>> PROBABLY \$7.5, TO \$8 MILLION.

>> SO, I THINK THIS IS THE, A REALLY VALUABLE DISCUSSION TO HAVE GIVEN THE HUGE CAPITAL NEEDS THAT WE HAVE.

>> OK.

Vice-Chair McKeel: I WOULD AGREE WITH THAT, TOO, BECAUSE I THINK WE ARE MOVING FORWARD ON ALL THREE OF THESE PROJECTS. AND THE OTHER, THE FLIP QUESTION IS, HOW DO WE DO THIS --

Commissioner Smith: NOT YET. WE HAVE NOT VOTED ON THE DOWNTOWN COURTHOUSE.

Vice-Chair McKeel: BUT WORK IS BEING DONE.

Commissioner Smith: THE PREDEVELOPMENT, AND IT COULD COME UP TO BE \$350 MILLION.

Vice-Chair McKeel: I DON'T AGREE WE NEED MORE DISCUSSION. IF WE ARE GOING TO DO THIS PREDEVELOPMENT KIND OF WORK, AND WE GET TO THE END OF IT, AND WE DON'T HAVE ANY WAY TO FUND IT, THEN, THEN WHERE ARE WE? SO, I THINK IT'S A REALLY RICH DISCUSSION FOR ALL OF US TO BE HAVING.

Commissioner Smith: YES, MA'AM.

>> AND AN ADDITIONAL COMMENT ALONG THOSE LINES, I LIKE THE WAY

THAT YOU PUT THIS IN TERMS OF THE FLEXIBLE RESOURCES. SO AS WE ARE MOVING FORWARD ON PROJECTS, THEY ARE ALL VERY COMPLICATED PROJECTS, WITH MANY STRINGS ATTACHED TO THEM, SO WE HAVE GOT TO HAVE THE ABILITY TO MOVE FORWARD IN AN INCREMENTAL WAY, AND I LIKE WHERE YOU ARE HEADED WITH THIS, BUT AGREE THAT A BIT MORE OF FLUSHING OUT THE INTENTION OF IT, PLUS KIND OF HOW IT BALANCES WITH OTHER FUNDING STRATEGIES. SO, IF THIS IS TO BE DEBT SERVICE, HOW DOES THAT COMPLIMENT OTHER FINANCIAL DOLLARS, IT MIGHT BE LONGER TERM, AND DIFFERENT FUNDING STRATEGIES. IT WOULD HAVE TO BE IN TANDEM. THAT WOULD BE HELPFUL.

Commissioner Smith: MARK, A BRIEF FOOTNOTE. WE HAD AN OPPORTUNITY TO SPEND SOME TIME WITH THE SECRETARY OF TRANSPORTATION, ANTHONY FOX, AND INVITED HIM TO LOOK AT OUR BRIDGES BECAUSE WE GOT A GRANT FROM THE TRANSPORTATION DEPARTMENT. WHAT I WOULD LIKE TO SEE US DO IS TRY TO IDENTIFY SOME OTHER RESOURCES OUTSIDE OF OUR OWN ONE-TIME ONLY TO MAKE SURE THAT WE CAN DO THESE THINGS. THANK YOU.

>> SO THAT IS THE RECOMMENDATION ON THE ONE-TIME ONLY. THESE OTHER TWO ARE, ARE REALLY KIND OF MINOR IN THE SENSE THAT THEY DON'T, THEY DON'T REALLY CHANGE HOW WE ALLOCATE FUNDS OR -- THEY ARE MORE OPERATIONAL, I THINK, ON THE POLICY FUND BALANCES, I MENTIONED THAT THE [INAUDIBLE] 54 WAS IMPLEMENTED ABOUT THREE YEARS AGO, I BELIEVE AND, AND THAT RELATES TO CLASSIFICATION OF FUND BALANCES. SO THE LANGUAGE IN THERE HAS BEEN MODIFIED TO REFLECT OUR NEW UNDERSTANDING OF THAT STANDARD, AND IT RELATES TO WHEN, WHEN -- WHAT ACTIONS THE BOARD TAKES TO, TO, TO EARMARK FUNDS, AND THERE IS A CATEGORY -- THERE IS SEVERAL CATEGORIES OF, OF FUND BALANCE THAT ARE OUTLINED BY, BY THIS. BUT, THE TWO THAT WE ARE LOOKING AT ARE WHAT ARE CALLED RESTRICTED AND COMMITTED. SO, AN EXAMPLE OF A RESTRICTED RESERVE IS WHEN THE COUNTY SOLD THE MORRISON BRIDGE PROPERTY. THAT FUNDING IS DEDICATED TO THE DEVELOPMENT OF THE DOWNTOWN COURTHOUSE. THAT WAS DONE THROUGH A RESOLUTION. SO, WHAT THE STANDARD SAYS, THE BOARD ACTION, THE BOARD NEEDS TO TAKE AFFIRMATIVE ACTION TO DESIGNATE THOSE RESERVES. IN THE PAST, THAT WAS NOT NECESSARILY TRUE. SO, NOW, IN OUR FINANCIAL STATEMENTS, WHAT YOU WILL SEE IS YOU WILL SEE A BIG -- IN MOST CASES, MOST FUNDS WILL HAVE AN UNDESIGNATED RESERVE. YOU WILL SEE SOME FUNDS, LIKE THE CAPITAL IMPROVEMENT FUND, WHERE WE HAVE THIS RESTRICTED RESERVE, AND THAT'S WHAT THOSE REFLECT. SO, THE LANGUAGE S. HAS BEEN CLEANED UP TO, TO STATE THAT.

>>> THEN, THE POLICY ON INTER-FUND LOANS. I HAVE COME BEFORE YOU SEVERAL TIMES OVER THE PAST COUPLE OF YEARS TO EITHER DO AN

INTERNAL LOAN TO A FUND OR, OR TO DO A SHORT-TERM BORROWING FOR THE GENERAL FUND, AND IT'S A RECOGNITION THAT, THAT SOME FUNDS MIGHT HAVE CASH FLOW DUE TO THE TIMING OF THE REVENUES. WE USED TO BE ABLE TO DO SHORT-TERM BORROWINGS, AND MAKE MONEY OFF OF THEM BECAUSE WE COULD EARN MORE INTEREST THAN WE WERE PAYING. THAT HASN'T BEEN THE CASE FOR THE LAST FIVE OR SIX YEARS. SO, WE HAVE LOOKED TO DO INTERNAL LOANS, AND I THINK THAT WE DID ONE LAST YEAR FOR THE LIBRARY. BUT, WE DON'T REPORT ON A MONTH-TO-MONTH BASIS. OUR REPORTING IS DONE ON AN ANNUAL BASIS, AND SO WHAT THIS, THIS POLICY SAYS IS THAT WE DECIDED WE TOOK A LOOK AT IT, AND WE SAID WELL, IT'S PROBABLY OK IF THEY HAVE A NEGATIVE FUND BALANCE FOR A COUPLE OF MONTHS. WE KNOW IN THE CASE OF LIKE THE GENERAL FUND, THAT WE'RE GOING TO GET PROPERTY TAX REVENUES. SO, WE JUST CHANGED THE LANGUAGE IN THERE TO CLARIFY THAT, THAT WE CAN HAVE NEGATIVE FUND BALANCES FOR UP TO FOUR MONTHS, BUT WE ALSO, WE ALSO STATE THAT NO FUND CAN HAVE A NEGATIVE BALANCE AT YEAR END.

>> AT THE FISCAL YEAR END?

>> YES. SO, BRIEFLY, I WANT TO TALK ABOUT SOME OTHER FINANCIAL MANAGEMENT TOOLS THAT WE USE AND HOW THOSE CAN KIND OF INFLUENCE OUR, OR LEAD TO DEVELOPMENTAL POLICIES. AS YOU KNOW, WE HAVE SEVERAL INTERNAL AUDITS THAT ARE PERFORMED DURING THE COURSE OF THE YEAR. WE DO AN ANNUAL EXTERNAL AUDIT. SO, THOSE REVIEW BOTH CENTRAL AND DEPARTMENTAL PROCESSES, AND IN RECENT YEARS, THE AUDITS HAVE FOCUSED A LOT ON THIS EVALUATION OF INTERNAL CONTROLS. THE POLICY THAT I JUST TALKED ABOUT ON INTER-FUND LOANS, HAD WE NOT CHANGED THE LANGUAGE TO SAY THAT A FUND CAN HAVE A NEGATIVE BALANCE FOR UP TO FOUR MONTHS, AN AUDIT FINDING MAY BE THAT THAT'S, THAT IS, THAT IS A FAILURE OF INTERNAL CONTROLS BECAUSE WE WEREN'T MONITORING THOSE FUNDS ON A MONTH OVER A MONTH BASIS. SO, THAT'S AN EXAMPLE OF WHERE AN AUDIT CAN INFLUENCE A POLICY. WE HAVE PRONOUNCEMENTS THAT ARE EITHER REQUIREMENTS THAT ARE ESTABLISHED IN STATUTE OR SET BY STANDARD, AND THE, THE, THE STANDARD ON FUND BALANCE I JUST DISCUSSED, THEY ISSUED THIS PRONOUNCEMENT. WE TURNED IT INTO A POLICY. PROCEDURES ON THE OTHER HAND, ARE OPERATIONAL DIRECTIVES THAT ARE DESIGNED TO STANDARDIZE PROCESSES ACROSS THE ORGANIZATION, AND SO THOSE ARE THE FACTS, THE PERS AND THE RISKS THAT, THAT KIND OF GOVERN OUR DAY-TO-DAY WORK. THOSE, GENERALLY, DON'T RISE TO THE LEVEL OF POLICY. FINALLY, WE HAVE PRACTICES THAT, THAT ARE INFORMAL, AND THEY DON'T, NECESSARILY, IMPLY THE SAME LEVEL OF COMMITMENT, BUT, THEY COULD OVER TIME LEAD TO DEVELOPMENT OF POLICIES. ONE I WILL TALK ABOUT ON THE NEXT SLIDE IS, IS THE, THE PRACTICE WE HAVE HAD OF ISSUING CONDUIT DEBT. SO, POLICY DOCUMENT IS SORT OF A, A LIVING AND BREATHING THING. IT NEEDS TO BE REVIEWED

FROM TIME TO TIME. SO, WE DO REVIEW THESE ON A REGULAR BASIS, AND WE LIKE TO COMPARE OURSELVES TO OTHER JURISDICTIONS TO SEE WHAT THEY SAY ABOUT PARTICULAR TOPICS. AS I MENTIONED, WE DID A THOROUGH REVIEW JUST TWO YEARS AGO, AND IT'S IMPORTANT THAT THE REVIEW PROCESS BE DONE IN A TIMELY MANNER SO THAT WE CAN MAINTAIN THE -- SO THAT POLICIES REFLECT CURRENT PRACTICES, AND THAT THEY STAY RELEVANT, AND THAT THEY, THAT THEY ADJUST TO ANY CHANGES IN THE CONDITIONS THAT MIGHT HAVE OCCURRED. SO, SOME ADDITIONAL AREAS THAT WE MIGHT WANT TO TAKE A LOOK AT, THESE ARE JUST THINGS OFF THE TOP OF MY HEAD. I MENTIONED CONDUIT DEBT ISSUANCE. WE HAVE, WE HAVE TYPICALLY BROUGHT THOSE TO THE BOARD AT THE REQUEST OF THE, THE ISSUER. WE PROBABLY WANT TO HAVE SOME KIND OF GUIDELINE FOR WHAT WE'RE GOING TO DO AND THE TYPES OF ORGANIZATIONS THAT WE'RE GOING TO PARTNER WITH ON THOSE. THERE IS SOME NEW PRONOUNCEMENTS IN THE WORKS. I THINK THAT WE TALKED ABOUT 68, AND AS IT RELATES TO PERS FINANCIAL REPORTING OF PERS, AND HOW THAT MIGHT TRANSLATE INTO THE POLICY IS ON OUR POLICY ON LONG-TERM LIABILITIES, BECAUSE WHAT 68 SAYS NOW, IS THAT YOU HAVE TO REPORT THE LIABILITY IN YOUR FINANCIAL STATEMENTS. SO, WE MIGHT HAVE SOMETHING IN THE POLICY THAT, THAT WOULD, WOULD, THAT WOULD SPEAK TO HOW WE'RE GOING TO ADDRESS THE UNFUNDED LIABILITY. SOME OTHER GOVERNMENTS HAVE POLICIES ON ECONOMIC DEVELOPMENT INCENTIVES. WE HAVE THE STRATEGIC INVESTMENT PROGRAM, WHICH I DON'T BELIEVE WE HAVE HAD A NEW ONE FOR QUITE SOME TIME. BUT, IT STILL EXISTS, AND MAYBE WE WANT TO, TO THINK ABOUT, ABOUT HOW WE, HOW WE TAKE THOSE IN, TOO. AND, YOU KNOW, I'VE BEEN THINKING ABOUT THIS IDEA OF RISK TOLERANCE, AND WHEN I TALKED -- WHEN WE TALKED LAST WEEK ABOUT THE LIABILITY, WE MAY WANT TO DEVELOP A POLICY THAT SAYS, WHAT DO WE WANT TO SET AS A STANDARD FOR FUNDING OURSELVES INSURANCE RESERVES? WE HAVE THAT POLICY NOW THAT SAYS THAT WE'LL GET TO 20%, AND WE HAVE NOT IMPLEMENTED THAT. BUT, YOU KNOW, WE MAY WANT TO, TO KIND OF PUT A LITTLE MORE TEETH TO THAT. AND FINALLY, I THINK THAT THE REVIEW WOULD BE BASED ON WHAT RATING AGENCIES WANT TO SEE BECAUSE ULTIMATELY, THEY ARE ONE OF THE PRIMARY AUDIENCES FOR THIS. SO, IN SUMMARY, POLICY ESTABLISHED A FOUNDATION FOR FINANCIAL AND BUDGETARY DECISION-MAKING. THEY REFLECT THE DIRECTION OF THE BOARD, AND THEY GENERALLY ALIGN WITH BEST PRACTICES. I WENT OVER A FEW OF THE RECOMMENDED CHANGES AND EDITS THAT WE HAVE, AND WE WILL BE SEEKING YOUR APPROVAL OR ADDITIONAL THOUGHTS ON THOSE OVER THE NEXT MONTH. AS I HAVE DESCRIBED THESE POLICIES WORK IN CONJUNCTION WITH OTHER FINANCIAL TOOLS, AND THE POLICY OF REVIEW AND DEVELOPMENT IS REALLY A CONTINUOUS IMPROVEMENT PROCESS IN THE SENSE THAT WE WANT TO MAINTAIN POLICIES THAT, THAT REMAIN RELEVANT AND REFLECT CURRENT PRACTICES. THAT IS ALL THAT I HAVE, AND I WILL TAKE ANY QUESTIONS.

Chair Madrigal: ANY QUESTIONS?

Commissioner Smith: MADAM CHAIR, I HAVE A QUESTION. IN TERMS OF THE CONDUIT DEBT ISSUANCE, IS THAT, IS THAT THE PROJECT, LIKE WITH CONCORDIA UNIVERSITY AND, AND THE HEALTH CARE HOSPITAL? I THOUGHT THAT WE HAD A POLICY ON WHO IS ELIGIBLE FOR THAT.

Mr. Campbell: THE STATUTES OUTLINE WHO IS ELIGIBLE FOR THAT, BUT WE HAVE NOT SET A POLICY ON SORT OF, YOU KNOW -- THEY HAVE IT INFREQUENTLY, BUT THEY HAVE HAPPENED MORE OFTEN OVER THE LAST FEW YEARS, AND I THINK IT'S PARTLY A REFLECTION OF THE LOW INTEREST RATE ENVIRONMENT.

Commissioner Smith: RIGHT.

Mr. Campbell: IN TERMS OF THE TIMING OF THEM, HOW THEY ARE GOING TO BE PRESENTED TO THE BOARD, BUT IT'S REALLY THE STATUTORY AUTHORITY THAT WE'RE OPERATING UNDER RIGHT NOW.

Commissioner Smith: IT'S AMAZING THAT ANYONE KNOWS ABOUT IT BECAUSE IT'S NOT PUBLICIZED ANYWHERE, AND I JUST -- I THOUGHT THAT NONPROFITS COULD APPLY FOR THIS FINANCING, AND IT'S NO REFLECTION ON US, BUT THEY CAN USE OUR CREDIT RATING.

Mr. Campbell: MOST OF THEM HAVE COME TO US THROUGH BOND COUNCIL.

Commissioner Smith: OK. THANK YOU.

Chair Madrigal: ADDITIONAL QUESTIONS? NO? OKAY. THANK YOU, MARK. WE WILL ADJOURN, AND THEN -- OH --

Commissioner Smith: I WANT TO ADD AN AMENDMENT TO THE BUDGET, BEFORE WE ADJOURN.

Chair Madrigal: ABSOLUTELY. WE ARE AHEAD OF SCHEDULE.

Commissioner Smith: THANK YOU. I WOULD LIKE TO AMEND THE MULTNOMAH COUNTY BUDGET FOR FISCAL YEAR 2015 TO ADD THE PROMISE NEIGHBORHOOD PROGRAM OFFER FOR \$1 MILLION. THIS PROGRAM WILL BE, WILL BUILD CAPACITY FOR EXISTING CULTURALLY SPECIFIC PROGRAMS THAT WILL CASE MANAGE 400 NEW CHILDREN, THE FOCUS WILL BE TO IMPROVE HIGH SCHOOL GRADUATION RATES, DISCIPLINE, AND ATTENDANCE OF MIDDLE SCHOOL STUDENTS. THE GOAL OF THE FUNDING IS TO SERVE AT LEAST 400 YOUTH AND THEIR FAMILIES IN THE COMMUNITY. WITH THE FOCUS ON YOUTH OF COLOR TO IMPROVE THEIR ECONOMIC, EDUCATIONAL,

AND HEALTH OUTCOMES. BY WORKING WITH EXISTING COLLABORATIVE ORGANIZATIONS IN OUR COMMUNITY, WE WANT TO INVEST IN A CONTINUUM OF OPPORTUNITIES FOR YOUTH OF COLOR, TO ADDRESS THE VARIOUS DISPARITIES THAT PREVENT THEM FROM REALIZING THEIR POTENTIAL. I'M SEEKING ADDITIONAL FUNDS TO LEVERAGE THE COUNTY'S CONTRIBUTION, WITH THE PRESIDENT'S PROMISE AND MY BROTHER'S KEEPERS. I SEE THIS AS AN OPPORTUNITY TO PARTNER WITH THE FEDERAL GOVERNMENT, TO IMPROVE OUTCOMES OF THOSE OF COLOR. THE PROMISE NEIGHBORHOOD INITIATIVE PROVIDE AS GREAT OPPORTUNITY TO RESPOND TO THE CHALLENGES FACED BY COMMUNITIES OF COLOR. THESE DISPARITIES ARE REAL. COMMUNITIES OF COLOR EARN HALF THE INCOME OF WHITES. POVERTY LEVELS ARE AT LEAST DOUBLE THOSE OF WHITES, AND GRADUATION RATES FOR WHITES ARE ALMOST FOUR TIMES THAT OF YOUTH OF COLOR. IN MULTNOMAH COUNTY, THE LOCAL ORGANIZATIONS PROVIDE RESOURCES AND WORK CLOSELY WITH SCHOOLS TO CREATE A CONTINUUM OF CRADLE TO CAREER INITIATIVES. THE COUNTY IS DEDICATED TO ADDRESSING THE NEEDS OF OUR MOST VULNERABLE CITIZENS. DATA DEMONSTRATES WE NEED A DEEPER INVESTMENT IN RESOURCES FOR COMMUNITIES OF COLOR, AND IN ORDER TO IMPROVE OUTCOMES OF YOUTH AND THEIR FAMILIES. THANK YOU.

Chair Madrigal: THANK YOU. ANY OTHER AMENDMENTS BEFORE WE ADJOURN TODAY? NO? OK. THANK YOU. WE WILL ADJOURN, AND RETURN AT 1:30PM FOR OUR MINI BUDGET SESSIONS. THANK YOU. [GAVEL POUNDED]

ADJOURNMENT

The meeting was adjourned at 11:26 a.m.

This transcript was prepared by LNS Captioning and edited by the Board Clerk's office. For access to the video and/or board packet materials, please view at:
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Submitted by:
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Marina Baker, Assistant Board Clerk
Board of County Commissioners
Multnomah County