

Multnomah County 2013-14 Hearing Minutes

Wednesday, June 5, 2013

2:00 p.m.

Multnomah Building
501 SE Hawthorne Blvd.
Portland, Oregon

Present:

TSCC:

Vice Chair Susan Schneider, Commissioner Terry McCall, Commissioner Brendan Watkins, Executive Director Tom Linhares, Budget Analyst Tunie Betschart and Craig Gibons (incoming Executive Director)

Absent:

Chair Javier Fernandez and Commissioner Steven Nance

Multnomah County:

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

Vice Chair Schneider opened the hearing by stating the duties of TSCC with regard to Multnomah County's 2013-14 budget hearing followed by introductions of Commissioners, staff and Craig Gibons, who will replace Executive Director Tom Linhares following his retirement. She asked if commissioners had any conflict of interest. Commissioner McCall said he did not have a direct conflict of interest but potentially a perceived one. He said he has been in discussions about entering into a contract with the County through its Finance Department. He said his participation in this hearing would have no bearing or influence in that decision. The TSCC has no direct authority over the budget line items or the budget total. Therefore, he did not intend to recuse myself from his role in today's hearing unless asked to do so by members of either commission.

Following this Vice Chair Schneider asked the district to make any comments regarding the budget and then the Commission had questions they would like to have addressed.

Multnomah County Chair Jeff Cogen gave an overview of the budget stating this is the first time in twelve years they have not had to make any cuts. The budget is stable. This was achieved as a result of years of sacrifice and creative budgeting. Adding to this was the voters approving the forming of a Library District with its own permanent rate, freeing up County General Fund dollars and the slowly recovering economy. He went on to say that they are cautiously optimistic that for the next three years the County will experience financial stability. However, they are still facing structural deficits caused by Measure 5 and Measure 50 tax limitations. He said all departments were asked to make a one percent reduction from current service levels in their general fund budget requests and asked internal service providers to build status quo budgets using current service levels. He went on to say that at

the same time, he asked departments to bring forward their ideas for new and innovative programs that would either help the County work more efficiently or provide better service to the community especially to those most vulnerable people, nurturing diversity and equity, and keeping people safe. He said the County will be funding services previously funded by City of Portland. Overall, it is good news for the County's budget.

TSCC questions:

Commissioner Watkins asked the following questions:

Operations

As stated in the opening remarks, for the first time in twelve years the County won't need to reduce services because of revenue shortfalls. Some say that it is more difficult to budget when there is enough revenue than to budget for reductions. What was the process that you used to prioritize services and restore, if not add, funding to programs?

Chair Cogen responded saying anyone who says it is harder to budget when there is enough revenue has never had to make reductions and service cuts.

As mentioned earlier departments were asked to request a 1% constraint budget. He said they worked closely with cities and school districts to ensure that some of the gaps in services to the community were addressed.

He said there is \$2.1 million included in set-aside funds in this budget, in order to ensure that they are prepared to mitigate the worst impact of the federal sequester and potential for state cuts.

You have budgeted for the full increase in PERS employer rates. If Senate Bill 822 is the sole reform bill out of the 2013 Session, how much will those lower rates save the County and what would you propose doing with those savings?

County Commissioner Judy Shiprack answered stating the County did not assume any savings from SB 822, PERS reform. The savings to the General Fund would be \$1.6 million for each percentage point reduction in the rates, or roughly \$6.5 million. And we would experience about the same amount of savings in the Non-General Fund program areas as well. It is important to note that the "savings" are temporary, as rates are projected to return to pre SB 822 levels and then increase in future bienniums. The reforms are also subject to legal challenge and the County would still have an unfunded liability, \$291.8 million as of December 2011.

Have you looked at what the impact would be if PERS rates were to decrease from the assumed rate of 8 to 7.5?

Mr. Mark Campbell answered saying they have not done that analysis. He said a number of commissioners are looking at issuing new pension liability bonds. They have a reserve in the Pension Bond fund that could be used as a "side account". This will be discussed over the next year.

Congratulations on the creation of the Library District. This new taxing district allows for increased hours and services at the county's libraries and brings long sought stability to

library funding; unfortunately, creation of the district also increases compression for local governments. This budget includes \$986,000 for eight high-poverty Schools Uniting Neighborhoods (SUN) community schools. These sites were previously funded by the City of Portland through its Children's Levy but the amount available from the levy will be affected by compression from the Library District. What other services affected by reduced property taxes due to compression will you be funding?

County Commissioner Diane McKeel said they are pleased to have the Library District and stable funding. She said in addition to the \$986,000 you mentioned, the Board will be voting tomorrow on covering another \$900,000 of program costs previously covered by the City. These include:

- Support for an additional 3 SUN schools,
- Senior Centers,
- The one-stop domestic violence center at Gateway,
- A DA victims advocate position,
- Needle exchange, and
- Additional BIT collection costs.

This issue coincides with discussions about revisiting the shared service agreement between the county and the City of Portland. Can you update us on a plan, if any, to formally review that agreement?

Chair Cogen responded saying at this time, there has been no formal committee or workgroup established to review the agreement. Multnomah County strives to serve its constituents in the most effective and efficient manner possible, which necessitates collaborating closely with all of our partners, including the City of Portland. Conversations are ongoing with Mayor Hales. Everything is on the table. Together they are looking for more efficient ways of prioritizing serve to the community, not just moving pieces around which does not accomplish anything.

Vice Chair Schneider asked this follow up question:

With a lot of overlapping services and duplication of services is equity included in the conversation?

Chair Cogen said they have not reached that level in the discussions.

Commissioner Watkins continued with the following questions:

The Budget Message notes that you are actively seeking alternative service delivery options. Can you explain to us what this will look like and how you expect it will benefit services to the community?

Chair Cogen said they have various projects underway throughout the County that they expect will change and improve the way public services are delivered in the community. Improving the infrastructure only goes so far to improve service delivery to the citizens. The programs, services, and the employees who provide them in the community drive innovation every day. Animal Services, in partnership with the Animal Shelter Alliance of Portland, recently received a \$1 million grant to continue increasing its animal adoption rate. He said the Domestic Violence Enhanced Response Team established the

County's first nighttime and weekend emergency response program for victims of domestic violence crimes. In addition to the Health Department Headquarters project, the County has a number of other Facilities initiatives that they think will significantly reshape the service delivery expectations and the cost curve over time. He said they have recently contracted with an ESCO (Energy Services Company) to evaluate additional energy savings opportunities in five of the County buildings. The County is working with city partners on options for co-locating services in shared facilities, creating "one-stop" locations for a variety of government services.

Have you also been working with Energy Trust of Oregon?

Chair Cogan said they have been working with them. He added that they have been very helpful in the past and they are helping them with the ESCO.

Commissioner McCall asked the following questions:

It is noted that departments were asked to review and report on their span of control during budget development. How are you doing in reaching the 11:1 staffing to management ratio? Have you found this ratio to be an accurate representation of what is needed or have there been instances when a greater or lesser ratio is warranted?

County Commissioner Shiprack responded stating the County continues to examine its span of control ratios each year. As in the past, Department Directors reviewed and justified spans of control that fell below 1:7 during the budget process. Unlike the State of Oregon, which set a goal of 1:11 for their management to employee ratio, the County has taken a more individualized approach to take into account the differences in work units. It was determined that differences in the types of work affect the most efficient span of control ratio. For example, units with one location performing similar and routine work may be able to operate with a relatively high span of control. In contrast, in places like Finance, where a separation of duties is necessary to ensure fiscal controls, a smaller span of control may be most appropriate. After the beginning of the fiscal year, the County will again report on its overall and department spans of control to measure its progress.

This budget includes \$1.2 million to fund replacement of the county's fleet of vehicles. It is estimated that this funding level will allow replacement of about 30 vehicles a year over the next three years. Replacement will allow for greater fuel efficiency and reduced maintenance costs. What percentage of the fleet will be replaced at the end of three years? How much ongoing savings do you expect? What are your plans to update the replacement schedule so that investments can be spread out over time?

Commissioner McKeel answered saying the 30 vehicles per year over three years, or 90 vehicles, represent 13 percent of approximately 700 vehicles that the County owns. Savings are expected from having more fuel efficient vehicles with new service warranties. However, these savings will be highly dependent on unknown factors such as future fuel costs and specific warranty terms, which mean that the amount of the expected cost reductions is unknown at this time.

This investment is designed to update the replacement for an isolated group of vehicles that were not replaced on schedule for various reasons. The remaining vehicle replacements are on schedule and funded on a "pay as you go" basis, where each year

Fleet Services collects a percentage of vehicle replacement costs from user departments. Replacement of these vehicles will constitute one of the Department of County Assets' first comprehensive Strategic Sourcing plans and will incorporate County values of sustainability or "buying locally," in addition to the use of alternative fuel vehicles.

Sellwood Bridge Replacement

This budget transitions funding from design to construction of the Sellwood Bridge replacement. Can you update us on this project?

County Commissioner Kafoury responded saying the battle cry is "drill baby drill". The Sellwood Bridge project is an ongoing effort by Multnomah County to replace this 87-year old Willamette River crossing with a new, seismically-sound structure that offers upgraded facilities for all users. A detour bridge opened on January 23, 2013, and will remain in use until the new bridge opens in 2015.

The focus of the work has shifted from planning and design to construction. She said they are currently drilling shafts for the east approach to the bridge. In addition, they are working on the first shaft of Bent 5 (one of the two main in-water piers), and continuing to work on the retaining wall for the landslide mitigation work. Main work next year will include construction of the main bridge piers, erection of the steel for the arches, and continuing work on the structures in the interchange at OR43.

There have been adjustments to funding sources since the project began. Can you update us on these as well?

Commissioner Kafoury answered saying two of the original funding sources, Federal Transportation Authorization and Clackamas County VRF, have not been realized. In addition, the City of Portland's funding has decreased as a result of the lower project cost and a new agreement between Multnomah County and City of Portland.

The County was able to recover from the loss of these funds in the following ways:

- A decreased project cost of \$22.5 million.
- Collection of \$22.7 million in Multnomah County VRF fees prior to the bonds being issued.
- The award of the Tiger III Grant for \$17.7 million.
- An increase in bond revenues of \$14.7 million due to favorable market conditions.
- An additional \$5 million of federal funds for use on the Hwy-43 Interchange
- \$4.6 million additional carryover funds than the original projections.

This budget includes multiple investments in the services provided through the Health Department, from funding expanded operations at the Southeast Health Clinic to construction of the new Health Department headquarters building in partnership with Home Forward. The department anticipates additional need in the community. How are reforms to the health care delivery system at the state and federal levels driving this need?

Commissioner Smith fielded this question saying that State and Federal healthcare reform aims to reduce costs, expand healthcare coverage, and increase access to quality primary care, dental and behavioral health services. These reforms are driving the needs by increasing demand for services because more individuals will become eligible for

coverage. Additionally, there are State and Federal expectations that the County will improve the community's overall health. These expectations will drive the need to increase outreach to harder-to-reach populations that are in need of care.

As a result of Federal Medicaid expansion, 240,000 people are expected to become eligible for Medicaid coverage in Oregon. The State is developing an outreach and enrollment plan to reach this newly eligible population. In the Multnomah County geographic area, an estimated 53,000 newly eligible adults are expected to be enrolled in Medicaid by 2016. Some of these newly-eligible individuals will be people the County already sees in the clinics as part of the uninsured population, but a significant number will be people who have not accessed services before, either at the health clinics or other clinics within the Multnomah County geographic area.

She went on to explain that Multnomah County's Health Department makes up the largest safety-net clinical system in the State and serves more than 70,000 patients each year. The clinics are certified patient-centered primary care health homes and have electronic health and dental records at all sites. Both elements are required by State and Federal health reform and are key drivers to lowering the cost and improving the quality of healthcare. The County's Health Department's efforts are expected to play an important role in the success of State and Federal health transformation and reform in the region.

Vice Chair Schneider asked the following questions:

This budget includes \$8.9 million for a new Health Department Headquarters building.

- What is the total cost of the project and what other funding sources will be used?
- What is the expected completion date?
- Can you provide us with more details about how many employees the new building accommodates and whether any direct services will be provided?

Commissioner Smith explained that the fiscal year 2014 budget includes \$5.4 million for the new Health Department Headquarters that is part of \$8.9 million in one-time-only funding for multiple capital projects.

The Health Department Headquarters project is expected to cost \$38.6 million. In addition to the \$5.4 million from fiscal year 2014, it will use \$29.6 million in Tax Increment Financing from the Portland Development Commission at the end of fiscal year 2014, and another \$3.6 million from the County in fiscal year 2015. Whether the \$3.6 million comes from one-time-only funds, financing proceeds or another source is still to be determined.

The project is expected to be completed in April 2016. The new building is expected to accommodate approximately 250 employees. This includes the individuals who report to work daily at the McCoy Building, as well as Health Department employees located in the Lincoln Building. These employees include health care personnel; the office of the Health Officer; and administrators and staff who oversee Multnomah County's health clinics, services for children and families, and public health emergency preparedness. The new building will house some clinic and pharmacy services. The Health Department anticipates over 140 daily visits by clients.

It is noted in the budget that the County is actively looking for alternative space for the Sheriff's Office and potential uses for the Hansen Building site. What is driving the need to move from that facility? Do you have a new area or location in mind for staff? What do you envision at the Hansen Building site after it is vacated?

Commissioner McKeel responded stating that the Hansen Building, located at 12240 NE Glisan in Portland, was built in 1956 for the Health Department. The building was repurposed for the Sheriff's Office in the mid-70s. Facilities placed the building on the disposition list in 1998. Then, in 2004, the Multnomah Board of County Commissioners declared the Hansen site surplus. In 2006, the County Hansen Action Plan Committee, consisting of community leaders in public safety, recommended that continued occupancy of the Hansen Building not exceed three years and efforts should be made to locate a long-term replacement.

She went on to explain that Sheriff Staton requested a plan be developed to relocate the Sheriff's Office operations at Hansen to East County. The purpose of the move is to:

- Increase Service Delivery,
- Improve Public Accessibility,
- Reduce Building Operating and Capital Expenses,
- Lower Vehicle Commuting Costs,
- Eliminate Lost Productivity, and
- Take Action in vacating a building that has been on the County Surplus Property List for 9 years.

The Sheriff, working with Facilities and an Architectural and Engineering firm, commenced a programming effort in 2011 to identify critical operational requirements that would be necessary for an alternative Sheriff's facility. In addition to the factors mentioned previously, these requirements were aligned with the objectives of the County's Facilities Asset Strategic Plan.

Sites currently being evaluated for the replacement are east of 122nd, west of the Sandy River, north of NE Stark, accessible to I-84 and close proximity to public transit.

When the Sheriff's Office has been moved from the Hansen site, Facilities staff will work with real estate professionals to identify the highest and best use of the 4.2 acres. This mid-county site is in a strategic location for numerous internal County operations such as the Departments of Community Justice, Health, County Human Services, and Animal. During the process, the options will be brought to the Board of County Commissioners for review and approval. She said they will receive updates at multiple points during the development of the options and will provide strategic and policy direction to Facilities. The final decision regarding the best use for the Hansen site will be made by the Board of County Commissioners.

A Community Court at the Bud Clark Commons in Old Town has opened as a way to get more people through the judicial system that would normally not be seen before a judge. It was hoped this will reduce fines and provide increased access to necessary services. It has recently been reported that about a third of the defendants in a case are seen in court. What have you learned in the past year? What changes, if any, do you plan to make at the community court? (Source: A New Home for the Court, *The Portland Tribune*, March 28, 2013)

Commissioner Shiprack said first, it is important to correct a misperception: defendants cited into the Community Court at Bud Clark Commons would normally appear before a judge just like anyone else cited into court. There is nothing different about this population except that they are homeless and often mentally ill and/or drug- or alcohol-addicted.

The goal is to make it simpler for the justice system to get homeless criminal defendants into court and to provide access to social services such as drug or alcohol treatment, mental health services, and housing or job placement services, by combining these services in the same building as the court. This new approach allows these homeless criminal defendants to go from court directly to a social service provider without re-offending or missing their appointment. Multnomah County maintains the court as a unique attempt—it is the only such court in the country—to address a chronic and hard-to-reach population of homeless individuals who commit misdemeanor-level offenses.

While it is true that only 30% of homeless defendants appear, one has to keep in mind that the homeless population typically fails to appear in court on citations at high rates. In addition, the court is funded for one afternoon court session per week; that's a single, half-day, giving it a narrow window within which to work. Nonetheless, the appearance rate has improved by approximately 10% in the last six months, hopefully it will continue to improve as more defendants in the targeted population become aware of the court's services and use them as a way to address their underlying, personal issues that drive criminal behavior and, ultimately, give them a way out of homelessness.

Would you like to make any comments on the article in the recent Willamette Week about the Sheriff's overtime?

Commissioner Shiprack said there will be an amendment and a note added to the budget created by the board in discussion with the Sheriff's Office. Because this office is open 24-7 staffing is an issue. In 2007 there was a study of the overtime used by the department. Overtime was addressed at that time. Some of the same problems are appearing again. It seems when the problems are addressed they move in a positive direction. The overtime issue is a separate from the budget. The breakdown of overtime expenditures for the department will move from one year to each quarter. By doing this the board of commissioners is hoping to accomplish two things:

- 1) Gain understanding and
- 2) Realize savings

Vice Chair Schneider said that was the end of the formal questions and asked any of the commissioners had any other questions or if any citizens signed up who wished to speak. Commissioner McCall said he would like Mr. Gates from the Sheriff's Office to explain more about the Hansen Building.

Chief Deputy for Law Enforcement Jason Gates said the inefficiencies of the Hansen building are multiple. It is not "Green"; it is not seismically sound; it is not secure; and contains asbestos, just to mention a few.

He added that the new building would be more energy efficient and seismically sound. It would be more centrally located so closer to those they serve on a daily basis. He said it is presently an 8 mile commute to get to the heart of the area served. The new location

would reduce this to 1.5 to 2 miles and in some cases much less. These are just a few of the savings.

Captain Dave Rader added that since 2006 the county has been sinking dollars into a sinking ship for repairs. Currently forecasting about \$400,000 to be spent between now and \$2015 just to keep the lights on and maintain repairs, keeping it functional. The new building will work toward becoming LEED certified.

There being no one from the public signed up to give testimony, Vice Chair Schneider closed the public hearing and opened the meeting of the Commissioners to consider Multnomah County 2013-14 budget.

Chair Schneider thanked the Multnomah County staff their outstanding job putting the budget together. She asked TSCC staff to review recommendations presented in the Certification letter.

Mr. Linhares reviewed the 3 recommendations in the certification letter: the first addressing over-expenditures; the second addressing the timing of the Notice of Budget Committee meeting; and the third addressing reduction in property taxes levied for the General Obligation Debt Service fund.

Following a brief explanation of each recommendation, Commissioner Watkins moved to certify that the Commissioners had three recommendations, as presented by staff, with regard to Multnomah County's 2013-14 budget. Commissioner McCall seconded the motion. Motion passed with a unanimous vote.

Commissioner McCall moved the meeting be closed. Commissioner Watkins seconded. All were in favor.