



Ted Wheeler, Multnomah County Chair

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CHAIR'S EXECUTIVE BUDGET MESSAGE

A message from Multnomah County Chair Ted Wheeler:

When I was elected Multnomah County Chair three years ago, no one could have anticipated the challenges our nation - and our community - would be facing today. We have endured collapsing equity and real estate markets, record unemployment, and great uncertainty about what the future will bring. For Multnomah County, these unsteady times mean that we have to manage competing priorities thoughtfully with diminishing revenues.

I have struggled with the many difficult choices that are reflected in this Executive Budget. I understand its importance in setting policy direction and strategic planning, and what is at stake for our citizens and county employees. Each line tells its own story about how we keep our families safe, how we care for our elders, and how we reach out and support our children and those most in need.

It says a lot about who we are as a community and what values we choose to embrace.

Fortunately, I do not shoulder this responsibility alone. I am supported by an outstanding team of county leaders including members of my own staff, especially Chief Operating Officer Jana McLellan, county budget and finance professionals, elected agency heads, department heads, community leaders, and county employees. The public has weighed in heavily, and I have taken into account input I have received in person, via email, and through several community meetings and budget sessions.

I want to thank each and every person who has contributed to the shaping of this Executive Budget.

I want to give a special thanks to my fellow County Commissioners who have the daunting task of working with me to craft the final budget under difficult circumstances. For a majority, this will be their first budget. Commissioners Kafoury, Cogen, Shiprack and McKeel are, collectively, one of the best teams of Commissioners ever assembled and they are up to the task of relentlessly ensuring that the most important priorities of the community are upheld. While I am proud of the hard work that has gone into this Executive Budget, I have no doubt that their collective input and deliberation will make it even better.

Budget Context:

It should not come as a surprise that this is one of the toughest budgets ever referred to the Board of County Commissioners. When the planning began late last year, county analysts predicted that the *worst-case* scenario would lead to a shortfall of about \$36 million. At the time, the estimate was almost unthinkable. As we know all too well, the economy has continued to deteriorate beyond our most pessimistic forecasts.

The projected shortfall now has grown to \$46 million for the coming two-year period. In addition, cuts at the state level are projected to add at least another \$20 million to the overall county shortfall based on current state forecasts. *It is important to note that state reductions are not factored into the budget at this point in the process.* Moreover, some of the decisions I have made in this Executive Budget are based on assumptions about state spending which could change over time. Given the uncertainty around the state budget, I believe it is likely that Multnomah County will face a need for a mid-year budget rebalancing once the state numbers are finalized.

Reduction Target \$42 Million:

In November, I asked department leaders and elected agency heads (the Sheriff, DA, and Auditor) to provide me with proposals to reduce their spending by up to 15%. I weighed their recommendations and other input to make my final decisions. This budget targets a reduction of nearly \$42 million from our current budget while retaining the highest priority (mission critical) services.

Service and Program Reductions Not the Only Strategy:

I asked department leaders and agency heads to do much more than just reduce spending. I also directed them to consider efficiencies, realignment of services that could result in more cost-effective service delivery, technology investments that could increase our productivity, and facilities consolidations that might lead to savings. I am particularly interested in developing new strategic partnerships that could be forged with other institutions and organizations in the community to help us provide services. The Board of County Commissioners also evaluated several potential revenue sources that can help mitigate service reductions.

Prioritizing Vulnerable Populations:

To the degree that spending reductions are required, I am especially concerned about the fate of our most vulnerable citizens in these tough economic times. As a community, I believe that we have a moral responsibility for older adults who are trying to live safely and independently in their own homes. We should support those who live with chronic and severe mental illness. We should meet the most basic needs of people with mental or physical disabilities. While these are broad community responsibilities that fall to each of us in one way or another, Multnomah County provides services that are critical in the day-to-day lives of these citizens.

I am determined that we will protect them as best as we can, despite our budget situation, and every effort has been made to prioritize their needs in this Executive Budget.

Budget Values and Strategies:

Given the magnitude of the reductions facing Multnomah County, I asked my leadership team to help me craft this Executive Budget based on the following core values:

- 1) protect our most vulnerable citizens first;
- 2) clearly identify and rigorously target funding toward core public safety and human service programs;
- 3) invest in prevention programs; and
- 4) invest only in programs that are demonstrated to work based on measurable outcomes, and ensure that those programs have the necessary capacity to be of excellent quality in the future.

Each decision we made was weighed against these important values.

Workforce Savings:

Multnomah County's employees will make significant personal wage sacrifices, in most cases voluntarily, in order to preserve county services.

This budget asks all managers and executives to forgo COLA and merit increases for fiscal year 2010. Additionally, as CEO of Multnomah County, I will return a portion of my salary, \$10,000 or 8%, to the general fund.

In an unprecedented move, our largest public employee union, AFSCME-Local 88, approached me with an offer to conduct a vote of their members forgoing both their COLA and merit increases in order to save jobs and services. Local 88's actions will help close the budget shortfall. I want to personally thank all of our labor leaders and front-line employees who made this possible, especially Becky Steward and Michael Hanna who led these efforts on behalf of Local 88. We are still encouraging discussions with other unions that are considering taking similar steps to save services and jobs.

Combined, these sacrifices on the part of our employees will save over \$11 million in services for our community next year. It speaks volumes about the kind of people who are employed by Multnomah County and their personal commitment to managing through these difficult times.

Anticipated New Revenues:

This Executive Budget also includes over \$10 million in anticipated new revenue from a number of new sources. Sheriff Bob Skipper has brokered a deal with the U.S. Marshals to increase the number of beds used for U.S. Marshals Service: a projected \$3.4 million increase in new revenue. The Health Department is projecting over \$2 million in new revenue due to their work in increased billing and service delivery efficiencies over the last few years.

The Board of County Commissioners will take up a proposal before adoption of the final budget to increase the county's motor vehicle rental tax (MVRT) with projected revenue of nearly \$5 million. I believe that this is a reasonable increase that will go a long way toward helping us maintain the services our community wants and expects. I have assumed this revenue source in

the Executive Budget. *In the event that the MVRT is not increased, additional reductions will be required to balance the budget.*

In total, workforce savings and new revenues contribute over \$24 million toward the \$42 million target of reductions my executive budget contains. As much as this helps us close the shortfall, nearly \$18 million in additional program reductions were taken. (Again, note that state cuts are not fully factored into this budget.) After eight years of sequential budget reductions, there are no “easy” cuts left.

Spending Reductions:

The budget includes reductions to health and human service programs, the number of jail beds, services related to the SUN Schools, prosecutorial capacity, and new library book purchases, to name a few examples.

On the other hand, a few examples of positive changes include the Sheriff realizing the longstanding goal of “single-bunking” our downtown detention facility to make it safer and more cost-effective to operate, our highly successful alternative sanction program will be enhanced, our health services will be reorganized to be more responsive and cost-effective, our widely-recognized Health Equity and Vital Aging initiatives will continue to expand, and funding will be in place to build a Mental Health Assessment and Treatment Center in partnership with Central City Concern and the City of Portland. Multnomah County will continue to enhance accountability measures including the ongoing revamping of our large contract management process.

Multnomah County will continue to lead efforts to find funding for the Sellwood Bridge Project and the East County Court Facility. We will continue our ongoing discussions with the Oregon Department of Corrections to jointly operate the Wapato Facility to house Measure 57 offenders.

Setting a Course to the Future:

Looking forward, Multnomah County will manage through this challenging fiscal environment by doing much more than just trimming budgets or exploiting new revenue sources. We will reshape our enterprise in order to adapt to our changing environment. We will also capitalize on strategic partnerships that will enable us to leverage the wisdom and resources of the entire community.

My Executive Budget contains a program offer to re-engineer all the back-office operations that help us do business. The primary goal is to reduce ongoing county costs to help lessen the structural deficit. It is also intended to build capacity for developing re-engineering tools and skills for managing large organizational and cultural changes.

Along with internal re-engineering, I will work to create a Tri-County task force to explore opportunities to eliminate duplication of services and provide better and more cost-effective service to the community. These might include service provision in the areas of bridges and transportation, animal control, law enforcement, disaster response, and IT. We should not be afraid to act on the opportunities that consolidation might bring in targeted service areas.

The City of Portland and Multnomah County should immediately establish a process for evaluating and pursuing collaborative strategies in areas such as transportation infrastructure (especially bridges), urban renewal and planning, disaster planning and response, community mental health and treatment services, public safety (possibly including the creation of law enforcement districts), housing strategies, educational achievement, animal services, and community health, and other areas where it makes common sense for us to work together. In several cases, these conversations have already begun in earnest.

My core motivation is my belief that citizens don't care which jurisdiction or agency provides a service, they just care that it be provided and that it be provided cost-effectively to standards of excellence. Citizens start with the assumption that the city and county are already working closely together in these areas.

In closing, I once again want to reassure the employees and citizens of Multnomah County that I am up for the challenges in front of us, and I will continue with diligence, perseverance, and dedication in these challenging times to serve the community in the best possible way.

I would like to share a powerful quote from Vaclav Havel. In 1986, three years before he became president of the Republic of Czechoslovakia, Havel was asked, "Do you see a grain of hope anywhere in the 1980s?"

He replied:

"Hope is a state of mind, not of the world. Either we have hope within us or we don't; it is a dimension of the soul, and it's not essentially dependent on some particular observation of the world or estimate of the situation..."

Hope is definitely not the same thing as optimism. It is not the conviction that something will turn out well, but the certainty that **something makes sense**, regardless of how it turns out."

I have the conviction that we are on the right track for Multnomah County, but more importantly, this Executive Budget encourages, supports, and directs the county toward a blueprint that will serve this community for many years forward. It also makes sense.

It is an honor to serve as the Chair of Multnomah County, and I thank you for your continued trust and support.

Sincerely,

A handwritten signature in dark ink, appearing to be 'Ted Wheeler', with a long horizontal line extending to the right.

Chair Ted Wheeler
23 April 2009