



Multnomah County Agenda Placement Request Budget Modification

(Revised 9/23/13)

Board Clerk Use Only

Meeting Date: 12/04/14
Agenda Item #: R.9
Est. Start Time: 11:15 a.m.
Date Submitted: 11/26/14

Agenda Title: BUDGET MODIFICATION # COUNTYWIDE-01-15: Countywide Supplemental Budget #1

Requested Meeting Date: 12/4/14 **Time Needed:** 15 Minutes

Department: 1000 - Nondepartmental - All Other **Division:** Budget Office

Contact(s): Christian Elkin, Karyne Kieta Budget Director, Mark Campbell, CFO

Phone: 503.988.7689 **Ext.** 87689 **I/O Address** 503/531

Presenter Name(s) & Title(s): Christian Elkin, Principal Budget Analyst

General Information

1. What action are you requesting from the Board?

The Budget Office requests approval of Supplemental Budget #1 to appropriate \$364,653 in unplanned Beginning Working Capital and to make various fund adjustments to ensure the County's compliance with Oregon Budget Law.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

A supplemental budget is the vehicle allowed by ORS Chapter 294 (commonly known as "Oregon Budget Law") for the Board to address changes in financial conditions not anticipated at the time the budget was adopted. This supplemental budget addresses both the unplanned beginning working capital and makes a variety of other fund level adjustments.

Appropriating Beginning Working Capital

Beginning Working Capital 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 2015 Adopted Budget included estimated BWC, but there was a difference between the amount that was budgeted and the amount that remained at year-end. Total BWC being added is \$364,653 in the Justice Services Special Operations Fund.

The BWC will be used for the following services:

- \$7,624 in Sheriff's Office Patrol (60063) for specified Hazardous Materials Training activities.
- \$171,466 in the Special Investigations Unit (60067) for supplies and equipment to enforce laws relating to the unlawful delivery, distribution, manufacture, or possession of controlled substances.
- \$142,613 for Concealed Handgun Licensing (60070) to support additional temporary personnel costs due to the workload increases.
- \$42,950 in the Alarms Ordinance Unit (60069) as surplus that by intergovernmental agreement has to be returned to each jurisdiction proportionate to the percentage of permit holders within each jurisdiction.

Adjustments to Various Other Funds

In addition to appropriating the BWC, this supplemental budget also adjust various funds to ensure compliance with Oregon Budget Law and align the budget with actual revenues and expenditures.

General Fund (1000) – increases by \$634,041 for the following:

\$315,426 Clackamas County Funding for 3 Juvenile Detention Beds

Juvenile Detention, through DCJ's Donald E. Long Home (DELH), protects the community by holding youth in custody when it has been determined that they are a serious risk to public safety and/or a high risk to not appear for court. The ability to safely detain delinquent youth is mandated by Oregon law and is essential to community protection. DELH currently detains detention youth from Multnomah, Clackamas, and Washington counties. The ability to house tri-county youth in one facility maximizes the use of space and provides flexibility needed to structure units according to age and gender.

This action adds three additional beds for and funded by Clackamas County at \$288.06/bed/day (\$288.06 x 3 Beds x 365 days = \$315,426). This increases the beds contracted and reserved for Clackamas County from 14 to 17 beds . Additionally, this action adds 3.00 FTE to Juvenile Custody Services Specialists to support the increase in services. This funding is expected to be ongoing.

\$318,615 for increased Central and Department Indirect resulting from revenue increases in other funds

Special Excise Tax Fund (1511) increases by \$875,000

Increases the County's Transient Lodging Taxes (TLT) collected from all hotels and motels in the County. Expenditures are restricted to the Convention Center, visitor development purposes, regional arts and culture purposes and other uses pursuant to Multnomah County Code 11.300 and 11.400. Close to 100% of TLT funds are passed through to other agencies, primarily to Metro.

Oregon Historical Society Levy Fund (1518) increases by \$280,000

The Oregon Historical Society (OHS) is a private non-for-profit entity founded in 1898 that operates the Oregon Historical Museum, the Davies Family Research Library, and educational programs for adults, families, and school groups. It also serves as the Multnomah County history repository. Measure 26-118 provides the Oregon Historical Society with a 5 year property tax levy at the rate of \$0.05 per thousand dollars of assessed value. Property Tax compression is much lower than anticipated in FY 2015 compared to FY 2014 resulting in higher tax revenue collected in the OHS Special Levy Fund. The additional revenue will be passed through to the OHS. Based on current estimates the fund will increase by \$280,000. One hundred percent of these increases are passed through to the Oregon Historical Society for operations.

Capital Improvement Fund (2507) increases by \$10,000,000.

In June of FY 2014 the County received a \$10 million payment from the Portland Development Commission (PDC) which was financed with Tax Increment Financing to fund the construction of

the new Health Department Headquarters building on the U2 block . The PDC funding (detailed in Resolution 2012-192) is to be made in two installments (\$10,000,000 by June 30, 2014 and \$16,948,460 before June 30, 2021).

In FY 2015, in order to better account for the Health Department Headquarters project, the County created a separate HDHQ Fund (2510) and budgeted all the PDC funds (\$26.9 million) in the new fund. However, due to the timing of the first payment of \$10 million, it was recorded under the Capital Improvement Fund (2507) and carried over into FY 2015 under Beginning Working Capital.

This change will increase the BWC and Cash Transfer budget in the CIP fund by \$10 million for FY 2015 to reflect PDC payment received in late FY 2014. Funds will be transferred to the HDHQ Fund (2510) by cash transfer to be expended on projected related expenditures. This action does not result in additional funding; its only purpose is to properly account for the PDC payment.

Behavioral Health Managed Care Fund (3002) increases by \$6,150,461.

The budget for this fund is in the Department of County Human Services Mental Health and Addiction Services Division. The increase is due to revised Medicaid mental health plan membership projections under the most current rate structures. Required deadlines to adopt the FY 2015 Budget limited the time available to observe and analyze membership trends that followed Medicaid Expansion, which went into effect in January 2014. Now, with additional months passed, monthly membership projections have increased from 113,800 assumed in the FY 2015 Adopted Budget to 128,500 for the 2015 Revised Budget. The funding will be used to support programs in Mental Health and Behavioral Healthcare and to restore contract services in these areas.

Risk Management Fund (3500) increases by \$131,969 due to increases in full time, temporary, and overtime personnel expenses in other funds.

3. Explain the fiscal impact (current year and ongoing).

Adding BWC: There is an increase in one-time revenues and expenditures of \$364,563 in the Sheriff's Office Justice Services Special Operations Fund (1516). Once the funds are expended, services will return to their original level.

Adjustments to Various Funds – this action affects six funds as detailed above. The increases in the General Fund have limited financial impact to the County and nearly all of the additional funds are passed through to other governmental entities. The increases in appropriations allow us to pass through 100% of the funding without overspending the appropriation.

Additionally, there is no financial impact from transferring the \$10 million payment from the Capital Improvement Fund to the Health Department Headquarters Fund.

For additional detail please see documents: SUPP01-NOND-01-15, SUPP01-DCHS-01-15, SUPP01-MCSO-01-15, and SUPP01-DCJ-01-15.

4. Explain any legal and/or policy issues involved.

It is especially important to account for and spend any BWC associated with grant funds, as County Financial Policies state a preference for spending grant funds prior to spending unrestricted resources on the same programs. These actions allow the County to comply with our intergovernmental agreements and avoid violating Oregon Budget Law.

5. Explain any citizen or other government participation.

This supplemental budget modification was noticed in the Oregonian on November 22, 2014. This met the notification requirements per Oregon budget law of appearing in the Oregonian at least 5 days before, but not more than 30 days before this hearing.

Budget Modification

6. What revenue is being changed and why? If the revenue is from a federal source, please list the Catalog of Federal Assistance Number (CFDA).

- Beginning Working Capital is increasing \$364,563 to appropriate unbudgeted amounts in FY 2015.
- The General Fund is increasing by \$315,426 for reimbursement revenue to pay for three juvenile detention beds and by \$318,615 for Central and Department indirect.
- The Special Excise Tax Fund is increasing by \$875,000 for the Transient Lodging Tax.
- The Oregon Historical Society Levy is increasing by \$280,000 in Property Tax Revenue due to decreased compression.
- The beginning working capital in the Capital Improvement Fund is increased by \$10,000,000 to properly account for the PDC payment.
- The Behavioral Healthcare Fund is increased by \$6,150,461 in the Federal thru Other revenues to account for the Medicaid Expansion.
- Risk Fund revenue is increasing by \$131,969.

7. What budgets are increased/decreased?

The detail below shows the total budget adjustments of \$18,436,124 by Program Offer

10023 NOND Oregon Historical Society Local Option Levy \$280,000
10025 NOND Convention Center Fund \$875,000
25000A DCHS Director's Office \$329
25002 DCHS Business Services \$154,914
25053 DCHS Mental Health Quality Management & Protective Services \$192,362
25055A DCHS Behavioral Health Crisis Services \$628,357
25057 DCHS Inpatient, Subacute, & Residential MH Svc for Children \$314,970
25061 DCHS Adult Mental Health Initiative (AMHI) \$72,067
25062 DCHS Mental Health Services for Adults \$1,527,517
25064A DCHS Early Assessment & Support Alliance \$27,461
25067A DCHS Community Based MH Services for Children & Families \$377,247
25068 DCHS Multnomah Wraparound \$712,194
25075A DCHS School Based Mental Health Services \$47,246
25080A DCHS Adult Addictions Treatment Continuum \$2,251,040
50054A DCJ Juvenile Detention Services – 64 Beds \$315,426
60010 MCSO Business Services Administration \$18,983
60063 MCSO Patrol \$7,624
60067 MCSO Special Investigations Unit \$171,466
60069 MCSO Alarm Program \$42,950
60070 MCSO Concealed Handgun Permit \$142,613
72020 DCM Central HR Employee Benefits (Risk Fund) \$131,969
78006 DCA Facilities Capital Improvement Program \$10,000,000
95000 County Fund Level Transactions \$144,389

8. What do the changes accomplish?

The changes appropriate unbudgeted BWC in FY 2015 and brings the County into compliance with Oregon Budget Law.

9. Do any personnel actions result from this budget modification?

There is an increase of 3.00 FTE associated with the increase of three juvenile detention beds and services and 7.00 FTE associated with the increased mental health services in the Behavioral Healthcare Fund.

10. If a grant, is 100% of the central and department indirect recovered? If not, please explain why.

Indirect is recovered where applicable.

11. Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?

The BWC is one-time-only funding. The functions that it funds are not identified as ongoing.

The General Fund revenue to support the three juvenile detention beds is assumed to be ongoing.

Changes in the compression levels for the Oregon Historical Society Levy and the Transient Lodging Tax will be analyzed annually to determine the appropriate funding levels. These funds are pass through funds and have no direct impact to County operations.

The Department of County Human Services will continue to monitor and analyze the impacts of the Medicaid Expansion in regard to the Behavioral Healthcare Fund.

12. If a grant, what period does the grant cover? When the grant expires, what are funding plans? Are there any particular stipulations required by the grant (e.g. cash match, in kind match, reporting requirements, etc)?

N/A

Required Signature

**Elected Official or
Dept. Director:** Karyne Kieta /s/

Date: November 26, 2014

Budget Analyst: Christian Elkin /s/

Date: November 26, 2014

Department HR: _____

Date: _____

Countywide HR: _____

Date: _____