



Multnomah County Oregon

## Board of Commissioners & Agenda

connecting citizens with information and services

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**MAY 26, 27 & 28, 2009**

### BOARD MEETINGS

#### FASTLOOK AGENDA ITEMS OF INTEREST

Pg 2	9:00 a.m. Tuesday Budget Work Session
Pg 2	6:00 p.m. Tuesday Public Budget Hearing
Pg 3	11:30 a.m. Wednesday TSCC Public Hearings on 08-09 County Supplemental Budget and 09-10 Multnomah County Budget
Pg 4	9:30 a.m. Thursday Public Comment
Pg 5	10:00 a.m. Thursday Financial Condition Report of Multnomah County 2009
Pg 5	10:40 a.m. Thursday Resolution Approving the Use of Edgefield North in Troutdale for an Emergency Food Garden
Pg 6	11:35 a.m. Thursday Annual Sustainability Program Update

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 21

Saturday, 10:00 AM, Channel 29

Sunday, 11:00 AM, Channel 30

Tuesday, 8:15 PM, Channel 29

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Tuesday, May 26, 2009 - 9:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **BUDGET WORK SESSION**

WS-1 This work session will provide the Board the opportunity to continue deliberations on the FY 2010 proposed amendments and budget notes. Representatives from the departments will be available to provide additional information and to respond to questions. **This meeting is open to the public however no public testimony will be taken.**

### **CABLE PLAYBACK INFO: (East County Only)**

**Tuesday, May 26 - 9:00 AM LIVE Channel 29**  
**Friday, May 29 - 8:00 PM Channel 29**  
**Saturday, May 30 - 2:00 PM Channel 29**  
**Sunday, May 31 - 11:00 AM Channel 29**

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Tuesday, May 26, 2009 - 6:00 PM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **PUBLIC BUDGET HEARING**

PH-4 Public Hearing on the 2009-2010 Multnomah County Budget. Testimony is limited to three minutes per person. Fill out a speaker form available in the conference room and turn it into the Board Clerk. The Boardroom will be opened one hour prior to the hearing.

### **CABLE PLAYBACK INFO: (East County Only)**

**Tuesday, May 26 - 6:00 PM LIVE Channel 29**  
**Friday, May 29 - 11:00 PM Channel 29**  
**Saturday, May 30 - 5:00 PM Channel 29**  
**Sunday, May 31 - 2:00 PM Channel 29**

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Wednesday, May 27, 2009 - 9:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

### **IF NEEDED BUDGET WORK SESSION**

WS-2 This work session will provide the Board the opportunity to continue deliberations on the FY 2010 proposed amendments and budget notes. Representatives from the departments will be available to provide additional information and to respond to questions. **This meeting is open to the public however no public testimony will be taken.**

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Wednesday, May 27, 2008 - 11:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

### **TAX SUPERVISING AND CONSERVATION COMMISSION PUBLIC BUDGET HEARINGS**

PH-1 The Tax Supervising and Conservation Commission will conduct PUBLIC HEARINGS on the 2008-2009 Multnomah County Supplemental Budget and on the 2009-2010 Multnomah County Budget.

**CABLE PLAYBACK INFO:**  
**(Portland and East County)**  
**Wednesday, May 27 - 11:00 AM LIVE Channel 30**  
**(East County only)**  
**Friday, May 29 - 8:00 AM Channel 29**  
**Saturday, May 30 - 8:00 PM Channel 29**  
**Sunday, May 31 - 8:00 PM Channel 29**  
**Monday, June 1 - 8:00 PM Channel 29**

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Thursday, May 28, 2009 - 9:00 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

### **REGULAR AGENDA**

#### **DEPARTMENT OF HEALTH – 9:00 AM**

- R-1 BUDGET MODIFICATION HD-19 Appropriating \$16,250 in Additional Revenue from the State of Oregon, Department of Human Services for Tobacco Related and Other Chronic Disease Services
- R-2 BUDGET MODIFICATION HD-20 Appropriating \$9,000 in Revenue from the National Association of Chronic Disease Directors “ACHIEVE” Grant Program
- R-3 NOTICE OF INTENT to Submit a Proposal to the Health Resources and Services Administration Ryan White Part D Grant Competition

#### **DEPARTMENT OF COMMUNITY SERVICES – 9:14 AM**

- R-4 Second Reading and Possible Adoption of a Special ORDINANCE Designating Disposition of Tax Foreclosed Property and Declaring an Emergency
- R-5 RESOLUTION Amending Resolution 06-018 Authorizing an Internal Loan from the General Fund to the Willamette River Bridge Fund for the Sauvie Island Bridge Replacement by Authorizing Changes to Original Repayment Terms

#### **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.

#### **DISTRICT ATTORNEY'S OFFICE – 9:30 AM**

- R-6 9:30 AM TIME CERTAIN: NOTICE OF INTENT to Apply for the Child Abuse Multidisciplinary Intervention (CAMI) Grant

**NON-DEPARTMENTAL - 9:35 AM**

- R-7 PUBLIC HEARING and Consideration of a RESOLUTION Establishing Fees and Charges for Chapter 27, Community Services, of the Multnomah County Code and Repealing Resolution No. 08-064
- R-8 PUBLIC HEARING and Consideration of a RESOLUTION Establishing Fees and Charges for Chapter 29, Building Regulations, of the Multnomah County Code and Repealing Resolution No. 08-065
- R-9 PUBLIC HEARING and Consideration of a RESOLUTION Establishing Fees and Charges for MCC Chapters 11.05 Land Use General Provisions, 11.15 Zoning, 11.45 Land Divisions, 37 Administration and Procedures, 38 Columbia River Gorge National Scenic Area; Repealing Resolution 08-066; and Setting of Planning Service Fee Schedules by City of Troutdale and City of Portland
- R-10 **9:45 AM TIME CERTAIN:** PROCLAMATION Proclaiming the Month of June 2009 as PRIDE Month for Lesbian, Gay, Bisexual, Transgender and Other Sexual Minorities in Multnomah County, Oregon

**AUDITOR'S OFFICE – 10:00 AM**

- R-11 **10:00 AM TIME CERTAIN:** Financial Condition Report of Multnomah County 2009. Presented by Sarah Landis, Deputy Auditor, and Judith DeVilliers, Principal Auditor. 30 MINUTES REQUESTED.

**NON-DEPARTMENTAL - 10:30 AM**

- R-12 **10:30 AM TIME CERTAIN:** PROCLAMATION Proclaiming May 2009 as Older Americans Month in Multnomah County and Portland, Oregon
- R-13 RESOLUTION Approving the Use of Edgefield North, Located at NE Halsey Street and 244<sup>th</sup> in Troutdale, Oregon, for an Emergency Food Garden, Directing the Sustainability Program to Work with Facilities to Create and Implement the County CROPS Emergency Garden Program, Creating an Advisory Committee to Provide Oversight of the Program, and Appointing an Advisory Committee
- R-14 BUDGET MODIFICATION NOND-10 Appropriating General Fund Contingency Transfer \$22,000 to Sustainability Program for County CROPS Emergency Food Program

R-15 NOTICE OF INTENT to Request Private Sponsorship of County C.R.O.P.S.  
Emergency Food Garden Program

**SHERIFF'S OFFICE – 11:19 AM**

R-16 Third Reading and Possible Adoption of an ORDINANCE Amending  
Multnomah County Code Sections 15.700-15.760 Relating to Alarm  
Systems

**DEPARTMENT OF LIBRARY SERVICES – 11:20 AM**

R-17 RESOLUTION Establishing the Annual Fee for a Non-Resident Household  
Library Card for Households Outside Multnomah County and the MIX  
Service Area

**DEPARTMENT OF COUNTY HUMAN SERVICES – 11:30 AM**

R-18 NOTICE OF INTENT to Apply for \$48,000, Fiscal Year 2009 Congressional  
Mandated Grant from the U.S Administration on Aging for Multnomah  
County's Gatekeeper Program

**COUNTY ATTORNEY'S OFFICE – 11:34 AM**

R-19 Second Reading and Possible Adoption of an ORDINANCE Amending the  
County Comprehensive Framework Plan, Community Plans, Rural Area  
Plans, Sectional Zoning Maps, and Zoning Code Chapters to Adopt Portland  
City Code Titles 17.38, 24.50 and 24.70 in Compliance with IGA and  
Metro's Functional Plan

**DEPARTMENT OF COUNTY MANAGEMENT – 11:35 PM**

R-20 Annual Sustainability Program Update. Presented by Kat West, Tim Lynch,  
and Michelle Metzler. 20 MINUTES REQUESTED.

**BOARD COMMENT**

Opportunity (as time allows) for Commissioners to provide informational  
comments to Board and public on non-agenda items of interest or to discuss  
legislative issues.



## MULTNOMAH COUNTY OREGON

BOARD OF COUNTY COMMISSIONERS  
501 S.E. HAWTHORNE BLVD. , Suite 600  
PORTLAND, OREGON 97204  
(503) 988-5213

Diane McKeel • DISTRICT 4 COMMISSIONER

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# MEMORANDUM

TO: Chair Ted Wheeler  
Commissioner Deborah Kafoury  
Commissioner Jeff Cogen  
Commissioner Judy Shiprack  
Board Clerk Deb Bogstad

FROM: Andrew Olsen  
Staff Assistant to Commissioner Diane McKeel

DATE: May 15, 2009

RE: May 27, 2009 Tax Supervising and Conservation Commission Public Hearing on the Budget

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Due to a previously scheduled engagement, Commissioner McKeel will not be attending the Tax Supervising and Conservation Commission Public Hearing on the Budget scheduled for May 27, 2009.

Thank you,

Andrew Olsen

# TSCC Budget Review 2009-10

## 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 717,880 as of July 1, 2008. Approximately 98% of the population of the County resides within the boundaries of one of six cities, 79.0% 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 2006, voters approved a replacement five-year Library Local Option Levy for library operations. Fiscal year 2009-10 is the third year of the levy. The levy rate of \$0.8900 per \$1,000 assessed value is the only local option tax levied in this budget.

### General Information:

Multnomah County	2006-07	2007-08	2008-09	2009-10
Assessed Value in Billions	\$51.433	\$54.303	\$56.959	
Real Market Value (M-5) in Billions	\$87.058	\$100.303	\$107.382	
Property Tax Rate Extended:				
Operations	\$4.3434	\$4.3434	\$4.3434	
Library Local Option	\$0.7550	\$0.8900	\$0.8900	
Debt Service	<u>\$0.1965</u>	<u>\$0.1837</u>	<u>\$0.1602</u>	
Total Property Tax Rate	\$5.2949	\$5.4171	\$5.3936	
Measure 5 Loss	-\$10,220,015	-\$10,885,686	-\$11,730,667	
Number of Employees (FTE's)	4,410.25	4,440.38	4,556.68	4,342.62

### Overview:

In development of the 2009-10 Budget, impacted by the weakening economy, the Multnomah County Chair followed four core values: protect the County's most vulnerable citizens first; clearly identify and rigorously target funding toward core public safety and human service programs; invest in prevention programs, and; invest in programs with measurable outcomes



and ensure that those programs have the necessary capacity to be excellent quality in the future.

Based upon current and future financial forecasts, the County is proactively reducing 2009-10 expenditures to a target reduction of \$42 million, including over \$20 million in direct program expenses in the General Fund. Nearly half of the shortfall is attributable to reduced revenues like the Business Income Tax (BIT) that are heavily dependent upon the economy. The rest of the shortfall is related to ongoing structural deficit – the amount of revenue the County receives is inadequate to fund budgeted expenditures, requiring the use of one-time funding in the current year and in the upcoming budgeted year. The County used the following strategies to reduce spending:

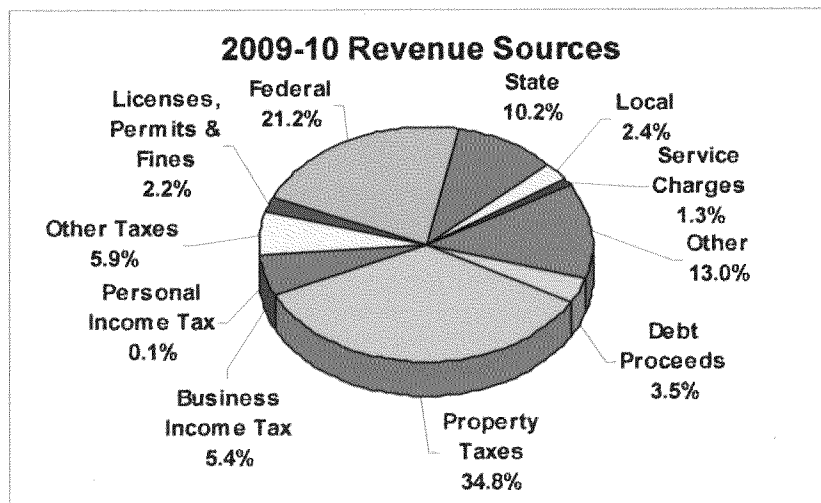
- Develop reduced current service level budgets for each Department, while prioritizing mission critical services.
- Consider efficiencies and service realignments that could result in more cost effective service delivery.
- Identify possible strategic partnerships with other community organizations.

This budget does not account for the budget shortfall at the state level that could create more than \$20 million additional reductions to the County budget. Increased revenue from the US Marshal Service's use of jail beds and increased Motor Vehicle Rental Taxes are included in this budget. Either the state reductions or lack of additional revenue assumed in the budget will prompt the county to re-open budget discussions.

Multnomah County	2006-07 Actual	2007-08 Actual	2008-09 Budget	2009-10 Budget
Total Budget All Funds	1,161,708,913	1,173,976,681	1,267,458,454	1,215,569,382
Percent of Change from Prior Year	- 5.2%	+ 1.1%	+ 8.0%	- 4.1%
Total Beginning Fund Balance All Funds	194,841,391	200,466,149	224,097,454	197,125,143
Percent of Change from Prior Year	+ 20.8%	+ 2.9%	+ 11.8%	- 12.0%

#### Revenues:

Overall, revenues are decreasing in 2009-10, reflecting a weakened economy and reduced revenue from the sale of County assets. This budget includes \$1,000,000 in prior year tax collections for the I-TAX, down from \$3.6 million budgeted in 2008-09. A corresponding decrease in disbursement payments to schools offsets this loss of revenue.



Much of the decreased revenue can be attributed to a nearly \$12.4 million less in combined Federal, State and Local revenues, mostly in the Federal/State Programs Fund. County revenues dependent upon economic activity, such as motor vehicle rental taxes, transient lodging taxes and business income taxes contributed to the declining revenues. Motor vehicle rental taxes are budgeted to increase \$3.8 million, or 22.5%, due to an increase in the tax rate from 12.5% to 17%.

Modest increases in property taxes, intergovernmental charges for service and sales offset some of the declining revenue. An additional \$18.0 million in debt proceeds for capital and information technology needs also mitigates the decrease.

#### General Fund:

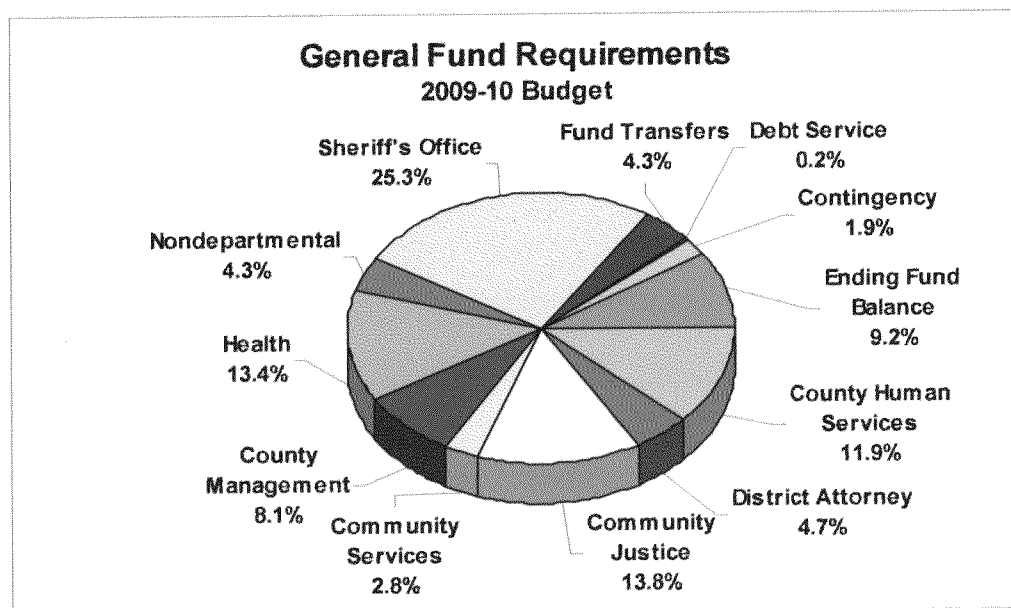
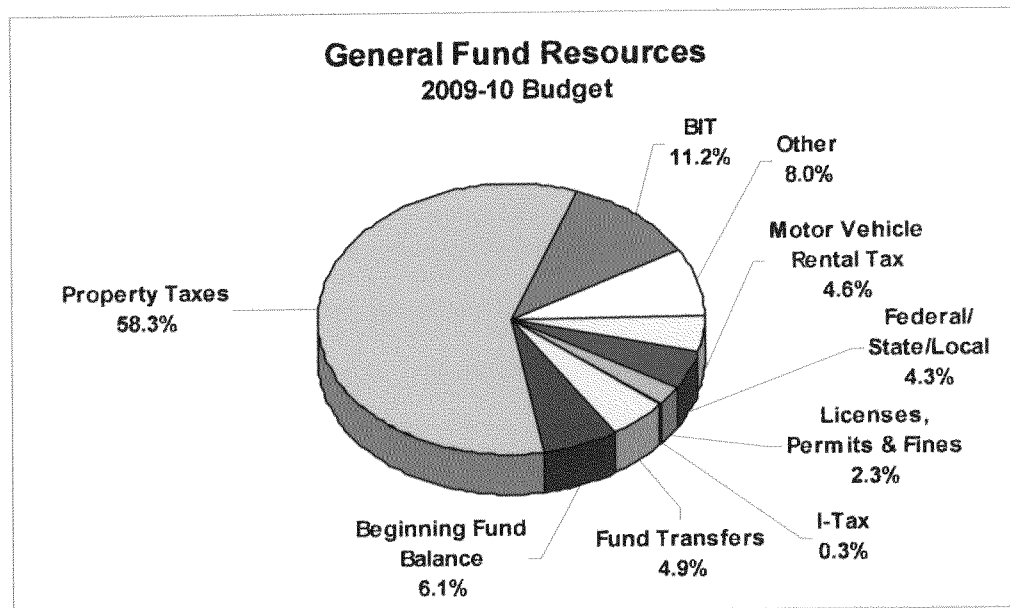
The General Fund shows a decrease of 7.2%, primarily due to a significant decrease in beginning fund balance. If this amount is removed, the General Fund increased by 2.5% in 2009-10.

Multnomah County	2006-07 Actual	2007-08 Actual	2008-09 Budget	2009-10 Budget
General Fund	401,139,202	414,383,723	410,805,387	381,125,439
General Fund Beginning Balance	54,963,630	60,218,366	62,063,762	23,530,691
General Reserve Fund Beginning Balance	13,708,730	14,426,604	15,000,000	15,338,686

The General Fund beginning fund balance is down 62.1% in 2009-10 from \$62,063,762 to \$23,530,691. The beginning fund balance decreased significantly due to the planned debt buy downs budgeted in 2008-09. The General Fund Reserve Beginning Fund Balance increased 2.3% in 2009-10.

Multnomah County	2006-07 Actual	2007-08 Actual	2008-09 Budget	2009-10 Budget
General Fund Ending Balance	60,218,366	71,613,104	14,000,000	34,993,148
General Reserve Fund Ending Balance	14,426,604	15,040,189	15,600,000	0

In October 2001, the Board adopted a policy setting a targeted reserve level of 10% of General Fund current revenue. Prior to 2009-10, the reserve was budgeted in two places: five percent in the General Fund and five percent in the General Reserve Fund. In anticipation of GASB 54 requirements, the County is budgeting to transfer all of its reserve to the General Fund, resulting in the ending balance increasing 18.2% to \$35.0 million in 2009-10.



### Expenditures:

Overall requirements decrease by 4.2% across all funds. This is due to decreased operating expenditures in all departments, with the exception of Nondepartmental, which increased due to program realignments from the Department of County Management. Debt service and contingencies increase in 2009-10 and are offset by reduced fund transfers and static ending fund balances. If these amounts are removed, total expenditures decrease by 5.6%, from \$1,028,959,208 to \$971,770,841.

The 2009-10 Budget includes \$6.0 million one-time only funds for the possible continued decline of BIT revenue. This funding is set aside in the General Fund contingency and does not impact Department programs. If the BIT does not decline over anticipated levels, the Chair will propose to use the reserve to pay off debt for three health clinics and the Yeon Annex facility in June 2010. If the reserve is needed, the Chair will consider directing a spending slowdown so that enough may be saved to pay off the debt. These actions are not included in the budget at this time.

Expenditures also include \$373,000 "mothball" costs for the Wapato facility. The county is engaged in ongoing discussions with the State of Oregon regarding lease options.

Multnomah County	2006-07 Actual	2007-08 Actual	2008-09 Budget	2009-10 Budget
Personal Services	382,847,394	395,744,667	437,819,636	426,265,785
Materials & Services	489,274,191	464,866,038	506,311,272	468,167,136

#### **Personal Services:**

Overall, the staffing for 2009-10 decreases by 222.06 FTE to 4,342.62 FTE. All departments are losing FTE in this budget, with the exception of the Library which increases by 4.77 FTE in anticipation of the opening of two new library branches funded by the current local option levy.

The amount budgeted for personal services decreases over \$11.5 million, or 2.6%. The cost of benefits continues to grow. PERS rates charged internally are relatively unchanged from 2008-09, despite the fact that the County's employer rates charged by PERS will be less as of July 1, 2009. Anticipating much higher employer rates as of the next actuarial study effective July 1, 2011, the County decided to hold internal rates the same to level-off expenditures the four year period. The county contributes 1.5% of current payroll costs to the retiree medical insurance program; the current unfunded liability is estimated at \$130 million with about \$14.6 million set aside. At the time the budget was developed, one pending labor contract had been referred to arbitration.

Two county employee groups have waived wage increases and cost of living adjustments (COLA) for 2009-10: AFSCME Local 88 and management and exempt staff. This provides for nearly \$12.7 million in total savings, \$4.5 million in the General Fund. Additionally, AFSCME agreed to release \$1,320,000 set aside funding for scheduled classification and compensation studies. Taken together, these concessions preserved about 78 FTE in this budget.

For those employees not forgoing the COLA increase, the budget includes a 2.8% increase in wages based upon CPI.

#### **Department Programs and Services:**

Nearly all departments experienced decreases in their budgets in 2009-10. The lone exception is the Library.

- The Department of County Human Services has a total budget of \$185.4 million in 2009-10. This budget includes \$1,000,000 one-time funds toward construction of a Sub-Acute Facility for Mental Health. An additional \$0.8 million is being sought by community partners. The county anticipates the facility will cost \$3.4 million annually to operate. Approximately half of that amount is expected to be reimbursed through

the Oregon Health Plan. This budget eliminates the Touchstone School Based Case Management program (-\$1,455,170 General Fund, 10.13 FTE), but includes funding for the Coordinating, Monitoring and Business Unit program (\$3,682,178 Other Funds, 10.25 FTE).

- In 2009-10, the Health Department, which deals with regulatory health issues, totals \$136.5 million, down 2.0%. The department loses 50.76 FTE in this budget, reflected in decreased Personal Services of \$4.3 million. Adult Dental Services is reduced by about \$3.5 million due to decreased state funding.
- Just under \$218.3 million is budgeted for 2009-10 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 \$112.0 million; the Community Justice Department which provides supervision of offenders and court services for juveniles at \$82.3 million; and the District Attorney's Office at \$24.0 million. The budget for Community Justice eliminated funding for Juvenile Multi-Systemic Therapy Treatment and Foster Care (-\$958,799 General Fund, 3.0 FTE) and reduced funding for Adult Field Services Felony Supervision (-\$864,737 General Fund, 8.0 FTE) and Juvenile Culturally Specific Intervention (-\$220,689 General Fund). The Sheriff's budget includes funding for a total of 1,367 beds. Of the total beds, 1,167 are county-funded and 200 are funded through the US Marshal Service. Previously the US Marshal funded 125 beds; this budget includes an additional 75 beds for federal prisoners. The county expects to receive \$3.4 million for the additional beds. Also included in the Sheriff's budget is funding from the City of Portland for 'Project 57' jail beds. At the time of budget development, funding for Project 57 jail beds were not included in the City of Portland budget. This budget assumes funding will be continued at current levels. The 2009-10 Budget for the District Attorney decreases by \$2.4 million and provides for 24.30 fewer FTE's. The General Fund provides about three-quarters of the department's total budget; grants and other dedicated revenues make up the other 25 percent.
- Library funding increases by \$814,479, or 1.4%, to \$60,990,958. This budget includes funding for capital and operating costs, totaling \$4.5 million, for two new library branches in North Portland and Troutdale. The budget for book purchases is reduced by \$500,000 in 2009-10.
- The Non-Departmental area consists of support for Elected Officials, non-County agencies and independent organizations. This budget includes the transfer of the Information Technology and Emergency Management programs from the Office of County Management to Nondepartmental. The total Non-Departmental budget is \$198.6 million, an 8.8% decrease from the 2008-09 level. Funding for the tax supervising and conservation commission is not included in the 2009-10 budget.
- The approved budget of the Department of Community Services is \$72,435,927, down 13.7%. It includes funding for direct community services, such as elections, transportation and land use planning, and animal control for the County. Anticipation of decreased Road Fund revenues drives the reduction.
- The Department of County Management includes facilities management, property appraisal and tax collections, and finance. The approved budget decreases by \$11,235,255, or 4.4%, in 2009-10. This decrease is due to alignment of Information Technology and Emergency Management programs out of the Department of County Management into Nondepartmental.

### Capital Outlay:

Multnomah County	2006-07 Actual	2007-08 Actual	2008-09 Budget	2009-10 Budget
Capital Outlay	24,398,585	21,192,599	69,834,681	77,337,830

Overall capital outlay increases 10.7% in 2009-10.

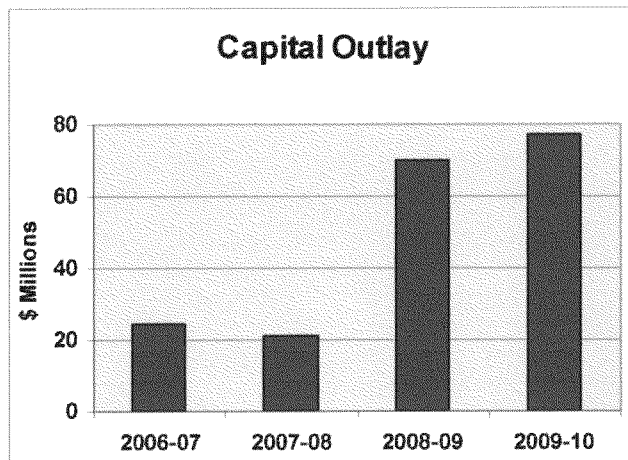
Two of the major capital outlay projects planned for 2009-10 by the County includes:

Construction of the East County Justice Center

Design and construction of a downtown courthouse site

The County continues to look for ways to fund a large backlog of deferred maintenance items. The Capital Improvement Fee, assessed to all

County tenants based on space occupied, is set at \$2.55/square foot in 2009-10. The county anticipates it will collect \$2.7 million from Tier I and \$3.3 million from Tier II and III buildings.



### Debt History:

This budget includes \$18.0 million debt proceeds from the issuance of Full Faith and Credit Obligations for facility deferred maintenance and information technology capital projects. The county expects payments to be \$2.6 million annually, financed over a seven year period. The debt will be paid from funding previously earmarked for debt that has since expired and department contributions.

The 2008-09 Budget included \$24.2 million one-time funding to retire debt associated with the county's Juvenile Detention Center, Mead and McCoy Buildings, Certificates of Participation issued for deferred maintenance countywide and energy loans. The schedule below does not account for the reduced debt in 2009 at this time.

Multnomah County – Debt Outstanding	6-30-2006	6-30-2007	6-30-2008	6-30-2009 Est.
General Obligation	75,340,000	69,380,000	63,125,000	56,570,000
Revenue Bonds	6,420,000	5,880,000	5,320,000	4,735,000
PERS Pension Revenue Bonds	175,203,160	170,908,160	165,583,160	159,113,160
COPs	24,135,000	20,090,000	15,850,000	11,410,000
Full Faith & Credit	75,290,000	70,655,000	65,805,000	62,190,000
Lease Purchase	1,649,076	1,358,515	1,042,832	1,031,741
Long Term Loans	447,413	445,345	361,723	353,977
<b>Total Debt Outstanding</b>	<b>358,484,649</b>	<b>338,717,020</b>	<b>317,169,155</b>	<b>295,403,878</b>

As mentioned previously, if the \$6.0 million reserve for the BIT is not utilized in 2009-10, the Chair will propose retiring the debt on three health facilities and the Yeon Annex facility. This action may still occur if the reserve is used if the Chair directs departments to under spend their budgets.

**Contingencies, Transfers, Unappropriated:**

It is Board policy to establish an emergency contingency account in the General Fund each fiscal year. The account is funded at a level consistent with actual use of transfers from contingency during the prior ten years. The General Fund contingency decreases in this budget, from \$11.3 million to \$7.3 million, including the \$6.0 million reserved for BIT collections. In 2009-10, total contingencies in all funds are up 21.8%, from \$32.6 million in 2008-09 to \$39.7 million in 2009-10.

The unappropriated ending fund balance is reasonable.

Transfers are out of balance by \$1,500,000 in the General Fund in 2009-10.

**Highlights of the 2009-10 Budget to be published in TSCC Annual Report:**

- The 2009-10 Budget was developed using four core values, especially that the county will protect its most vulnerable citizens in the weakening economy.
- The total budget decreased \$51.9 million, or 4.2%.
- The General Fund decreased by 7.2%, from \$410,805,387 to \$381,125,439.
- This is the third year of the five-year Library Local Option Levy; this budget includes funding for operations of two new library branches funded through the levy.
- This budget includes \$18.0 million debt proceeds to fund facility and information technology capital projects.
- This budget includes a decrease of 222.06 FTE.

**Local Budget Law Compliance:**

The 2009-10 Budget is in substantial compliance with Local Budget Law.

The audit for the year ending June 30, 2008 noted no over-expenditures.

**Certification Letter Recommendations and Objections:**

The 2009-10 Budget was filed timely on May 7, 2009. The Commission hereby certifies the budget by a majority vote with no recommendations or objections.

## **Questions:**

### **Revenues**

1. This budget is based on state funding at continued levels, with the acknowledgement that you will need to further reduce your approved budget when final state funding is known. What is your current estimate of the additional reductions you may need to take? What is your plan for approving those reductions in a condensed time frame?
2. The Budget Director's Message notes that the Federal American Recovery and Reinvestment Act (ARRA) will provide funding support, but not enough. How much does the county expect to receive from ARRA and for what programs? Are there restrictions on what funding may be used for?
3. This budget assumes an increase in the Motor Vehicle Rental Tax rate from 12.5% to 17%, to be adopted by the Board in May. The budget clearly identified which programs would be funded from the increased tax – from Emergency Basic Needs for Vulnerable Adults to Addiction Services in the Adult Drug Court Program. Was there much testimony, either in support or opposition, to the increase?
4. Filings for Business Income Tax were received in April, after the budget was developed. Has your forecast for the BIT changed based on the returns?

### **Legislation**

5. The Budget Director's Message notes that the county is supporting legislation that would allow taxing districts to have a greater legal standing in urban renewal plans. What is the status of the legislation? How much of an impact do you believe the legislation will have on county funding?
6. The county is also supporting legislation that would alter the Historic Property tax break. The county proposes to shorten the duration of the benefit from 30 years to 10, make it one-time only, and limit the benefit to the value added in renovation. What is the status of the legislation? What is the expected benefit to the county and local governments?



### **Human Services**

7. This budget includes \$1.0 million funding for a Sub-Acute Mental Health facility, to be built in coordination with Central City Concern. You estimate that cost of operating the facility will be about \$3.4 annually. The 2008-09 Budget also included \$1.0 million one-time funding for construction of the facility. At that time, it was estimated the operating costs would be \$2.9 million annually and that operations would begin in 2009. What is the status of this project? Has the additional \$0.8 million needed for construction been secured? When do you anticipate that the facility will open?

### **Library**

8. What is the status of the two new library branches in North Portland and Troutdale? When do you anticipate the branches will open? The budget includes 4.27 FTE to staff the additional branches; these figures are based on a partial year. In a full year of operations, how many additional FTE will be needed for the branches?

### **Public Safety**

9. This budget does not anticipate the opening of the Wapato Jail facility and instead includes funding to "mothball" the site. Can you update us on the status of negotiations with the State of Oregon on leasing the facility?
10. At the time of budget development, funding from the City of Portland for Project 57 jail beds was not secure. Has funding been reinstated in the city's budget? What is the impact to the county if the funding is not approved?
11. A May 5, 2009 news article highlighted the challenges facing the occupants of the current east county courthouse in Gresham. Recent budgets have included funding for construction of a new facility, and this one is no exception. Where are you in the process of building an East County Courthouse?

### **Operations**

12. The Chair's message refers to four core values that drove the county's budget development process, the second one being to clearly identify and target funding toward core public safety

and human service programs. What programs were considered "core" and what process did you use to identify them?

13. The Approved Budget does not include any funding to operate the tax supervising and conservation commission beyond June 30, 2009. What are the chances that this funding will be restored?

### **Employee Benefits**

14. What is the status of the labor negotiation that has gone to arbitration? Does this budget anticipate any additional expense from the outcome of the arbitration?
15. The county initiated a Voluntary Retirement Incentive pilot program within the Sheriff's Office where it is estimated that 60 employees would be eligible. One of the identified benefits of the program is that you would be able to bring in lower paid staff in the positions.
- What are the criteria for the plan?
  - How many people have applied to retire under this program?
  - If successful, do you plan to more broadly implement an early retirement plan in 2010-11 and if so, would you make any changes?
16. The current unfunded liability for retiree insurance, where the county pays one-half of the premium for health, dental and vision coverage, is estimated at \$130 million. Are you considering withdrawing from that program or making changes to make it less expensive?

### **Willamette River Bridges**

17. The City of Portland has formed a committee to review the possibility of assuming responsibility of county-owned bridges crossing the Willamette River. Is the county involved in these discussions?

## **Draft Responses TSCC FY 2010 Questions for 5/27 Budget Hearing:**

5-22-09

### **Revenues**

1. This budget is based on state funding at continued levels, with the acknowledgement that you will need to further reduce your approved budget when final state funding is known. What is your current estimate of the additional reductions you may need to take? What is your plan for approving those reductions in a condensed time frame?

#### **Response:**

We estimated that the Governor's 2009-2011 budget would have about a \$20 million impact to services that the County provided. Each department utilized a different estimate of state revenues based on the information they had at the time program offers were due (mid-February). Those estimates ranged from a current service level to complete elimination of the program. The Co-Chair's released their budget last week and we are still in the process of gathering data and trying to analyze the impact to county programs. What we do know, is that the outcome is not final and there are more changes to come. It is with certainty that the County will need to enter into a midyear budget process to rebalance the impacts of the State budget.

2. The Budget Director's Message notes that the Federal American Recovery and Reinvestment Act (ARRA) will provide funding support, but not enough. How much does the county expect to receive from ARRA and for what programs? Are there restrictions on what funding may be used for?

#### **Response:**

The Budget Director's Message was referring to the notion that while we are and will be receiving federal stimulus funding, these dollars were never intended to, nor would they be enough to cover the \$46 million dollar general fund deficit the County will be facing by FY 2011.

The ARRA funds investments in many programs, including health care, energy, infrastructure, education, and public safety. The total cost of the federal package is \$828 billion, and consists of nearly \$396 billion for upgrades to transportation, infrastructure, construction, health care programs, education and housing assistance, and energy efficiency projects, \$144 billion in state and local fiscal relief, and \$288 billion in personal and business tax credits. The goals of the ARRA are as follows:

- To preserve and create jobs and promote economic recovery.
- To assist those most impacted by the recession.
- To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Unprecedented accountability and transparency requirements are also included in the ARRA. The following highlights some of the requirements.

- Grant recipients (Mayor, Governor, General Manager) must certify that infrastructure investments have received the full review and vetting required by law and that the recipient accepts responsibility as an appropriate use of taxpayers dollars.

- Quarterly reports on the infrastructure investments made, including the purpose, cost, rationale and contact for concerns, detailed information on subcontracts.
- Recipients must register with the Central Contractor Registration administered by the Office of Management and Budget.
- Any federal agency Inspector General can review concerns raised by the public with findings posted on a website.
- New federal agency established to coordinate and conduct oversight of covered funds to prevent fraud, waste and abuse. Will also advise the President on the implementation of the recovery.
- Federal agencies can adjust administrative costs allowed to assist state and local governments with the cost of recovery record keeping and reporting.
- State and local whistleblowers are protected.

Because of the specific requirements and federal oversight required by ARRA the County has developed a process to assist in coordinating and accounting for the ARRA funds (please see the attached finance memo). Moreover, the County has recently funded a position to dedicated to coordinating and managing these funds.

In FY 2010, the County has budgeted nearly \$7 million in ARRA funds as detailed below.

<b>FY 2010</b>					
ARRA Funds in the Adopted Budget					
Dept.	Program #	Program Name	FY 2010 ARRA Funding	Description	Restrictions or Requirements
Community Services	91013	Road Services	1,394,000	Safety improvements (signage, striping, guardrails etc.), Sidewalk construction and Overlays	None
County Human Services	25119	Energy and Weatherization Services	4,218,026	Projects to reduce energy waste in low income residential housing. The emphasis on targeting 300 low income multi-family dwellings and 60 single family households.	None
County Human Services	25139	Anti-Poverty Services	1,325,306	Community Services Block Grant (CSBG) projects for re-employment services to those most drastically impact by the recent economic downturn.	None
<b>Total</b>			<b>6,937,332</b>		

*Note: Restrictions and Requirements are those that are beyond the aforementioned general reporting requirements.*

In addition to what has been budgeted for FY 2010, the County is also in the process of sorting through and applying for competitive and formula grants. The process to secure funds from the ARRA is a moving target, as of April 2009, County Departments had identified approximately \$26 million of funding requests in the following areas:

Potential ARRA Funding			
Dept.	General Service Area	ARRA Requested	Restrictions or Requirements
County Management	Building and Energy Efficiency (Light, Heat and Automation Systems)	3,768,000	Local Match
County Management	Renewable Energy Production (Solar & Photovoltaic)	760,000	None Identified
County Management	Stormwater Bioswale Amelioration	TBD	TBD
County Management	Hydrokinetic Energy - Low Flow Water Turbines on County Owned Bridges	TBD	TBD
County Management	Energy Audits for County Facilities	TBD	TBD
County Management	Direct Digital Controls for Building Automation	1,000,000	None Identified
County Management	Lighting Replacement	2,000,000	None Identified
County Management	Bioswales for County Parking Lots	2,000,000	None Identified
County Management	Upgrade Inverness Jail with a Combined Water Heating & Electricity Generation	1,000,000	None Identified
Health Dept.	Clinical Staff Expansion	854,000	None Identified
Health Dept.	Clinical Capital Improvements - New Rockwood Clinic	2,200,000	None Identified
Health Dept.	Health Information Technology	TBD	TBD
Health Dept.	Prevention and Wellness Grants	TBD	TBD
Health Dept.	Health Research Grants	TBD	TBD
Community Justice	Multi-Disciplinary Inter-Generational Gang Project	2,000,000	None Identified
Community Justice	Delinquency and Dependency Court	2,800,000	None Identified
Sheriff's Office	Child Abuse Team and Gang Enforcement	493,712	None Identified
Sheriff's Office	Warrant Strike Force	950,743	None Identified
Sheriff's Office	Civilian Support Staff	340,407	None Identified
Sheriff's Office	Special Investigations Unit	1,573,280	None Identified
Sheriff's Office	Law Enforcement Deputies	2,046,168	Funding for 3 Yrs. - Requires County to Pay for 4th Yr. (~715,498)
Sheriff's Office	Prison Reentry Initiative	299,530	50% Local Match
County Human Services	Affordable Housing Services & Jobs	81,318	None Identified
County Human Services	Grants to Purchase Foreclosed Homes to Rehabilitate and Stabilize Neighborhoods	300,000	None Identified
County Human Services	Services to Victims of Crime, Mentoring At-Risk Children	700,000	None Identified
County Human Services	Violence Against Women Prevention-Transitional Housing	500,000	None Identified
County Human Services	Emergency Food Shelter Program	TBD	None Identified
County Human Services	Senior Nutrition	TBD	None Identified
Library	Public Computer Labs and Training	TBD	Potential 20% In Kind Match
Library	Senior Employment for Library Programs	TBD	None Identified
County Management	Electric Vehicles & Charging Stations	168,000	168,000 (\$10,000 per Vehicle)
Total Estimate		25,835,158	

3. This budget assumes an increase in the Motor Vehicle Rental Tax rate from 12.5% to 17%, to be adopted by the Board in May. The budget clearly identified which programs would be funded from the increased tax – from Emergency Basic Needs for Vulnerable Adults to Addiction Services in the Adult Drug Court Program. Was there much testimony, either in support or opposition, to the increase?

**Response:**

At the first reading of the proposed ordinance there were 18 individuals testifying. Of those 18, 11 expressed support of the tax and 7 were in opposition. Those citizens that expressed support represented organizations such as; Volunteers of America, Service Employees International Union (SEIU), Portland Chapter of Stand for Children, Commission on Children, Families and Community and Partner Relations. Those opposed represented businesses such as; American Car Rental Association, Hertz Rental Car, Dollar Rental Car and National Car Rental. Those in opposition cited its potential negative impact on the tourism industry.

At the second reading of the ordinance there was 1 public testimony heard. The representative from Service Employees International Union, Oregon State Council, Local 503 expressed support for the tax and presented the Board with postcards from other in support of the tax.

4. Filings for Business Income Tax were received in April, after the budget was developed. Has your forecast for the BIT changed based on the returns?

**Response:**

No, our forecast has not changed based on the April returns. Our current forecast calls for a 31% decline in BIT collections in FY 09. Year-to-date thru April we are down 31.6%. (Specifically, quarterly payments are down 9.67%, yearly payments down 41.51% and refunds up 50.61%). In dollar terms, we are down \$16.3 million YTD and should be down \$20.6 million when the books are closed.

For FY 10 we are assuming a 36% drop from FY 08 collections or an additional 7% drop from our FY 09 forecast. Based on current trends, we would not consider this a conservative estimate, but a middle of the road estimate.

The FY 2010 Approved Budget does include a \$6 million BIT reserve to buffer a further decline and our reserves are fully funded.

**Legislation**

5. The Budget Director's Message notes that the county is supporting legislation that would allow taxing districts to have a greater legal standing in urban renewal plans. What is the status of the legislation? How much of an impact do you believe the legislation will have on county funding?

**Response:**

HB 3056 passed the House on a unanimous 55-0 vote. It is currently in the Senate and it is expected to pass out of committee within the next week. There has been no opposition to this bill to date and we expect it will be enacted into law.

The exact impact on County revenues is indeterminate. The legislation primarily impacts new, or significantly amended, urban renewal plans. It provides that when tax increment revenues reach 3% of an urban renewal area's maximum indebtedness the County, and other overlapping

taxing districts, will get revenue from 25% of the additional excess incremental value within the district. It further provides that when tax increment revenues reach 10% of the maximum indebtedness the overlapping districts will receive the benefit of 100% of the excess incremental value generated within an urban renewal area.

The bill "grandfathers" in any amendments that are made to the River District urban renewal area. The County could begin receiving revenue from the River District as early as FY 2011 depending on when the plan is officially amended. In addition, it memorializes an agreement that was made last year to provide the County with funds for capital improvements within the district. That could be as much as \$35 million if the plan is amended as originally proposed.

6. The county is also supporting legislation that would alter the Historic Property tax break. The county proposes to shorten the duration of the benefit from 30 years to 10, make it one-time only, and limit the benefit to the value added in renovation. What is the status of the legislation? What is the expected benefit to the county and local governments?

**Response:**

The bill, SB 192, is currently in the Senate Finance and Revenue Committee. Amendments have been proposed that would keep the program in place with some limitations. It is likely the bill will pass in some form but it will not include all the provisions supported by the County.

The original bill would have expanded the program which is currently estimated to cost jurisdictions in Multnomah County a total of \$10 million in the current fiscal year. The revenue impact of the final bill is difficult to predict.

**Human Services**

7. This budget includes \$1.0 million funding for a Sub-Acute Mental Health facility, to be built in coordination with Central City Concern. You estimate that cost of operating the facility will be about \$3.4 annually. The 2008-09 Budget also included \$1.0 million one-time funding for construction of the facility. At that time, it was estimated the operating costs would be \$2.9 million annually and that operations would begin in 2009. What is the status of this project? Has the additional \$0.8 million needed for construction been secured? When do you anticipate that the facility will open?

**Clarification** - Page 31 of the Budget Manager's Message it states that, "In FY 2009 the county contributed \$1,000,000 toward a sub-acute mental health facility". We have not included any additional funding for the construction of a Sub-Acute Mental Health Facility in FY 2010.

**Response:**

Multnomah County has been working to site, develop and fund a sub-acute mental health facility for several years. This 16-bed facility would offer short-term mental health treatment and stabilization for persons in acute mental health crisis in a secure locked environment as a lower cost alternative to hospitalization. Six hundred to eight hundred individuals each year would stay in the center for up to ten days. This facility has the potential to divert individuals not only from hospitalization for mental health issues but also from jail. Clients could enter only if referred by the police, other emergency responders and the County mental health crisis services.

In March 2009 Multnomah County entered into an agreement with Central City Concern (CCC) to utilize space in the Hooper Center at 20 NE Martin Luther King Boulevard as a sub-acute mental health facility starting in FY 2011. CCC will be renovating the building for this purpose. The current plan calls for CCC to renovate the former Ramada Inn in the Rose Quarter as a

housing and drug/alcohol detoxification facility. Once the Ramada is renovated, the detoxification program will be moved from the Hooper building to the Ramada. That will allow CCC to remodel Hooper for use as a sub acute mental health facility with sobering services on the first floor and mental health sub-acute on the second floor.

Multnomah County provided CCC with \$1.0 million for the renovation of the Ramada. CCC will then use \$2.0 million provided by the Portland Development Commission for the Hooper remodel to build out the Hooper site for sub-acute. CCC may require some additional funding for the development of Hooper. The planning for this remodel will start in the summer of 2009 while the Ramada project is going forward.

Regarding the \$800,000 for build out, this summer CCC will spend \$75,000 on a feasibility study of the project to determine if we have enough funding or if we need additional resources. Once the study is completed we will know what is needed and discuss with the City and others the needs to complete the sub acute construction at Hooper.

The County continues to work on identifying the operating funds for the sub-acute facility. Currently the County has funds that are used to hospitalize indigent individuals that could be used for sub-acute if hospitalization rates decline when sub-acute is available and an estimated \$1.6 million in Medicaid funding could be used for this service through the Verity Medicaid mental health funds. The estimated total annual cost for operating the center would be \$3.4 million.

## **Library**

8. What is the status of the two new library branches in North Portland and Troutdale? When do you anticipate the branches will open? The budget includes 4.27 FTE to staff the additional branches; these figures are based on a partial year. In a full year of operations, how many additional FTE will be needed for the branches?

### **Response:**

#### **Kenton Library - 9.00 FTE**

Location: 8226 N. Denver St., Portland

This new neighborhood library will serve Multnomah County residents in the North Portland neighborhood. The existing leased building is being expanded to a total of 6,000 square feet, housing approximately 20,000 volumes. This library will be open the same hours as neighborhood libraries of similar size.

At this time, construction documents are complete and bids for construction are due July 7. Construction on the addition to the building and other tenant improvements will begin early in August (seismic upgrade; a new heating, ventilation and air conditioning system; improved lighting; and new shelving, furniture and fixtures).

The new library is expected to open in early 2010.

#### **Troutdale Library - 9.00 FTE**

Location: 2441 S.W. Cherry Park Rd., Troutdale (in the Cherry Park Market Center)

This new neighborhood library will serve residents in east Multnomah County. The existing leased space of 6,000 square feet, housing approximately 20,000 volumes, will be renovated to



meet the requirements of a branch library building. When it opens, the library will be open the same hours as neighborhood libraries of similar size.

On June 17, the Troutdale City Planning Department will hold a public hearing for the library's conditional use permit. Library and facilities staff have begun working with the architect to develop construction documents for tenant improvements. We expect the developer to turn the space over to the library for tenant development work to begin in early fall.

The new library is expected to open in the spring of 2010.

### **Public Safety**

9. This budget does not anticipate the opening of the Wapato Jail facility and instead includes funding to "mothball" the site. Can you update us on the status of negotiations with the State of Oregon on leasing the facility?

#### **Response:**

Discussions with the State of Oregon center around renting beds to the Oregon Department of Corrections. We are currently reviewing costs, land use and operational requirements for both parties. There are many factors which will drive the Department of Corrections demand for prison beds and ability to have funding to rent beds or operate beds outside of their existing facilities. All of these factors will not come to settle until after the State of Oregon budget and potential revenue options have come to a decision point or conclusion. Their initial projections for the need for prison beds is later in their biennium depending on the status of their budget, space in existing facilities, ballot measure 57 and their forecast.

10. At the time of budget development, funding from the City of Portland for Project 57 jail beds was not secure. Has funding been reinstated in the city's budget? What is the impact to the county if the funding is not approved?

#### **Response:**

The Portland City Budget has its vote on adoption at the end of June, which is after the County Budget adoption on June 4th. However, in the proposed (Mayor's) budget, The Service Coordination Team (SCT) is funded for the west side, which includes the P57 program at FY 2009 levels (10 beds). If this is not adopted, it would mean a loss in budgeted County revenue of \$228,125. The implications to jail beds would need to be determined in a mid-year budget process along with other potential revenue reductions from the State.

11. A May 5, 2009 news article highlighted the challenges facing the occupants of the current east county courthouse in Gresham. Recent budgets have included funding for construction of a new facility, and this one is no exception. Where are you in the process of building an East County Courthouse?

#### **Response:**

The East County Courthouse project was put on hold last summer when it was discovered that the construction estimates were significantly higher than the County's available funding. A planning process to review alternative options has been ongoing since that time.

The FY 2010 budget includes \$4.9 million that is dedicated to the East County Courthouse project. We do not expect to begin construction within the next fiscal year. Negotiations to

develop a specific site are currently underway but the size and scope of the project are as yet to be determined. The County continues to work with the project partners including the State Court system, District Attorney's office, City of Gresham and the Sheriff in develop a comprehensive strategy for the Board to address regarding the Court and public safety issues.

## **Operations**

12. The Chair's message refers to four core values that drove the county's budget development process, the second one being to clearly identify and target funding toward core public safety and human service programs. What programs were considered "core" and what process did you use to identify them?

### **Response:**

For the past several years, the County has emphasized a presentation and analysis of budget issues around key systems of care or service delivery. Systems that are thought of as core include:

**Health & Human Services** which include Mental Health \*, Alcohol & Drug \*, Development Disabilities \*, Aging Services \*, SUN, Public Health \*, Health clinics \*

### **Public Safety** which includes:

- Adult: develop a balance between
  - Enforcement
  - jails,
  - prosecution
  - sentencing options
  - parole and probation supervision.\*
- Juvenile: continuum of services to provide basic accountability and services for
  - High risk offenders
  - Medium risk offenders
  - low risk offenders
  - backed by sufficient detention capacity.

The difficulty in this year's budget process is that the state (and federal government) is an integral funded in many of these systems (\* systems above). While the Chair tried to craft an Executive Budget that protected the core systems, he was mindful of the uncertain impact of potential state reductions. That is why Chair Wheeler introduced a budget note specifically to address the process to address impacts to these systems of state reductions.

13. The Approved Budget does not include any funding to operate the tax supervising and conservation commission beyond June 30, 2009. What are the chances that this funding will be restored?

### **Response:**

There is a departmental program amendment to restore funding for TSCC. This amendment anticipates passage of HB 2074 which would change the way TSCC is funded.

## **Employee Benefits**

14. What is the status of the labor negotiation that has gone to arbitration? Does this budget anticipate any additional expense from the outcome of the arbitration?

**Response:**

The labor agreement that is being referred to is the 2008-2009 Reopener for the Multnomah County Deputy Sheriff's Association (MCDSA). The County has been in bargaining with MCDSA from October 2008 through early April of 2009. At the time we were preparing the FY 2010 Budget, it was expected that the County and the Multnomah County Deputy Sheriff's Association were going to have to go to mediation and possibly arbitration. Since that time both sides decided to continue negotiating and the parties have been trading multi-year proposals in an attempt to resolve the matter. If an agreement cannot be reached, the 2008-2009 Reopener will go to mediation with the possibility of arbitration.

We currently have not budgeted or anticipated any additional expense in the FY 2010 budget.

15. The county initiated a Voluntary Retirement Incentive pilot program within the Sheriff's Office where it is estimated that 60 employees would be eligible. One of the identified benefits of the program is that you would be able to bring in lower paid staff in the positions.

- What are the criteria for the plan?

**Response:**

Additional benefits include:

- Encourages higher cost employees to retire while allowing MCSO to retain newly hired and less expensive employees.
- It is assumed that the employees who retired will either not be replaced, or will be replaced by employees at the bottom of the pay range and the lowest rate of vacation accrual.
- The lower vacation rate is pertinent, as it will result in a reduced need to replace a vacationing employee with another who must be paid overtime.
- Providing a monetary incentive for those employees at the top of their range and with higher vacation accruals may assist them to make the decision to resign.
- MCSO invests approximately \$60k per employee in new hire training. Retaining as many newly hired employees as possible maintains our investment.
- Next year DPSST will only offer two training classes for new officers which will create barriers to training new recruits next year.

**Criteria**

Potentially eligible employees were those who were eligible for a full regular PERS pension as of 4/30/09. There are a number of nuances to the PERS eligibility and the age 50 full retirement option is only available to those PERS members with Police and Fire. This would cover sworn employees in MCSO at least 50+ years old and with 25+ years of service or at least 58+ years old and with 10+ years of service by April 30, 2009. The early retirement incentive offered was equal to \$1000 per year of service paid into a VEBA account (represented) or as a direct payment (non-represented).

- How many people have applied to retire under this program?

**Response:**

Their applications had to be received by Benefits by April 20th for consideration and they had to be eligible for a full, unreduced PERS pension by April 30th. They could not already be drawing a PERS retirement or disability pension at the time of application. There were 8 applications.

One applicant withdrew, leaving 7 applications in house (won't be final until 5/24). This is an 11% participation ratio.

- If successful, do you plan to more broadly implement an early retirement plan in 2010-11 and if so, would you make any changes?

**Response:**

We have learned much through the process of running this pilot program. Until we have completed this pilot, the decision to expand the Retirement Incentive Program will not be finalized. Additionally, county staff is currently working on a cost/savings analysis of expanding this offer.

16. The current unfunded liability for retiree insurance, where the county pays one-half of the premium for health, dental and vision coverage, is estimated at \$130 million. Are you considering withdrawing from that program or making changes to make it less expensive?

**Response:**

The provision that the County will pay for half of retiree health insurance premiums is embedded in every labor contract. Most contracts are in force until the end of FY 2011, therefore, no changes are being considered in the short term.

Management has been actively involved in researching and reviewing how other jurisdictions have dealt with this issue. Absent any changes to the existing program we expect that the liability could grow at an annual rate of 10% or more. While we have not identified a specific course of action some of the options that other jurisdictions have implemented include reducing the explicit subsidy (i.e., from 50% to 25%), limiting eligibility to the employee only, and creating a tiered system based on years of service in the organization.

Under current Oregon law we must offer healthcare to employees who retire from Multnomah County. However, the law does not specify that we have to subsidize the premiums.

**Willamette River Bridges**

17. The City of Portland has formed a committee to review the possibility of assuming responsibility of county-owned bridges crossing the Willamette River. Is the county involved in these discussions?

**Response:**