



Department of County Management

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

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

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

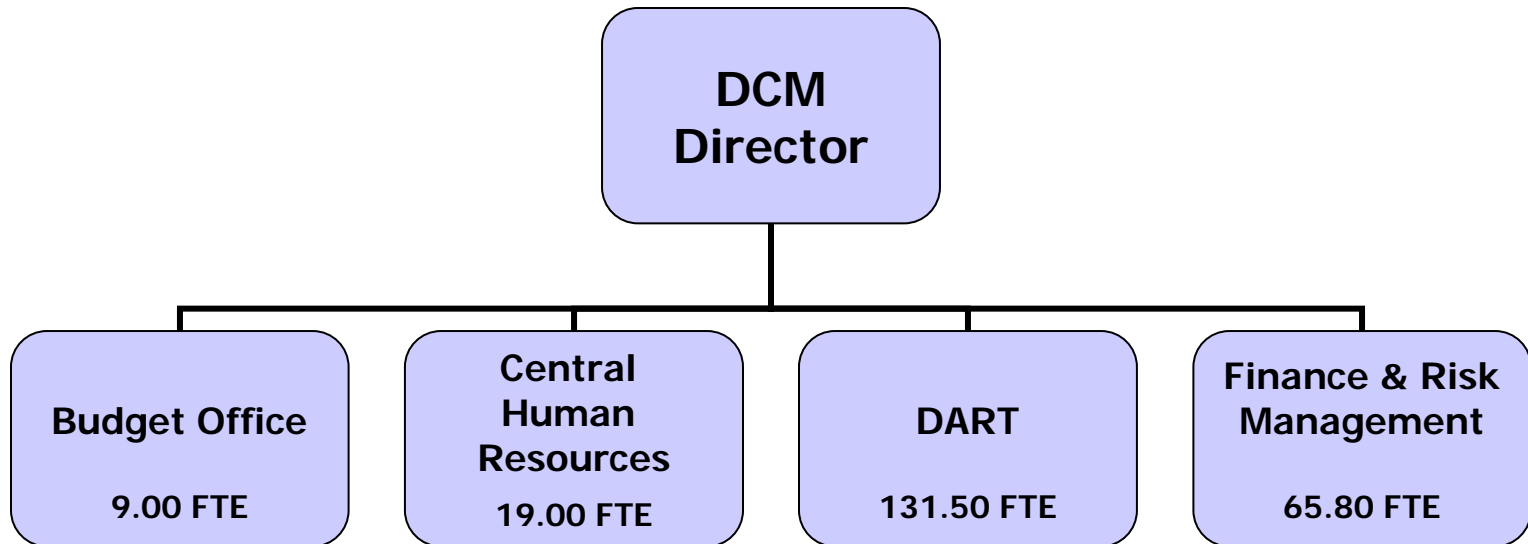


Department of County Management

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



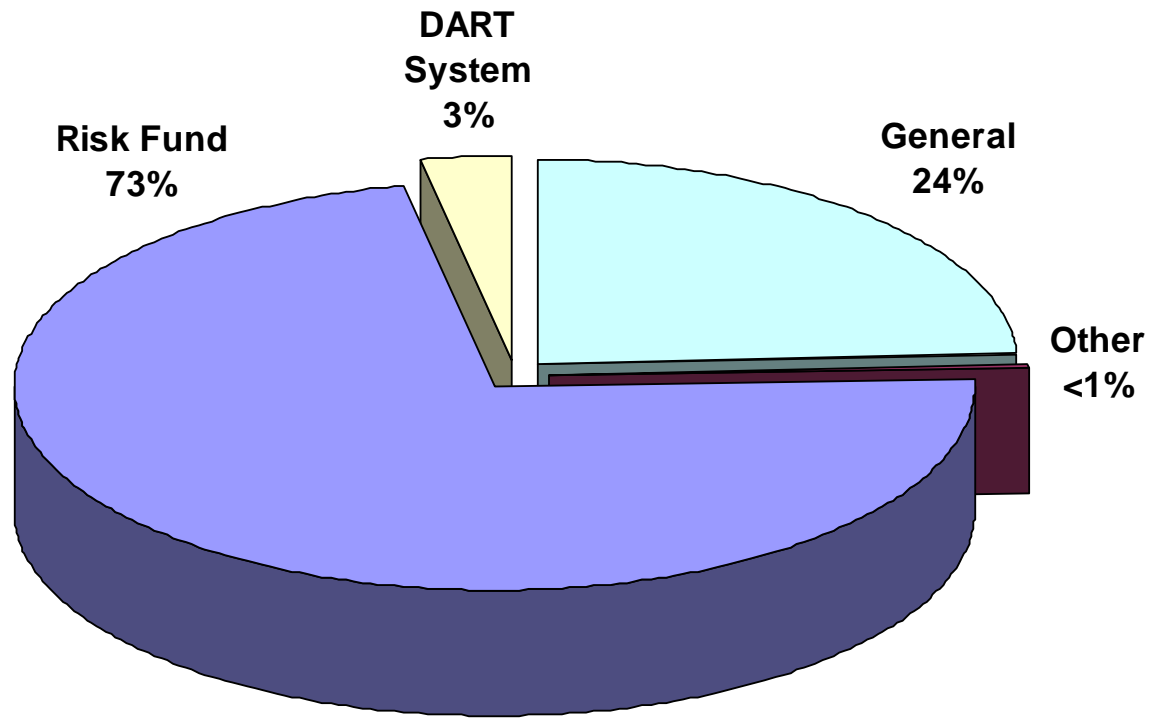
DCM Total FTE: 227.30

DCM Budget FY2012

Department of County Management Expenditure Budget

by Fund (millions)

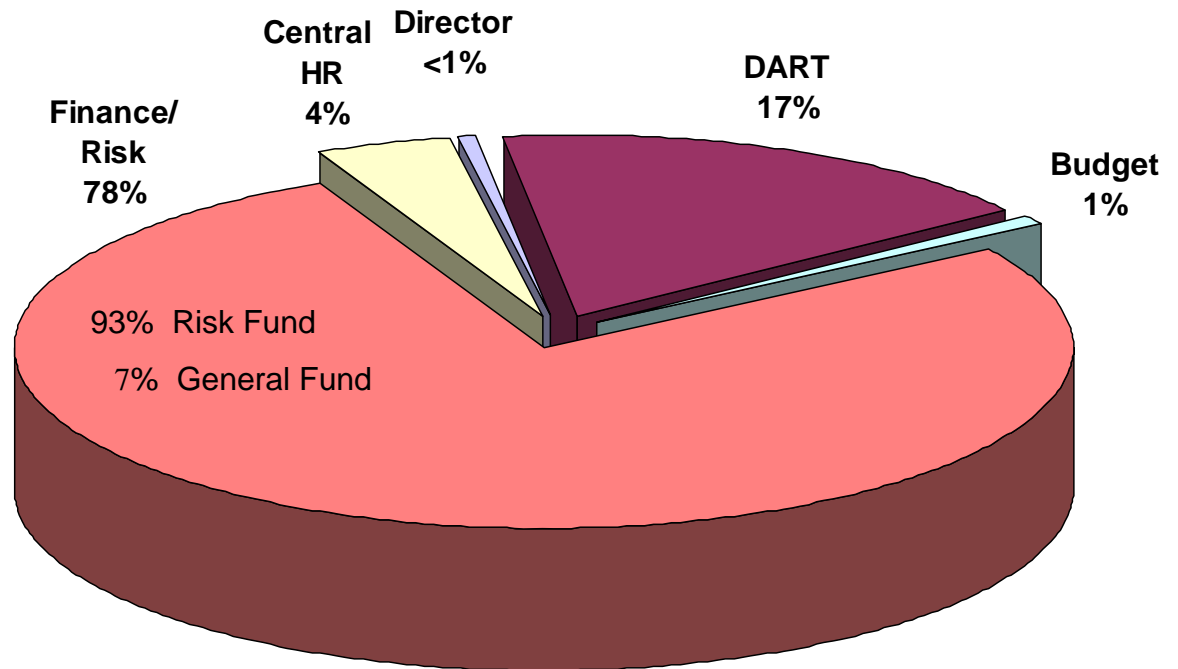
General Fund	\$ 28.8
Risk Mgmt	90.0
DART Projects	3.7
Other Funds	.1
Total Funds	\$ 122.6



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

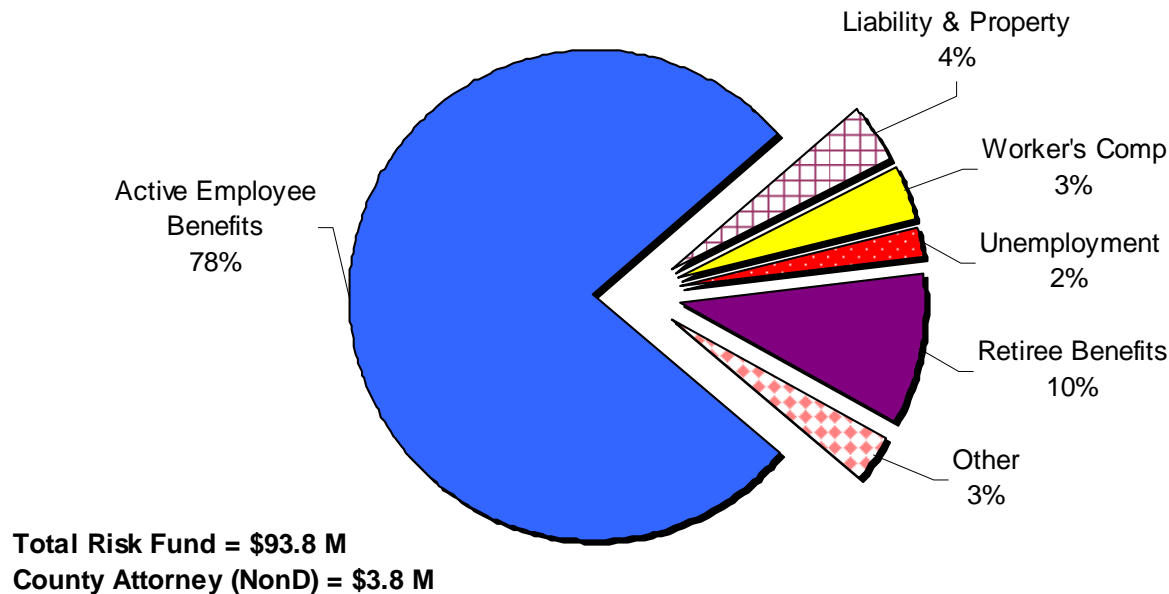


Department of County Management

Risk Fund Analysis

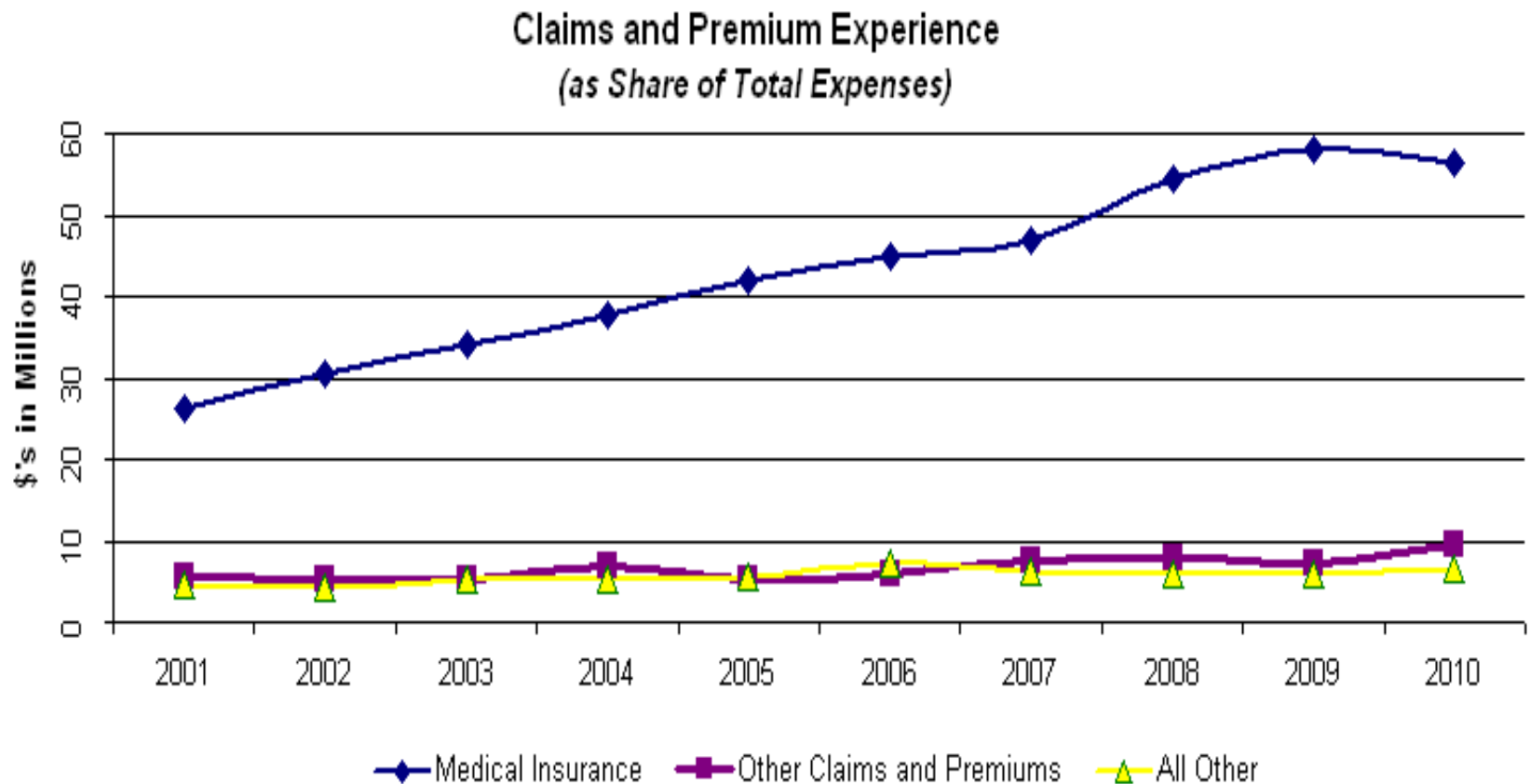
FY 2012 DCM Risk Fund Programs

Total Budget = \$90 Million



Department of County Management

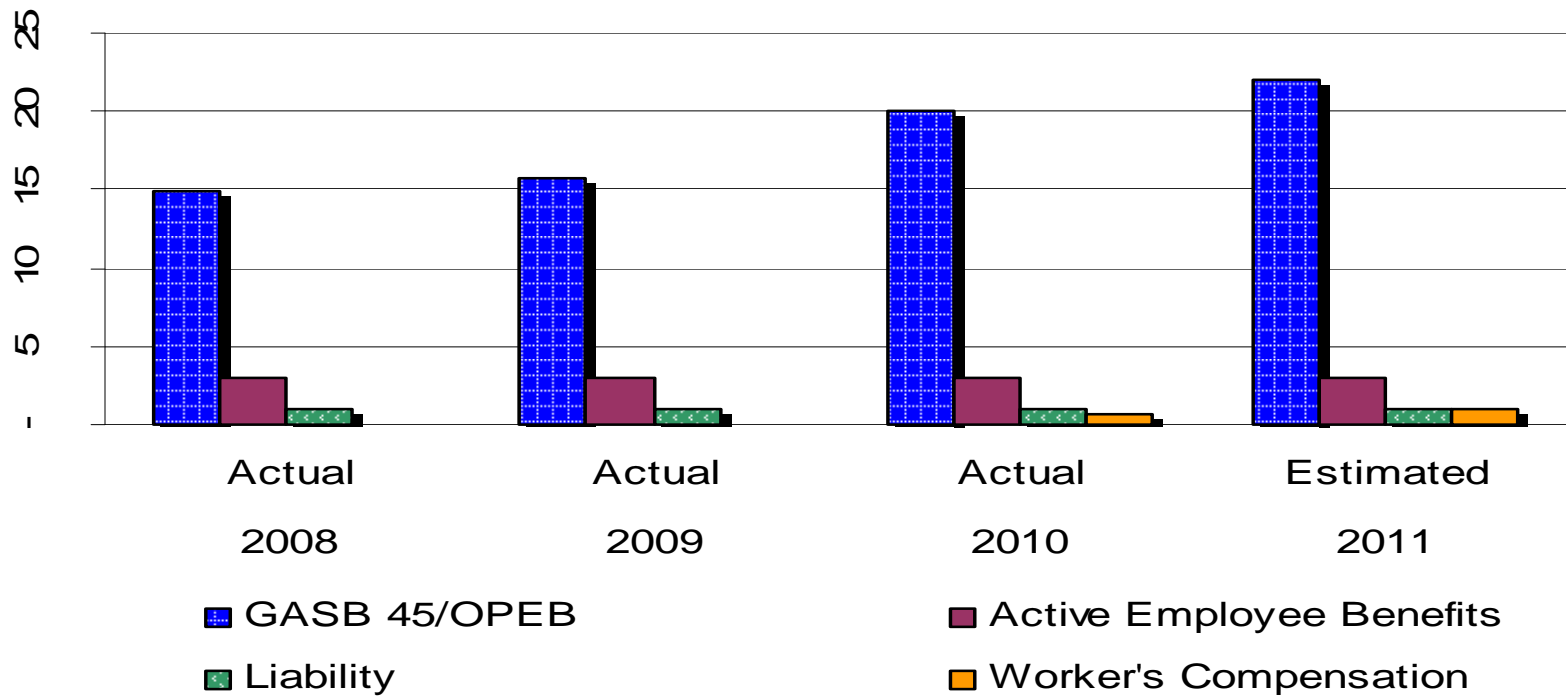
Risk Fund Analysis



Department of County Management

Risk Fund Analysis

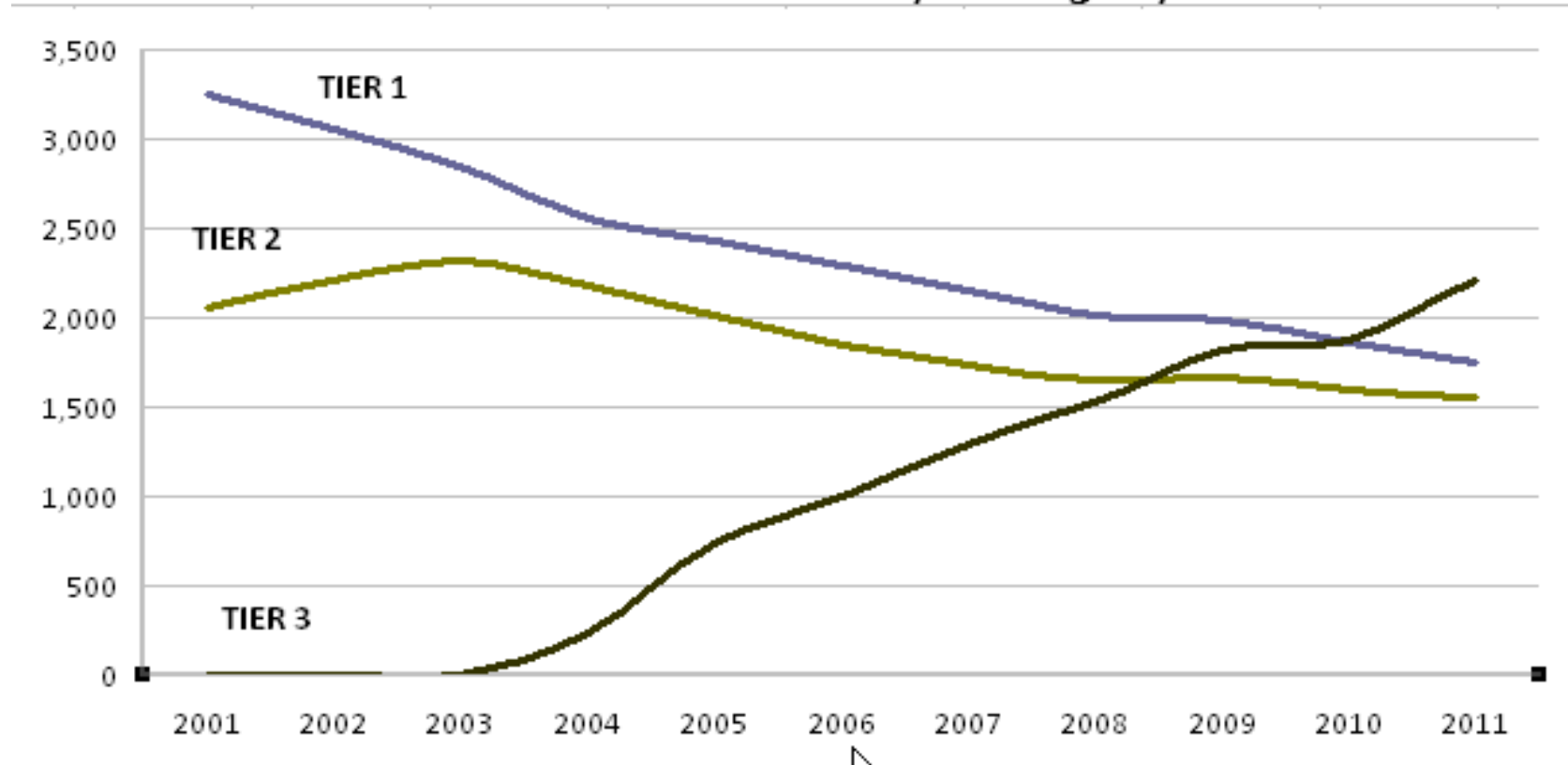
Allocation of Risk Fund Balance



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

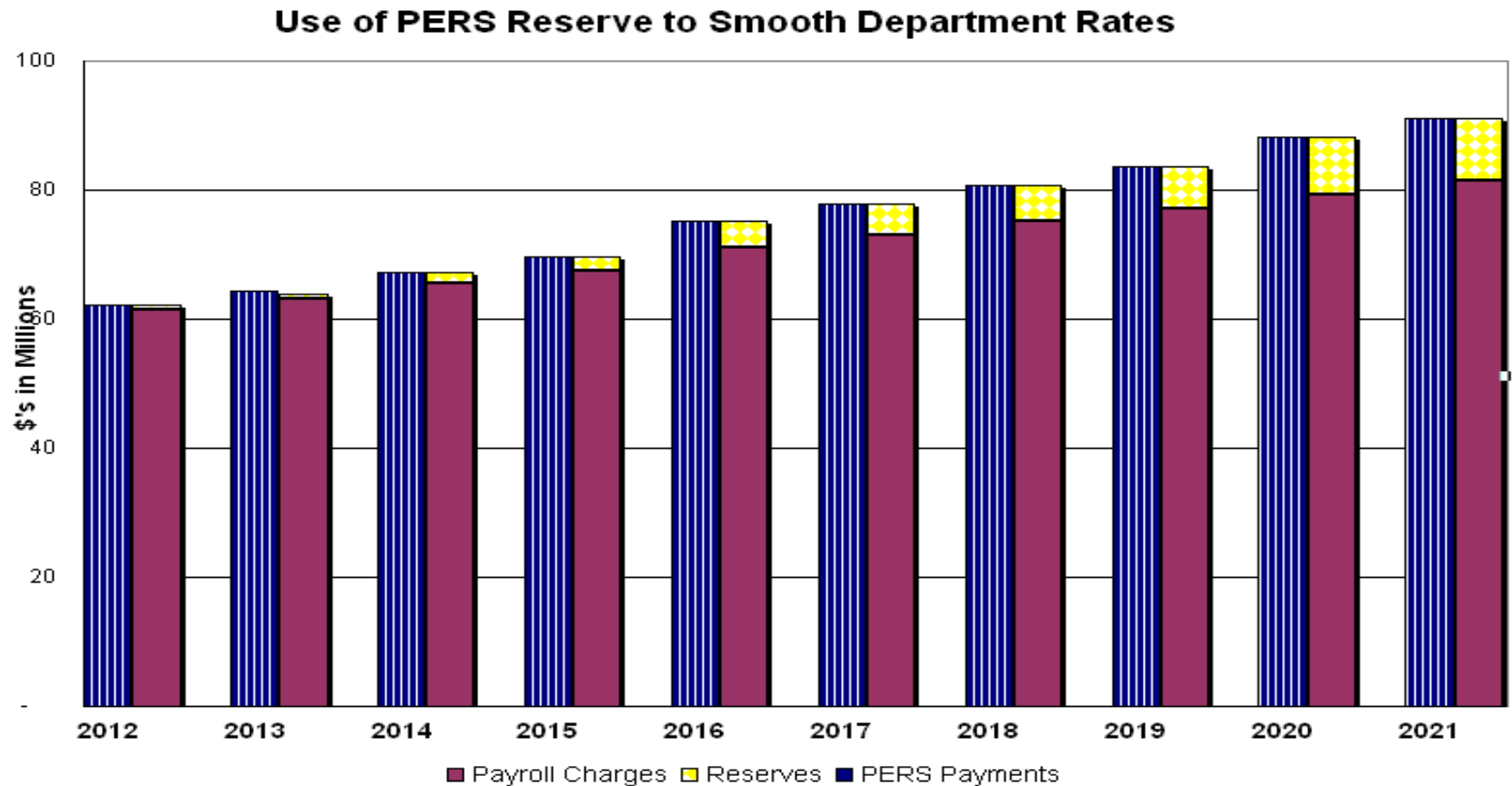
- Workforce / Workload
 - Increased workload for Class/Comp
 - Historical increases in grievances
 - General workload increases for remaining staff

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



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

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

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?