



Multnomah County Oregon

Board of Commissioners & Agenda

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BOARD OF COMMISSIONERS

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MAY 25 & 26, 2005 BOARD MEETINGS FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	10:00 a.m. Wednesday Tax Supervising and Conservation Commission Public Hearing on the Multnomah County 04-05 Supplemental Budget and 05-06 Multnomah County Budget
Pg 2	9:00 a.m. Thursday Executive Session
Pg 3	9:30 a.m. Thursday Opportunity for Public Comment on Non-Agenda Matters
Pg 3	9:45 a.m. Thursday Auditor Report on Service Efforts and Accomplishments in Social and Health Services for Fiscal Year 2004
Pg 4	10:45 a.m. Thursday Resolution Approving Sale of the Peninsula Building
Pg 5	11:00 a.m. Thursday Order Approving Class Special Procurement Process to Contract with Energy Suppliers/Vendors under the Low Income Energy Assistance Program

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30

Friday, 11:00 PM, Channel 30

Saturday, 10:00 AM, Channel 30

Sunday, 11:00 AM, Channel 30

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Television

(503) 491-7636, ext. 332 for further info

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Wednesday, May 25, 2005 - **10:00 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

PUBLIC BUDGET HEARING

PH-1 Tax Supervising and Conservation Commission Public Hearing on the
Multnomah County 2004-2005 Supplemental Budget

PH-2 Tax Supervising and Conservation Commission Public Hearing on the
Multnomah County 2005-2006 Budget

Cable Television Times/Channels:

Wednesday, 5/25/05 at 10:00 AM, (LIVE) Channel 21

Friday, 5/27/05 at 8:00 PM, Channel 29

Saturday, 5/28/05 at 3:00 PM, Channel 29

Sunday, 5/29/05 at 5:00 PM, Channel 29

Produced through Multnomah Community Television

Thursday, May 26, 2005 - **9:00 AM**
Multnomah Building, First Floor Commissioners Conference Room 112
501 SE Hawthorne Boulevard, Portland

EXECUTIVE SESSION

E-1 The Multnomah County Board of Commissioners Will Meet in Executive Session Pursuant to ORS 192.660(2)(d) and (h). Only Representatives of the News Media and Designated Staff are allowed to Attend. Representatives of the News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Executive Session. No Final Decision will be made in the Executive Session. Presented by Agnes Sowle and Invited Others. 30 MINUTES REQUESTED.

Thursday, May 26, 2005 - 9:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES

- C-1 RESOLUTION Authorizing the Private Sale of a Tax Foreclosed Property to
BARRY S. DEUTSCH AND CHARLES M. SEATON

DEPARTMENT OF COUNTY HUMAN SERVICES

- C-2 Government Revenue Contract (190 Agreement) 0405194 with the Oregon
State Health and Human Services, to Provide Funding for Developmental
Disability Resources

REGULAR AGENDA - 9:30 AM

PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on non-agenda matters. Testimony is
limited to three minutes per person. Fill out a speaker form available in the
Boardroom and turn it into the Board Clerk.

SHERIFF'S OFFICE

- R-1 Budget Modification MCSO-04 Appropriating \$97,342 of Oregon State
Marine Board Revenue to the Federal/State Fund for Increased Marine Law
Enforcement Service by the Sheriff's Office

NON-DEPARTMENTAL - 9:35 AM

- R-2 Briefing on Measure 37 Legislation. Presented by Assistant County
Attorney Christopher Crean. 15-30 MINUTES REQUESTED.
- R-3 Multnomah County Auditor Report on Service Efforts and
Accomplishments in Social and Health Services for Fiscal Year 2004.
Presented by Suzanne Flynn. 15 MINUTES REQUESTED.
- R-4 RESOLUTION Amending Resolution No. 03-006 to Remove County
Auditor as a Covered Component for Purposes of HIPAA Compliance

- R-5 RESOLUTION Adopting Rules for Board Meetings and Repealing Resolution 02-119
- R-6 Second Reading and Possible Adoption of an ORDINANCE Amending MCC Chapter 7 to Separate and Abolish the Department of Business and Community Services into the Department of County Management (MCC Chapter 7) and Department of Community Services (MCC Chapter 27); and Making a Housekeeping Amendment to § 7.903, Incident Command System
- R-7 RESOLUTION Establishing Fees and Charges for Chapter 7, County Management, of the Multnomah County Code and Repealing Resolution No. 05-063
- R-8 RESOLUTION Establishing Fees and Charges for Chapter 27, Community Services, of the Multnomah County Code
- R-9 Briefing on View Point Inn Plan Amendment. Presented by Derrick Tokos. 15 MINUTES REQUESTED.

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 10:40 AM

- R-10 RESOLUTION Certifying an AMENDED Estimate of Expenditures for Fiscal Year 2005-2006 for Assessment and Taxation in Accordance with ORS 294.175
- R-11 RESOLUTION Approving Sale of the Peninsula Building at 7220 North Lombard, Portland, Oregon
- R-12 RESOLUTION Authorizing Election to Receive National Forest Related Safety-Net Payments Under P.L. 106-393
- R-13 RESOLUTION Authorizing Election to Receive Oregon and California Railroad Grant Lands (O & C Lands) Related Safety-Net Payments Under P.L. 106-393

PUBLIC CONTRACT REVIEW BOARD - 11:00 AM

(Recess as the Multnomah County Board of Commissioners and convene as the Public Contract Review Board)

- R-14 ORDER Approving the Class Special Procurement Process to Contract with the Energy Suppliers/Vendors under the Low Income Energy Assistance Program (LIEAP)

(Adjourn as the Public Contract Review Board and reconvene as Multnomah County Board of Commissioners)

DEPARTMENT OF COMMUNITY JUSTICE - 11:05 AM

- R-15 Budget Modification DCJ-14 Appropriating \$1,460,000 from State of Oregon Department of Human Services to the Department of Community Justice Federal/State Fund

DEPARTMENT OF COUNTY HUMAN SERVICES - 11:10 AM

- R-16 Monthly Update on Mental Health and Addiction Services Division System of Care for Children and Families Plan. Presented by Nancy Winters, Godwin Nwerem and Amy Baker. 10 MINUTES REQUESTED.

- R-17 NOTICE OF INTENT to Apply for an US Department of Justice Violence Against Older Women Education Project Grant

- R-18 NOTICE OF INTENT to Apply for an Oregon SHIBA Program Technology Improvement Grant

DEPARTMENT OF HEALTH - 11:25 AM

- R-19 Budget Modification HD-15 Appropriating \$92,550 from the Oregon Primary Care Association as Multnomah County Health Department's Share of Medco Settlement

- R-20 Budget Modification HD-19 Appropriating \$34,578 Additional Revenue from New Contract with Oregon Department of Human Services for Child Care Health Consultation Demonstration Program

MULTNOMAH COUNTY 2005-2006 BUDGET WORK SESSIONS AND HEARINGS

All meetings are open to the public.

Public testimony will be taken at the public hearings listed in red (*italic*) below. Unless otherwise noted, all sessions will be held in the Multnomah Building, First Floor Commissioners Boardroom 100, 501 SE Hawthorne, Portland. Contact Board Clerk Deb Bogstad 503-988-3277 for further information.

Cable coverage of the budget work sessions, hearings and Thursday Board meetings will be produced through Multnomah Community Television. The cable channel program guide/playback schedule for each remaining sessions, hearings is listed below. The sessions, hearings and Board meetings will also be available for viewing via media streaming at <http://www.co.multnomah.or.us/cc/pastmeetings.shtml>. Contact Board Clerk Deb Bogstad 503-988-3277 for further information.

Tue, May 17

9:00 a.m. to 12:00 p.m.

Budget Work Session

Tuesday, 5/17/05 at 9:00 AM, (LIVE) Channel 21

Friday, 5/20/05 at 8:00 PM, Channel 29

Saturday, 5/21/05 at 3:00 PM, Channel 29

Sunday, 5/22/05 at 5:00 PM, Channel 29

Produced through Multnomah Community Television

Tue, May 17

6:00 p.m.

Public Hearing on the 2005-2006 Multnomah County Budget - Multnomah County East Building, Sharron Kelley Conference Room, 600 NE 8th, Gresham

Tuesday, 5/17/05 at 6:00 PM, (LIVE) Channel 29

Friday, 5/20/05 at 11:00 PM, Channel 29

Saturday, 5/21/05 at 6:00 PM, Channel 29

Sunday, 5/22/05 at 1:00 PM, Channel 29

Produced through Multnomah Community Television

Thu, May 19

10:00 a.m. to 12:00 p.m.

Budget Work Session

Thursday, 5/19/05 at 9:30 AM, (LIVE) Channel 30

Friday, 5/20/05 at 11:00 PM, Channel 30

Saturday, 5/21/05 at 10:00 AM, Channel 30

Sunday, 5/22/05 at 11:00 AM, Channel 30

Produced through Multnomah Community Television

MULTNOMAH COUNTY 2005-2006 BUDGET WORK SESSIONS AND HEARINGS

All meetings are open to the public.

Public testimony will be taken at the public hearings listed in red (*italic*) below. Unless otherwise noted, all sessions will be held in the Multnomah Building, First Floor Commissioners Boardroom 100, 501 SE Hawthorne, Portland. Contact Board Clerk Deb Bogstad 503-988-3277 for further information.

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Tue, May 31
6:00 p.m.

Public Hearing on the 2005-2006 Multnomah County Budget - Multnomah Building, Commissioners Boardroom 100, 501 SE Hawthorne, Portland

Tuesday, 5/31/05 at 6:00 PM, (LIVE) Channel 29

Friday, 6/03/05 at 11:00 PM, Channel 29

Saturday, 6/04/05 at 6:00 PM, Channel 29

Sunday, 6/05/05 at 1:00 PM, Channel 29

Produced through Multnomah Community Television

Thu, Jun 2
9:30 a.m.

Public Hearing and Resolution Adopting the 2005-2006 Budget for Multnomah County Pursuant to ORS 294

Public Hearing and Resolution Adopting the 2005-2006 Budget for Dunthorpe Riverdale Sanitary Service District No. 1 and Making Appropriations
Public Hearing and Resolution Adopting the 2005-2006 Budget for Mid County Street Lighting Service District No. 14 and Making Appropriations

Thursday, 6/02/05 at 9:30 AM, (LIVE) Channel 30

Friday, 6/03/05 at 11:00 PM, Channel 30

Saturday, 6/04/05 at 10:00 AM, Channel 30

Sunday, 6/05/05 at 11:00 AM, Channel 30

Produced through Multnomah Community Television



Serena Cruz, Multnomah County Commission District Two

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501 SE Hawthorne Boulevard
Portland, Oregon 97214
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MEMORANDUM

TO: Chair Diane Linn
Commissioner Maria Rojo de Steffey
Commissioner Lisa Naito
Commissioner Lonnie Roberts
Board Clerk Deb Bogstad

FROM: Tara Bowen-Biggs
Staff to Commissioner Serena Cruz

DATE: 3/9/05

RE: Commissioner Cruz Absence from Board Meeting

Commissioner Serena Cruz will not be attending the May 25, 2005 Board of County Commissioners public hearing. She will be out of town.



Maria Rojo de Steffey

Multnomah County Commissioner, District 1

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MEMORANDUM

TO: Chair Diane Linn
Commissioner Serena Cruz
Commissioner Lisa Naito
Commissioner Lonnie Roberts
Clerk of the Board Deb Bogstad

FROM: Laura Baum - Staff Assistant to Commissioner Maria Rojo de Steffey

DATE: April 27, 2005

RE: Excuse for May 25 and 26, 2005

Commissioner Rojo de Steffey will not be attending the May 25, 2005 Public Hearing or the May 26, 2005 Board Meeting. She will be out of town from May 21, 2005 until May 29, 2005.

MULTNOMAH COUNTY

2004-05 Supplemental Budget

Date: Wednesday, May 25, 2005

Time: Public Hearing; 10:00 a.m.

Place: Commissioner's Board Room
Multnomah Building
501 SE Hawthorne Blvd

Local Budget Law:

Once a district adopts its budget it is limited as to expenditures as detailed in the Resolution Making Appropriations unless formal action of the governing body is taken to amend the budget (ORS 294.435(4)). Amendments can be "minor" or "major" depending on the degree of the change. For increases in appropriation authority, if the total increase in authority is 10 percent or greater of the appropriations in a given fund, the district must hold a public hearing (major). If the increase in appropriation authority is less than 10 percent the district need only pass a resolution or ordinance (ORS 294.480). If the district is transferring authority from general operating contingency to an expenditure line item within the same fund and the amount of the transfer is greater than 15 percent of the fund's total appropriation authority, the district must hold a public hearing (major). If the transfer of general operating contingency is 15 percent or less the district need only pass a resolution or ordinance (ORS 294.450).

For both major and minor supplemental budgets the district must publish a notice of the meeting where the action will be discussed, either at a public hearing (major) or during a regular meeting of the governing body (minor). A summary of the changes to be considered are required to be included in the public notice.

Taxing districts in Multnomah County, rather than conducting a public hearing on major supplemental budgets, are required to submit the supplemental budget to TSCC. TSCC then conducts the public hearing instead of the district.

Summary:

Multnomah County is adjusting their 2004-05 adopted budget by a net increase of \$1,754,078 in 6 funds. The County has included 2 funds that require a major supplemental budget as well as 4 funds where the adjustments are considered minor. There are two cases where funds are being transferred between funds (affecting a total of four funds). This tends to "double count" the expenditure since it increases expenditures by like amounts in both funds. Without these transfers, the total change as a result of this supplemental budget action would be reduced to \$824,578.

On the resource side, \$598,800 of the increase is attributable to higher beginning fund balances, \$239,262 in additional Inmate Commissary Sales and \$444,322 is from a Federal SCAAP Grant. The remaining amount is from fund transfers as discussed above.

On the expenditure side, \$181,126 would be appropriated in hiring three (3) new positions in the Inmate Welfare Fund. All three positions would work directly with inmates. In the General

Fund, proceeds from the SCAAP Grant will be used to reimburse Contingency in the amount of \$444,946. Money had previously been transferred out of Contingency to purchase an inmate long haul bus, which was the purpose of the Grant. Also in the General Fund, a \$210,000 debt service appropriation is being zeroed out and the \$210,000 is being transferred to the Building Project Fund to make the payment. This was a recommendation of the County's outside auditor. The Data Processing Fund will receive an additional \$254,750 from the Telephone Fund from a higher Beginning Fund Balance in the Telephone Fund. This money will be used pay for higher than expected expenditures for supplies. The Facilities Fund will use \$343,000 in additional Beginning Fund Balance, also for higher expenses for supplies.

Inmate Welfare Fund, No. 1513	\$ 239,262
General Fund, No. 1000	452,458
Building Project Fund, No. 2504	210,000
Telephone Fund, No. 3502	254,750
Data Processing Fund, No. 3503	254,750
Facilities Fund, No. 3505	342,858
Total Supplemental Action	\$ 1,754,078

See attached pages for more detailed budget numbers

Questions:

Inmate Welfare Fund

1. Can you explain why the Commissary Sales have increased \$239,262 or nearly 20% more than what was budgeted (from \$1,246,275 to \$1,485,537)?
2. Can the sales in future years support the three new positions being added?

General Fund

3. What is the Federal SCAAP Grant?
4. What kind of "inmate long haul bus" was purchased?

Other Funds

5. Both the Data Processing Fund and the Facilities Fund are increasing the line item for Supplies by significant amounts (from \$373,829 to \$628,579 and from \$826,701 to \$1,169,559, respectively). What is causing these large increases?



**Tax Supervising
& Conservation
Commission**

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TSCC@co.multnomah.or.us

Web Site:
www.co.multnomah.or.us/orgs
/tsccl

May 25, 2005

Board of Commissioners
Multnomah County
501 SE Hawthorne , Sixth Floor
Portland, Oregon 97214

Dear Commissioners:

The Tax Supervising and Conservation Commission met on May 25, 2005 to review, discuss and conduct a public hearing on the County's 2004-05 Supplemental Budget pursuant to ORS 294.480.

The 2004-05 supplemental budget, filed May 13, 2005, is hereby certified with no objections or recommendations. The estimates were judged to be reasonable for the purposes shown and the document was found to be in substantial compliance with the law. The supplemental budget estimate amounts are certified as follows:

	Supplemental Action
Inmate Welfare Fund, No. 1513	\$ 239,262
General Fund, No. 1000	452,458
Building Project Fund, No. 2504	210,000
Telephone Fund, No. 3502	254,750
Data Processing Fund, No. 3503	254,750
Facilities Fund, No. 3505	342,858
Total Supplemental Action	\$ 1,754,078

Please file a copy of the adopted supplemental budget and supporting documentation within 15 days of adoption.

Sincerely,

Tom Linhares
Director, TSCC

Commissioners
Lynn McNamara
Richard Anderson
Kirk Hall
Carol Samuels
Elizabeth Hengeveld

TSCC Budget Review 2005-06

Multnomah County

Location:

Multnomah County is located in the northwestern section of the state. The Columbia River acts as the northern border of the County.

District Background:

A five member salaried board governs the County. All are elected to four-year terms on non-partisan ballots: the Board Chair is elected at large and four board members are elected from districts. The Territorial Legislature established Multnomah County in 1854, five years before Oregon was granted statehood, because citizens found it inconvenient to travel to Hillsboro to conduct business. Portland was designated as the county seat.

Of the 36 counties in Oregon, Multnomah County is Oregon's smallest in area, covering 457 square miles. Despite its size, the County is home to more Oregonians than any other county. The county's estimated population was 685,985 as of July 1, 2004. Approximately 98% of the population of the County resides within the boundaries of one of six cities, 80.3% within the largest city in the state, Portland. Multnomah County is also home to Oregon's largest: Community College, School District, ESD, Port, Mass Transit District, Regional Government, and Urban Renewal Agency.

The County operates under a 1967 home rule charter that assigns legislative authority to the Board of County Commissioners and administrative responsibility to the Chair of the Board.

In November 2002, the voters approved a five-year Library Local Option Levy for library operations to replace the expiring levy. Fiscal year 2007-08 is the last year of this local option levy. In May 2003 voters passed a three year 1.25% personal income tax (I-Tax). This is the first tax of its type in Oregon. Of the amount raised, approximately 70% of the proceeds go to Multnomah County schools; 13% to County Health and Human Services; 13% to Public Safety; and the remainder for tax collections and audits of the I-Tax.

General Information:

Multnomah County	2002-03	2003-04	2004-05	2005-06
Assessed Value in Billions	\$42.349	\$43.409	\$44.911	
Real Market Value in Billions	\$63.386	\$66.510	\$70.458	
Property Tax Rate Extended:				
Operations	\$4.3434	\$4.3434	\$4.3434	
Library Local Option	\$0.5947	\$0.7550	\$0.7550	
Debt Service	<u>\$0.2361</u>	<u>\$0.1735</u>	<u>\$0.1801</u>	
Total Property Tax Rate	\$5.1742	\$5.2719	\$5.2785	
Measure 5 Loss	\$-10,189,782	\$-15,440,754	\$-13,795,470	
Number of Employees (FTE's)	4,934	4,551	4,437	4,474.61

Overview:

In development of the 2005-06 budget, the Multnomah County Board of Commissioners embarked upon a new way of budgeting: Priority Based Budgeting. Essentially, the Board developed its budget based upon broad categories of priorities established by citizen focus groups. The priorities are: Basic Needs, Safety, Accountability, Thriving Economy, Education, and Vibrant Communities. Based upon current and future financial forecasts, the Board set fiscal parameters - \$301 million in the General Fund – for how much could be spent on the above priorities. The Board's intent through this budget process was to focus on delivering results over the next two years.

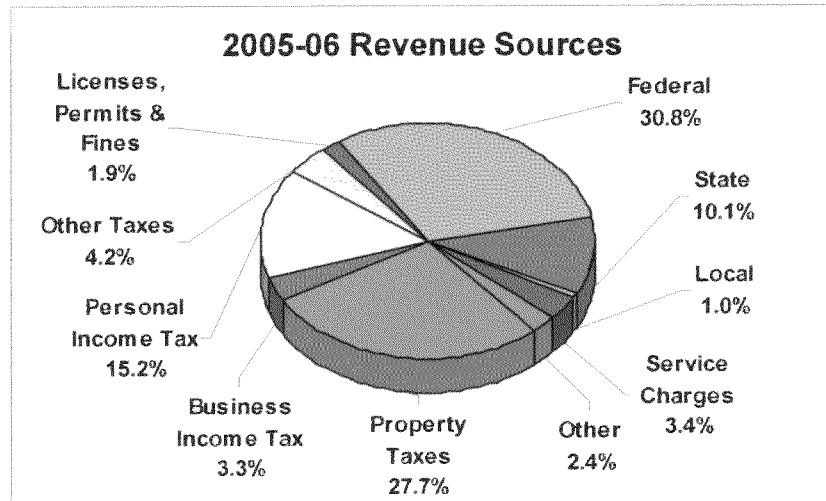
Multnomah County	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Budget
Total Budget All Funds	988,343,168	1,044,848,529	1,092,793,082	1,175,028,793
Percent of Change from Prior Year	-10.5%	5.7%%	4.6%	7.5%
Total Beginning Fund Balance All Funds	129,558,683	116,866,000	99,493,825	141,022,841
Percent of Change from Prior Year	-26.5%	-9.8%	-14.9%	41.7%

For the first time since 2000-01, the County is seeing an increase in overall beginning fund balance (BFB), primarily in the General and Willamette River Bridge Funds. The 2005-06 budget shows an increase in the General Fund's BFB for two reasons: first, the County initiated mid-year reductions in 2004-05 in response to lower I-Tax collections and possible repeal of the tax; and, second, the economy has improved allowing for projected increases in collections for both property and income taxes. The Willamette River Bridge Fund beginning balance increases by \$26,692,898 due to federal payment for replacement of the Sauvie Island Bridge.

Revenues:

Multnomah County	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Budget
Property Taxes - Operations	179,062,982	181,961,206	186,454,721	193,980,435
Property Taxes - Library Local Option	19,643,492	22,985,322	23,845,184	25,833,776
Property Taxes - Debt	9,824,988	7,452,526	7,841,081	9,227,546
Gasoline Tax	7,432,175	7,010,880	7,700,000	7,380,828
Motor Vehicle Rental Tax	13,429,479	12,929,757	14,788,612	14,117,219
Business Income Tax	29,491,200	30,286,000	26,088,183	26,949,002
Personal Income Tax	0	100,113,936	126,587,215	125,586,130
Transient Lodging Tax	12,226,926	12,351,633	12,665,000	13,250,000
Service Charges	14,705,899	9,703,073	9,802,070	27,702,356
Licenses, Permits & Fines	16,880,740	17,557,184	15,425,130	16,018,794
Federal	254,141,911	239,780,086	244,580,003	254,684,702
State	84,598,824	83,061,466	80,408,316	83,596,948
Local	6,378,154	6,269,278	7,232,735	7,924,062
Other	8,135,395	2,797,503	10,222,140	15,014,028

Overall, revenues increased in 2005-06. The exceptions are the county gasoline tax and motor vehicle rental tax, both of which decline over 4%. This budget includes \$130.8 million for the third and final year of the personal income tax approved by voters in May 2003.

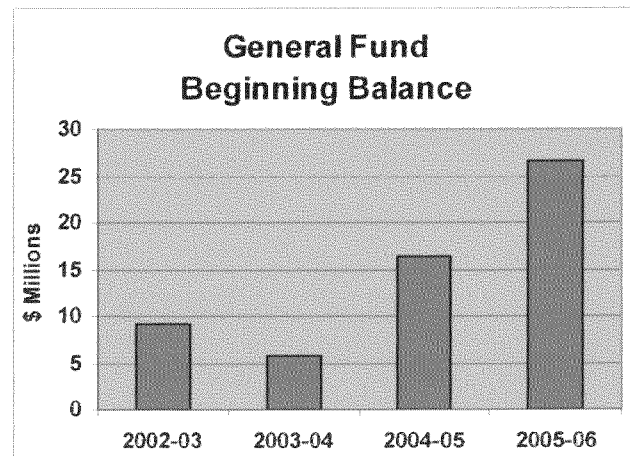


General Fund:

The General Fund shows an overall budget increase of 4.2%.

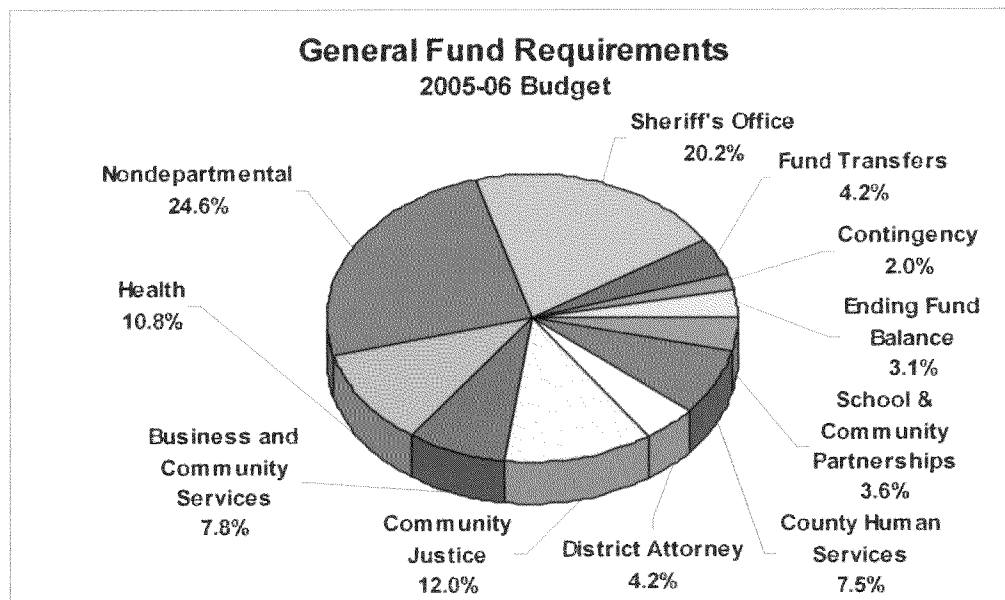
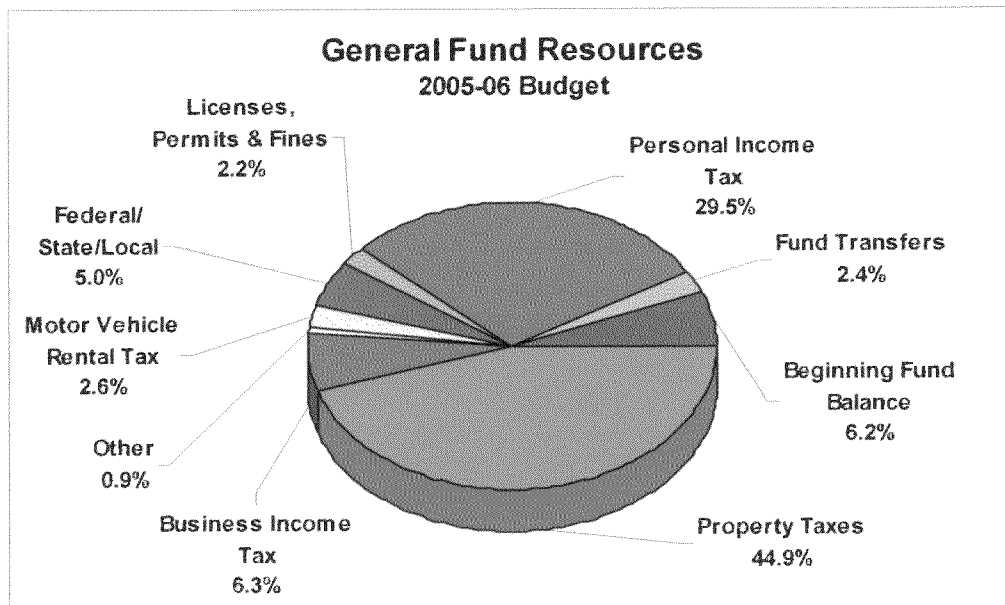
Multnomah County	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Budget
General Fund Beginning Balance	9,143,619	5,785,616	16,288,047	26,500,000
General Reserve Fund Beginning Balance	9,137,229	9,608,847	11,350,000	11,708,000

The General Fund Beginning Fund Balance is up 62.7% in 2005-06 from \$16,288,047 to \$26,500,000. The General Fund Reserve Beginning Fund Balance increased 3.2% in 2005-06.



Multnomah County	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Budget
General Fund Ending Balance	5,785,616	19,491,853	12,102,029	13,000,000
General Reserve Fund Ending Balance	9,608,847	10,964,032	11,656,000	13,008,000

In October 2001, the Board adopted a policy setting a targeted reserve level of 10% of General Fund current revenue. The reserve is budgeted in two places: the General Fund and the General Reserve Fund. The budgeted \$26 million is the equivalent of a fully funded reserve.



Expenditures:

Multnomah County	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Budget
Personal Services	328,371,124	332,858,079	348,296,382	371,092,068
Materials & Services	445,966,312	510,558,376	566,030,481	589,134,250

Personal Services:

Overall, the staffing for 2005-06 increases by 37.13 FTE to 4,474.61 FTE. The amount budgeted for personal services increases nearly \$22.8 million, or 6.5%. The increase is due to the increase in number of positions, but is also attributable to PERS costs – estimated to increase by 4% of payroll – and health insurance costs.

Department Programs and Services:

Many of the programs provided by the County are funded through the State. Because of the uncertainty of state funding, the District directed departments with state funded programs to budget those programs at the current service level.

- The Office of School and Community Partnerships shows an approved budget for 2005-06 of \$31,364,895, down 2%. The General Fund provides \$15,388,320 of this amount. This department contracts with community-based organizations to provide services such as anti-poverty programs, juvenile justice diversion, temporary housing, the SUN Schools initiative and many other programs. The budget does not fund two existing programs. In addition, several programs were adjusted to reflect the closure of schools in the Portland Public School District.
- The County Human Services Department has a budget of \$187.6 million in 2005-06. The department provides services to the elderly of Multnomah County and to those who have serious physical, emotional, or developmental disabilities. The approved budget continues to fund most existing programs and funds an additional \$2 million for culturally specific health services.
- In 2005-06, the Health Department, which deals with regulatory health issues, totals \$116.7 million, up 6.6%. Nearly 40% of this amount is funded from the General Fund. The budget funds nearly all programs at current service levels. The one exception is reduced funding for primary care. Additional funds were budgeted for Corrections Health due to increased jail bed capacity.
- Just over \$201.3 million is budgeted for 2005-06 for the three departments that comprise the county's justice system: the Multnomah County Sheriff's office which provides support for the rest of the justice system within the County, law enforcement and corrections at \$100.8 million; the Community Justice Department which provides supervision of offenders and court services for juveniles at \$77.5 million; and the District Attorney's office at \$23.0 million. The budgets include current service level for all programs except the River Rock program in the Department of Community Justice. This program is reducing operations with closure proposed for January 2007. In addition, the budgets include increased funding for 2.25 FTE Deputy District Attorneys, increased number of jail beds, and pilot programs such as the Pretrial Release and Electronic Monitoring programs.
- The approved budget of the Department of Business and Community Services is \$295,340,124, up 6.6%. It includes information technology, property tax collection, finance, and direct community services, such as elections, housing, emergency management and animal control, for Multnomah County. The budget shows a decrease of 16.37 FTE, but an increase of \$18.2 million. The increase is largely due to the rising health insurance costs found in the Risk Management Fund within this department.
- Library operations increase by \$405,112, or .9%, to \$48,074,498. The approved budget reduces the amount of General Fund received by the library by \$1,929,967 to a total of \$15,460,222. The reduced General Fund funding decreases the number of positions in the Reference Center and the amount spent on books.
- The Non-Departmental area consists of support for Elected Officials, non-County agencies and independent organizations. The portion of I-Tax that goes to schools as well as community contracts funded through the I-Tax are budgeted in this area. The budget for this department shows a total 6.4% increase, but a reduction of \$2,204,002 in the amount received from the General Fund.

Capital Outlay:

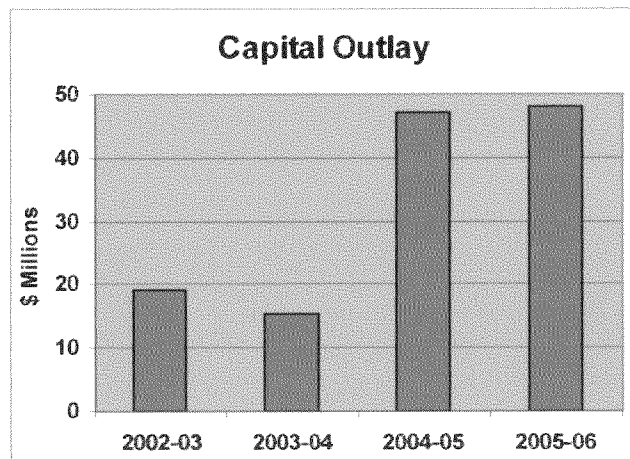
Multnomah County	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Budget
Capital Outlay	19,219,296	15,305,856	47,090,516	48,079,595

Overall capital outlay increased just over 2% in 2005-06. Of the total amount budgeted, \$40,130,116 is for buildings and other improvements, and \$7,949,479 is for equipment.

The County has identified a deferred maintenance and seismic liability of approximately \$120 million for County buildings now in operation and \$128 million for the Willamette River Bridges.

Some of the major capital outlay projects planned for 2005-06 by the County include:

Justice Center Detention Electronics	\$3,130,288
Asset Preservation - Facilities	\$5,598,447
Asset Preservation - Equipment	\$2,904,101
Road Fund Capital Projects	\$5,986,948
Bridge Fund Capital Projects	\$7,952,622



Contingencies, Transfers, Unappropriated:

It is Board policy to establish an emergency contingency account in the General Fund each fiscal year. The account will be funded at a level consistent with actual use of transfers from contingency during the prior ten years. In addition, with the upcoming sunset of the I-Tax and continued decline in revenue sources, the Board elected to set aside an additional \$6.0 million as part of an "Investment Pool". The pool was funded by making greater reductions in 2005-06 than what was necessary to balance the budget. Of the \$6.0 million in the pool, \$1.0 million has been set aside in contingency as matching funds for the "Bridges to Housing" initiative; \$3.5 million has been set aside for one-time investments in efficiencies designed to save future dollars; and, \$1.5 million has been set aside to close out the budget. In 2005-06, the contingency is budgeted at \$14.3 million. Overall, contingencies are up 46.9% from \$9.8 million in 2004-05.

The Unappropriated Ending Fund Balance for all funds is up 53.5% for 2005-06 from \$54.7 million to \$84.0 million. Transfers for 2005-06 are balanced.

Debt History:

The County was able to maintain its GO bond rating of Aa1 and received an Aa2 rating on recent full faith and credit bond refinance despite hard economic times.

Multnomah County – Debt Outstanding	6-30-2002	6-30-2003	6-30-2004	6-30-2005 Est.
General Obligation	96,535,000	91,610,000	86,445,000	81,025,000
Revenue Bonds	8,335,000	7,890,000	7,425,000	6,935,000
PERS Pension Revenue Bonds	184,018,160	182,893,160	181,103,160	178,568,160
COPs	44,177,000	40,195,000	27,510,000	25,195,000
Full Faith & Credit	88,815,000	93,870,000	89,100,000	83,260,000
Lease Purchase	1,507,783	1,305,220	1,085,283	846,481
Long Term Loans	795,746	717,169	631,629	541,737
Total Debt Outstanding	424,183,689	418,480,549	393,300,072	376,371,378

Highlights of the 2005-06 Budget to be published in TSCC Annual Report:

- The 2005-06 budget reflects the first year of Priority Based budgeting.
- The total budget increased \$82.2 million, or 7.5%.
- The General Fund increased by 4.2%, from \$409,015,566 to \$426,103,354.
- \$6.0 million was set aside as an "Investment Pool" for one-time expenditures.
- A three year personal income tax of 1.25% for Multnomah County residents was passed in May 2003. The budget for 2005-06 reflects the final year of this revenue source.
- This budget includes an increase of 37.13 FTE.

Local Budget Law Compliance:

The 2005-06 budget is in substantial compliance with Local Budget Law. There were four issues that would have risen to the level of objections had it not been for the prompt response of staff when TSCC questioned them. All of the following issues have been resolved:

- Four funds were out of balance for the 2003-04 actual year.
- Transfers were out of balance in 2005-06.
- Service Reimbursements detail did not match budgeted amounts.
- Loan repayment from the General Fund to the Capital Project Fund was not included in the 2005-06 budget per audit comment (see below).

Certification Letter Recommendations and Objections:

The June 30, 2004 audit noted the following overexpenditure.

<u>Fund</u>	<u>Agency</u>	<u>Amount</u>
General Fund	Health Services	\$929,000

The audit also notes:

"In addition, the Building Project Fund noted a deficit in the fund balance at year-end. The deficit was a result of various capital projects including renovation to Multnomah County libraries. The County has entered into an internal loan agreement in order to reduce the Building Project's deficit fund balance. The loan is a five year agreement in which the General Fund will make a cash transfer each year for five years to aid the Capital Project's Fund balance. At June 30, 2004 the Building Project Fund noted a \$691 deficit fund balance."

Questions:

Budget Process

1. The County has utilized an entirely new process for developing the budget this year, one that prioritizes services and then determines which of these services the County can afford to purchase with available resources. What have you learned by going through this process? (Link: Budget Manager's Message, pages 4 – 10, and The Oregonian, December 29, 2004))
 - Were there any surprises in terms of programs that came out high on the priority list that you would not have thought would be rated high or vice versa?
 - How much did you pay the consultant to assist you in developing this process?
2. The Budget Manager's Message states that there is a "structural deficit" of between one and two percent per year in the General Fund meaning revenues will not be sufficient to fund current service levels. Besides the priority based budgeting process, what else are you doing to address this long term problem? (Link: Budget Manager's Message, page 28 & 35)
 - Have you identified any new funding sources?
 - What is being done to reduce the rate of growth in personnel costs (salaries, benefits and PERS)?
 - Cost of living adjustments have been budgeted next year at 2.4%. What does each one percent cost the County? (Link: Budget Manager's Message, page 21)
3. The 2005-06 budget increases the number of positions by a net of just over 37 FTE, including an additional 47.84 FTE in the Health Department. This is somewhat surprising given the financial constraints facing the County and the budget cutting process that was used. Can you explain that and are some of the new positions grant funded?

Multnomah County Personal Income Tax (I-Tax)

4. Collection of I-Tax revenues are projected to be in the range of \$115 to \$118 million per calendar year. How much do you expect to distribute to schools in 2005-06, including carry over for 2003 collections?
 - The distribution in 2005-06 will be based on \$863.26 per ADMw for each school district. Which set of ADMw numbers will be used? (Link: Budget Manager's Message, page 14)
 - Since Portland Public School District is experiencing declining enrollments, will there share decline or are they guaranteed a certain minimum amount?

Jail Beds and Public Safety

5. The County has budgeted additional dollars and the City of Portland has budgeted to "purchase" additional jail beds from the County. How many jail beds does the County have and how many are currently not being used? (Link: Budget Manager's Message, page 20)
 - How much does it cost to open one jail bed?
 - There seems to be a disagreement among the Commissioners on how many beds to open next year. How and when will that be resolved? (Link: The Oregonian, May 17, 2005)
 - Is the City's agreement to purchase beds contingent on the County opening a certain number of beds?
 - Has there been any progress in talks with the State to lease or purchase Wapato Jail?
 - How much does it cost to "mothball" Wapato on an annual basis?

6. You have budgeted one time money to purchase electronic monitoring devices so some detainees can be kept out of a jail bed. How much do these devices cost to purchase and what are the ongoing operational costs?

Bridges

7. The County has received \$26.7 million from the Federal Government for construction of a new Sauvie Island Bridge. What is the total cost and what other funding sources are contributing to the project? (Link: Budget Manager's Message, page 23)

- When is construction scheduled to begin and how long will the project take?

8. Can you give us a status report on the Sellwood Bridge?

TSCC Funding

9. The County has gone on record as supporting SB 899-A currently being considered by the 2005 Legislature. This bill would dissolve the Tax Supervising and Conservation Commission as of February 1, 2006. Was your support for doing away with TSCC based strictly on financial concerns or is it your feeling that the services provided by TSCC to all taxing districts, including Multnomah County, are somewhat lacking? (Link: Budget Manager's Message, page 14)

- The County is in the process of amending its Assessment and Taxation Grant Application to include the \$280,000 in expenditures for TSCC. If that is accepted by the State, how much additional revenue will that bring in?

10. Let's talk about something that is near and dear to the Chair's heart: the Schools Uniting Neighborhoods or SUN program. Last summer the program received national attention when a Washington D.D. based education task force touted the program's success. Can you give us a refresher on how many of these programs there are in the County and where the funding comes from? Is there any additional money in the 2005-06 budget to expand the program? (Link: Gresham Outlook, August 28, 2004)

Facilities & Property Management

11. The County is undergoing a comprehensive review of facilities and reducing the number of facilities. Last year the budget stated that this process could result in the reduction of the County portfolio of buildings by up to 20% during the next two years. Now that you are further along with the process, is that goal still attainable?

- How many buildings will this actually be?
- As of July 1, the 14th floor of the Portland Building will no longer be used. What financial arrangements were made to accommodate this? At some point could this also involve the 15th floor?

12. Where are you in process of constructing an East County Justice Center? Link: The Oregonian, May 13, 2005)

- When will the City of Gresham make the final decision regarding contributing to the cost of the project?
- If the City of Gresham backs out, will that change the decision on the location?
- How much will it cost the County to construct the project?

13. The County owns 150 acres of land off NE Halsey Street which you intend to sell. There seems to be competing demands for the land, which is a good thing. Where are you in the process of making decisions as to how much land you will sell to any given buyer? (Link: The Oregonian, March 17, 2005)

- Of course, it seems nothing can be simple. There is some controversy over selling the land and not reserving some for a connector route between I-84 and Hwy 26. Can you address that issue? (Link: Gresham Outlook, April 13, 2005)



**Tax Supervising
& Conservation
Commission**

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May 25, 2005

Board of County Commissioners
Multnomah County
501 SE Hawthorne Blvd, 6th Floor
Portland, Oregon 97214

Dear Board of Commissioners:

The Tax Supervising and Conservation Commission met on May 25, 2005 to review, discuss and conduct a public hearing on the Multnomah County 2005-06 budget. This hearing was conducted pursuant to ORS 294.605-705 to confirm compliance with applicable laws and to determine the adequacy of estimates necessary to support efficient and economical administration of the district.

The 2005-06 budget, filed May 13, 2005, is hereby certified by a majority vote of members of the Commission with the following objections and recommendations, which will require a written response.

Objection – Loan Repayment from the General Fund to the Capital Project Fund

The audit for the year ending June 30, 2004 notes:

"In addition, the Building Project Fund noted a deficit in the fund balance at year-end. The deficit was a result of various capital projects including renovation to Multnomah County libraries. The County has entered into an internal loan agreement in order to reduce the Building Project's deficit fund balance. The loan is a five year agreement in which the General Fund will make a cash transfer each year for five years to aid the Capital Project's Fund balance. At June 30, 2004 the Building Project Fund noted a \$691 deficit fund balance."

The 2005-06 Approved Budget did not include a cash transfer from the General Fund to the Capital Project Fund for loan repayment. At the time of adoption, the Board shall include a cash transfer for the first year loan repayment.

Objection – Approved Budget Not Submitted Timely

The 2005-06 Approved Budget was submitted to TSCC on May 13, 2005, 12 days prior to the public hearing scheduled on May 25, 2005. Local budget law, ORS 294.421(6) requires that districts submit their Approved Budget to TSCC no less than 20 days prior to the public hearing. Submitting the budget late does not allow sufficient time to do a complete review of the budget. In the future the County needs to factor in this 20 day requirement, as well as the May 15 deadline, when developing the Budget Calendar for the year.

Recommendation - Expenditures Exceeding Appropriation Authority

The audit for the year ending June 30, 2004 also notes the following expenditure in excess of appropriations:

General Fund: Health Services	\$ 929,000
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Commissioners
Lynn McNamara
Richard Anderson
Kirk Hall
Carol Samuels
Elizabeth Hengeveld

Local Budget Law does not allow the expenditure of monies beyond the legal authority. While a smaller amount, this is the second consecutive year that Health Services has overspent its appropriation. While TSCC recognizes that the overexpenditures are due to changes in Medicaid funding and are beyond the County's control, care needs to be taken to not overspend appropriations. If necessary, the County should adjust the adopted budget through a supplemental process.

Aside from the above exceptions, estimates were judged to be reasonable for the purpose shown and the document was found to be in substantial compliance with Local Budget Law. The budget estimates and levy amounts, as shown in the approved budget, are shown on the attached page.

Please file a complete copy of the adopted budget with the Commission within 15 days of adoption. The response to the Commission objection and recommendation should be included either in the adopting resolution or within a letter that accompanies the adopted budget.

We appreciate having the opportunity to discuss this budget with you.

Yours very truly,

TAX SUPERVISING & CONSERVATION COMMISSION

Lynn McNamara, Commissioner

Carol Samuels, Commissioner

Richard Anderson, Commissioner

Kirk Hall, Commissioner

Elizabeth C. Hengeveld, Commissioner

	Budget Estimates	Unappropriated Portion
General Fund	\$426,103,354	\$13,000,000
General Reserve Fund	13,008,000	13,008,000
Road Fund	46,571,306	0
County School Fund	226,000	0
Tax Title Land Sales Fund	696,337	0
Library Serial Levy Fund	47,189,498	0
General Obligation Bond Sinking Fund	16,866,791	7,656,280
PERS Bond Sinking Fund	26,200,000	14,721,887
Revenue Bond Sinking Fund	3,308,060	0
Justice Bond Project Fund	6,340,000	0
Emergency Communication Fund	258,340	0
Federal/State Program Fund	248,381,337	0
Animal Control Fund	1,093,200	0
Special Excise Taxes Fund	16,463,000	0
Inmate Welfare Fund	2,945,654	0
Justice Services Special Operations Fund	4,872,497	0
Strategic Investment Program Fund	2,687,223	0
Public Land Corner Preservation Fund	1,980,315	0
Willamette River Bridge Fund	37,498,337	23,373,325
Bicycle Path Construction Fund	358,000	0
Building Projects Fund	451,500	0
Library Construction Fund	885,000	0
Capital Improvement Fund	26,641,593	9,500,000
Capital Acquisition Fund	6,022,133	0
Asset Preservation Fund	7,750,224	2,125,000
Business Services Fund	15,856,766	0
Risk Management Fund	74,871,209	0
Fleet Fund	7,557,106	0
Facilities Management Fund	41,482,251	0
Data Processing Fund	30,953,881	0
Mail Distribution Fund	4,478,064	642,349
Capital Lease Retirement Fund	14,045,092	0
Behavioral Health Managed Care Fund	40,870,725	0
Recreation Fund	116,000	0
Total Budget Estimates	\$1,175,028,793	\$84,026,841

Tax Levies:

Permanent Rate - General Fund	\$ 4.3434
GO Bond Debt Service Levies - Not Subject to Limit	\$ 9,068,135
Library Local Option Levy - General Government	\$ 0.7550