



Department of County Management

**Budget Presentation
Fiscal Year 2012
May 26, 2011**



Department of County Management

AGENDA

- ❑ Introductions
- ❑ CBAC Report
- ❑ DCM structure
- ❑ Guiding budget principles
- ❑ Budgetary, Organizational, Staffing changes
- ❑ PERS / Risk Management
- ❑ DCM major projects FY2012
- ❑ Conclusion

CBAC Report

□ Members:

- Helen Williams, Committee Chair
- Jill Hofmann
- Joe Marrone
- Iris Newhouse
- Terry Shlaes

□ Recommendations

- Finance & Risk Management
- Division of Assessment, Recording & Taxation
- Facilities & Property Management



Department of County Management

Guiding Budget Principles

- ❑ Financial Management, Fiscal Integrity
- ❑ Quality of Workforce
- ❑ Spending aligned with Chair/Board priorities
- ❑ Business process & efficiency improvements
- ❑ Minimize overall risk to organization
- ❑ Minimize adverse impact to customers
- ❑ Best Practices



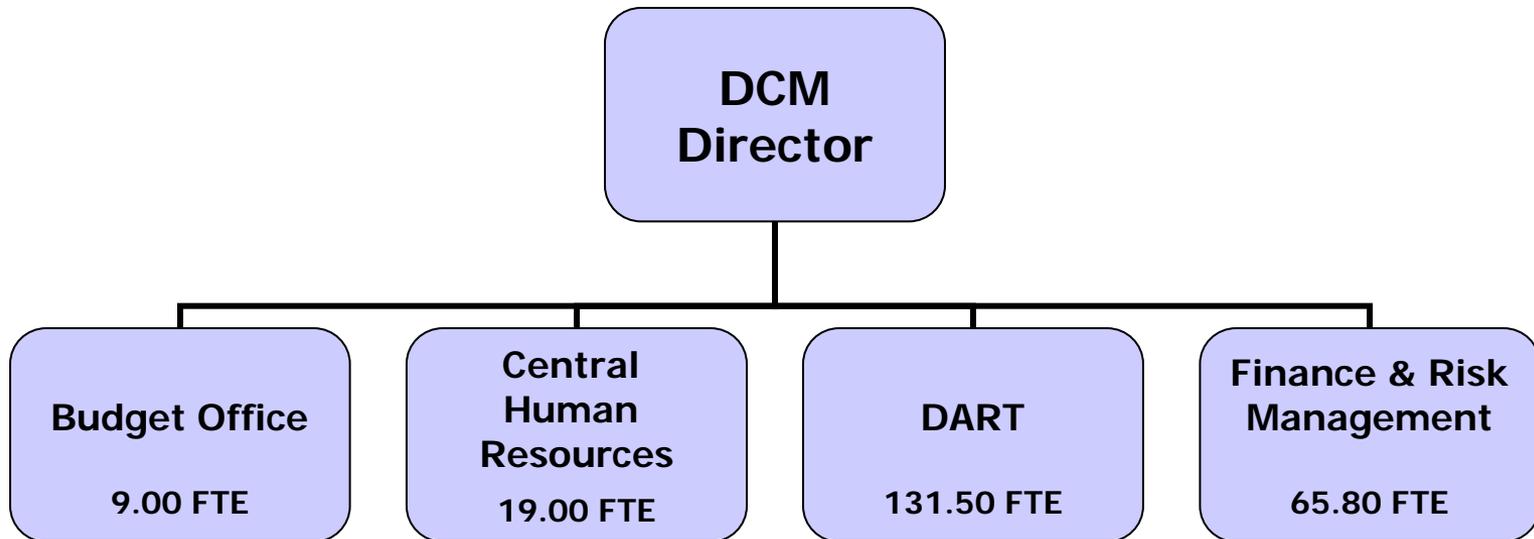
Department of County Management

Budgetary Changes all funds

- FY2011 adopted budget: \$120 million
- FY2012 proposed budget: \$122 million
- *Overall budget change:* \$ 2 million

Department of County Management

Organizational Structure



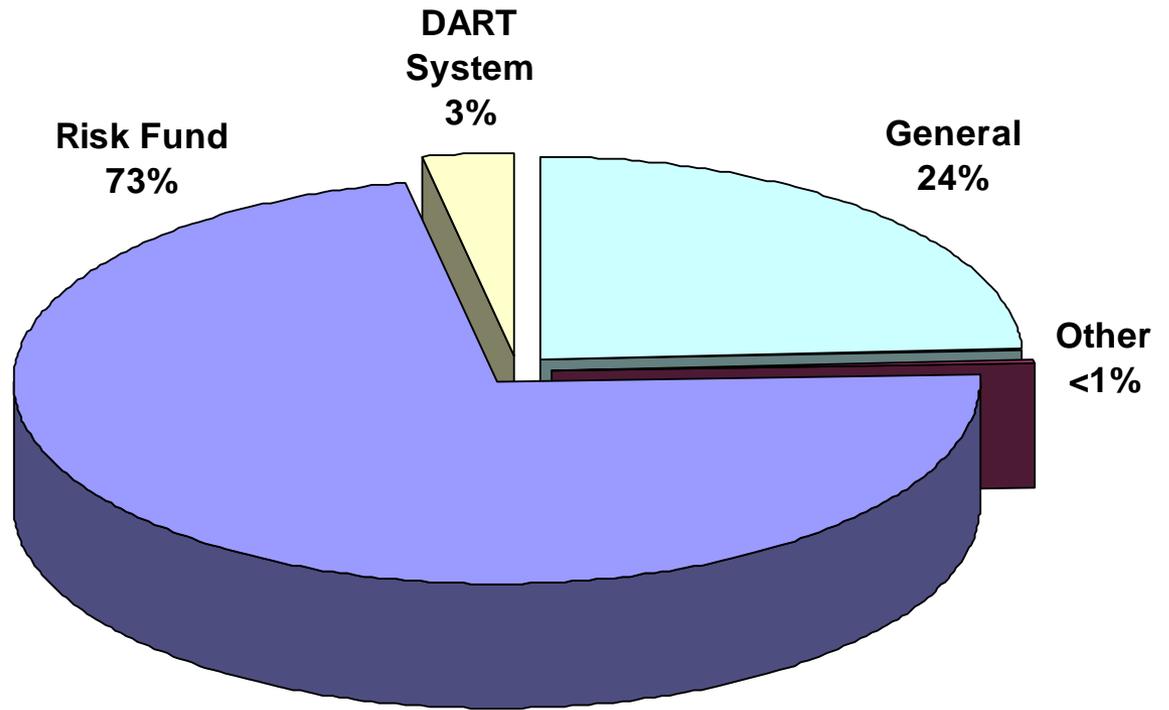
DCM Total FTE: 227.30

DCM Budget FY2012

Department of County Management Expenditure Budget

by Fund (millions)

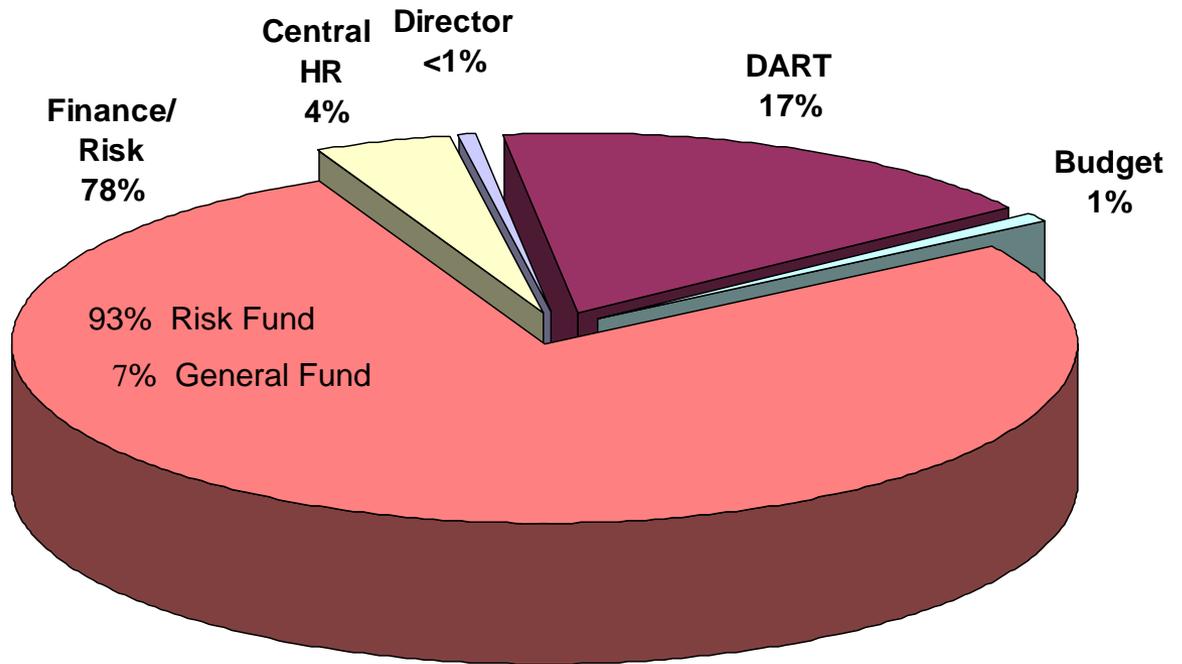
| | |
|--------------------|-----------------|
| General Fund | \$ 28.8 |
| Risk Mgmt | 90.0 |
| DART Projects | 3.7 |
| Other Funds | .1 |
| Total Funds | \$ 122.6 |



Department of County Management Expenditure Budget all funds

by Division (millions)

| | |
|--------------|-----------------|
| Director | \$.5 |
| Finance/Risk | 95.2 |
| Budget | 1.3 |
| DART | 20.5 |
| HR | 5.1 |
| Total | \$ 122.6 |

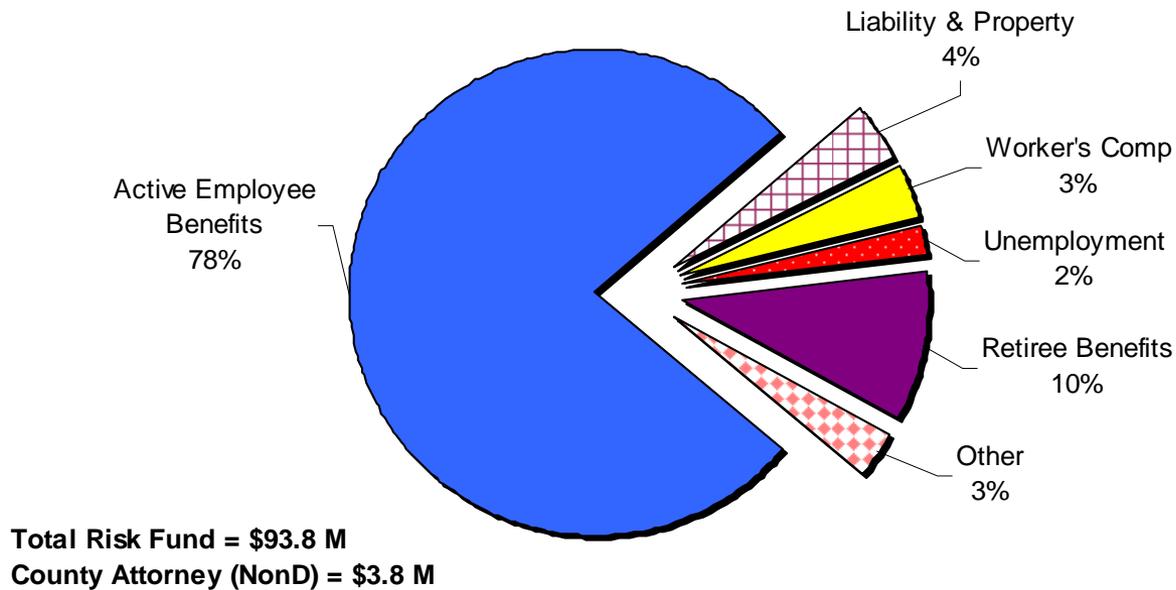


Department of County Management

Risk Fund Analysis

FY 2012 DCM Risk Fund Programs

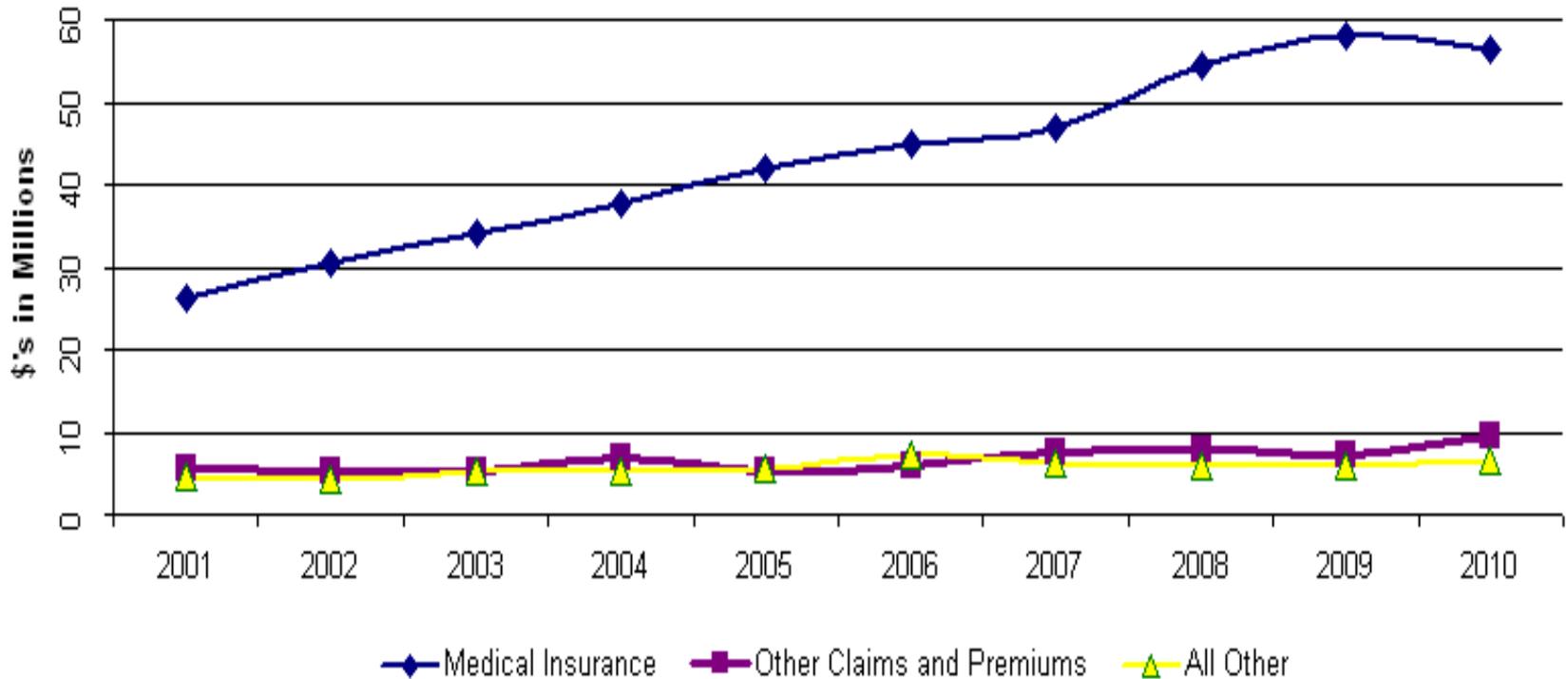
Total Budget = \$90 Million



Department of County Management

Risk Fund Analysis

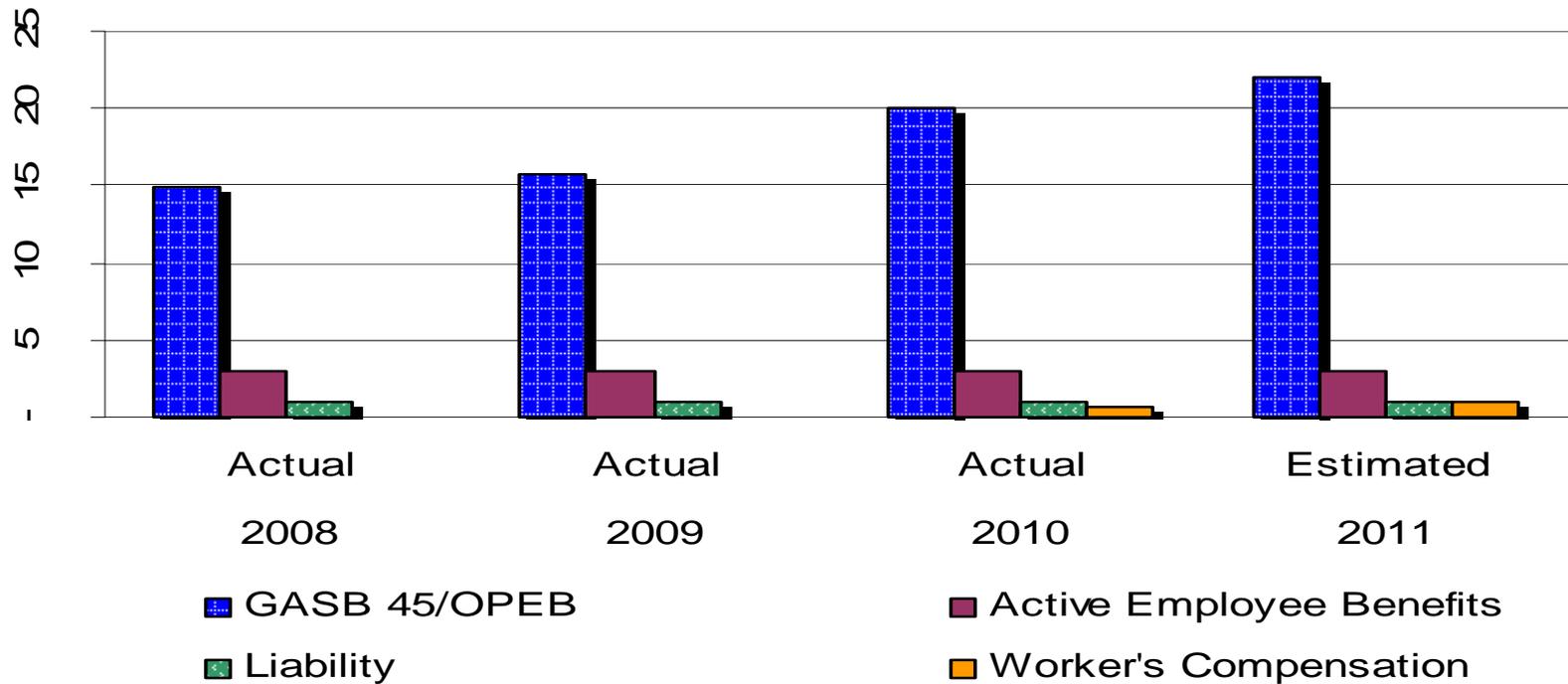
Claims and Premium Experience
(as Share of Total Expenses)



Department of County Management

Risk Fund Analysis

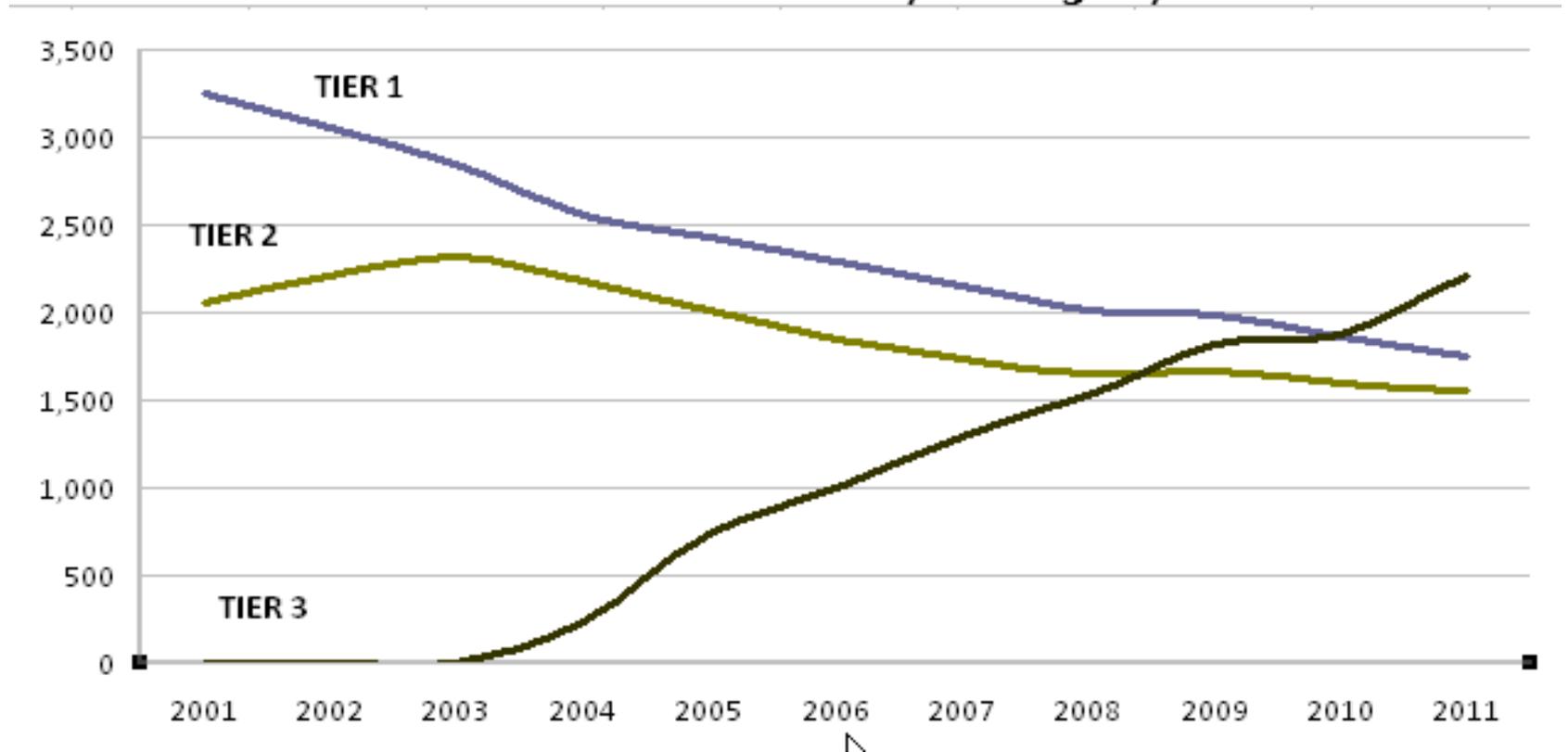
Allocation of Risk Fund Balance



Department of County Management

PERS Tiers – Impact to OPEB Liability

PERS Tiers – Hires by Category



Organizational Changes

- Programs transferred from DCM to DCA
 - Business Services (\$1,037,966 & 6.0 FTE)
 - Department HR (\$551,473 & 4.0 FTE)
 - Facilities (\$82,695,812 & 85.5 FTE)
 - FREDS (\$18,839,946 & 48.0 FTE)

Staffing Changes

- DCM Span of Control Implementation
 - Span of Control increased
 - 1:5.7 → 1:8.5
 - Position Impact
 - 7 management positions eliminated
 - 4 management converted to represented
 - Financial Impact → \$700K in Savings
 - \$560K net expense reduction – General Fund
 - \$140K expense reduction – Risk Fund

Staffing Changes – Risks

- Financial
 - Potential for increased salary expense
 - Leave payout OTO cost
 - Indirect cost reimbursement from grants possibly adversely affected
 - Potential for increased unemployment expense

- Organizational
 - Succession planning & leadership development

- Workforce / Workload
 - Increased workload for Class/Comp
 - Historical increases in grievances
 - General workload increases for remaining staff

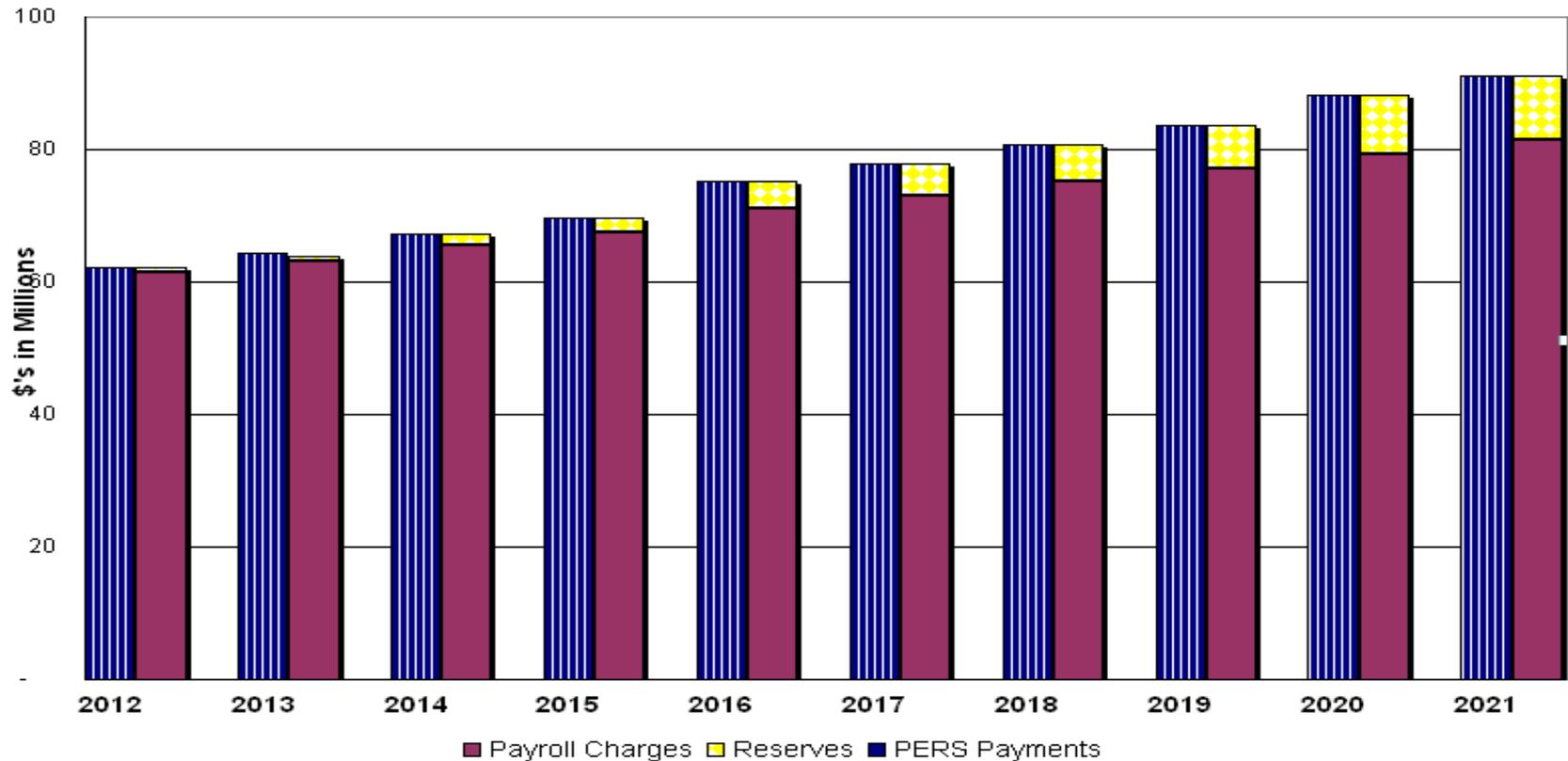
PERS Reserves

- ❑ County Has Effectively Managed Increases in PERS Rates
- ❑ Minimizes impact to Direct Service Programs
- ❑ Internal Service Charge = 24% of Payroll (On Average)
- ❑ County Sold Bonds in 1999 to Finance Estimated PERS Unfunded Liability
- ❑ Estimated \$20 - \$30 Million Net Present Value Savings
- ❑ Balance in PERS Bond Fund Will Be Used to Smooth Rate Increases in Future Years
- ❑ Other local jurisdictions experiencing 30-101% increases in PERS costs in FY12

Department of County Management

PERS Reserves Analysis

Use of PERS Reserve to Smooth Department Rates



Why a PERS Reserve?

- ❑ PERS forecasts rate increases for next several biennia
- ❑ Increases could amount to 2-3% of payroll
- ❑ Each 1% of payroll = \$2.75 million
- ❑ Reserves allow County to absorb rate increases, maintain budget stability, minimize volatility for direct services
- ❑ High level of reserves is a plus for our bond rating
- ❑ Approximately half of PERS Bond Fund balance contributed by dedicated funds



Department of County Management

Issues & Challenges – Current/Future

- Property Tax System implementation
- Collective Bargaining
- Health Care Reform / Impact to County
- Contracts System Redesign
- Multnomah Evolves
 - Budget System
 - Span of Control implementation
 - Work with DCA to develop County's first Administrative Services Hub
- Succession Planning
- NACo



Department of County Management

Issues & Challenges – Current/Future

continued

- ❑ State of Oregon budget rebalance - impact to County
- ❑ Implementing Multnomah Evolves Initiatives/Risk Mitigation
- ❑ Implementing changes in Governmental Accounting Standards
- ❑ Workforce Development (e.g. Leadership Academy)
- ❑ Debt Issues for construction projects
- ❑ Continued investment in community banking
- ❑ Morrison bridgehead
- ❑ Library district discussion - support/analyses
- ❑ Enhanced long range financial & capital planning

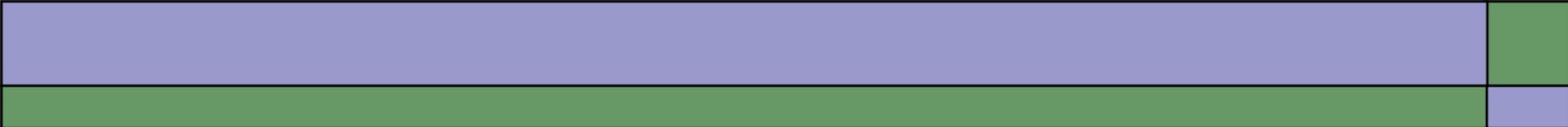
Closing Thoughts

- DCM General Fund reduction approx 10%
 - 2% Constraint
 - Span of Control
 - Management wage freeze
 - DART system

- DCM budget driven in large part by other departments' budgets

- Progressive eye toward FY2012 with future reductions & challenges

- Opportunities for internal & external partnerships



Department of County Management

Budget Presentation Fiscal Year 2012

Questions?