

FY 2014 SUPPLEMENTAL BUDGET MESSAGE

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THE DOCUMENT

The document consists of two sections:

1. The budget message explaining the reasons for the changes proposed, and
2. A section of detailed estimates and descriptions for those actions resulting in changes in expenditures.

OVERVIEW AND REASONS FOR CHANGES

A Supplemental Budget is the vehicle allowed by ORS Chapter 294 for the Board to address changes in financial conditions that were not anticipated at the time the budget was adopted. The law allows a jurisdiction to prepare a supplemental budget to make additional appropriations after publishing a summary of the supplemental budget and holding a public hearing. This public notification of this supplemental budget was published in the *Oregonian* on May 21, 2014.

There are a few routine changes that result from this Supplemental Budget. The following describes the changes.

Appropriating Beginning Working Capital

Beginning Working Capital (BWC) represents the difference between revenues and expenditures in a fiscal year. When added to the following year's budget, BWC becomes a one-time resource for County programs. The FY 2014 Adopted Budget included estimated BWC, but there was a difference between the amount that was budgeted and the amount that remained at year-end due to the timing of budget preparation and when the County officially closes the books for the previous year. The net change to the FY 2014 BWC is an addition of \$1.9 million in the following funds:

Federal State Fund (1505)	\$1,453,236
Inmate Welfare (1513)	28,509
Justice Services Special Ops (1516)	<u>397,831</u>
Beginning Working Capital	\$1,879,576

Beginning Working Capital is considered to be one-time-only use. The revenues and expenditures in these funds are requested for the following programs.

Prog. #	Program Name	Dept.	FY 2014 Beginning Working Capital
Federal/State Program Fund (1505)			
25020	ADS Access & Early Intervention Services	DCHS	115,460
25060	Mental Health Residential Services	DCHS	318,335
25061	Adult Mental Health Initiative (AMHI)	DCHS	400,000
25068	Multnomah Wraparound	DCHS	2,268
25080	Adult Addictions Treatment Continuum	DCHS	184,234
25085	Addiction Services Gambling Treatment & Prevention	DCHS	25,805
25098	Family Involvement Team	DCHS	93,817
25094	Family & Youth Addictions Treatment Continuum	DCHS	287,625
25098	Family Involvement Team	DCHS	23,754
60063	MCSO Patrol	MCSO	1,938
Inmate Welfare Fund (1513)			
60045	MCSO Inmate Welfare	MCSO	28,509
Justice Services Special Operations Fund (1516)			
60039	MCSO CERT/CNT	MCSO	960
60040	MCSO Corrections Work Crews	MCSO	66,072
60063	MCSO Patrol	MCSO	8,000
60067	MCSO Special Investigations Unit	MCSO	139,177
60069	MCSO Alarm Program	MCSO	48,101
60070	MCSO Concealed Handgun Permits	MCSO	<u>135,521</u>
Total			1,879,576

These items affect FY 2014 only. Adding the BWC increases one-time revenues and expenditures by \$1.9 million in FY 2014. Once the funds are expended, services will return to their original level.

The following provides a brief description of how the BWC will be expended by program in FY 2014.

Department of County Human Services

Aging and Disability Services

Access and Early Intervention Services (25020)

\$115,460

The BWC results from multiple funding sources including the City of Portland, Department of Veterans Affairs, and U.S. Department of Agriculture. The increase will have a small impact on case management; transportation coordination; homecare community engagement; and advocacy services. The division will use the BWC prior to using more restricted funding sources and when possible prior to County General Fund to support activities across the above mentioned service. In addition, \$19,926 of County General Fund (CGF) will be returned to the CGF Contingency from the mid-year rebalance, as part of the BWC is available for meals to the elderly and disabled.

Mental Health Services**\$1,335,838**

Mental Health and Addiction Services Division's FY 2014 Beginning Working Capital (BWC) will increase in total by \$1,335,838. This BWC is additional revenue received from the State Mental Health Grant (SMHG) under the new Flex-Funding model from Oregon Health Authority (OHA). Historically, these funds have not been available and have been held pending settlement with OHA after the close of the state's biennium. However, under the new Flex-Funding model OHA determined that the funds received would not be subject to settlement and were to be used in conjunction with current biennium funds to enhance and support the current ongoing services.

- *Mental Health Residential Services (25060)* **\$318,335**
 - \$188,335 to purchase medication, rent assistance, and other direct assistance support for approximately 20 individuals currently on the verge of crisis.
 - \$150,000 will develop increased support and supportive housing for approximately 14 individuals stepping down from structured residential support.
 - \$30,000-temporary expenses to increase client outreach for approximately 50 Mental Health Court participants.
 - \$10,000 for operational costs in the Call Center to replace outdated equipment/furnishings.
 - \$10,000 to develop and purchase promotional/advertising to decrease the stigma surrounding individuals with mental health illnesses and increase community awareness and support.

- *Adult Mental Health Initiative (25061)* **\$400,000**
Funding supports approximately 60 slots of transitional housing to move clients out of hospitals and onto more permanent care.

- *Children's Mental Health Wraparound (25068)* **\$2,268**
Used to offset operating expenses, such as supply costs.

- *Adult Addictions Treatment Continuum (25080)* **\$184,234**
Funds will be contracted for Family Recovery Services and will back fill for the loss of federal grant funding in FY 2013.

- *Addiction Services Gambling Treatment and Prevention (25085)* **\$25,805**
Funding will be contracted to current providers to be utilized in conjunction with current contracts to enhance current service levels.

- *Family Involvement Team (25098)* **\$93,817**
Funding will be used to back-fill OHA's funding reduction to Intensive Treatment and Recovery Services (ITRS) that were based on OHA's estimated projections of the shift of individuals being served under the new Oregon Health Plan.

- *Family & Youth Addictions Treatment Continuum (25094)* **\$287,625**
Funding will be contracted to current providers to be utilized in conjunction with current contracts to enhance current service levels.

- *Family Involvement Team (25098)* **\$23,754**
Funding will be contracted to current providers to back-fill for reduced funding to residential and outpatient services based on OHA's estimated projections of the shift of individuals being served under the new Oregon Health Plan.

Multnomah County Sheriff's Office

MCSO Patrol (60063)

\$9,938

- Law Enforcement Terrorism Prevention Program increasing by \$1,938. This grant funds anti-terrorism training for personnel.
- Hazardous Materials (HazMat) funding in the amount of \$8,000. This funding is from the Oregon Fire Marshal. This funding is limited for specified HazMat Training activities.

Inmate Welfare Fund (60045)

\$28,509

The Inmate Welfare fund is an inmate trust fund used for the benefit of Multnomah County inmates. Through the profits of commissary items, telephone usage, and other sources, the Inmate Welfare fund provides direct services and products that otherwise might not be funded for the benefit of the inmates.

Alarms Ordinance Unit (60069)

\$48,101

Any surplus from the previous year is to be returned to each jurisdiction proportionate to the percentage of permit holders within each respective jurisdiction.

Special Investigations Unit (60067)

\$139,177

These funds are civil forfeitures resulting from completed drug cases investigated by our Special Investigations Unit. The forfeitures result from cash, vehicles, and other property taken during drug seizures and shared with the federal government. This funding is restricted to the purchase of supplies and equipment necessary for the enforcement of laws relating to the unlawful delivery, distribution, manufacture, or possession of controlled substances and currency for undercover law enforcement operations.

Corrections Emergency Response Team (60039)

\$960

This donation is for the purchase of safety gear for the members of the CERT Team.

Inmate Work Crews (60038)

\$66,072

These funds are the result of revenues generated by inmate work crew services to various organizations and agencies both inside and outside of the county. These funds are to be used to offset Inmate Work Crew expenditures during the year.

Concealed Handgun Licensing (60070)

\$135,521

These funds are generated by Concealed Handgun Licensing fees charged for the background check and handgun safety class required to receive a concealed handgun license. These funds are to be used to support additional temporary personnel costs due to the workload within this unit. This unit has experienced a high increase in concealed handgun licensing during the last 2-3 years due to various high profile national events.

Federal/State Fund (1505)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	2,612,768	1,453,236	4,066,004
<u>All Other Revenues as Adopted</u>	<u>227,830,290</u>	<u>-</u>	<u>227,830,290</u>
Total Resources	230,443,058	1,453,236	231,896,294
Requirements			
Contractual Services	71,838,382	1,399,030	73,237,412
Materials and Services	39,933,628	22,407	39,956,035
Personnel Services	117,147,123	31,799	117,178,922
Capital	420,631	-	420,631
<u>All Other Expenditures as Adopted</u>	<u>1,103,294</u>	<u>-</u>	<u>1,103,294</u>
Total Requirements	230,443,058	1,453,236	231,896,294

Inmate Welfare Fund (1513)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	50,000	28,509	78,509
<u>All Other Revenues as Adopted</u>	<u>1,279,229</u>	<u>-</u>	<u>1,279,229</u>
Total Resources	1,329,229	28,509	1,357,738
Requirements			
Materials and Services	656,908	-	656,908
<u>All Other Expenditures as Adopted</u>	<u>672,321</u>	<u>28,509</u>	<u>700,830</u>
Total Requirements	1,329,229	28,509	1,357,738

Justice Special Operations Fund (1516)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	118,864	397,831	516,695
Licenses and Fees	2,728,657	-	2,728,657
<u>All Other Revenues as Adopted</u>	<u>3,468,715</u>	<u>-</u>	<u>3,468,715</u>
Total Resources	6,316,236	397,831	6,714,067
Requirements			
Contractual Services	373,864	102,633	476,497
Materials and Services	830,094	158,139	988,233
Personnel Services	5,102,278	137,059	5,239,337
Capital	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Requirements	6,316,236	397,831	6,714,067

Fund Level Changes:

The following details fund level changes that are not the result of increasing the Beginning Working Capital in a particular fund.

General Fund (1000) increases \$2,030,876. The fund accounts for and reports all financial operations of the County which are not accounted for and reported in another fund. The increases are due to the following:

- *Cascadia State Loan Payment* \$600,000

In May of 2008 the County and State of Oregon jointly agreed to provide Cascadia Behavior Health Inc (CBH) with a \$2.5 million loan (to mature in September 2021) to stabilize operational services and to provide CBH with the necessary time to make business changes to improve its financial situation. Under the terms of the agreement the total loan was \$1.5 million with the County providing 60% of the loan and the State providing 40%.

Cascadia Behavior Health has made rapid business changes which expedited the improvement of its financial solvency and stability. CBH requested that the County accept a lump sum payment of \$1.5 million as a prepayment of the full amount of principal balance and accrued interest. The County received the payment in December of 2013, of which 40% \$600,000 will be paid to the State. The County retains \$900,000 which will be available as a one-time-only General Fund resource in FY 2015. The payment received extinguishes debt outstanding and means we received full payment eight years sooner than expected.
- *Tax Title Program (72038)* \$1,400,000

This program within the Division of Assessment, Recording and Taxation (DART), is responsible for the management, maintenance and disposition of the County's tax foreclosed property inventory. Properties are sold at public auction and by entering into private sales with adjacent owners. This action increases the budget based on the fall auction sales and additional spring sale estimate (auctions sales, repurchases, and private part sales). The goal of the program is to reinstate tax foreclosed properties to the tax roll or public use. At the end of every budget year, the tax foreclosed property revenues are totaled, operating expenses and set asides are accounted for and the balance of revenue is disbursed or passed through to taxing districts.
- *Increased Indirect resulting from revenue increases in other funds* \$30,875
- *ADS Mid-Year Rebalance Repayment¹* \$0

\$19,926 of County General Fund (CGF) will be returned to contingency from the mid-year rebalance, as part of the BWC that is available in Aging and Disability Services can be used to fund meals to the elderly and disabled.

¹ There is not a financial impact resulting from this action. It is a transfer of General Funds.

General Fund (1000)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	55,781,575	-	55,781,575
Internal Service Reimbursement	11,174,861	8,583	11,183,444
Departmental Indirect Revenue	11,534,630	22,293	11,556,923
<u>All Other Revenues as Adopted</u>	<u>390,225,953</u>	<u>2,000,000</u>	<u>392,225,953</u>
Total Resources	468,717,019	2,030,876	470,747,895
Requirements			
Contractual Services	74,055,819	1,980,074	76,035,893
Materials and Services	68,675,165	22,293	68,697,458
Personnel Services	270,958,555		270,958,555
Capital	106,994		106,994
Contingencies, Transfers & Unapprop. Balance	<u>54,950,486</u>	<u>28,509</u>	<u>54,978,995</u>
Total Expenditures	468,747,019	2,030,876	470,777,895

County School Fund (1506) increases \$60,000. This special revenue fund accounts for Forest Reserve yield revenues received from the State. Expenditures are restricted per ORS 328.005 -328.030 for distribution to County School districts. In the fall of 2013, Congress passed a one year reauthorization of the Secure Rural Schools and Community Self Determination Act as part of HR 527 Helium Stewardship Act. In October 2013, the Board passed Resolution 2013-149 signaling to the Federal Government that the County will participate in the program. Unless reauthorized, this will be the last year of payments.

The \$60,000 increase will be passed thru to all of the schools districts in Multnomah County based on enrollment. District include: Riverdale, Corbett, Parkrose, Centennial, David Douglas, Gresham-Barlow, Reynolds, and Portland Public.

This increase requires a supplemental budget because the fund is increasing by more than 10% from the adopted budget.

County School Fund (1506)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Government Shared General Resources	20,000	60,000	80,000
<u>All Other Revenues as Adopted</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Resources	20,000	60,000	80,000
Requirements			
Contractual Services	<u>20,000</u>	<u>60,000</u>	<u>80,000</u>
Total Requirements	20,000	60,000	80,000

Animal Control Fund (1508) increases \$62,000. This special revenue fund accounts for revenues from dog and cat licenses and animal control fees per ORS 609.060(3). Cash transfers are made to the General Fund for animal control activities. The fund also contains donations that are restricted by the donors to be used for particular programs or projects related to Animal Services.

In FY 2014, Animal Services received a higher level of donations from the public to support our animal health care and veterinary services. The largest donation was \$50,000 from the Morgovic Family Trust. The generosity of the public has made more resources available than were anticipated in the adopted budget. The donations will be used for items such as temporary veterinary services and supplies. This funding is one-time-only and will be used to enhance existing services.

Animal Control Fund (1508)	FY 2014 Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	504,962	-	504,962
<u>All Other Revenues as Adopted</u>	<u>1,922,500</u>	<u>62,000</u>	<u>1,984,500</u>
Total Resources	2,427,462	62,000	2,489,462
Requirements			
Contractual Services	124,000		124,000
Materials and Services	198,789		198,789
Personnel Services	249,866	62,000	311,866
<u>All Other Expenditures as Adopted</u>	<u>1,854,807</u>	<u>-</u>	<u>1,854,807</u>
Total Requirements	2,427,462	62,000	2,489,462

Asset Replacement Revolving Fund (2503) decreases by \$250,000. This fund accounts for expenditures for small capital assets/equipment that might otherwise need to be acquired through the issuance of debt. Expenditures will be reimbursed over time by loan payments charged to the budgets of programs for which the assets are purchased.

In FY 2014, \$250,000 of savings based on an anticipated debt refinancing of County Full Faith and Credit Obligation Series 2014 was budgeted to provide funding for new Asset Replacement Revolving Fund. The revolving fund is intended to provide short term (no more than 5 year) internal loans for capital asset replacements that are not accounted for in other County asset replacement programs. The Chief Financial Officer establishes criteria for use of funds and repayment. The debt refinancing planned for FY 2014 was postponed (instead occurring in FY 2015) resulting in budget shortage of \$250,000 in Debt Retirement Fund (under principal) and postponing funding to Asset Replacement Revolving Fund.

Based on analyst estimates, the refinancing will result in savings of 8%-10% or approximately \$1.8 to \$2.2 million, based on the remaining principal and estimated interest rates. Savings beyond the use in Asset Replacement Revolving Fund will be used to reduce service reimbursements that are scheduled to cover debt service payments beginning in FY 2015. Any remaining savings beyond two purposes can be returned to general fund.

This action restores the principal budgeted under Debt Retirement Fund (2002) by \$250,000 and the budgeted cash transfer (to Asset Replacement Revolving Fund) is reduced by \$250,000. There are no operational impacts because there are no planned projects for this fund in FY 2014.

Capital Debt Retirement Fund (2002)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	4,803,525	-	4,803,525
Internal Service Reimbursement	17,303,844	-	17,303,844
<u>All Other Revenues as Adopted</u>	<u>350,800</u>	<u>-</u>	<u>350,800</u>
Total Resources	22,458,169	-	22,458,169
Requirements			
Unappropriated balance	1,452,487	-	1,452,487
<u>All Other Expenditures as Adopted</u>	<u>21,005,682</u>	<u>-</u>	<u>21,005,682</u>
Total Requirements	22,458,169	-	22,458,169
Asset Replacement Revolving Fund (2503)			
Resources			
Beginning Working Capital	-	-	-
<u>All Other Revenues as Adopted</u>	<u>476,000</u>	<u>(250,000)</u>	<u>226,000</u>
Total Resources	476,000	(250,000)	226,000
Requirements			
Capital	476,000	(250,000)	226,000
<u>All Other Expenditures as Adopted</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Requirements	476,000	(250,000)	226,000

Risk Management Fund (3500) increases \$8,494. This fund accounts for all internal service reimbursements, revenues, and expenses associated with the County's insurance. The increase is due to increases in temporary and overtime expenses in other funds.

Risk Fund (3500)	FY 2014		
	Adopted Budget	This Action	Revised Budget
Resources			
Medical/Dental Service Reimbursement	93,721,877	8,494	93,730,371
<u>All Other Revenues as Adopted</u>	<u>49,757,000</u>	<u>-</u>	<u>49,757,000</u>
Total Resources	143,478,877	8,494	143,487,371
Requirements			
Materials and Services	90,091,013	8,494	90,099,507
<u>All Other Expenditures as Adopted</u>	<u>53,396,358</u>	<u>-</u>	<u>53,396,358</u>
Total Requirements	143,487,371	8,494	143,495,865