



Multnomah County Oregon

Board of Commissioners & Agenda

connecting citizens with information and services

BOARD OF COMMISSIONERS

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JUNE 8, 9 & 10, 2004

BOARD MEETINGS

FASTLOOK AGENDA ITEMS OF INTEREST

| | |
|------|---|
| Pg 2 | 9:00 a.m. Tuesday Budget Work Session |
| Pg 2 | 10:30 a.m. Wednesday TSCC Hearing |
| Pg 3 | 9:30 a.m. Thursday Opportunity for Public Comment on Non-Agenda Matters |
| Pg 4 | 9:30 a.m. Thursday 2004-2005 Multnomah County Classification/Compensation Plan |
| Pg 4 | 9:45 a.m. Thursday Public Hearing and Vote on 2004-2005 Multnomah County Budget |
| Pg 4 | 10:30 a.m. Thursday Public Hearing and Vote on Hospital Facilities Authority Resolution |
| Pg 5 | 10:40 a.m. Thursday Public Hearing and Vote on 2004-2005 Service District Budgets |
| Pg 5 | 11:15 a.m. Thursday Executive Session |

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

Produced through Multnomah Community Television

(503) 491-7636, ext. 333 for further info

or: <http://www.mctv.org>

Tuesday, June 8, 2004 - 9:00 AM - 12:00 PM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

BUDGET WORK SESSION

WS-1 Multnomah County 2004-2005 Budget Work Session. This meeting is open to the public however no public testimony will be taken.

Wednesday, June 9, 2004 - 10:30 AM - 11:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

TSCC PUBLIC BUDGET HEARING

PH-1 The Tax Supervising and Conservation Commission will conduct a Public Hearing on the Multnomah County 2004-2005 Budget. A quorum or more of the Multnomah County Commissioners will be in attendance. The hearing is open to the public and testimony will be taken.

Wednesday, June 9, 2004 - 1:30 PM - 5:00 PM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

BUDGET WORK SESSION - IF NEEDED

WS-2 If Needed Multnomah County 2004-2005 Budget Work Session. This meeting is open to the public however no public testimony will be taken.

Thursday, June 10, 2004 - 9:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM

DEPARTMENT OF COMMUNITY JUSTICE

- C-1 Budget Modification 04_DCJ_15 Adding \$16,990 from the Robert Wood Johnson Foundation Treatment Improvement Grant to the Department of Community Justice Federal/State Fund

DEPARTMENT OF COUNTY HUMAN SERVICES

- C-2 Budget Modification DCHS 05 Increasing the Domestic Violence Division Budget by \$149,491 to Reflect Current HUD and Bryne Grant Balances
- C-3 Budget Modification DCHS 06 Increasing the Department's Appropriation by \$977,807 and 14.40 FTE Due to an Increased Allocation from the State of Oregon Department of Human Services to Account for Case Load Growth in the Aging and Disability Services Division

DEPARTMENT OF HEALTH

- C-4 Budget Modification HD-04-03 Appropriating \$4,555,508 from the State Office of Medical Assistance Programs (OMAP) to Fund the CareOregon Spin-off of OCHIN

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES

- C-5 Budget Modification BCS 04-06 Appropriating \$464,082 from the Department of State Police/Oregon Emergency Management for FEMA's Reimbursement of Eligible Costs to Multnomah County from the December/January Ice Storm

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.

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 9:30 AM

- R-1 Approval of the 2004-2005 Multnomah County Represented and Non-Represented Classification/Compensation Plans
- R-2 PUBLIC HEARING and Consideration of a RESOLUTION Adopting the 2004-05 Budget for Multnomah County and Making Appropriations Thereunder, Pursuant to ORS 294.435
- R-3 RESOLUTION Levying Ad Valorem Property Taxes for Multnomah County, Oregon, for Fiscal Year 2004-05
- R-4 RESOLUTION Adopting Financial and Budget Policies for Multnomah County, Oregon
- R-5 RESOLUTION Adopting and Defining the Various County Funds
- R-6 RESOLUTION Authorizing the County to Make an Internal Loan from the Risk Management Fund to the Building Project Fund in the Amount of \$1,375,000 and to the Public Safety Bond Fund in the Amount of \$6,585,000 to pay for the Technology costs to Upgrade the SAP System and to Migrate the Public Safety Computer Programs off the IBM Mainframe

HOSPITAL FACILITIES AUTHORITY - 10:30 AM

(Recess as the Multnomah County Board of Commissioners and convene as the Hospital Facilities Authority of Multnomah County, Oregon)

- R-7 PUBLIC HEARING and Consideration of a RESOLUTION Authorizing Issuance of Revenue Bonds, Series 2004 (Providence Health System) by the Hospital Facilities Authority of Multnomah County, Oregon in the Amount of \$100,000,000

(Adjourn as the Hospital Facilities Authority of Multnomah County, Oregon and reconvene as Multnomah County Board of Commissioners)

SERVICE DISTRICTS - 10:40 AM

(Recess as the Board of County Commissioners and convene as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1)

- R-8 PUBLIC HEARING and Consideration of a RESOLUTION Adopting the 2004-05 Budget for the Dunthorpe-Riverdale Sanitary Service District No. 1 and Making Appropriations

(Adjourn as the governing body for Dunthorpe Riverdale Sanitary Service District No. 1 and convene as governing body for Mid-County Street Lighting Service District No. 14)

- R-9 PUBLIC HEARING and Consideration of a RESOLUTION Adopting the 2004-2005 Budget for the Mid-County Street Lighting Service District No. 14 and Making Appropriations

(Adjourn as the governing body for Mid-County Street Lighting Service District No. 14 and reconvene as Board of County Commissioners)

DEPARTMENT OF BUSINESS AND COMMUNITY SERVICES - 10:45 AM

- R-10 First Reading and Possible Adoption of an ORDINANCE Amending County Land Use Code, Plans and Maps to Adopt Troutdale's Recent Land Use Code, Plan and Map Revisions in Compliance with Metro's Functional Plan, and Declaring an Emergency

- R-11 RESOLUTION Declaring a Portion of the Property Located at 1620 SE 190th Avenue, Portland, Oregon, to be Temporarily Surplus and Approving a Permit for Use of Property to Westech Construction, Incorporated

DEPARTMENT OF HEALTH - 10:55 AM

- R-12 NOTICE OF INTENT to Apply for Grant Funding from the US Department of Health and Human Services' Bureau of Primary Health Care to Establish a New Mobile Health Care Access Point

Thursday, June 10, 2004 - 11:15 AM
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Multnomah Building, Sixth Floor Commissioners Conference Room 635
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(1)(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. 30 MINUTES REQUESTED.

PH-1

Wednesday, June 9, 2004 - 10:30 AM - 11:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

TSCC PUBLIC BUDGET HEARING

PH-1 The Tax Supervising and Conservation Commission will conduct a Public Hearing on the Multnomah County 2004-2005 Budget. A quorum or more of the Multnomah County Commissioners will be in attendance. The hearing is open to the public and testimony will be taken.



**Tax Supervising
& Conservation
Commission**

PO Box 8428
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TSCC@co.multnomah.or.us

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co.multnomah.or.us/orgs/tsccl

January 28, 2004

Karyne Dargan
Multnomah County
501 SE Hawthorne Blvd. 4th Floor
Portland, Oregon 97214

Dear Karyne,

This is to confirm that the Tax Supervising and Conservation Commission will meet on Wednesday, June 9, 2004 at 10:30 am, in the County Commissioner Board Room at 501 SE Hawthorne Blvd., Portland, Oregon to discuss and conduct a public hearing on the Multnomah County 2004-05 Annual Budget.

The hearing is scheduled in compliance with ORS 294.430(2). Please ensure attendance of a quorum of Board members.

You are required to publish a notice of the annual budget hearing 5-30 days prior to the hearing. The notice described in ORS 294.421(5) is required to contain the following five items:

1. The date, time and place of the meeting;
2. The place where the complete budget document is available for inspection by the general public during regular office hours;
3. Total budget requirements and taxes proposed to be levied;
4. Changes in the amount or rate of proposed ad valorem property taxes; and
5. The place where copies of the complete budget or parts thereof may be obtained.

A sample of wording that would meet the notification requirements is shown below as an option. If you have any questions please contact me.

If a 2003-04 Supplemental Budget is required it will be scheduled at the same time. A separate publication notice will be required. If you need suggested language for that publication please contact the TSCC office.

Linda Burglehaus

Linda Burglehaus
Director

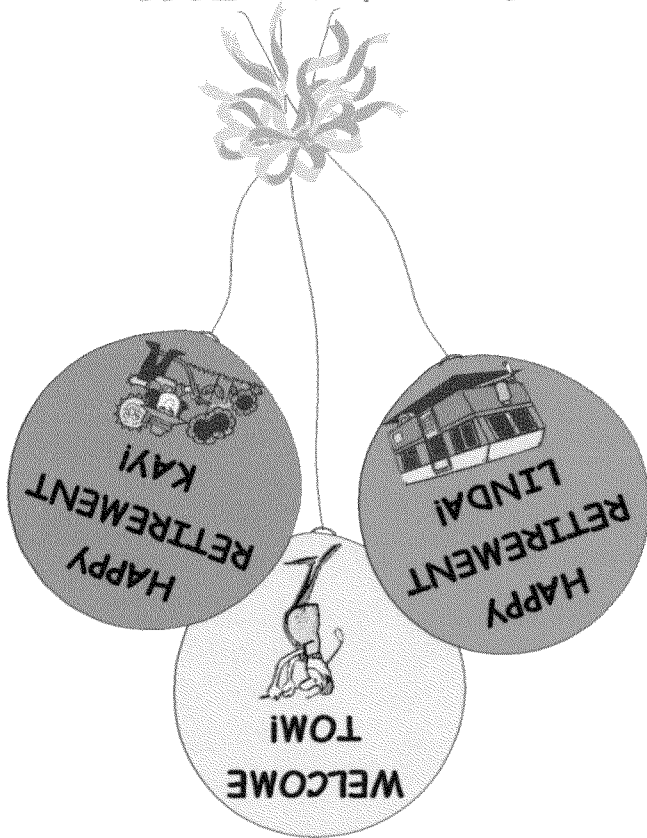
NOTICE OF BUDGET HEARING

A public hearing will be held by the Tax Supervising and Conservation Commission on the budget approved by the budget committee for _____ (district name) _____, Multnomah County, State of Oregon, for the fiscal year July 1, 2004 to June 30, 2005. The hearing will be held at _____ (location) _____ on the _____ day of _____, 2004 at _____ am/pm. The purpose of the hearing is to discuss the budget with interested persons. A copy of the budget document may be inspected or obtained at _____ (location) _____ between the hours of _____ am/pm and _____ am/pm.

Commissioners
Julie Van Noy
Lynn McNamara
Richard Anderson
Anthony Jankans
Carol Samuels

| Total Budget Requirements | Last Year's Total Levy | | This Year's Total Levy | | Change From Last Year | |
|---------------------------|------------------------|--------|------------------------|--------|-----------------------|--------|
| | Rate | Amount | Rate | Amount | Rate | Amount |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ |

85 years of service!
Congratulations TSCC on



About Us

TSCC officially began 85 years ago in 1919. Five volunteer Commissioners are responsible for the oversight of TSCC. The current Commissioners are: Julie Van Noy, Chair; Lynn McNamara, Vice Chair; Richard Anderson; Carol Samuels; and Kirk Hall. Each are appointed by the Governor to serve four year terms.

Tom Linhares has joined TSCC in the position of Director. Tom has served as the Assessor of Columbia County for the past 17 years.

Linda Burglehaus is retiring after six years as the TSCC Director. Beginning in July her plans are to see the US with her husband in their fifth wheel.

Kay Johnston is retiring after 33 1/2 years of service to TSCC. While Kay is anxious to get into her other life as a Master Gardener she will be coming back to TSCC from time to time. She has agreed to help Tom during his transition period.

Refreshments will be served!

Place: TSCC Office
15th Floor Portland Building
1120 SW 5th, Suite 1500

Time: Between 2:00 - 5:00 pm

Date: Tuesday, June 15, 2004

Please drop by

an opportunity to celebrate with
Linda and Kay as they retire and
to meet the new TSCC Director.



**Celebrating 85 Years
1919-2004**

and...

BOGSTAD Deborah L

From: DARGAN Karyne A
Sent: Monday, June 07, 2004 2:19 PM
To: DARGAN Karyne A; BOYER Dave A; GUINEY Tom M; BUTLER Douglas E; ELLIS Bob L; JOHNSON Cecilia
Cc: BALL John; BOGSTAD Deborah L
Subject: RE: TSCC Hearing 6/9 @ 10:30 - we request your attendance
Importance: High

Opps! what I really meant to say is that the hearing is on 6/9 (Wednesday) not 6/8

-----Original Message-----

From: DARGAN Karyne A
Sent: Monday, June 07, 2004 2:17 PM
To: BOYER Dave A; GUINEY Tom M; BUTLER Douglas E; ELLIS Bob L; JOHNSON Cecilia
Cc: BALL John; BOGSTAD Deborah L
Subject: TSCC Hearing 6/9 @ 10:30 - we request your attendance

Hi Folks-

We'd like your attendance at the TSCC hearing tomorrow (6/8/04 @ 10:30 Multnomah Building, Boardroom) in the event that TSCC board asks some additional follow-up questions from our Board. You are the select few requested to attend, as it seem that your program areas have drawn questions from the TSCC Board.

I've attached a DRAFT copy of our response to TSCC questions. Many of the responses have been provided by your or your staff, so you shouldn't be surprised by the information. We are still doing some word smithing, but a majority of the content won't change. Please do not distribute this information until after the hearing, as these questions are provided as a courtesy from TSCC staff.

Give me a call if you have any questions.

Thanks,
Karyne

6/8/2004

BOGSTAD Deborah L

From: DARGAN Karyne A
Sent: Tuesday, June 08, 2004 11:42 AM
To: LINN Diane M; CRUZ Serena M; ROJO DE STEFFEY Maria; NAITO Lisa H; ROBERTS Lonnie J
Cc: BALL John; CARROLL Mary P; ROMERO Shelli D; NAITO Terri W; MARCH Steve J; WALKER Gary R; BOGSTAD Deborah L; BOYER Dave A
Subject: RE: Multnomah County Response to TSCC Questions on the FY 2005 Budget

-----Original Message-----

From: DARGAN Karyne A
Sent: Tuesday, June 08, 2004 11:40 AM
To: LINN Diane M; CRUZ Serena M; ROJO DE STEFFEY Maria; NAITO Lisa H; ROBERTS Lonnie J
Cc: BALL John; CARROLL Mary P; ROMERO Shelli D; NAITO Terri W; MARCH Steve J; WALKER Gary R; BOGSTAD Deborah L; BOYER Dave A
Subject: Multnomah County Response to TSCC Questions on the FY 2005 Budget

As you will all recall, every year Oregon Budget Law requires us TSCC to hold a hearing (6/9/04 @ 10:30 a.m. time certain) on our pending budget. As a courtesy, TSCC staff has forwarded a list of questions that the TSCC Board plans on asking our Board. We have prepared responses to those questions for your perusal.

Budget Office staff will be meeting with the Chair's Office today to review the responses and to determine how/who will respond to TSCC. If there are any particular questions that you would like to respond to, please let Diane, John or me know.

If you have any questions on this material please let me know.
See you tomorrow,
Karyne

6/8/2004



MULTNOMAH COUNTY OREGON

Budget Office

**501 SE Hawthorne Blvd., Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
(503) 988-4570 fax
(503) 988-5170 TDD**

TO: Diane Linn, Multnomah County Chair
John Ball, Chief of Staff
Linda Burglehaus, Tax Supervising Conservation Commission

FROM: Karyne Dargan, Budget Office

DATE: June 7, 2004

SUBJECT: Multnomah County Response To TSCC Questions
on FY 2005 Approved Budget

General

1. The budget notes that the General Fund shortfall will be approximately \$9.7 million. This budget shows an FTE decrease of 180 positions for 2004-05 after a decrease of 392 last year.

- Will these staff reductions be accomplished through unfilled vacancies and retirements or will filled positions be eliminated?**

Staff reductions will be accomplished through a combination of vacancies, retirements, and elimination of filled positions. It is difficult to predict how many people will actually end up being laid off due to the countywide bumping process.

The County is offering Career Transition Services to those who may be affected by layoffs. They include general sessions that cover key information such as unemployment benefits, resources in the community, how to deal with loss of a job, etc.

The County will also offer workshops and brownbag sessions on job search, resume writing, and effective interviewing. Finally, an online "information Bank" has been established to provide useful information and links to various resources

- **Does the county plan a major reorganization as the number of FTE decrease?**

It is possible that the County may consider departmental reorganizations in response to declining resources. However, it is far too early at this time to provide a definitive response to this question. As TSCC is aware, two ballot measures have been filed to repeal the County's personal income tax. If either one of these ballot measures is successful the budget reductions will be significant and the County will consider many options to balance the budget. In the event these ballot measures fail, the County will still face the sunset of the ITAX in FY 2007. The County has already mobilized its executive team to begin planning for the sunset of the ITAX which will reduce the County's general fund resources by approximately \$40 million.

- **How many more positions can the County cut without losing the ability to perform its functions?**

Since the beginning of FY 2002 the County has cut its payroll by **611 FTE**. This reduction in labor force has already affected the County's ability to perform its functions, as witnessed by the number of programs that have been reduced, or completely eliminated, since that time. We anticipate further reductions in resources, staff, and programs as revenues continue to decline, especially with the sunset of the ITAX.

It is important to keep in mind that the County is mandated by the State of Oregon to perform many functions and is often the provider of last resort for many critical services. We anticipate that we will continue to provide those mandated services to the best of our ability within a constrained resource base.

2. How are the recent increases in fuel costs impacting County operations?

Increasing fuel prices are having an impact on County costs. The most obvious impact is in providing fuel for fleet vehicles. There are also potential impacts on utility costs and the Transportation Division's road paving and sealing costs. If fuel prices remain high for an extended period of time there will be impacts to the costs of a wide range of goods that the County purchases.

Fleet Services purchases approximately 400,000 gallons of unleaded and 75,000 gallons of diesel and biodiesel per year. That figure includes about 80,000 gallons of fuel that is sold to Portland Public Schools and Metro. The FY 2004 budget estimated an average gasoline price of \$1.44 per gallon and a diesel/biodiesel price of \$0.93 per gallon.

Unleaded prices have a year to date average price of \$1.52 per gallon which ranged from a low of \$1.22 in September, 2003 to a high of \$2.01 in May, 2004. It is interesting to note that our August, 2003 price deliveries cost \$1.74. Diesel/biodiesel has a year to date average price of \$1.20 per gallon.

The budget for FY 2005 assumed gasoline and diesel purchases at about the same volume and pricing levels as FY 2004. If fuel prices stay at the current, or a more elevated, level and driving is not reduced Fleet Services may need to request a transfer from the Fleet Management Fund contingency at some point during the year.

Motor Vehicle Rental & Transient Lodging Taxes

3. The Motor Vehicle Rental Tax is expected to rebound slowly as travel and tourism have yet to return to pre-9/11 levels.

• Do you expect the rising cost of gasoline to impact travel and tourism?

Yes and No. The airline industry is expected to continue in its financial slump for other reasons and, perhaps, that slump may intensify because of higher fares resulting from increasing fuel prices. However, as fuel costs do proportionately impact the cost of long distance driving there may be a marginal increase in air travel and local car rentals.

We do not expect there will be a significant impact on Motor Vehicle Rental Tax revenues since rental cars are generally not heavily used for long distance driving. We further expect the overall impact of higher gasoline costs on travel and tourism to the Portland metro area to be fairly neutral.

• Are there plans to increase the Motor Vehicle Rental Tax in the near future?

No. Any increases will be made in consultation with the Visitors Development Fund Board.

4. The Visitor Development Initiative (VDI) subsidy provides enhanced operational support of the Convention Center through 2006 via the hotel / motel tax.

• Is there a chance that the sunset will be extended or removed from the lodging tax?

The enhanced support to the Convention Center ends in 2006 but the entire agreement runs through 2030 or whenever the bonds are paid off.

According to the agreement among Multnomah County, the City of Portland, Metro and the VDF Board any surpluses built up over the life of the agreement are to be used to call bonds when it is feasible to do so. The bonds were 30 year bonds which mature in 2030. The current tax rates were established to support the agreement over the 30 years.

- **Might that tax be redirected to another purpose?**

No. Again the Intergovernmental Agreement directs that the taxes are to be used for specific purposes and any surplus funds are to be used to call bonds.

Business Income Tax

5. The Budget Manager's message notes that the Business Income Tax (BIT) accounted for 15% of total General Fund revenues five years ago. In this budget it represents just slightly more than 9% of the General Fund. The County contracted with a local economic consulting firm, ECONorthwest, to prepare a forecast of BIT collections. What were the results?

ECONorthwest developed a model of the Portland/Multnomah County regional economy. That model was based on a number of datasets specific to the area. Chief among those were housing starts, personal income, commercial vacancy rates, and employment statistics. We believe this model will prove to be a reliable predictor of tax revenues generated within the county.

ECONorthwest found a high degree of correlation between the BIT and Oregon corporate income tax receipts. As has been reported in the media corporate tax revenues have begun to rebound, an indication that the worst of the economic recession may be behind us. The initial ECONorthwest analysis suggested local taxes would follow this trend. BIT receipts are currently trending above prior year collections for the first time in five years.

It is also interesting to note that the BIT forecast prepared by ECONorthwest matches closely with the forecast developed independently by the County's Budget Office.

6. A couple of years ago there was a joint effort to restructure the Multnomah Business Income Tax and the City of Portland Business License that failed. Will that issue be revisited?

There is not complete agreement on some of the changes that have been suggested. However, we believe the City Council and County Commissioners will continue to look at alternative ways to reduce the tax burden on businesses.

Personal Income Tax

7. The ITAX was originally projected to bring in \$128.2 million 2003-04. What have the actual collections been to this point?

To date \$95,000,000 has been deposited. This amount is net of refunds. About 25,000 accounts have filed returns and requested to be set up on a payment plan. This represents about \$5,000,000. The compliance rate of these returns at this time is roughly 72% of all Multnomah County taxpayers and represents about \$100,000,000 in net revenue. We expect that we will receive another \$10,000,000 to \$12,000,000 when we send out our first compliance letters in July. We also expect there could be as much as another \$6,000,000 that may take several years to collect. These collections add up to about \$118,000,000 for the 2003 tax year.

The difference between this and the \$128,000,000 reflects about \$5,000,000 in PERS/FERS exemptions that we did not anticipate. The remainder of the difference is attributable to discrepancies in data submitted to the County by the Department of Revenue in March, 2003 and adjusted data that was submitted to us this in January. The number of tax filers in Multnomah County was adjusted downward by about 20,000 accounts. The average payment has been between \$300 - \$375 per filer and this would translate into about \$6,000,000 to \$7,500,000. Taken together these two factors reconcile to the original revenue estimate of about \$128 million.

Because the state funded schools at a higher rate in FY 2004 the funds collected, money in the bank, has allowed the schools to receive all that they expected this year. Because County programs needed to gear up and administrative costs are about \$2 million less than anticipated, all County programs have also been funded in 2004.

We are and will continue to work with the schools and County departments to monitor the FY 2005 collections.

8. The decision was to process the tax returns as they were opened rather than banking the money immediately before processing the actual return. This has lead to a significant time delay in banking the taxpayer's money both with the December 2003 prepayments and payments made when the returns were filed April 15, 2004.

• How much interest was lost because of this decision?

The County was earning about 1.25% on short term funds and we estimate that we had a delay of about \$50,000,000 for at three to four weeks that represented about \$48,000 in lost interest.

To process these payments in a two week time period we would have needed to hire nearly 40 staff for a three week period. The extra week would have been needed for training. A conservative estimate suggests that the extra staff would have cost about \$89,000 – or, nearly double the amount of foregone interest income.

- **What has the impact been on public relations?**

Numerous calls have been received. Staff took time with each caller to explain our reasoning and many taxpayers walked away with a better understanding of ITAX implementation and collection. Staff also explained to callers that we had to set up all of the accounts in the first year and that took longer. This should not be an issue for next year. The ITAX hotline answered over 24,000 calls and the average hold time was 21 seconds.

- **In the future will the same process be used?**

Because the initial accounts have been set up processing the returns in future years will not take as long. It is also important to note that the computer system that supports this effort was developed based on an existing application. As technical issues were identified they were corrected and we do not expect to need additional modifications in future years.

Additional help may be used to open and sort mail but other than this the process will remain virtually the same. It is important to remember that this is a temporary tax and we did not want to invest in a high end computer system for only a three year period.

- **At what point will refunds be processed?**

We have processed about \$500,000 in refunds and are expecting to be completed by June 15, 2004. The entire tax system needed to be written, tested and implemented in a 9 month period and the staff involved have done an incredible job. Finally, the total cost of administration this first year is about \$2 million less than the quote for the Department of Revenue. Over the next two years the collection costs will probably be between \$2.5 and \$3 million each year, which was significantly less than the DOR's estimate of \$7 million.

Community Support

- 9. Funding for the SUN school program has more than tripled with this budget. Has a performance audit ever been done on the SUN program?**

A performance audit has not been done on the SUN program. The budget for SUN has increased from FY 2004 and is due to the implementation of the School Age Policy Framework (SAPF). SAPF services have expanded to 46 school sites offering a comprehensive school based service package.

The Board has proposed the addition of a research and evaluation position to the Budget Office which will support Health & Human Services program evaluation needs.

- 10. East Multnomah County Soil and Water Conservation District is looking at establishing a permanent rate for the district. Would the County support that effort?**

It would be difficult to comment on this, as we have not seen a proposal from the Soil and Water District.

Facilities & Property Management

- 11. The Capital Improvement Program section of the budget notes that the County has an estimated \$120 million backlog of deferred maintenance projects. One strategy being considered is pursuing the reduction of the County portfolio of buildings by up to 20% during the next two years.**

- **How many buildings will this actually be?**

The number of buildings has not been determined. A consolidation and disposition strategy is currently being developed which will involve significant discussion with County Departments, the County Executive Committee, and the Board. This strategy will identify specific buildings designated for disposal. The Facilities & Property Management Division anticipates the strategy will be ready for Board approval by September.

There are several objectives for this work:

- Avoid capital expenses and reduce the backlog by disposing of unnecessary facilities which have a high capital maintenance backlog;
- Reduce the number of sites and increase the average building size;
- Consolidate County functions and improve utilization of the remaining County space; and
- Improve capacity to maintain the facilities portfolio.

While the number of buildings that may be included in this strategy has not been determined it would not be unreasonable to assume that it could total as many as 20 or more. It is important to note that this target includes leased space as well as owned property and that we have leases which reach the end of their term on a regular basis. This would help mitigate some of the impact and magnitude of the reduction.

- **Does the plan include disposal of the top two floors of the Portland Building?**

The County Board has designated three buildings as surplus: the Morrison Building, the Montavilla Building, and the Peninsula Building. In addition, discussions are in progress about the potential disposal of the Correctional Facility at Edgefield, the Medical Examiner Building, and the 14th floor of the Portland Building.

The County has no current plans to vacate or dispose of the 15th floor of the Portland Building although City staff have indicated a preference to date to negotiate a potential sale of both floors rather than just one.

Property Tax Assessment Division

12. The Business & Community Services section of the budget notes an aggressive action plan to update the Property Valuation unit by converting to electronic records by 2010, as well as completing the remaining software system enhancements by June 30, 2005. What kind of cost savings does the County anticipate when this plan is fully implemented?

We believe this question refers to the action plan in Property Valuation. There appears to be a misunderstanding regarding the action plan. The following is what was printed in the Approved Budget Narrative:

Continue process of converting building footprint measurements from paper to electronic records by 2010 in order to reduce staff time maintaining and handling paper records, provide electronic backup for unique data and to provide public access to information.

The records relating to the description of the properties (i.e. the characteristics) have been maintained electronically for some time now - over 15 years for residential records. The "drawings" of the building footprints were the one aspect of the record that could not be stored in the former computer system. There was no back-up to cover a potential loss of data in the event of a fire, flood, or natural disaster. Property Valuation estimates that by the time the records are stored and available electronically, the County could save the equivalent of one FTE per year in time spent retrieving and filing whether for appraiser or public use. Should the records get destroyed before the conversion is complete the dollar loss could be significant in order to recreate the information.

With regard to the remaining software enhancements, the software system conversion took place about four years ago. The vendor is "The Software Group" or TSG. There are six other counties including Washington and Marion using the same system. Since Multnomah County now shares the cost of maintenance, we estimate a savings up to \$500,000 annually.

The remaining enhancements will probably provide better quality as opposed to generating additional savings. One of the enhancements will allow us to calculate the value for commercial properties before and after improvements or additions when using the income approach to value. Currently the system only calculates a before and after value when using the cost approach. This calculation is critical to determining the dollar amount of "exception value" that gets added to the tax base over and above the three percent annually.

The County's contract with TSG provides that they will modify the software at no additional cost to comply with any statutory changes enacted by the legislature.

Sheriff

13. Will the \$1.3 million cut in the sheriff's budget be restored?

The Sheriff's original General Fund target required a \$4.2 million reduction from the amount needed to maintain a current service level. The Sheriff's budget request did meet that target, primarily through the reduction of jail beds. The Chair's Executive budget restored \$1.5 million. Currently there are a number of amendments proposed by the Chair and the Board that would, in total, restore another \$2.3 million. These proposed restorations, if adopted, would come very close to bringing the Sheriff's budget back to a current service level.

14. Will the Wapato Jail Facility function as intended when completed?

Construction will be completed on the new 525 bed Wapato Jail in the summer of 2004. As a result of General Fund and State reductions over the past few years, there is insufficient funding to operate this facility. Due to several recent tax levies approved by the voters and the approval of the ITAX, it is unlikely that the Board will place a public safety levy before the voters.

The Sheriff has recommended that the jail be closed for a year to enable the Board and the Sheriff to broaden discussions with State corrections officials about renting beds to the state. As discussions are in the early stages, a cost benefit analysis has not been completed. The Chair has included resources to cover the minimum expenses of the facility in the Approved Budget.

15. What are the long term plans for funding jail and sheriff operations?

See above.

Library

16. The final construction projects from the 1996 library bond measure have been completed. Even with the increased library local option levy, operations are being cut back with this budget. In order to stabilize library funding will there be consideration given to spinning the library off into its own district?

In January 2003, then Library Advisory Board (LAB) Chair Susan Hathaway-Marxer, having first discussed the idea of securing stable funding with the County Chair, commissioned a LAB Finance Committee and charged it with developing a plan for securing stable funding. Since then, the Finance Committee, with legal assistance, has studied a number of possible options for securing stable funding. One of the options being studied is a library district.

There are a number of issues that would need to be resolved before any decision about a library district is made. These include the method of creating the library district, the need to establish a permanent tax rate for the district, the amount of the tax rate, the current General Fund subsidy which provides considerable operating support for the library system, the make-up of the governing body for the library district, and the critical issue of timing. The Finance Committee and others are continuing to study the matter.

17. The Chair's May 6, 2004 Budget Message addresses the long range goal of adding east county branches to system.

• Would existing County facilities be used to house these branches or would new buildings be required?

One of the two proposed new branches is in east county; the other is in North Portland (specifically, in the HOPE VI New Columbia development). Preliminary plans for the new branches call for them to be housed in leased spaces. Siting a new branch in East County has not yet begun, so no specific location or building has been discussed.

- **Given the current financial problems for library operations would any new branches seriously be considered before the existing system is stabilized?**

There is no money in the Library's current budget for new branches, and revenue projections for future years of the current levy do not indicate improvement in the Library's financial picture. There is interest among some Library Board members, County Commissioners, and members of the public that we continue to look for possible funding for the new branches. As Chair Linn said in her Budget Message, it's a question of when, not if, the new branches will be realized.

Bridges

- 18. The County estimates it will receive \$25 million in new statewide capital funds for the Sauvie Island Bridge project. The capital projects budget shows a total project cost of \$137 million for 2004-05. When is the Sauvie Island project expected to commence?**

The Sauvie Island project began in FY 2003. We are currently in the design phase. Construction is scheduled to begin in FY 2006 and completed in FY 2008

- 19. The Budget Manager's message speaks of the next priority on the horizon being the replacement of the Sellwood Bridge, estimated at \$90 million. What are the plans?**

At present the County is working on securing initial funding. Because of the magnitude of the project cost, a phased funding approach is planned that will parallel the project phases. Contingent on securing funding, the project phases are:

| | |
|---|----------|
| Environ Work, Public Involvement & Initial Design | 2-3years |
| Design | 2 years |
| Construction | 3-5years |

- 20. The Broadway bridge project Phases 4 - 7 are budgeted at \$26.3 million. When will you receive the \$26 million in funding from other sources and when will the next phase of the projects begin?**

The \$26 million has been secured and is being administered by the Oregon Department of Transportation (ODOT) since the construction contract is an ODOT project. The County manages the construction contract and ODOT pays all expenses and receives all federal reimbursements. The \$26 million in funding represents the expenses ODOT will pay on behalf of the County.

The project is in the construction phase and is approximately 70% complete. It is expected to be completed during the third quarter of Fiscal Year 2005.

The next phase will be completion of painting the bridge structure which is estimated to cost \$9 million. Contingent on securing funding, phase 8 is scheduled for Fiscal Year 2009.



**Tax Supervising
& Conservation
Commission**

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June 9, 2004

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 June 9, 2004 to review, discuss and conduct a public hearing on the Multnomah County 2004-05 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 2004-05 budget, filed May 14, 2004, is hereby certified by a majority vote of members of the Commission with the following objection and recommendation, which will require a written response.

Objection - Debt Service Number

Due to an error in the resolution approving the budget, the levy set by the Multnomah County Budget Committee will not be sufficient to make the debt service payments. At the time of adoption the board shall increase the Debt Service Levy to \$8,091,576.

Recommendation - Expenditures Exceeding Appropriation Authority

The audit for the year ending June 30, 2003 notes the following expenditures in excess of appropriations:

| | |
|--|--------------|
| General Fund: Health Services | \$ 3,833,000 |
| Revenue Bond Project Fund: Business & Community Services | \$ 173,000 |

Local Budget Law does not allow the expenditure of monies beyond the legal authority. All funds need to be closely monitored throughout the year to ensure appropriations are in place prior to expending monies.

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


Richard Anderson, Commissioner

Commissioners
Julie Van Noy
Lynn McNamara
Richard Anderson
Carol Samuels
Kirk Hall


Carol Samuels, Commissioner


Kirk Hall, Commissioner

| | Budget Estimates | Unappropriated Portion |
|--|-----------------------------|-----------------------------------|
| General Fund | \$ 400,922,414 | \$ 12,102,029 |
| General Reserve Fund | 12,440,751 | 12,440,751 |
| Road Fund | 46,095,587 | 0 |
| County School Fund | 220,000 | 0 |
| Tax Title Land Sales Fund | 921,055 | 0 |
| Library Serial Levy Fund | 45,447,701 | 0 |
| General Obligation Bond Sinking Fund | 16,720,503 | 7,514,230 |
| PERS Bond Sinking Fund | 24,023,028 | 12,000,000 |
| Revenue Bond Sinking Fund | 3,348,350 | 2,515,037 |
| Justice Bond Project Fund | 12,193,000 | 0 |
| Emergency Communication Fund | 209,957 | 0 |
| Federal/State Program Fund | 246,868,541 | 0 |
| Animal Control Fund | 1,116,600 | 0 |
| Special Excise Taxes Fund | 15,813,000 | 0 |
| Inmate Welfare Fund | 1,320,775 | 0 |
| Justice Services Special Operations Fund | 3,351,409 | 0 |
| Strategic Investment Program Fund | 3,260,841 | 0 |
| Public Land Corner Preservation Fund | 1,658,261 | 0 |
| Willamette River Bridge Fund | 10,567,112 | 0 |
| Bicycle Path Construction Fund | 330,200 | 0 |
| Building Projects Fund | 1,044,500 | 0 |
| Library Construction Fund | 1,721,000 | 0 |
| Capital Improvement Fund | 11,254,044 | 250,000 |
| Capital Acquisition Fund | 5,680,903 | 0 |
| Asset Preservation Fund | 7,188,385 | 1,925,000 |
| Business Services Fund | 17,301,908 | 0 |
| Risk Management Fund | 68,167,263 | 6,784,870 |
| Fleet Management Fund | 8,430,450 | 0 |
| Telephone Fund | 770,000 | 0 |
| Facilities Management Fund | 39,592,038 | 0 |
| Data Processing Fund | 28,543,197 | 0 |
| Mail Distribution Fund | 3,759,404 | 0 |
| Capital Lease Retirement Fund | 14,036,160 | 0 |
| Behavioral Health Managed Care Fund | 25,961,516 | 0 |
| Recreation Fund | 116,000 | 0 |
| Total Budget Estimates | \$1,080,395,853 | \$55,531,917 |

Tax Levies:

| | |
|--|--------------|
| Permanent Rate - General Fund | \$ 4.3434 |
| GO Bond Debt Service Levies - Not Subject to Limit | \$ 8,091,576 |
| Library Local Option Levy - General Government | \$ 0.7550 |