

**Minutes of the Board of Commissioners
Multnomah Building, Board Room 100
501 SE Hawthorne Blvd., Portland, Oregon
Tuesday, June 7, 2011**

BUDGET WORK SESSION #9

Chair Jeff Cogen convened the meeting at 9:35 a.m. with Vice-Chair Deborah Kafoury and Commissioners Loretta Smith, Judy Shiprack, and Diane McKeel present.

1. Agenda Review – Karyne Kieta

Ms. Kieta provided introductions and made opening remarks.

2. Follow-Up - Financial Policies & Financial Overview Recommendations – DCM Director/CFO, Mindy Harris and Steve March, Auditor

Ms. Harris discussed the follow up to last week's Budget Work Session. Changes were recommended as follows. Policy language to be modified to require that internal service funds are trued up to their actual and budget costs annually and reflect reconciliation in the rates charged internally. This modification gives the added benefit of complying with Federal requirements regarding the percentage of Grant funding that goes to support internal services. Also recommended was that internal service providers report to the Board annually about their fund balance and reserves amount and intended use for these amounts. The final recommendation was that the figure reflecting the replacement cost of our buildings be changed to construction costs instead of insured amounts. This results in a change from insured rate of \$390 million to construction costs of \$910 million, based on industry-average of \$300 per square foot.

3. Information Technology Projects – DCA, Sherry Swackhamer

Ms. Swackhamer said that over the summer, they will evaluate facilities and property management and each county building; what they have, what is needed, and what changes are needed. She discussed the context, volatility and flexibility of these upcoming IT projects.

Ms. Neburka discussed the current mechanisms for funding IT projects and the pros and cons, and alternative means of funding. She reviewed the list of projects in process and new projects, the expected timelines, the budget for the individual projects, and impact these projects will have. She emphasized the importance of having the structure to manage, evaluate and plan for the future. Ms. Neburka spoke about how IT projects are funded. She covered estimated IT funds available for FY 2012, plus contingency funds, and planned project costs.

Vice-Chair Kafoury asked that \$1.5 million for new IT projects be put into contingency until the budget software estimate and State's budget rebalance impacts are known, with project priority going to the budget system first and the asset portfolio second.

4. General Fund Reserves and Comparables- Budget Office, Patrick Heath

Mr. Heath gave a recap on the County's reserve policy. He said our reserves are fully funded since 2004 and this year's budget continues that practice. He reviewed the comparison with neighboring counties by jurisdiction and stated that essentially, Multnomah is in line with its neighbor's reserves policies.

5. Amendments - Board Amendments (proposed to date)

Ms. Kieta reviewed the updated Board amendments including the five from last week. She asked if any of the Commissioners had budget note comments or proposed new budget notes. The Commissioners asked questions requiring follow up by the departments after the meeting. The following queries were made:

Vice-Chair Kafoury proposed a new Budget Note to Fund Program 25028, Bedbug Eviction Mitigation, to eliminate bed bugs in housing for seniors and people with disabilities. This program is \$102,053 and will assist 175 people to stay in their housing, at an average cost of \$650K per person.

Commissioner Shiprack proposed all amendments brought forward today, for a total of \$1,160,285 plus the \$102,053 just requested, are put into contingency with earmarks as proposed. She suggested that they can be reconsidered when the Board is fully prepared with the State's rebalance budget.

Vice-Chair Kafoury requested that proposal 2 under funding sources: Rockwood Health Clinic OTO funding for a total of \$155,219 in the general fund, be removed from the proposal to fund with one-time-only general funds. She said she was open to whether the Department funds with money in their budget or takes it out of their reserves.

Chair Cogen stated that the one caveat to what Commissioner Shiprack proposes, is that the East County SUN Sites, proposed by Commissioner McKeel under #11, funded by \$130,000 in General Funds, will not be able to wait until later in the year; the County's partners have to be ready for the next school year and therefore, this program should be exempted from her proposal.

Commissioner Shiprack accepted this friendly amendment to her amendment.

6. Amendments – Department Amendments (proposed to date)

Ms. Kieta reviewed the updated Department amendments including those from last week. Only one change is reflected since the last Session. It is Program 50025A Juvenile Gang Resource Intervention Team funds change of \$17,798 on page 8.

Joyce Resare, DCJ's Business Service Manager, addressed this proposed amendment. This amendment restores a 1.00 FTE in the "At Promise Mentoring Program" and increases contracted services in the "Restorative Justice in Schools Program." It reallocates money in the budget without any increase to the general fund for one year, to maintain current service levels, after which they will transition this role back into the community. They are also increasing the contract for restorative justice program. Commissioner Smith explained the merits of the program and emphasized the importance of maintaining this current service level.

Ms. Kieta asked if any of the Commissioners had any other Department Amendment comments or proposed new ones. There were none.

7. Budget Notes

Ms. Kieta presented the Budget Notes proposed to date. She asked if any of the Commissioners had any other Budget Note comments or proposed new ones.

The Commissioners asked questions requiring follow up by the departments after the meeting. The following queries were made:

Vice-Chair Kafoury requested additional language in the Financial Policy for Internal Services to reflect the Auditor's recommendation to true-up the actual costs to the charges incurred by departments.

Vice-Chair Kafoury requested that language be added that the Board seeks a reliable, consistent means of funding capital projects and assets that County departments require for efficient operations. Consistent with the Auditor's recommendations in the 2011 Financial Conditions report, the Board requests that the Department of County Assets and Budget Office staff report back with options for an ongoing financing mechanism and process for capital asset projects and replacements prior to the FY 2012 State funding rebalance this Fall.

8. TSCC Hearing

Ms. Kieta reminded the Board that the TSCC Hearing is scheduled for a time certain of 1:30 p.m. tomorrow, June 8th, in the Board Room. She emphasized the importance of their participation in this Hearing. The Board has the report the Tax Supervising Conservation Commission. The TSCC was established in 1911. Their hearing is required by Oregon budget law. As such, they review the County's budget, and can make any recommendations. The TSCC does not have any recommendations this year for the County's budget but they have questions they will ask the Board, and the Board can respond to those questions. They will also take public testimony. All Commissioners confirmed their attendance.

9. Next Steps

Ms. Kieta asked if the Commissioners wanted a 10th Budget Work Session. It was the consensus of the Board that it wasn't needed.

The Board thanked the presenters for their reports in this Budget Work Session.

ADJOURNMENT

The meeting was adjourned at 11:03 a.m.

Submitted by:
Lynda Grow, Board Clerk and
Marina Baker, Assistant Board Clerk
Multnomah County
Board of Commissioners