

FY 2015
SUPPLEMENTAL BUDGET MESSAGE

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THE DOCUMENT

The document consists of two sections:

1. The budget message explaining the reasons for the changes proposed, and
2. A section of detailed estimates and descriptions for those actions resulting in changes in expenditures.

OVERVIEW AND REASONS FOR CHANGES

A Supplemental Budget is the vehicle allowed by ORS Chapter 294 for the Board to address changes in financial conditions that were not anticipated at the time the budget was adopted. The law allows a jurisdiction to prepare a supplemental budget to make additional appropriations after publishing a summary of the supplemental budget and holding a public hearing. This public notification of this supplemental budget was published in the *Oregonian* on November 22, 2014.

There are a few routine changes that result from this Supplemental Budget. The following describes the changes.

Appropriating Beginning Working Capital¹

Beginning Working Capital (BWC) represents the difference between revenues and expenditures in a fiscal year. When added to the following year's budget, BWC becomes a one-time resource for County programs. The FY 2015 Adopted Budget included the *estimated* BWC, but there was a difference between the amount that was budgeted and the amount that remained at year-end. This difference is due to the timing of budget preparation and when the County officially closes the books for the previous year. The net change to the FY 2015 BWC is an addition of \$364,653 in the Justice Services Special Operations Fund (1516).

Beginning Working Capital is considered to be one-time-only use. The revenues and expenditures in these funds are requested for the following programs.

Prog. #	Program Name	Dept.	FY 2015 Beginning Working Capital
Justice Services Special Operations Fund (1516)			
60063	MCSO Patrol	MCSO	7,624
60067	MCSO Special Investigations Unit	MCSO	171,466
60069	MCSO Alarm Program	MCSO	42,950
60070	MCSO Concealed Handgun Permits	MCSO	<u>142,613</u>
Total			364,653

Note: Technically the BWC in the Capital Improvement Fund (2507) is increasing by \$10,000,000. This is only an accounting change to properly account for the funding; there is not an actual increase (see page 7 for more information). The BWC increase is balanced by a \$10,000,000 decrease in the Health Head Quarters Fund (2510).

¹ A second supplemental budget is forthcoming from the Health Department. They will be requesting the appropriation of additional beginning working capital.

These items affect FY 2015 only. Adding the BWC increases one-time revenues and expenditures by \$364,653 million. Once the funds are expended, services will return to their original level.

The following provides a brief description of how the BWC will be expended by program.

Multnomah County Sheriff's Office

MCSO Patrol (60063)

\$7,624

This funding is from the Oregon Fire Marshal. This funding is limited for specified Hazardous Materials Training activities.

Special Investigations Unit (60067)

\$171,466

These funds are civil forfeitures resulting from completed drug cases investigated by our Special Investigations Unit. The forfeitures result from cash, vehicles, and other property taken during drug seizures and shared with the federal government. This funding is restricted to the purchase of supplies and equipment necessary for the enforcement of laws relating to the unlawful delivery, distribution, manufacture, or possession of controlled substances and currency for undercover law enforcement operations.

Alarms Ordinance Unit (60069)

\$42,950

Any surplus from the previous year is to be returned to each jurisdiction proportionate to the percentage of permit holders within each respective jurisdiction.

Concealed Handgun Licensing (60070)

\$142,613

These funds are generated by Concealed Handgun Licensing fees charged for the background check and handgun safety class required to receive a concealed handgun license. These funds are to be used to support additional temporary personnel costs due to the varying workload within this unit. This unit has experienced an increase in concealed handgun licensing during the last 2-3 years.

Justice Special Operations Fund (1516)			
	FY 2015 Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	227,740	364,653	592,393
<u>All Other Revenues as Adopted</u>	<u>5,857,592</u>	<u>-</u>	<u>5,857,592</u>
Total Resources	6,085,332	364,653	6,449,985
Requirements			
Contractual Services	371,709	123,182	494,891
Materials and Services	822,076	162,469	984,545
Personnel Services	4,881,544	79,002	4,960,546
Capital	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Requirements	6,085,329	364,653	6,449,982

Fund Level Changes:

The following details fund level changes that are not the result of increasing the Beginning Working Capital in a particular fund but do fall under the requirements of a supplemental budget.

General Fund (1000) increases \$634,041.

The fund accounts for and reports all financial operations of the County which are not accounted for and reported in another fund. The increases are due to the following:

- Clackamas County Funding for 3 Juvenile Detention Beds** **\$315,426**
 Juvenile Detention, through DCJ's Donald E. Long Home (DELH), protects the community by holding youth in custody when it has been determined that they are a serious risk to public safety and/or a high risk to not appear for court. The ability to safely detain delinquent youth is mandated by Oregon law and is essential to community protection. DELH currently detains detention youth from Multnomah, Clackamas, and Washington counties. The ability to house tri-county youth in one facility maximizes the use of space and provides flexibility needed to structure units according to age and gender.

 This action adds three additional beds for and funded by Clackamas County at \$288.06/bed/day (\$288.06 x 3 Beds x 365 days = \$315,426). This increases the beds contracted and reserved for Clackamas County from 14 to 17 beds². Additionally, this action adds 3.00 FTE to Juvenile Custody Services Specialists to support the increase in services. This funding is expected to be ongoing.
- Increased Indirect resulting from revenue increases in other funds** **\$318,615**

General Fund (1000)	FY 2015		
	Adopted Budget	This Action	Revised Budget
Resources			
Intergovernmental Operational - Local	3,143,199	315,426	3,458,625
Internal Service Reimbursement	11,892,631	144,389	12,037,020
Departmental Indirect Revenue	12,418,539	174,226	12,592,765
<u>All Other Revenues as Adopted</u>	<u>453,862,518</u>	<u>-</u>	<u>453,862,518</u>
Total Resources	481,316,887	634,041	481,950,928
Requirements			
Contractual Services			
Materials and Services	75,108,338	329	75,108,667
Personnel Services	123,848,357	46,866	123,895,223
Capital	248,146,177	442,457	248,588,634
Contingency	10,377,574	144,389	10,521,963
<u>All Other Expenditures as Adopted</u>	<u>23,836,441</u>	<u>-</u>	<u>23,836,441</u>
Total Expenditures	481,316,887	634,041	481,950,928

² The FY 2015 Adopted Budget already includes two additional beds contracted and reserved for Washington County, increasing their beds from 14 to 16.

Special Excise Tax Fund (1511) increases by \$875,000

This special revenue fund accounts for a portion of the County's Transient Lodging Taxes (TLT) collected from all hotels and motels in the County and motor vehicle rental tax collected from rental agencies. Expenditures are restricted to the Convention Center, visitor development purposes, regional arts and culture purposes and other uses pursuant to Multnomah County Code 11.300 and 11.400. Close to 100% of TLT funds are passed through (primarily to Metro).

The Transient Lodging Tax has supported the Oregon Convention Center since 1986. The tax is set at 12.5% on all hotel and motel room rentals in Multnomah County. The tax is distributed as follows:

- 5% City and County General Funds
- 1% City and County Tourism Promotion
- 3% Excise Tax Fund (Administered by Multnomah County)
- 2.5% Visitors Facilities Trust
- 1% State Tourism Commission

In FY 2014, Transient Lodging Tax revenue came in stronger than expected with an average growth rate of 13%. Hotel/motel occupancy continues to see strong growth into early FY 2015 resulting in continued TLT revenue growth. The increase will align our budget with the average growth rate over the past five (5) years.

Special Excise Tax Fund (1511)	FY 2015		
	Adopted Budget	This Action	Revised Budget
Resources			
Transient Lodging Tax	26,084,800	875,000	26,959,800
<u>All Other Revenues as Adopted</u>	<u>4,671,330</u>	<u>-</u>	<u>4,671,330</u>
Total Resources	30,756,130	875,000	31,631,130
Requirements			
Contractual Services	29,991,130	875,000	30,866,130
<u>All Other Expenditures as Adopted</u>	<u>765,000</u>	<u>-</u>	<u>765,000</u>
Total Requirements	30,756,130	875,000	31,631,130

Oregon Historical Society Levy Fund (1518) increases by \$280,000

The Oregon Historical Society (OHS) is a private non-for-profit entity founded in 1898 that operates the Oregon Historical Museum, the Davies Family Research Library, and educational programs for adults, families, and school groups. It also serves as the Multnomah County history repository. Measure 26-118 provides the Oregon Historical Society with a 5 year property tax levy at the rate of \$0.05 per thousand dollars of assessed value. Additionally, four East County historical societies together receive \$150,000 per year from the levy proceeds (Fairview-Rockwood-Wilkes, Gresham, Troutdale, and Crown Point Country).

Property Tax compression is much lower than anticipated in FY 2015 compared to FY 2014 resulting in higher tax revenue collected in the OHS Special Levy Fund. The additional revenue will be passed through to the OHS. Based on current estimates the fund will increase by \$280,000. One hundred percent of these increases are passed through to the Oregon Historical Society for operations.

Oregon Historical Society Levy Fund (1518)	FY 2015		
	Adopted Budget	This Action	Revised Budget
Resources			
Property Taxes - Current	1,807,922	280,000	2,087,922
<u>All Other Revenues as Adopted</u>	<u>21,402</u>	<u>-</u>	<u>21,402</u>
Total Resources	1,829,324	280,000	2,109,324
Requirements			
Contractual Services	1,821,824	280,000	2,101,824
<u>All Other Expenditures as Adopted</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total Requirements	1,829,324	280,000	2,109,324

Capital Improvement Fund (2507) increases by \$10,000,000.

This fund accounts for proceeds derived from the sale of unrestricted property, interest income, and any service reimbursement or operating revenue from leased facilities. Expenditures are made for capital acquisitions or for the retirement/lease purchases. This fund is authorized by Resolution 99-144.

In June of FY 2014 the County received a \$10 million payment from the Portland Development Commission (PDC) which was financed with Tax Increment Financing to fund the construction of the new Health Department Headquarters building on the U2 block3. The PDC funding (detailed in Resolution 2012-192) is to be made in two installments (\$10,000,000 by June 30, 2014 and \$16,948,460 before June 30, 2021).

In FY 2015, in order to better account for the Health Department Headquarters project, the County created a separate HDHQ Fund, 2510 and budgeted all the PDC funds (\$26.9 million) in the new fund. However, due to the timing of the first payment of \$10 million it was recorded under the Capital Improvement Fund (2507) and carried over into FY 2015 under Beginning Working Capital.

This change will increase the BWC and Cash Transfer budget in the CIP fund by \$10 million for FY 2015 to reflect PDC payment received in late FY 2014. Funds will be moved to Health Department HQ capital Fund 2510 by cash transfer to be expended on projected related expenditures. This action does **not** result in additional funding; its only purpose is to properly account for the PDC payment.

Below is a brief summary of the changes.

- Capital Improvement Fund (2507)
 - Increases the Beginning Working Capital \$10,000,000
 - Increases the Cash Transfer to the HDHQ Fund \$10,000,000
- Health Department Headquarters Fund (2510)
 - Decreases the Capital Other Revenue \$10,000,000
 - Increases the Cash Transfer Revenue from the CIP Fund \$10,000,000

³ The PDC funding makes up \$26.9 million of the total \$46 million construction budget.

Capital Improvement Fund (2507)	FY 2015		
	Adopted Budget	This Action	Revised Budget
Resources			
Beginning Working Capital	28,158,600	10,000,000	38,158,600
<u>All Other Revenues as Adopted</u>	<u>6,433,300</u>	<u>-</u>	<u>6,433,300</u>
Total Resources	34,591,900	10,000,000	44,591,900
Requirements			
Cash Transfers	16,358,600	10,000,000	26,358,600
<u>All Other Expenditures as Adopted</u>	<u>18,233,300</u>	<u>-</u>	<u>18,233,300</u>
Total Requirements	34,591,900	10,000,000	44,591,900
Health Dept. Headquarters (2510)			
Resources			
Capital – Other Programs	26,900,000	(10,000,000)	16,900,000
Cash Transfer Revenues	5,869,000	10,000,000	15,869,000
<u>All Other Revenues as Adopted</u>	<u>12,631,000</u>	<u>-</u>	<u>12,631,000</u>
Total Resources	45,400,000	-	45,400,000

Behavioral Health Managed Care Fund (3002) increases by \$6,150,461.

This fund accounts for financial activity associated with the State required behavioral health capitated services. The budget for this fund is in the Department of County Human Services Mental Health and Addiction Services Division. The increase is due to revised Medicaid mental health plan membership projections under the most current rate structures. Required deadlines to adopt the FY 2015 Budget limited the time available to observe and analyze membership trends that followed Medicaid Expansion, which went into effect in January 2014. Now, with additional months passed, monthly membership projections have increased from 113,800 assumed in the FY 2015 Adopted Budget to 128,500 for the 2015 Revised Budget. The increase is ongoing and consists of:

• Program Increases	\$5,289,024
<i>Behavioral Health Crisis Services (25055A)</i>	<i>\$628,357</i>
Funding will provide ten medically enhanced crisis respite beds.	
<i>Inpatient, Subacute & Residential MH Services for Children (25057)</i>	<i>\$314,970</i>
Funding will expand short-term crisis stabilization.	
<i>Mental Health Services for Adults (25062)</i>	<i>\$1,229,013</i>
Funding will expanded system supports that include Level A and B outpatient treatment; Assertive Community Treatment and Intensive Case Management slots for State hospital and residential discharges, medication management and other mental health services.	
<i>Early Assessment & Support Alliance (25064A)</i>	<i>\$27,461</i>
Funding will bring program supervisor capacity up to full time with an additional 0.50 FTE.	

Community Based MH Services for Children & Families (25067A) \$78,743
 Funding will add family engagement coordinator capacity at the agency level to increase capacity for mental health assessments for children in DHS Custody.

Multnomah Wraparound (25068) \$712,194
 Funding will add capacity for informed care coordination for high risk children and youth in the integrated service array and allow enrolled clients access to flexible funds, and includes 6.29 FTE.

School Based Mental Health Services (25075A) \$47,246
 Funding will add mental health consultant capacity.

Adult Addictions Treatment Continuum (25080A) \$2,251,040
 Funding will expand alcohol and drug residential services.

• **Contract Services Restoration** **\$861,437**

Mental Health Quality Management & Protective Services (25053) \$192,362

Adult Mental Health Initiative (AMHI) (25061) \$72,067

Mental Health Services for Adults (25062) \$298,504

Community Based MH Services for Children & Families (25067A) \$298,504

This funding was temporarily reduced in budget modifications DCHS-03-15 and DCHS-13-15 in the first quarter of FY 2015 to add 9.00 FTE. These positions were added to implement County Audit and Technical Assistance Collaborative (TAC) recommendations to enhance administrative infrastructure for Mental Health and Addictions Services.

Behavioral Healthcare Fund (3002)	FY 2015		
	Adopted Budget	This Action	Revised Budget
Resources			
Federal Thru Other	59,461,168	6,150,461	65,611,629
<u>All Other Revenues as Adopted</u>	<u>20,965,367</u>	<u>-</u>	<u>20,965,367</u>
Total Resources	80,426,535	6,150,461	86,576,996
Requirements			
Materials and Services	23,954,193	292,323	24,246,516
Contracted Services	51,269,066	5,421,807	56,690,873
Personnel Services	<u>5,203,276</u>	<u>436,331</u>	<u>5,639,607</u>
Total Requirements	80,426,535	6,150,461	86,576,996

Risk Management Fund (3500) increases by \$131,969.

This fund accounts for all internal service reimbursements, revenues, and expenses associated with the County's insurance. The increase is due to increases in full time, temporary, and overtime personnel expenses in other funds.

Risk Fund (3500)	FY 2015		
	Adopted Budget	This Action	Revised Budget
Resources			
Medical/Dental Service Reimbursement	65,851,703	131,969	65,983,672
<u>All Other Revenues as Adopted</u>	<u>87,947,575</u>	<u>-</u>	<u>87,947,575</u>
Total Resources	153,799,278	131,969	153,931,247
Requirements			
Materials and Services	144,780,063	131,969	144,912,032
<u>All Other Expenditures as Adopted</u>	<u>9,019,216</u>	<u>-</u>	<u>9,019,216</u>
Total Requirements	153,799,279	131,969	153,931,248