



Multnomah County Oregon

## Board of Commissioners & Agenda

connecting citizens with information and services

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### JUNE 12-15, 2006 BOARD MEETINGS FASTLOOK AGENDA ITEMS OF INTEREST

|         |                                                                                                                            |
|---------|----------------------------------------------------------------------------------------------------------------------------|
| Pg<br>2 | 6:00 p.m. Monday Public Budget Hearing                                                                                     |
| Pg<br>2 | 9:00 a.m. Tuesday Budget Work Session –<br>Board Program Selection Round 2                                                 |
| Pg<br>3 | 3:30 p.m. Wednesday Tax Supervising and<br>Conservation Commission Public Hearings                                         |
| Pg<br>4 | 9:30 a.m. Thursday Opportunity for Public<br>Comment on Non-Agenda Matters                                                 |
| Pg<br>4 | 9:30 a.m. Thursday Resolution Requesting<br>Independent Review of Jail Policies and<br>Procedures by the District Attorney |
| Pg<br>4 | 9:40 a.m. Thursday American Heart<br>Association Pacific/Mountain Affiliate 2006<br>Outreach Award Presentation            |
| Pg<br>6 | 10:30 a.m. Thursday if Needed Executive<br>Session                                                                         |

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Thursday, 9:30 AM, (LIVE) Channel 30

Friday, 11:00 PM, Channel 30

Saturday, 10:00 AM, Channel 30

Sunday, 11:00 AM, Channel 30

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Monday, June 12, 2006 - 6:00 PM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **BUDGET HEARING**

PH-4 Public Hearing on the 2006-2007 Multnomah County Budget. Testimony is limited to three minutes per person. Fill out a speaker form available in the conference room and turn it into the Board Clerk. The Boardroom will be open one hour prior to the hearing.

### **CABLE PLAYBACK INFO:**

**Monday, June 12 - 6:00 PM LIVE Channel 29**  
**Thursday, June 15 - 8:00 PM Channel 29**  
**Saturday, June 17 - 3:00 PM Channel 29**  
**Sunday, June 18 - 7:00 PM Channel 29**

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Tuesday, June 13, 2006 - 9:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **BUDGET WORK SESSION**

WS-1 Multnomah County 2006-2007 Budget Work Session. Board Program Selection Round 2. This meeting is open to the public however no public testimony will be taken. 3 HOURS REQUESTED.

### **CABLE PLAYBACK INFO:**

**Tuesday, June 13 - 9:00 AM LIVE Channel 29**  
**Friday, June 16 - 8:00 PM Channel 29**  
**Saturday, June 17 - 12:00 PM Channel 29**  
**Sunday, June 18 - 4:00 PM Channel 29**

Wednesday, June 14, 2006 - 9:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **IF NEEDED BUDGET WORK SESSION**

WS-2 If Needed Multnomah County 2006-2007 Budget Work Session. This meeting is open to the public however no public testimony will be taken. 3 HOURS REQUESTED.

### **CABLE PLAYBACK INFO:**

Wednesday, June 14 - 9:00 AM LIVE Channel 29  
Saturday, June 17 - 7:00 PM Channel 29  
Sunday, June 18 - 10:00 AM Channel 29  
Monday, June 19 - 8:30 PM Channel 29

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Wednesday, June 14, 2006 - 3:30 PM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **TAX SUPERVISING AND CONSERVATION COMMISSION PUBLIC BUDGET HEARING**

PH-1 The Tax Supervising and Conservation Commission will conduct a Public Hearing on the 2006-2007 Multnomah County Budget and the Multnomah County Fiscal Year 2006 Supplemental Budget No. 2.

### **CABLE PLAYBACK INFO:**

Wednesday, June 14 - 3:30 PM LIVE Channel 29  
Saturday, June 17 - 10:00 PM Channel 29  
Sunday, June 18 - 1:00 PM Channel 29  
Monday, June 19 - 11:30 PM Channel 29

Thursday, June 15, 2006 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

### **REGULAR AGENDA - 9:30 AM**

#### **PUBLIC COMMENT - 9:30 AM**

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

### **NON-DEPARTMENTAL - 9:30 AM**

- R-1 RESOLUTION Requesting an Independent Review of Jail Policies and Procedures by the Multnomah County District Attorney
- R-2 RESOLUTION Establishing Fees and Charges for MCC 11.05 Land Use General Provisions, 11.15 Zoning, 11.45 Land Divisions, 37 Administration and Procedures, 38 Columbia River Gorge National Scenic Area, and Repealing Resolution No. 05-208
- R-3 American Heart Association Pacific/Mountain Affiliate 2006 Outreach Award Presented to the Multnomah County Health Department's Community Capacitation Center. Presentations by Charlene Welch, Rebecca Weaver, Noelle Wiggins and Lillian Shirley.

### **DEPARTMENT OF HEALTH - 9:45 AM**

- R-4 PROCLAMATION Proclaiming June 25 through July 1, 2006 as Oregon Health & Science University Center for Women's Health Week in Multnomah County, Oregon
- R-5 Second Reading and Possible Adoption of a Proposed ORDINANCE Amending MCC § 21.612 to Authorize a Temporary Restaurant License Late Fee
- R-6 RESOLUTION Establishing Fees and Charges for Chapter 21, Health, of the Multnomah County Code, and Repealing Resolution No. 04-170

### **SERVICE DISTRICTS - 9:55 AM**

(Recess as the Board of County Commissioners and convene as the governing body for **DUNTHORPE RIVERDALE SANITARY SERVICE DISTRICT NO. 1**)

R-7 Public Hearing and RESOLUTION Adopting the 2006-2007 Budget for the Dunthorpe Riverdale Sanitary Service District No. 1 and Making Appropriations

(Adjourn as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1 and convene as governing body for **MID-COUNTY STREET LIGHTING SERVICE DISTRICT NO. 14**)

R-8 Public Hearing and RESOLUTION Adopting the 2006-2007 Budget for the Mid-County Street Lighting Service District No. 14 and Making Appropriations

(Adjourn as the governing body for Mid-County Street Lighting Service District No. 14 and reconvene as Board of County Commissioners)

**SHERIFF'S OFFICE - 10:00 AM**

R-9 Budget Modification MCSO-10 Appropriating \$18,750 in "Home Again: A 10-Year Plan to End Homelessness in Portland and Multnomah County" Funding

R-10 Budget Modification MCSO-11 Appropriating \$241,022 in Senate Bill 1145 State Funding

**DEPARTMENT OF COMMUNITY SERVICES - 10:05 AM**

R-11 Budget Modification DCS-05 Appropriating Unanticipated Funds from the Secretary of State to Multnomah County Election's Office for Projects Assisting Voters with Disabilities

**SCHOOL AND COMMUNITY PARTNERSHIPS - 10:10 AM**

R-12 Budget Modification OSCP-05 Increasing the Department of School and Community Partnerships Fiscal Year 2006 Budget by \$77,535 in Grant Funding for SUN Community Schools

**DEPARTMENT OF COUNTY HUMAN SERVICES - 10:15 AM**

R-13 Budget Modification DCHS-28 Eliminating Four Case Manager Assistant Positions, Creating Three New Office Assistant 2 Positions, and

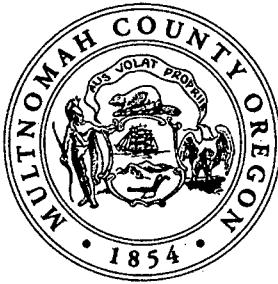
Reclassifying a Case Manager Senior to Program Development Specialist  
Senior in Development Disabilities Services Division

- R-14 Budget Modification DCHS-32 Reclassifying an OA 2 to Community Information Specialist in the Aging and Disabilities Services Division, Community Access, as Determined by the Class/Comp Unit of Central Human Resources
- R-15 Budget Modification DCHS-37 Reducing the Developmental Disabilities Services Division Fed/State Revenue by \$806,918 and Requesting \$251,255 General Fund Contingency Transfer for Developmental Disabilities Program Support
- R-16 Budget Modification DCHS-39 Appropriating \$50,000 of General Fund Contingency for Bridges to Housing Administration
- 

Thursday, June 15, 2006 - 10:30 AM  
(OR IMMEDIATELY FOLLOWING BOARD MEETING)  
Multnomah Building, First Floor Commissioners Conference Room 112  
501 SE Hawthorne Boulevard, Portland

**IF NEEDED EXECUTIVE SESSION**

- E-1 The Multnomah County Board of Commissioners will meet in Executive Session Pursuant to ORS 192.660(2)(h). Only Representatives of the News Media and Designated Staff are allowed to attend. News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Session. No Final Decision will be made in the Session. Presented by Agnes Sowle. 15-30 MINUTES REQUESTED.



## **Diane Linn, Multnomah County Chair**

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### **MEMORANDUM**

**TO:** Commissioner Maria Rojo de Steffey  
Commissioner Serena Cruz  
Commissioner Lisa Naito  
Commissioner Lonnie Roberts  
Board Clerk Deb Bogstad

**FROM:** Rob Fussell, Chief of Staff

**DATE:** June 12, 2006

**RE:** Board Briefing/Meeting Excused Absences

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Chair Linn will be attending a Coalition of Community Schools Conference in Baltimore Maryland and will miss the if needed Budget Work Session the morning of Wednesday, June 14; the Tax Supervision and Conservation Commission Public Hearing on the 2006-2007 Multnomah County Budget and the Multnomah County Fiscal Year 2006 Supplemental Budget No. 2 the afternoon of Wednesday, June 14; and the Regular Board Meeting and Executive Session on Thursday June 15, 2006.

**c:** Chair's Office  
Department Directors

**BOGSTAD Deborah L**

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**From:** DARGAN Karyne A  
**Sent:** Monday, June 12, 2006 4:18 PM  
**To:** BOGSTAD Deborah L  
**Subject:** FW: 6/14/06 TSCC Hearing on the FY 2007 Approved Budget - Review and Responses

Deb-

This is the staff to staff draft response to TSCC. We don't post or publish as it is a courtesy between the two agencies. Just a FYI.

K

-----Original Message-----

**From:** DARGAN Karyne A  
**Sent:** Monday, June 12, 2006 4:17 PM  
**To:** ROJO DE STEFFEY Maria; LINN Diane M; CRUZ Serena M; NAITO Lisa H; ROBERTS Lonnie J; BOYER Dave A  
**Cc:** MARTINEZ David; LIEUALLEN Matt; LASHUA Matthew; BELL Iris D; CARROLL Mary P; WEST Kristen; NEBURKA Julie Z; HAY Ching L; JASPIN Michael D; ELKIN Christian; NICE Matt L; CAMPBELL Mark; BUTLER Douglas E - FPM; AAB Larry A; YANTIS Wanda; GHEZZI Stan M; NATH Satish; RAPHAEL Molly; COBB Becky; GRAVES Travis R; POE Lorenzo T; TINKLE Kathy M; DARGAN Karyne A  
**Subject:** 6/14/06 TSCC Hearing on the FY 2007 Approved Budget - Review and Responses

Dear Commissioners -

Wednesday will be a busy day with the Tax Supervising & Conservation Commission. In addition to the public hearing on our second supplemental budget, they will be conducting a hearing on the FY 2007 Approved Budget at 3:30pm..

Attached are two files. The first is the TSCC report with questions. In the second attachment are the informal responses that we drafted to assist the board in responding to these questions at the public hearing. Department staff that are on the CC list are requested to be available to answer questions for this hearing.

There were no findings or objections.

I recommend reviewing this item prior to Wednesday afternoon's hearing. If you have any questions, please give me a call

Thanks,

Karyne

6/14/2006



# TSCC Budget Review 2006-07

## Multnomah County

### Location:

Multnomah County is located in the northwestern section of the state. The Columbia River acts as the northern border of the County.

### District Background:

A five member salaried board governs the County. All are elected to four-year terms on non-partisan ballots: the Board Chair is elected at large and four board members are elected from districts. The Territorial Legislature established Multnomah County in 1854, five years before Oregon was granted statehood, because citizens found it inconvenient to travel to Hillsboro to conduct business. Portland was designated as the county seat.

Of the 36 counties in Oregon, Multnomah County is Oregon's smallest in area, covering 457 square miles. Despite its size, the County is home to more Oregonians than any other county. The county's estimated population was 555,650 as of July 1, 2005. Approximately 98% of the population of the County resides within the boundaries of one of six cities, 80.3% within the largest city in the state, Portland. Multnomah County is also home to Oregon's largest: Community College, School District, ESD, Port, Mass Transit District, Regional Government, and Urban Renewal Agency.

The County operates under a 1967 home rule charter that assigns legislative authority to the Board of County Commissioners and administrative responsibility to the Chair of the Board.

In November 2002, the voters approved a five-year Library Local Option Levy for library operations to replace the expiring levy. Fiscal year 2007-08 is the last year of this local option levy. In May 2003 voters passed a three year 1.25% personal income tax (I-TAX). This is the first tax of its type in Oregon. Of the amount raised, approximately 70% of the proceeds go to Multnomah County schools; 13% to County Health and Human Services; 13% to Public Safety; and the remainder for tax collections and audits of the I-Tax. 2005-06 was the last year for collections of the I-TAX; prior year tax collections are still anticipated in 2006-07.

### General Information:

| Multnomah County                    | 2003-04         | 2004-05         | 2005-06         | 2006-07 |
|-------------------------------------|-----------------|-----------------|-----------------|---------|
| Assessed Value in Billions          | \$43.409        | \$44.911        | \$46.350        |         |
| Real Market Value (M-5) in Billions | \$66.510        | \$70.458        | \$78.098        |         |
| Property Tax Rate Extended:         |                 |                 |                 |         |
| Operations                          | \$4.3434        | \$4.3434        | \$4.3434        |         |
| Library Local Option                | \$0.7550        | \$0.7550        | \$0.7550        |         |
| Debt Service                        | <u>\$0.1735</u> | <u>\$0.1801</u> | <u>\$0.2081</u> |         |
| Total Property Tax Rate             | \$5.2719        | \$5.2785        | \$5.3065        |         |
| Measure 5 Loss                      | \$-15,440,754   | \$-13,795,470   | \$-11,297,437   |         |
| Number of Employees (FTE's)         | 4436            | 4,437           | 4,453           | 4,422   |

### Overview:

In development of the 2006-07 Budget, the Multnomah County Board of Commissioners continued to utilize Priority Based Budgeting. Essentially, the Board developed its budget based upon broad categories of priorities established by citizen focus groups. The priorities are: Basic Living Needs, Safety, Accountability, A Thriving Economy, Education, and Vibrant Communities. Based upon current and future financial forecasts, the Board set fiscal parameters - \$296.5 million in the General Fund – for how much could be spent on the above priorities.

In total, there is an additional \$33.5 million of one-time revenue in this budget. Of this amount, \$18.1 million is budgeted for one-time expenses. The remaining \$15.4 million funds 50 ongoing programs.

| Multnomah County                       | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Budget | 2006-07<br>Budget |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Total Budget All Funds                 | 1,045,234,922     | 1,212,568,611     | 1,224,092,901     | 1,116,020,867     |
| Percent of Change from Prior Year      | +5.7%             | +16.0%            | +1.0%             | -8.8%             |
| Total Beginning Fund Balance All Funds | 116,866,160       | 108,822,658       | 160,410,427       | 171,277,320       |
| Percent of Change from Prior Year      | -9.8%             | -6.9%             | +47.4%            | +6.8%             |

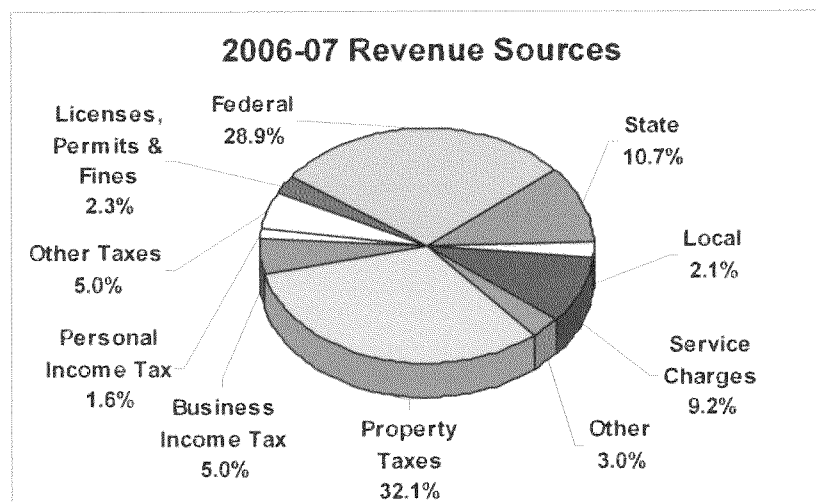
For the second consecutive year, the County is seeing an increase in overall beginning fund balance (BFB), primarily in the Capital Lease Retirement Fund, which increased from \$300,000 to \$14,000,000.

### Revenues:

The one-time revenue in this budget includes: \$1.35 million from the City of Portland for jail beds and alcohol and drug treatment; \$2.4 million as a transfer from the Asset Preservation and Capital Improvement funds; and, \$6.0 million in accumulated reserves from the Capital Debt Retirement Fund.

Overall, revenues decreased in 2006-07, primarily due to the expiration of the I-TAX. If I-TAX collections are removed from the total in 2005-06, revenues increase by \$17,514,096, or 1.6%, in 2006-07. This budget includes \$11,500,000 for prior year tax collections for the I-TAX.

The 2006-07 Budget includes increased revenue from Business Income, transient lodging, and motor vehicle rental taxes, reflecting a growing economy.



| Multnomah County                      | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Budget | 2006-07<br>Budget |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Property Taxes – Operations           | 181,961,206       | 188,879,029       | 193,848,745       | 199,457,142       |
| Property Taxes - Library Local Option | 22,985,322        | 25,149,429        | 25,833,776        | 28,228,670        |
| Property Taxes - Debt                 | 7,452,526         | 7,885,234         | 9,227,546         | 9,081,482         |
| Gasoline Tax                          | 7,010,880         | 6,744,233         | 7,380,828         | 7,366,625         |
| Motor Vehicle Rental Tax              | 12,929,757        | 13,321,664        | 14,117,219        | 14,550,000        |
| Business Income Tax                   | 30,286,000        | 36,463,000        | 32,649,002        | 37,000,000        |
| Personal Income Tax                   | 100,113,936       | 130,186,719       | 125,586,130       | 11,500,000        |
| Transient Lodging Tax                 | 12,351,633        | 13,466,936        | 13,250,000        | 14,750,000        |
| Service Charges                       | 9,430,454         | 10,093,731        | 10,083,057        | 68,102,195        |
| Licenses, Permits & Fines             | 17,557,184        | 17,694,202        | 16,040,379        | 17,182,969        |
| Federal                               | 239,780,086       | 272,946,398       | 258,885,044       | 212,599,634       |
| State                                 | 83,061,466        | 85,010,397        | 81,932,484        | 79,130,999        |
| Local                                 | 6,269,278         | 6,866,927         | 8,179,481         | 15,473,725        |
| Other                                 | 3,183,896         | 12,360,107        | 15,838,891        | 16,051,194        |

Revenue from service charges increased by \$58.0 million in this budget. Of this amount, \$33.1 million is credited to the Health Department, \$2.4 million to Facilities Management, and \$3.2 million for sales in the Mail Distribution Fund.

Local revenue sources increased 89.2% to \$15,473,725 in 2006-07. Nearly all of the increase is attributable to the Sheriff's Office, offsetting a similar decline in state support for the Sheriff. The budget for Federal revenue decreased \$46.3 million, reflecting decreased funding for the Health Department and Department of Community Services.

The County levies a local option tax that supports approximately 60% of the Library's expenditures. The five-year levy was approved in November 2002; the final year of the levy is 2007-08.

The County is considering placing a replacement Library levy on the November 2006 ballot – one year before necessary – to avoid the "double majority" requirement imposed under Measure 50. Tax rates and ballot language will be finalized this summer, if the decision is made to proceed with the levy. The 2006-07 Budget contains neither resources nor requirements associated with a possible levy.

#### General Fund:

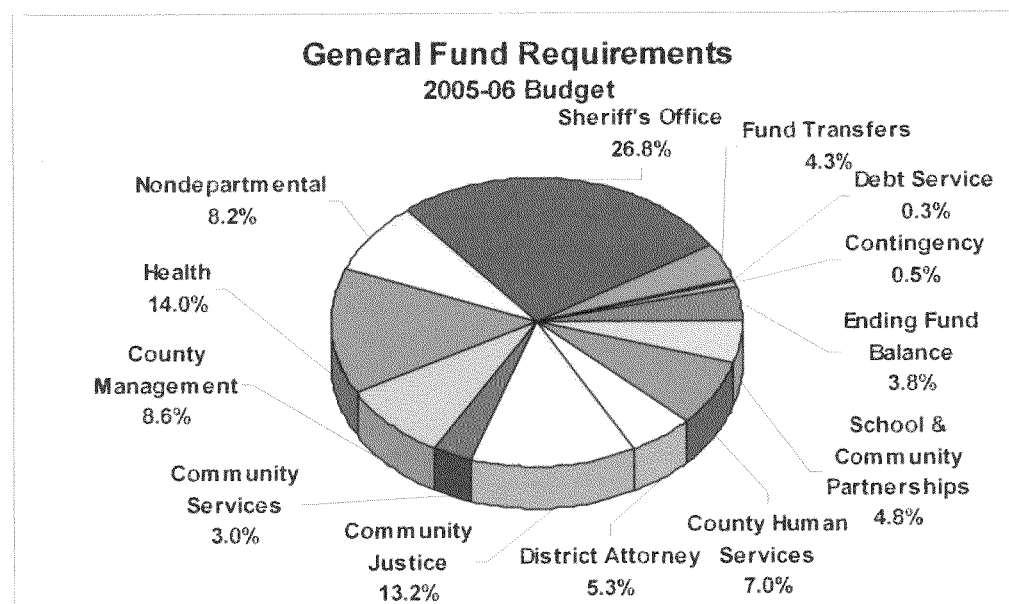
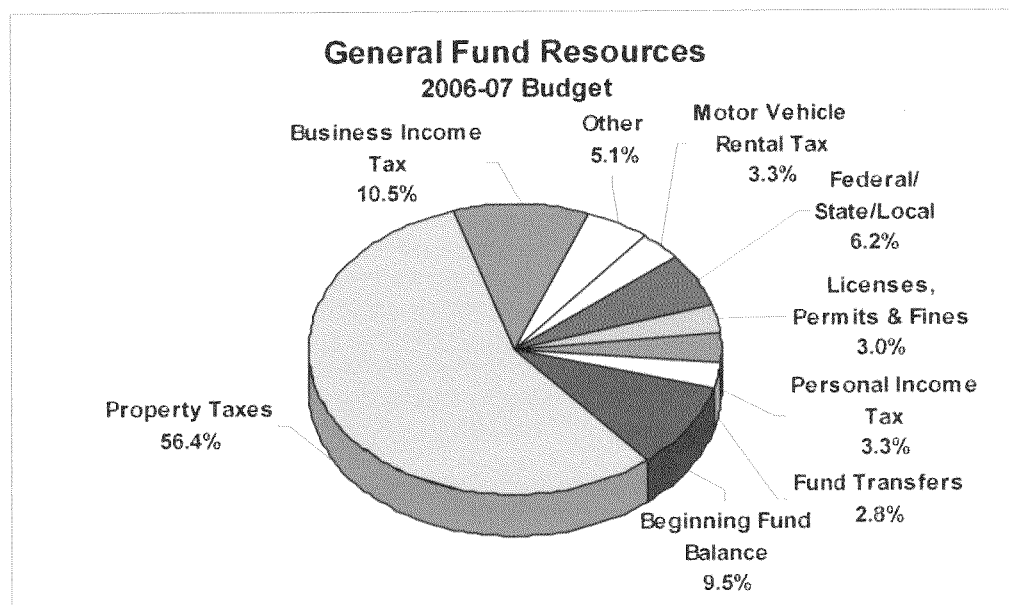
The General Fund shows an overall budget decrease of 21.8%, primarily due to the significant decrease in I-TAX collections. If this amount is removed, the General Fund increased by 8.7% in 2006-07.

| Multnomah County                       | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Budget | 2006-07<br>Budget |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund Beginning Balance         | 5,785,616         | 19,492,537        | 42,486,566        | 33,200,000        |
| General Reserve Fund Beginning Balance | 9,608,847         | 11,167,977        | 11,708,000        | 13,000,000        |

The General Fund beginning fund balance is down 21.9% in 2006-07 from \$42,486,566 to \$33,200,000. The General Fund Reserve Beginning Fund Balance increased 11.0% in 2006-07.

| Multnomah County                    | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Budget | 2006-07<br>Budget |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund Ending Balance         | 19,491,853        | 43,112,113        | 13,000,000        | 13,500,000        |
| General Reserve Fund Ending Balance | 10,964,032        | 11,960,875        | 13,008,000        | 13,500,000        |

In October 2001, the Board adopted a policy setting a targeted reserve level of 10% of General Fund current revenue. The reserve is budgeted in two places: the General Fund and the General Reserve Fund. The budgeted \$27 million is the equivalent of a fully funded reserve.



**Expenditures:**

| Multnomah County     | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Budget | 2006-07<br>Budget |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| Personal Services    | 332,858,079       | 337,579,087       | 367,948,109       | 329,617,575       |
| Materials & Services | 510,944,769       | 578,107,683       | 592,637,318       | 561,438,828       |

**Personal Services:**

Overall, the staffing for 2006-07 decreases by 30.8 FTE to 4,421.95 FTE. The amount budgeted for personal services decreases over \$38.3 million, or 10.4%. The cost of County benefits continues to grow. PERS rates are estimated to increase by more than 1.5% of payroll, and County costs for employee healthcare will grow by 13% in 2006-07.

**Department Programs and Services:**

Most Departments experienced increases in their budget in 2006-07. The exceptions are the County Human Services and the Community Justice departments.

- The Department of School and Community Partnerships shows an approved budget for 2006-07 of \$32,878,229, down 3.6%. The General Fund provides \$16,814,455 of this amount. This department contracts with community-based organizations to provide services such as youth gang prevention, child development services, temporary housing, the SUN Schools initiative and many other programs. The budget funds one new program – Standards Based Tutoring. Four of the Department's programs are partially or totally funded with one-time only General Fund dollars.
- The County Human Services Department has a budget of \$178.3 million in 2006-07. The department provides services to the elderly of Multnomah County and to those who have serious physical, emotional, or developmental disabilities. The approved budget eliminates funding for four existing programs and utilizes one-time only resources to fund two others.
- In 2006-07, the Health Department, which deals with regulatory health issues, totals \$122.2 million, up 1.9%. Just over 40% of this amount is funded from the General Fund. Twenty five programs, including Lead Poisoning Prevention, Corrections Health, Primary Care Clinics, Dental Services and School-Based Health Centers, are budgeted with one-time funding.
- Just over \$203.8 million is budgeted for 2006-07 for the three departments that comprise the county's justice system: the Multnomah County Sheriff's office which provides support for the rest of the justice system within the County, law enforcement and corrections at \$108.2 million; the Community Justice Department which provides supervision of offenders and court services for juveniles at \$71.7 million; and the District Attorney's office at \$23.9 million. The budgets include funding for three new programs in Community Justice, in addition to funding for additional jail beds. The Sheriff's budget includes \$1.35 million from the City of Portland for 57 jail beds, as well as \$2.8 million to open 150 beds at Wapato Jail for half of the year. Seven programs in Community Justice are funded with one-time dollars in 2006-07.
- Library operations increase by \$987,181, or 2.0%, to \$49,892,679. No programs are funded as one-time only.
- The Non-Departmental area consists of support for Elected Officials, non-County agencies and independent organizations. The total Non-Departmental budget is

\$54.4 million, of which \$28.8 million is from the General Fund. The budget for this department shows a 56.9% decrease, reflecting the expiration of the I-TAX and corresponding disbursement to school districts and I-TAX funded community contracts. The School Funding "Bail Out" package of \$6.4 million is included in this budget. Five existing programs – including TSCC – are funded with one-time dollars.

In 2005-06, the County separated the Department of Business and Community Services into two entities: the Departments of County Management and Community Services.

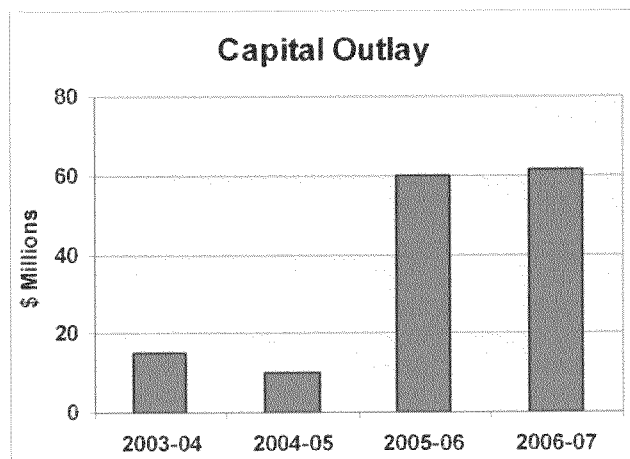
- The approved budget of the Department of Community Services is \$79,723,452, down 2.5%. It includes funding for direct community services, such as elections, housing, emergency management and animal control for the County. The budget shows a decrease of 14.0 FTE, mainly due to the transfer of roads to the City of Gresham. The budget also transfers additional funds to Gresham for maintenance. Two programs in Animal Services – totaling \$25,000 – are funded with one-time dollars.
- The Department of County Management includes information technology, property appraisal and tax collections, and finance. The approved budget increases by \$5,558,380, or 2.5%, in 2006-07. Three programs, including funding for I-TAX collection, are budgeted with one-time only funding.

#### Capital Outlay:

| Multnomah County | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Budget | 2006-07<br>Budget |
|------------------|-------------------|-------------------|-------------------|-------------------|
| Capital Outlay   | 15,305,856        | 10,305,437        | 59,690,526        | 61,374,219        |

Overall capital outlay increased nearly 3% in 2006-07. The 2006-07 Budget partially reverses a supplemental adjustment that transferred \$8,000,000 from the General Fund to the Willamette River Bridges Fund to pay for Sauvie Island Bridge construction.

The County has identified a deferred maintenance and seismic liability of approximately \$120 million for County buildings now in operation and \$255 million for the Willamette River Bridges.



Some of the major capital outlay projects planned for 2006-07 by the County include:

|                                      |              |
|--------------------------------------|--------------|
| Justice Center Detention Electronics | \$ 1,428,000 |
| Asset Preservation - Facilities      | \$ 3,392,812 |
| Road Fund Capital Projects           | \$ 9,965,200 |
| Bridge Fund Capital Projects         | \$11,016,020 |

### **Contingencies, Transfers, Unappropriated:**

It is Board policy to establish an emergency contingency account in the General Fund each fiscal year. The account is funded at a level consistent with actual use of transfers from contingency during the prior ten years. The General Fund contingency is being reduced in this budget, from \$15.6 million to \$1.7 million. In 2006-07, total contingencies in all funds are down 75.5%, from \$24.5 million in 2005-06.

The unappropriated ending fund balance for all funds is down 3.3% for 2006-07, from \$86.6 million to \$83.7 million. Transfers for 2006-07 are balanced.

### **Debt History:**

| <b>Multnomah County – Debt Outstanding</b> | <b>6-30-2003</b>   | <b>6-30-2004</b>   | <b>6-30-2005</b>   | <b>6-30-2006 Est.</b> |
|--------------------------------------------|--------------------|--------------------|--------------------|-----------------------|
| General Obligation                         | 91,610,000         | 86,445,000         | 81,025,000         | 75,340,000            |
| Revenue Bonds                              | 7,890,000          | 7,425,000          | 6,935,000          | 6,420,000             |
| PERS Pension Revenue Bonds                 | 182,893,160        | 181,103,160        | 178,568,160        | 175,203,160           |
| COPs                                       | 40,195,000         | 27,510,000         | 20,235,000         | 17,795,000            |
| Full Faith & Credit                        | 93,870,000         | 89,100,000         | 87,495,000         | 81,630,000            |
| Lease Purchase                             | 1,305,220          | 1,085,283          | 846,481            | 587,196               |
| Long Term Loans                            | 717,169            | 631,629            | 541,737            | 445,586               |
| <b>Total Debt Outstanding</b>              | <b>418,480,549</b> | <b>393,300,072</b> | <b>375,646,378</b> | <b>357,420,942</b>    |

### **Highlights of the 2006-07 Budget to be published in TSCC Annual Report:**

- The 2006-07 Budget was developed using Priority Based Budgeting.
- The total budget decreased \$108.1 million, or 8.8%.
- The General Fund decreased by 21.8%, from \$448,535,360 to \$350,950,000.
- \$33.5 million of one-time revenue is budgeted. Of this amount, \$18.1 million is for one-time expenses; \$50.4 million funds ongoing programs.
- The 2006-07 Budget reflects the expiration of personal income tax (I-TAX) collections. Prior year collections of \$11,500,000 are included in this budget.
- This budget includes a decrease of 30.8 FTE.

### **Local Budget Law Compliance:**

The 2006-07 Budget is in substantial compliance with Local Budget Law.

The audit for the year ending June 30, 2005 did not note any overexpenditures:

### **Certification Letter Recommendations and Objections:**

The 2006-07 Budget, filed May 15, 2006, is hereby certified by a majority vote of members of the Commission with no objections or recommendation.

## **Questions:**

1. Earlier this year we talked with you about the County's first supplemental budget. That budget contained three controversial changes: 1) a transfer of \$8,000,000 to the Willamette Bridge Fund to cover a cost overrun on constructing a new Sauvie Island Bridge, 2) a transfer of \$6,000,000 to the Capital Debt Retirement Fund to "pre-pay" the General Fund's \$1,000,000 annual transfer to debt service payments, and 3) creation of a Stabilization Reserve Fund to provide a buffer against future fluctuations in the business income tax. It does not appear that these changes have been incorporated into the 2006-07 budget. Why not and will they be considered when the board adopts the budget?

## **Budget Process**

2. This is the second year of Priority based budgeting where decision are made based on distinct programs rather than entire departments with every program categorized around six priority areas. (Link: Budget Manager's Message, pages 5 thru 11)
  - From Commissioner's perspective, does this process make it easier for you to make decisions?
  - How many different programs are there?
  - How do you avoid the situation where two programs are interdependent but one gets funded and the other does not?
3. There was talk last year about "joint budgeting" with the City of Portland in the area of public safety. Was there any progress this year in accomplishing that?
4. The Approved Budget contains \$15.4 million of ongoing programs – including the Tax Supervising and Conservation Commission – funded with one-time dollars. The Budget Manager's Message warns that these ongoing operations need to sunset at the end of 2006-07 to reduce the General Fund deficit. (Link: Budget Manager's Message, pages 21 – 23)
  - What is your strategy for sunsetting these programs after 2006-07?
  - Aside from TSCC, are any of these programs mandated, or are they all discretionary?



## Revenues

5. The expiration of the County's temporary personal income tax (I-TAX) has certainly been a focus in crafting this year's budget. In 2006-07 it is estimated that \$11,500,000 will be collected in delinquent payment. Will the same 70 / 30 split with school districts be used in distributing this money? (Link: Budget Manager's Message, page 17)
6. Revenue from the Business Income Tax increased 20% in 2004-05 and is projected to increase another 8% – 10% this year. Are the collections improving across the board or are specific sectors such as retail, manufacturing, services and/or tourism leading the way? (link: Budget Manager's Message, page 18)
7. The County's Library Local Option Levy is not due to expire until 2007-08. There has been talk of seeking voter approval for a new local option levy in November 2006. When will a decision be made as to whether or not a measure will be submitted to voters and will the tax rate be increased?
8. By 2008 three of the City of Portland's urban renewal areas will expire. With a combined "excess value" of over \$1 billion the County would realize an estimated \$4,000,000 in revenue from your permanent tax rate if these areas are not extended. Are you participating in the discussions about extending these urban renewal areas and has the County take a formal position one way or the other? (Source: TSCC's 2005-06 Annual Report)
9. The Oregon Tax Court ruled earlier this year that the City of Eugene's Local Option Levy for schools should have been categorized and levied under Measure 5's education limit of \$5 per \$1,000 of assessed value as opposed to the \$10 per \$1,000 general government limit. Assuming the Oregon Supreme Court upholds that ruling have you done any analysis on which expenditures, such as the Sun Program, are derived from taxes "to fund the public school system" and therefore would have to be categorized as under the \$5 education limit? (Link: The Oregonian, *Tax Court throws out Eugene levy for schools*, February 17, 2006)

## Employee Benefits

10. Revenue growth is projected at 3% to 4% annually while at the same time expenditures, primarily labor costs, are growing 5% to 6% creating a "structural deficit" which will require the County to reduce expenditures by 2% annually. When union contracts come up for renegotiation, will the County be looking to restructure the agreement so that total compensation, salary, insurance and pension benefits, are held to the 3% to 4 % range, in line with revenue forecasts? (Link: Budget Manager's Message, pages 15 – 16 and 20)
  
11. The PERS Board is considering several changes in reserve policies, accounting for investment returns and calculations of current costs to fund the system. This could soften the increases in PERS employer rates scheduled to go into effect July 1, 2007. At the same time, many public employer groups are saying the changes go too far in that they increase costs in later years. Has the County taken a position on the proposed PERS changes? (Link: The Oregonian, *Employers dodge jump in PERS rate*, April 28, 2006)
  
12. The Governmental Accounting Standards Board (GASB) has proposed new rules (Statements 43 and 45) dealing with accounting for retiree benefits (OPEB) other than pensions, i.e., insurance. These new rules require governments to include in their financial statements an estimate of the amount of the annual cost and the outstanding obligations in much the same manner as pensions are currently reported. Have you begun to analyze these obligations and are you anticipating an unfunded actuarial liability that could require the City to sell bonds, again like what has been done on the pension side?

## Public Safety

13. The Approved Budget contains \$2.8 million to open 150 beds at Wapato Jail for the second half of the fiscal year. Last year you told us that "opening" a jail has different costs than "operating" a jail.
  - How much of the \$2.8 million is strictly one time only costs to open the facility?
  
  - Once fully operating what would it cost to operate these 150 beds for an entire year?
  
  - Does the \$2.8 million include all support and administrative costs?

14. Clark County Washington took a look at leasing some or all of Wapato. Are you still in discussions with them?
15. There has been a lot of publicity during the last year concerning the amount of overtime in the Sheriff's Office. Does this budget address that at all?

### **Facilities & Property Management**

16. Where are you in process of constructing an East County Justice Center?
17. Part of the funding for the Justice Center is to come from selling surplus property to the south and north of Halsey Street. How much will the County receive from those transactions and will all of the net proceeds go toward the Justice Center?
18. The Sauvie Island Bridge construction is underway. Have the costs gone up since the County had to allocate an additional \$8 million earlier this year to cover rising concrete and steel prices and is the project on schedule?

### **Other Issues**

19. It has been reported in the media that an effort will be made to reduce the \$4,908,982 budgeted for the Schools Uniting Neighborhoods (SUN) program in the Adopted Budget. How much might be cut and why? (Link: [The Oregonian](#), *Multnomah County budget plan likely to get overhaul*, June 2, 2006)
20. The approved budget reduces the General Fund support to the Library Serial (local option) Levy Fund by eliminating the unappropriated ending fund balance. Given the expiration of the local option levy in 2007-08 is this a prudent decision?

# MULTNOMAH COUNTY OREGON

6/14/2006

3:30 pm

Multnomah County Boardroom



## **Response to TSCC questions FY 2007 Approved Budget**

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1. Earlier this year we talked with you about the County's first supplemental budget. That budget contained three controversial changes: 1) a transfer of \$8,000,000 to the Willamette Bridge Fund to cover a cost overrun on constructing a new Sauvie Island Bridge, 2) a transfer of \$6,000,000 to the Capital Debt Retirement Fund to "pre-pay" the General Fund's \$1,000,000 annual transfer to debt service payments, and 3) creation of a Stabilization Reserve Fund to provide a buffer against future fluctuations in the business income tax. It does not appear that these changes have been incorporated into the 2006-07 budget. Why not and will they be considered when the board adopts the budget?

The Board approved a supplemental budget on 1/19 that increased General Fund revenue and expenditures by \$21.4 million. The supplemental took the following 4 actions in FY 2006:

- Directed an \$8 million loan to the Willamette River Bridge Fund to offset additional costs associated with the Sauvie Island Bridge replacement project;
- Directed a \$6 million transfer to the Capital Lease Retirement Fund to buy down debt associated with the Donald E. Long juvenile center;
- Created a \$3.5 million BIT Stabilization reserve in the General Fund; and
- Created a \$3.5 million Strategic Investment Reserve in the General Fund.

At the request of the Chair's Office two program offers were created for development of the FY 2007 budget that would have effectively reversed a portion of the Supplemental Budget. Those two program offers are in the One-Time-Only (OTO) spreadsheet. They are:

- 10052 – Debt Reserve Cash Transfer
- 10053 – Capital Improvement, Asset Preservation Loan

These two program offers propose to return \$7.4 million to the General Fund that could be used to fund other program offers. The budget proposed by the Chair did purchase these two offers. However, if the Board chooses to affirm the Supplemental Budget they will NOT purchase either of these program offers.

There are two program offers that propose to use OTO funds to affirm the reserves established in the Supplemental Budget. They are:

- 10055 – Strategic Investment Fund
- 10056 – BIT Stabilization Fund

If the Board desires to re-establish the two reserves in FY 2007, they will need to purchase these two offers. The budget proposed by the Chair does not fund either of these program offers. No other actions are necessary to account for the Supplemental

Budget. The transfers to the Willamette River Bridge Fund and Capital Lease Retirement Fund have already been made in the current fiscal year.

### Budget Process

2. This is the second year of Priority based budgeting where decision are made based on distinct programs rather than entire departments with every program categorized around six priority areas. (Link: Budget Manager's Message, pages 5 thru 11)

- From Commissioner's perspective, does this process make it easier for you to make decisions?

(Commissioners will reply)

- How many different programs are there?

As of 6-6-06 there were:

| <b><u>Priority</u></b> | <b><u># of Program Offers</u></b> |
|------------------------|-----------------------------------|
| Basic Needs            | 162                               |
| Safety                 | 178                               |
| Accountability         | 97                                |
| Economy                | 18                                |
| Education              | 34                                |
| Vibrant                | 26                                |
| <b>Subtotal</b>        | <b>515</b>                        |
| Administrative         | 37                                |
| Support                | 61                                |
| Revenue                | 2                                 |
| Subtotal               | <u>100</u>                        |
| <b>Grand Total</b>     | <b>615</b>                        |

- How do you avoid the situation where two programs are interdependent but one gets funded and the other does not?

There are many points in the budget process where program interdependence and linkages that are described and can be deliberated on to avoid that issue. They are as follows:

- The program offer template has a section that requests related programs.
- The linkages can be further described in the description or justification section.
- Departments also have the opportunity to describe the interdependence in their budget transmittal letter.
- Department Heads and program staff also have the opportunity to meet with the Outcome Teams prior to their ranking where these systems and linkages can be described.
- There are several Board worksessions not only regarding program offers within priority but when department present their budgets to the Board.

3. There was talk last year about "joint budgeting" with the City of Portland in the area of public safety. Was there any progress this year in accomplishing that?

### **Context**

Recognizing that the City of Portland, Multnomah County and other local governments share the responsibility of providing a public safety system for citizens of Portland and Multnomah County, the City and County passed resolutions authorizing participation in a joint City of Portland and Multnomah County public safety system planning and budget process. The City and County developed a framework to jointly budget their collective public safety resources in future years. Joint budgeting is seen as a means to deliver more value with the resources available to produce the public safety outcomes desired by citizens as follows:

1. Set the expected total "price" of public safety first. This price represents the intentions of both the City's and County's elected bodies. It represents the total amount of funds they intend to dedicate to producing the public safety outcomes. It is established at the beginning, not the end, of the budget process.
2. Affirm the public safety outcome and the performance indicators that have been recommended in Phase I. Consider whether to adopt improvement targets.
3. Select and authorize a "Joint Public Safety Outcome" team of city and county staff and citizens. Their purpose is to improve the work initiated by this collaborative (maps, indicators and strategies) and to develop "requests for offers." (This team could be created immediately). An "RFO" is like a mini-RFP to which public safety providers and others who believe that their programs and services contribute to the public safety outcomes would respond.
4. Joint outcome team creates strategies and expectations for joint budget proposals ("RFO's"). These RFOs become the programs and services that elected officials would purchase within the pre-determined amount of resources allocated to public safety (i.e., the "price" set in step 1).
5. City or county public safety departments – or joint efforts – propose programs and services they believe will get results for the price. These, in effect, are the responses by providers to the RFO's.
6. The joint team ranks the proposals in order of the degree to which they will contribute to the public safety outcome desired. The ranking suggests those programs and services that should be "kept" (not "cut"), i.e., those for which there is funding capacity (again, the price set in step 1). This ranking then constitutes a budget recommendation, which is provided to elected officials for incorporation into the city and county budget processes.
7. Ideally, the city and county both agree to include the recommendations in their adopted budgets, but are not committed to doing so.

There are a number of challenges that must be met in order to proceed with a joint budgeting process. PSG's research suggests that other joint efforts have suffered because of failure to:

- Anticipate and work through internal and external political issues
  - Set clear and measurable expected results
  - Determine consequences for failure – even an exit strategy.
  - Establish clear understandings and commitments with unions
  - Invest the time and resources necessary to establish a clear vision of how to achieve the results, including building ownership for the changes.
4. The Approved Budget contains \$15.4 million of ongoing programs – including the Tax Supervising and Conservation Commission – funded with one-time dollars. The Budget

Manager's Message warns that these ongoing operations need to sunset at the end of 2006-07 to reduce the General Fund deficit. (Link: Budget Manager's Message, pages 21 – 23)

- What is your strategy for sunsetting these programs after 2006-07?

This \$15.4 million of ongoing programs funded with one-time-only resources places the Board in the difficult position of balancing the need to continue critical services to our residents for one more year or strictly comply with the financial policies. The approved budget tries to strike a balance by allowing one year of bridge funding to ramp down programs, finding alternative revenue sources or redesign processes to mitigate the anticipated loss of services in FY 2007. The Board will be requesting a fall briefing from departments regarding the status and planned sunset of these programs.

- Aside from TSCC, are any of these programs mandated, or are they all discretionary?

The County classifies very few programs as mandated. TSCC is one of them. Many programs are "mandated" but spending and service levels are not. TSCC is the only mandated program (funding amount in ORS) on the OTO list. The Board has also proposed a budget note to create a legislative item regarding TSCC for the upcoming legislative session in Salem.

## Revenues

5. The expiration of the County's temporary personal income tax (I-TAX) has certainly been a focus in crafting this year's budget. In 2006-07 it is estimated that \$11,500,000 will be collected in delinquent payment. Will the same 70 / 30 split with school districts be used in distributing this money? (Link" Budget Manager's Message, page 17)

Yes. The same 70 / 30 split with school districts will be used to distribute the \$11,500,000. The percentage breakdown of distribution for each tax year is:

|                                    | 2003 %<br>Distribution | 2004 %<br>Distribution | 2005 %<br>Distribution |
|------------------------------------|------------------------|------------------------|------------------------|
| Centennial SD #28Jt.               | 4.83%                  | 4.82%                  | 4.92%                  |
| Corbett SD #39                     | 0.47%                  | 0.49%                  | 0.49%                  |
| David Douglas SD #40               | 7.16%                  | 7.54%                  | 7.89%                  |
| Gresham Barlow SD<br>#10Jt.        | 8.11%                  | 8.22%                  | 8.33%                  |
| Victory Middle School              | 0.09%                  | 0.07%                  | 0.04%                  |
| Parkrose SD #3                     | 2.86%                  | 2.95%                  | 2.90%                  |
| Portland Public SD #1Jt.           | 38.60%                 | 37.69%                 | 36.62%                 |
| Reynolds SD #7                     | 8.06%                  | 8.41%                  | 8.65%                  |
| Riverdale SD #51Jt.                | 0.35%                  | 0.38%                  | 0.38%                  |
| Scappoose School,<br>District      | 0.06%                  | 0.06%                  | 0.06%                  |
| County Public Safety               | 12.09%                 | 12.07%                 | 12.22%                 |
| County Health & Senior<br>Services | 12.09%                 | 12.07%                 | 12.22%                 |
| Collection and Audit<br>Costs      | 5.24%                  | 5.23%                  | 5.29%                  |
| Total                              | 100.00%                | 100.00%                | 100.00%                |

6. Revenue from the Business Income Tax increased 20% in 2004-05 and is projected to increase another 8% – 10% this year. Are the collections improving across the board or are specific sectors such as retail, manufacturing, services and/or tourism leading the way? (link: Budget Manager's Message, page 18)

To date we have recorded more BIT revenue in FY 2006 than we did for all of FY 2005. While this is certainly welcome news, we have not yet had an opportunity to review individual tax returns. It is probably safe to assume that the increased BIT collections are reflective, in general, of the strength of the regional economy. It would be speculative at this point, however, to make an assessment of which sectors of the economy are leading the way.

We are taking a cautious approach to assessing future BIT revenue growth because it is likely that some portion of the growth is related to capital gains and investment income. The State of Oregon has identified these two factors in their analysis of the income tax windfall they have experienced this year.

7. The County's Library Local Option Levy is not due to expire until 2007-08. There has been talk of seeking voter approval for a new local option levy in November 2006. When will a decision be made as to whether or not a measure will be submitted to voters and will the tax rate be increased?

The Board will be submitting resolution to refer the Library Local Option Levy to the November ballot. That resolution will be voted on June 22.

8. By 2008 three of the City of Portland's urban renewal areas will expire. With a combined "excess value" of over \$1 billion the County would realize an estimated \$4,000,000 in revenue from your permanent tax rate if these areas are not extended. Are you participating in the discussions about extending these urban renewal areas and has the County take a formal position one way or the other? (Source: TSCC's 2005-06 Annual Report)

The County has been an active part of discussions during the past year regarding the potential extension of the Central Eastside Urban Renewal Area and the Board has taken a formal position in support of the Stakeholders Committee recommendations for extending the District.

More recently, the County has also been actively participating in the discussions about the potential for development of a headquarters hotel in the Convention Center District. The Board has not taken a formal position in this instance since the discussions have not yet produced a feasible model or formal proposal.

The County will have an active "seat at the table" during the City's and Portland Development Commission's review of the Central City Plan which provides substantial guidance for Downtown Waterfront and South Park Blocks Urban Renewal Districts that are expiring in 2008. Since there are no formal proposals or plans for the future of these Districts, it has not been appropriate for the Board to take a formal position on any of them to date. The Board will develop positions in the context of these planned, future discussions and any other subsequent discussions about the future of all the Urban Renewal Districts.



9. The Oregon Tax Court ruled earlier this year that the City of Eugene's Local Option Levy for schools should have been categorized and levied under Measure 5's education limit of \$5 per \$1,000 of assessed value as opposed to the \$10 per \$1,000 general government limit. Assuming the Oregon Supreme Court upholds that ruling have you done any analysis on which expenditures, such as the Sun Program, are derived from taxes "to fund the public school system" and therefore would have to be categorized as under the \$5 education limit? (Link: [The Oregonian](#), *Tax Court throws out Eugene levy for schools*, February 17, 2006)

Multnomah County has not done an in depth analysis of this question, but we receive over \$75 million from non property tax sources such as Business Income Tax, Motor Vehicle Rental Tax, recording fees, State shared revenue, interest etc. This amount is well below the amounts we provide to schools, and thus not an issue under Measure 5. When the funds for the schools comes from funds other than property taxes (in our case, BIT, interest income, motor vehicle registration, or recording fees, there is no Measure 5 issue involved).

### **Employee Benefits**

10. Revenue growth is projected at 3% to 4% annually while at the same time expenditures, primarily labor costs, are growing 5% to 6% creating a "structural deficit" which will require the County to reduce expenditures by 2% annually. When union contracts come up for renegotiation, will the County be looking to restructure the agreement so that total compensation, salary, insurance and pension benefits, are held to the 3% to 4 % range, in line with revenue forecasts? (Link: Budget Manager's Message, pages 15 – 16 and 20)

Labor Relations is currently developing their mid- and long-range strategies for bargaining. One of the areas of greatest interest is in total contract cost and how that escalates over time. The County must balance fiscal responsibility with continuing to maintain a total compensation package that will attract and retain high performing employees in an environment that is highly competitive. In order to do this we benchmark salaries and benefits to other jurisdictions within the state and region. There are 4 strike-prohibited bargaining units that can use out of state agencies as comparables. Our bargaining position must always seek to balance the needs of the County for fiscal stability, ability to recruit and retain employees and the desires of employees to continue to make a living wage.

In addition, the County has realized savings through bargaining benefits for all employees through the Employee Benefits Board (EBB); this has saved the County from bargaining 10 different benefits plans with represented employees and another plan for non-represented employees. As we enter bargaining again over the EBB Governance Agreement, we will be seeking means to reduce costs of providing benefits.

11. The PERS Board is considering several changes in reserve policies, accounting for investment returns and calculations of current costs to fund the system. This could soften the increases in PERS employer rates scheduled to go into effect July 1, 2007. At the same time, many public employer groups are saying the changes go too far in that they increase costs in later years. Has the County taken a position on the proposed PERS changes? (Link: [The Oregonian](#), *Employers dodge jump in PERS rate*, April 28, 2006)

The County has not taken a formal position on the funding of reserves, but it is the CFO's view that the action taken by the PERS Board is prudent in light of the financial pressure PERS rates have placed on local governments. In our view, the changes made by the Oregon Legislature to reduce the cost of Tier 1 members will minimize the need for large reserves.

12. The Governmental Accounting Standards Board (GASB) has proposed new rules (Statements 43 and 45) dealing with accounting for retiree benefits (OPEB) other than pensions, i.e., insurance. These new rules require governments to include in their financial statements an estimate of the amount of the annual cost and the outstanding obligations in much the same manner as pensions are currently reported. Have you begun to analyze these obligations and are you anticipating an unfunded actuarial liability that could require the City to sell bonds, again like what has been done on the pension side?

The County has had an analysis done on our post retirement benefits. In the 2005 financial report we estimated the liability to be about \$55 million. The latest actuarial analysis indicates that this liability could be as high as \$90 million. However, we have some concerns with the data being used. The actuaries used the normal retirement age of 58 in calculating the benefit. They did not factor in the new retirement age for Tier 2 employees or new retirement age of the new retirement system that went into effect in 2003. The retirement age is 60 and 65 for those plans. Using these numbers would reduce the liability and we have asked to have the analysis recalculated. The County has funded about \$6 million of this unfunded liability.

### **Public Safety**

13. The Approved Budget contains \$2.8 million to open 150 beds at Wapato Jail for the second half of the fiscal year. Last year you told us that "opening" a jail has different costs than "operating" a jail.

#### **Sheriffs Response:**

In order to address the points raised in this question it is necessary to provide the background for the methodology to open Wapato. The process to partially open the Wapato facility is based on a somewhat non-conventional strategy as compared to the method we would use to open it on a larger scale. Specifically we used the following assumptions in developing our methodology:

- The facility will be opened at a maximum of 150 beds.
- Inmates housed in the facility will be selected based on criteria such as:
  - Inmates need to be in good health to minimize health care costs and trips to health care facilities
  - A history of good behavior in a jail setting to minimize close custody and disciplinary costs.
  - Whenever possible, housing sentenced offenders to minimize transport costs for court hearings and other pre-trial activities.
- Opening the facility at 150 beds will develop interest of other jurisdictions in need of jail beds to lease beds from the Sheriff's Office reducing the overall cost of incarceration through economies of scale.
- An improving economy will allow the Sheriff to incrementally open additional beds as revenues and bed needs become available.
- Target date for program implementation would begin January 1, 2007 contingent upon meeting staffing requirements.

- How much of the \$2.8 million is strictly one time only costs to open the facility?

#### **Sheriffs Response:**

All one time only costs were covered in the construction bond. Ramp up costs for hiring and training are not included in the costs and staff hiring would be drawn off of open and continuous employment lists currently maintained by the Sheriff's Office. Although January 1, 2007 is the optimal day for program implementation experience shows that identifying appropriate inmates and staffing the facility would take between two or three months

- Once fully operating what would it cost to operate these 150 beds for an entire year?

**Sheriffs Response:**

The operating costs are based on a six month operation. Annualized the cost would be \$5,558,270 or a per bed day cost of \$101.52.

- Does the \$2.8 million include all support and administrative costs?

**Sheriffs Response:**

The \$2.8 million includes sufficient administrative and support costs to directly support the operation of the facility. The Sheriff's Office believes that ancillary support such as payroll, fiscal, human resources, transport, laundry, etc. can be facilitated within existing capacity for 150 beds. Additional administrative and support costs will be required to increase the capacity of the facility beyond the 150 beds and were included in program offers not purchased in the Approved Budget (see Wapato Jail Purchase Plan Map).

14. Clark County Washington took a look at leasing some or all of Wapato. Are you still in discussions with them?

**Sheriffs Response:**

Clark County, Washington, as well as several other potential partners remain interested in leasing Wapato beds. Our discussions suggest that interest will increase significantly once the facility is opened and multiple partners can share the economies of scale associated with the fixed costs of the facility.

15. There has been a lot of publicity during the last year concerning the amount of overtime in the Sheriff's Office. Does this budget address that at all?

**Sheriffs Response:**

The Sheriff's Office requested a total of \$5,584,715 for overtime in the Approved Budget. This amount is consistent with the overtime spending target, adjusted to FY 2007 increased labor costs, the Sheriff's Office set with the Board in FY 2006. The Sheriff's Office will also be working with the Board, the Labor Unions, and other County Departments to impact some of the drivers of overtime identified in the recently completed overtime audit<sup>1</sup>. Over the course of 2006, the Sheriff has been working on this issue has already shown a positive impact in overtime usage. Specific areas the Sheriff will continue working on include:

- Work with labor unions and County Labor Relations to address issues that impact overtime such as comp. time, time exchanges, Family Medical Leave Act (FMLA), as well as other contract provisions.
- Continue to closely monitor overtime usage and scheduling to ensure discretionary overtime is used in an optimal fashion.

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<sup>1</sup> Jail Personnel Costs, Manage Staffing Levels and Absences, Suzanne Flynn, Multnomah County Auditor, March, 2006

- Continue to work with County SAP Team to identify and report ways to strengthen the way we record and report the use of time in the system.
- Purchase and implement an automated scheduling system that will allow the Sheriff's Office to standardize and automate business rules for timekeeping, as well as create an interactive, web-based timekeeping system. This system has been successfully deployed in many public safety agencies throughout the nation with good reports of better management of overtime, scheduling, and other payroll related management. While this software alone does not resolve the issues of overtime it is a critical tool to the overall management of overtime.
- The Sheriff's Office will be conducting a staffing study to determine the appropriate level of staffing in a 24/7 operation to maximize the efficiency of overtime usage. A staffing study has not been updated for about 10 years and it is likely that changes in bargaining unit contracts, labor laws, and staff demographics have changed the staffing level requirements.

### **Facilities & Property Management**

#### **16. Where are you in process of constructing an East County Justice Center?**

Facilities and Property Management will be proposing a plan itemizing the different options of locations and constructions. This project is fundamentally linked with the Hansen Building especially given the proposed action plan strategies, we are putting it on the same timeframe and are aiming at a Board Briefing on the same day as the Hansen Action Plan, June 29th.

The timeframes discussed above are about a month behind the originally planned schedule. Each of these projects require a major effort and, in every case, our work has been expanded to make sure we have given every option and concern due consideration.

#### **17. Part of the funding for the Justice Center is to come from selling surplus property to the south and north of Halsey Street. How much will the County receive from those transactions and will all of the net proceeds go toward the Justice Center?**

\$16-\$18 million. Current plan is to fund Justice Center construction with these proceeds. Any residual will be allocated by the Board at the time of the closing.

#### **18. The Sauvie Island Bridge construction is underway. Have the costs gone up since the County had to allocate an additional \$8 million earlier this year to cover rising concrete and steel prices and is the project on schedule?**

The Sauvie Island project is about 20% complete, within budget and on schedule. There have been some cost increases but they will be covered under the construction project contingency line item.

### **Other Issues**

#### **19. It has been reported in the media that an effort will be made to reduce the \$4,908,982 budgeted for the Schools Uniting Neighborhoods (SUN) program in the Adopted Budget. How much might be cut and why? (Link: [The Oregonian](#), *Multnomah County budget plan likely to get overhaul*, June 2, 2006)**

## **COMMISSIONERS' NAITO, ROJO AND CRUZ-WALSH STATEMENT ON EDUCATION AND FY 2006/2007 BUDGET**

**May 31, 2006**

Our local schools continue to face a state of crisis and Multnomah County has once again stepped up to the plate, this time providing \$6.4 million to the seven school districts in the County (distributed on an ADMw basis) in order for schools to schedule a full school year and continue initiatives that impact student success. This "bail-out package" puts into action a continuing commitment to ensure that our students receive the quality education they are entitled to. This one-time, one-year fix will allow us to continue to work with our legislative leaders to find funding for not only struggling Portland-area schools, but for schools across the State. In the interim, Multnomah County has strongly affirmed that the education of our children is one of its highest priorities by providing this direct appropriation to County schools.

It is important to note that this money is in addition to the myriad of services the County already provides to children and families. The County currently funds scores of education, child, and youth-related programs at a cost of well over \$100 million. This does not include the funds expended by the Department of Community Justice for juvenile justice-related programs.

Although the County is facing a serious revenue shortfall due to the expiration of the temporary income tax, we must continue to provide a number of these vital services that assist school-aged children and their families. In particular, the programs we intend to continue – but not embraced by the Chair's executive budget – include:

- Lead Poisoning Prevention - 40019
- School Based Health Centers - Middle Schools - 40038B
- Teen Parent Services - 21015
- Addiction Services - Housing for Dependent Children - 50054
- Juvenile Assessment and Treatment for Youth and Families - 50011
- Juvenile Early Intervention Unit - 50010
- Juvenile Latino Shelter Beds - 50024
- Gateway Children's Receiving Center - 25004
- Children's Assessment Center – 40040

SUN Schools are an important piece of the youth and school-related programs funded by Multnomah County, but in point of fact are only one part of a sweeping set of County programs designed to support children and their families. Included in this array of programs are the County Library system; public health immunization programs; school health centers; services to homeless youth and youth involved in gangs; services for children and the arts, and much, much more. The tremendous fiscal pressure our jurisdiction is facing now and in the foreseeable future requires us to be creative in finding savings while best serving the County's citizens.

The proposed administrative cut to the SUN program in reality equals a decrease of less than 2% to the County's youth and education-related programming. We expect that a reorganization of our valuable SUN Schools program will take place as a result. For example, a SUN coordinator may be asked to administer two schools rather than one, much like many of our public school music teachers now teach at two schools rather than one. We clearly are stating our policy that all SUN Community Schools remain open although the program will be facing some cuts.

Further, we are requesting that the Office of School and Community Partnerships develop a plan to encompass this administrative funding reduction and present to the Board a plan for a "leaner, meaner" and revitalized SUN Schools program, with special emphasis on those components that are proven to meet the needs of our most vulnerable children. Should County revenues increase in future years, we remain open to increasing SUN Schools funding should the documentation and information we receive warrant greater support than we currently anticipate.

A program offer has been proposed to reduce SUN Systems by \$1.6 million.

20. The approved budget reduces the General Fund support to the Library Serial (local option) Levy Fund by eliminating the unappropriated ending fund balance. Given the expiration of the local option levy in 2007-08 is this a prudent decision?

(Commissioners to respond)