Table of Contents

(this page intentionally left blank)

Introduction

Even though the Great Recession officially ended in 2009, Multnomah County and local governments throughout the State continue to feel the effects of the downturn. Multnomah County is in a better fiscal position than most states and local governments, thanks to prudent leadership from the Chair and the Board, strong management and adherence to policies and practices that result in strong long-term financial planning, low debt obligations and maintaining responsible fund balance amounts. Our commitment to long range planning and budgeting practices and conservative financial management continues to pay off.

The FY 2013 budget was balanced by bringing ongoing spending in balance with ongoing revenues and by limiting the use of one-time General Fund resources for ongoing programs. The FY 2013 budget also maintains the County's long-term fiscal position by fully funding our reserves and maintaining a Business Income Tax (BIT) stabilization reserve.

The FY 2013 budget maintains the majority of direct services by controlling administrative costs: it freezes the cost of living adjustment for our largest union, eliminates and downgrades management positions and restructures administration. The budget strategically increases funding for safety net services for the some of the County's most vulnerable residents - the homeless, and the mentally ill. At the same time, most public safety service levels have been maintained and there have been no reductions in the capacity of our jails. The budget also invests in some of our most critical capital needs, including the Sellwood Bridge.

Even in the face of a projected uneven economic recovery, the County's General Fund fiscal position is stabilized, but only relatively speaking. There is still much ambiguity around the impacts of the State and Federal healthcare transformation initiatives. State and Federal revenues and grants continue to decline while demands for services for the most vulnerable in our community continue to grow. There is also uncertainty around the future funding mechanism for the Library. And, the County's healthcare and retirement costs continue to grow faster than our revenues.

The budget reduces the County's workforce from 4,526.51 full time equivalents (FTE) last year to 4,472.87 FTE in FY 2013, a reduction of 53.64 FTE or 1.2%. Of these FTE, 43.25 are in the Library, which translates into 8.8% of the Library's FTE.

FY 2013 Program and Policy Highlights

Health and Human Services

The FY 2013 budget preserves existing services in Health and Human Services departments and adds new programs targeting vulnerable populations. The County invested in:

- Short-term rent assistance to help individuals who are at risk of becoming homeless to maintain their housing.
- Continuation of the Rapid Re-Housing Initiative that provides assistance to individuals and families who have become homeless.
- The system of care for victims of commercial sexual exploitation of children that provides shelter and support services to girls under the age of 18.
- Downtown dental services for low income Portland residents, many of whom are homeless, unemployed or underemployed.
- The opening of the southeast health clinic at the Southeast Health Center in Portland to provide comprehensive primary care services that include acute and chronic illness treatment, family planning and prenatal services.
- SUN community schools expansion to bring school-based health and social services for at-risk school-aged children to Wilkes, Prescott and Highland Elementary schools in the Reynolds, Parkrose and Barlow school districts.
- ADS 'gatekeepers' to identify vulnerable seniors in the community and refer them to the County for services.

The State's transformation of the healthcare delivery system to better integrate physical health, mental health, long-term care and other services is likely to have a large (but currently unknown) impact on Health and Human Services programs during FY 2013. These changes could impact the County's health clinics, senior centers, and community-based mental health providers. Health and Human Service managers at Multnomah County are involved in the system transformations that began in FY 2012 and who's implementation will continue through FY 2013.

Public Safety

The FY 2013 budget preserves the core functions of public safety and maintains the current number of jail beds. The Sheriff's Office, the District Attorney's Office and the Department of Community Justice accomplished this goal through restructuring and streamlining business processes resources and the use of additional one-time-only General Fund resources. The budget maintains probation and parole services, jail alternatives and prosecutorial services. One-time-only funds were used to:

- Address an unprecedented number of corrections deputy vacancies stemming from retirements. Filling these vacancies will reduce the overall costs of jail system operations by decreasing the use of overtime in jail system staffing.

- Fund 59 beds at Inverness Jail where inmates receive counseling, education and mental health services to support successful transitions by inmates back into their communities.
- Provide temporary "bridge" funding to DCJ programs for offenders at high risk for recidivism, where increased State funds are expected to eventually replace grant funds that will expire.

Most State funding for public safety comes from Senate Bill 1145, which gives counties responsibility for all aspects of parole and probation supervision. SB 1145 directs that parole and probation sanctions are to be served in local jails instead of prisons and that all felony offenders sentenced to a term of incarceration of 12 months or less, remain in local custody. Currently, the County receives over $20 million dollars annually to pay for these services. The budget does not assume any State reductions to this funding, as it would likely trigger the opt-out option.

General Government

The County Chair started the Multnomah Evolves initiative during FY 2011 in order to restructure our administrative and support services, reduce administrative costs and protect direct services from reductions. As the initiative continues, a number of changes are included in the FY 2013 budget:

- Span of Control, or the ratio of supervisors to employees, was reviewed for all departments. The FY 2013 budget eliminates or downgrades the number of management positions and increases the span of control, resulting in approximately $3.3 million in "administrative/management" reductions to the County. The countywide span of control is 11.34 to 1.
- The Department of County Assets continues to implement strategic sourcing, which will be completed in FY 2013. DCA is continuing their conversation with the City of Portland to outsource all or poritons of all of the fleet maintenance.
- The Department of County Management has selected a vendor to supply and assist in implementing a new Budget and Performance Management System for FY 2014. The new web-based system will consolidate a set of stand alone software programs that have required extensive maintenance and manual processes for basic budget document production and regular data analysis. Initial implementation of the new system will not only streamline and automate current work, but also facilitate more in depth data analysis and user friendly reporting to inform County policies. If desired or necessary, subsequent phases of the new system may also support position and spending controls and capital planning at a more detailed level.

Capital Assets

Over the past decade funding for the County's capital requirements has not kept up with our changing service needs or our deferred maintenance liabilities. The Chair's Multnomah Evolves Initiative includes major changes to the way that the County manages its capital asset portfolio to address these issues. The Department of County Assets was created in FY 2012, in part to ensure the effective management of the County's capital assets.

As part of the Multnomah Evolves Initiative, a new Facilities Strategic Plan is in progress. The new plan will describe current and future facility needs for County programs based upon the demographics of our clients, as well as the location, cost and physical conditions of County buildings and leased space. The plan will propose a new policy to guide long term capital asset strategy for County buildings and propose transactions and projects to transform the current building portfolio into one that is financially sustainable for the long term.

In addition to these administrative changes, there are several major capital projects that will have been completed in FY 2012. The East County Courthouse and Data Center relocation project was completed in the spring of 2012. The project to replace the Sellwood Bridge will begin construction in late FY 2012. Other major capital projects in the FY 2013 budget include planning for a replacement for the Downtown Courthouse and finishing our new Assessment and Taxation IT system.

Planning for the FY 2013 Budget - Economic Climate

The County continues to face a slowly recovering national and local economy. It is a recovery that has been frustratingly protracted and uneven, especially for those seeking employment. Gross domestic product (GDP) – the output of goods and services produced in the U.S. – increased at an annual rate of 3.0% in the final quarter of 2011, the tenth consecutive quarter of growth. However, the 3.0% growth combined with the anemic GDP growth rates of 0.4%, 1.3%, and 1.8% in the preceding three quarters only dented national unemployment levels, with the rate dropping from 9.1% in January 2011 to 8.5% in December 2011.

The first quarter of 2012 has seen healthier trends, such as employment gains averaging 212,000 a month, improved consumer spending, and continued manufacturing growth. The first quarter has also seen many of the same countervailing headwinds seen in 2011. A quick run-up in oil and gas prices started the year, and European debt issues, Middle East unrest, and Iranian nuclear concerns continue to simmer. The direction of Federal fiscal policy after the November elections is uncertain and could be significantly contractionary. The President and Congress will be faced with expiration of the Bush tax cuts, the 2 percentage point social security tax reduction, the Medicare "Doc" fix, and the automatic spending reductions contained in the Budget Control Act (P.L. 112-25) that are set to kick-in in January 2013.

Locally, the Portland metropolitan area felt the impact of the housing boom and bust 12 to 18 months later than other regions. And, while prices continue to decline, there are signs of stabilization. Portland house prices peaked in July 2007 and have fallen 30.3% from their peak based on the S&P/Case Shiller Home Price Index. During the first two-thirds of 2011, home prices were falling 7.5% to 10.0% on a year over year basis. By the end of 2011, year over year price declines had moderated to 4.0%. Home prices are now close to historical norms based on affordability measures. Relatively high levels of unemployment and distressed sales (short sales and foreclosures) may cause prices to drift downwards in 2012, but house prices appear to be stabilizing.

After inching down from double digits to 8.5% by the end of 2011, U.S. unemployment levels have ranged between 8.2% and 8.3% in recent months. The four-week moving average of initial unemployment claims stands at 374,750 as of April 19th, down from 630,000 at the peak of the recession, and 428,000 on June 30 of last year. Overall the national trends point to a weak, but slowly improving labor market.

Since 2008, the typical local unemployment story has been that unemployment increased faster and peaked at higher levels in Oregon and Multnomah County than in the rest of the country. For instance, in May 2008 Oregon's unemployment rate was 5.7%. Twelve months later it stood at 11.6%. Multnomah County followed a similar pattern – increasing from 5.0% in May 2008 to 10.7% in May 2009.

The more notable story today is that in March of 2012, Multnomah County had an unemployment rate of 7.8%, which was lower than the U.S. rate of 8.2%, and significantly better than Oregon's rate of 8.6%. The Portland area labor market does tend to be a bit stronger and have a lower unemployment rate than the rest of the State. However, since January 2010 the Portland Metropolitan Statistical Area (MSA) has seen non-farm employment increase by roughly 4.1%, while the rest of Oregon has grown at roughly 1.1%. This is consistent with other data that suggests the Portland metropolitan region is recovering faster then the rest of Oregon.

The consensus forecast (from Western Blue Chip) for Oregon employment growth is 2.1% in 2012 and 2.6% in 2013. Personal income growth is projected to increase 4.4% in 2012 and 4.4% in 2013.

Forecasting the General Fund

Multnomah County uses ongoing financial forecasting and monitoring to estimate revenues and expenditures in the General Fund, the County's largest source of discretionary revenues. These forecasts are made for a 5-year time horizon and updated on a quarterly basis. The 5-year forecast helps form the basis on which Multnomah County builds its annual budget.

The Budget Office's March 2012 5-Year General Fund Forecast projected a gap between General Fund revenues and expenditures of $3.5 million for FY 2013, representing approximately a 1% gap. Unchecked, the gap will grow from $1.1 to $3.9 million per year through FY 2017. This projection excluded unmet needs such as capital infrastructure, but did include the impact of Local 88, the County's largest union, taking a COLA freeze in FY 2013, saving roughly $2.8 in the General Fund and $6.4 million across all funds. The forecast also assumed State funds backfilled with one-time-only General Fund resources would not be continued into FY 2013 and that no new or expanded General Fund programs would occur in FY 2013.

The $3.5 million gap is not due to a single factor, but rather several. Most notable are reduced US Marshal revenues from fewer bed rentals (112 vs. 140), lower recording fees, and increased property tax compression. The County's normal structural deficit of approximately 1% is less of an issue in FY 2013 due to slower personnel cost growth, namely related to modest medical cost growth and the Local 88 COLA freeze.

The Budget Office's May forecast update noted that increased BIT revenues would result in an additional $2.1 million in FY 2013, with similar amounts in FY 2014 and 2015. The additional revenue is more than offset by higher forecasted personnel costs (mostly due to PERS rate increases) in FY 2014 and 2014. Consequently, the additional revenue is treated as one-time-only as ongoing programs could not be sustained. The forecast update also noted that the Board would have an additional $1.6 million to spend on an OTO basis in FY 2013 due to the remaining FY 12 General Fund Contingency balance.

Local Revenues

Property tax is the single largest discretionary source of revenue in the General Fund, accounting for 65% of ongoing revenues. General Fund revenue growth, therefore, is particularly sensitive to taxable value growth and compression.

The FY 2013 budget assumes the following rates of growth (as measured from the FY 2012 adopted budget) for each revenue source:

- Property Tax – Increase 2.5%
- Business Income Tax – Increase 11.5%
- Motor Vehicle Rental Tax – Increase 3.0%
- Recording Fees/CAFFA Grant – Decrease 5.0%
- US Marshal (and Ballot Measure 73) Jail Bed Rental – Decrease 1.7%

State Revenues

The County's FY 2013 budget marks the second half the State of Oregon's 2011-13 biennium. With the State Legislature recently adjourning after their February session and no major surprises in the State revenue forecast, there is a relatively high degree of certainty regarding the County's funding from the State. This funding is important as State and Federal revenues account for roughly 25% to 30% of the County's operating budget.

This doesn't mean there aren't remaining worries over State funding levels. Healthcare transformation remains a major system change with a number of uncertainties, such as the State achieving $239 million in General Fund savings or being awarded additional Federal funds to assist with the transformation. Fortunately, the State and Federal government reached an agreement in May under which the Federal government will contribute $1.9 billion over 5 years, with $620 million in the first year. It does require Oregon to reduce Medicaid costs by two percent or else the funds would be in jeopardy. Elsewhere, recent State funding reductions to the Judicial branch could have spill over effects to the larger public safety system, which would impact the County.

During FY 2012, the County went through an internal 'State Mid-Year' rebalance to address funding reductions from the State during the first half of the biennium. The Board had set aside $4.2 million of one-time-only resources and $1.6 million of ongoing resources in anticipation of State reductions. The Board fully allocated the ongoing funds and used $2.1 million of the one-time-only funds. In FY 2013, the County continues to use the $1.6 million of ongoing General Fund to backfill State reductions, and has used some one-time-only funds to cover other State reductions. Over the long-term, continued backfilling of State reductions is an unsustainable model.

Details regarding individual State reductions (or restorations) can be found in the departmental narratives.

Cost Drivers

Expenditures are forecast to grow 4 to 5% annually through FY 2017 – a rate of growth that takes into account inflation, employee compensation, and long term fixed costs. For FY 2013, the cost of providing current service levels was initially expected to grow by nearly 5%. This was driven by personnel costs, which were forecast to grow by 5.25%. Local 88's agreement to forgo a COLA wage increase, the ability to not increase in PERS rates charged to departments, and a modest medical/dental cost increase lowered the increase to a more manageable 3.23%. Specifically, the cost increase was derived from the following sources:

- Cost of Living Adjustment – 1.60%
- Step/Merit Increases – 1.51%
- Medical/Dental – 4.5%
- PERS – 0.00%
- Retiree Medical – 0.00%

The moderation in personnel costs the County has experienced over the last several years is not expected to continue. Nearly every labor group and management has taken some combination of wage and COLA freeze, and PERS rates are expected to increase sharply in coming years.

For FY 2013, internal service rates for items such as IT services and facilities *charged to* departments increased by roughly 9%. The actual cost increase to provide these services was significantly less. The Board and internal service providers used BWC (i.e., fund balances) and one-time-only General Fund support to keep the rates artificially low in FY 2012. This reduced the need for additional direct service reductions in FY 2012. For FY 2013, the rates charged to departments reflect the end of the FY 2012 subsidy and the normal annual inflationary cost increase.

Policy Direction from the Chair and Balancing the General Fund

In light of the General Fund shortfall projected in the 5-year Forecast, the Chair directed all departments to make a 1.5% reduction from current service levels in their General Fund budget requests. Departments were directed to preserve direct services where possible, while Internal Service providers built their budgets using current service levels.

The Multnomah Evolves initiative continued through FY 2012. The most notable impact for FY 2013 is Strategic Sourcing and the outcome of the Span of Control and Management Position review. Management costs were reduced by $3.3 million and the Countywide span of control (employees to supervisors) increased from 10.83 to 1 in FY 2012 to 11.34 to 1 in FY 2013. Roughly 30 management positions (FTE) were eliminated, downgraded, or converted to represented positions. While this is not all savings, it does serve to maximize staff providing direct services. Savings realized by departments was used to help meet their 1.5% General Fund reduction target. The County's span of control work also generated $714,540 savings in FY 2012.

The BIT reserve was set at 8% of BIT revenues for FY 2013 versus 10% for FY 2012. This is on top of the County's 10% General Fund revenue reserve. It is also assumed Department's will under spend their FY 2012 appropriations by $1.0 million. This is a relatively modest amount given the size of the General Fund and historical patterns. Lastly, it is assumed that $1.0 million of unused General Fund contingency from FY 2012 will be carried over to FY 2013.

These savings and the FY 2012 ending balance closed the majority of gap for FY 2013. Consequently, Chair Cogen's proposed budget largely maintains General Fund current service levels for FY 2013 while also allowing for modest strategic reinvestments for critical services and projects.

During FY 2012, the Board passed Resolution 2012-004, which committed to providing $10.0 million of one-time-only General Fund funding for the Library. More information on this is provided below. However, this commitment, which is contained in the Chair's proposed budget, consumed the majority of one-time-only funds and limited the number of one-time-only projects in FY 2013.

The Chair's budget message provides additional information on his policy initiatives and the following sections of the Budget Director's Message address our one-time-only resources and spending.

The Board adopted the Chair's proposed budget with relatively few changes. The most notable was the restoration of roughly $1.2 million in program reductions (from the State, City of Portland, and County General fund) using the remaining FY 2012 General Fund contingency balance as noted in the May forecast update.

Budget Overview - All Funds

Local Budget Law requires that Multnomah County report the total budget. The budget for FY 2013 totals $1,516,042,033. When adopted, the budget sets the legal appropriation. The total budget reflects the actual resources needed by the County, plus internal charges, transfers, loans, and accounting entities.

Because the total budget overstates what is actually spent, the County often refers to the net budget. The FY 2013 net budget of $1,130,699,947 is a more accurate statement of the money the County actually plans to spend on operations during the year. The net budget subtracts all internal charges, transfers, and loans from one fund to another. Internal transactions between funds are typically the result of one department providing a service to another, such as information technology or facilities services. It also removes all reserves for future years to more accurately reflect the ongoing operating budget.

Please see the next page for a table detailing the change in budget by fund compared with FY 2012.

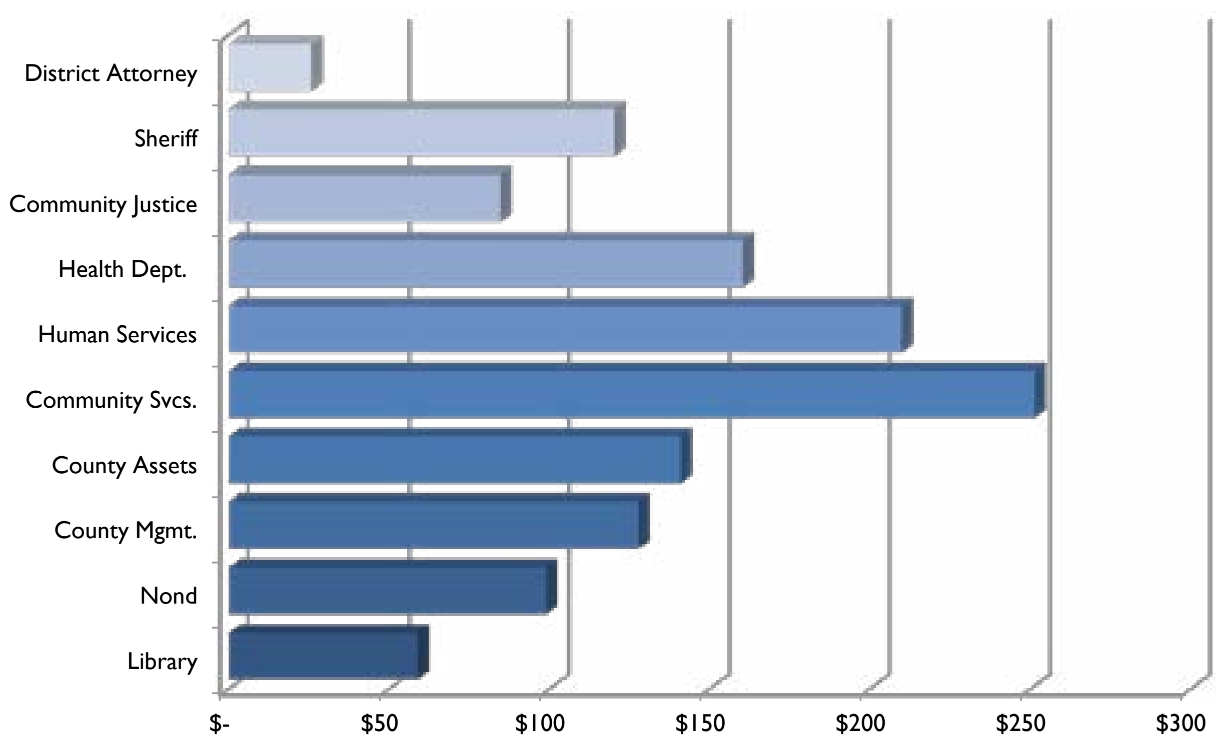
FY 2013 Adopted Budget	
Department Expenditures	$1,065,358,314
Contingency	$65,341,633
Total Net Budget	**$1,130,699,947**
Service Reimbursements	$213,055,298
Internal Cash Transfers	$39,662,851
Reserves	$132,623,937
Total Budget	**$1,516,042,033**

#	Fund Name	FY 2012 Adopted	FY 2013 Adopted	Change	Notes
1000	General Fund	412,093,990	454,482,709	42,388,719	(BWC) +$3.6m, financing sources +$1.6m, taxes +$11.3m, service charges +$27.6m, licenses & permits +$1.3m, other revenues +$3.1m, intergov. -$5.7m, interest -$0.4m
1501	Road Fund	49,018,176	45,808,171	(3,210,005)	BWC +$0.2m, intergov. -$3m, other, service charges, taxes -$0.4m
1502	Emergency Communications Fund	250,000	250,000	0	
1503	Bicycle Path Construction Fund	359,250	408,500	49,250	
1504	Recreation Fund	105,000	102,080	(2,920)	
1505	Federal/State Program Fund	273,175,292	231,197,467	(41,977,825)	BWC -$0.5m, Intergov. -$13m, licenses/permits, other revenues +$0.8m, service charges -$29.3m
1506	County School Fund	187,100	23,800	(163,300)	Taxes -$0.2m
1508	Animal Control Fund	2,692,050	2,975,694	283,644	BWC +$0.1m, licenses & permits +$0.2m
1509	Willamette River Bridge Fund	33,736,272	11,857,856	(21,878,416)	BWC -$17.5m, financing sources -$5.6m, intergov -$1.4m, other revenues +$2.6m
1510	Library Serial Levy Fund	69,221,502	66,929,062	(2,292,440)	BWC -$9.6m, financing sources +$10.4m, interest -$0.2m, taxes -$2.9m
1511	Special Excise Taxes Fund	20,055,250	23,689,500	3,634,250	Taxes +$3.7m
1512	Pub Land Corner Preservation Fund	1,719,000	1,888,500	169,500	
1513	Inmate Welfare Fund	1,250,668	1,219,838	(30,830)	
1516	Justice Services Special Ops Fund	7,925,717	5,814,575	(2,111,142)	BWC -$0.2m, licenses & permits -$1m, service charges -$0.8m
1518	Oregon Historical Society Local Option Levy Fund	1,945,151	1,837,418	(107,733)	
1519	Video Lottery Fund		5,223,488	5,223,488	New fund. Intergovernmental +$5.2m
2001	Revenue Bond Sinking Fund	2,680,690	150,000	(2,530,690)	BWC -$1m, financing sources -$1.5m,
2002	Capital Lease Retirement Fund	30,469,235	22,732,109	(7,737,126)	BWC -$2.8m, financing sources -$0.8m, other revenues -$3.9m, intergov -$0.2m
2003	General Obligation Bond Sinking Fund	16,389,888	15,989,750	(400,138)	BWC +$0.4m, taxes -$0.7m
2004	PERS Bond Sinking Fund	72,325,000	75,427,500	3,102,500	BWC +$2m, interest -$0.4m, other rev +$1.5m
2504	Financed Projects Fund	3,701,038	3,531,283	(169,755)	BWC decrease
2507	Capital Improvement Fund	39,753,610	28,696,077	(11,057,533)	BWC -$11.2m, financing sources +$2.4m, intergov -$0.4m, other rev -$1.6m, service charge -$0.3m
2508	Capital Acquisition Fund	4,233,353	1,424,943	(2,808,410)	BWC reduction
2509	Asset Preservation Fund	7,243,197	7,740,158	496,961	Financing sources -$0.2m, other rev +$0.7m
2511	Sellwood Bridge Replacement Fund	153,452,258	212,986,452	59,534,194	BWC +$6.1m, financing sources -$17.2m, interest -$0.2m, intergovernmental +$70.9m
3002	Behavioral Health Managed Care Fund	60,019,416	57,525,623	(2,493,793)	BWC -$0.3m, intergovernmental -$2.2m
3500	Risk Management Fund	120,931,210	135,405,059	14,473,849	BWC +$26.6m, financing sources -$16m, interest -$0.3m, other revenues +$4.2m
3501	Fleet Management Fund	10,895,342	10,657,182	(238,160)	BWC -$0.6m, financing sources +$0.2m, other revenues +$0.2m, service charges -$0.1m
3503	Information Technology Fund	43,386,848	44,122,617	735,769	BWC -$4.5m, financing sources +$0.5m, interest -$0.1m, other revenues +$4.8m
3504	Mail Distribution Fund	8,122,221	3,767,634	(4,354,587)	Other revenues -$4.3m
3505	Facilities Management Fund	40,432,110	42,176,988	1,744,878	Finanacing sources -$0.4m, other revenues +$1.9m, service charges +$0.3m
	Total	**1,487,769,834**	**1,516,042,033**	**28,272,199**	

Department Requirements All Funds ($1.28 billion)

Department expenditures, excluding cash transfers, contingencies, and unappropriated balances, for all funds total $1.28 billion in FY 2013 vs. $1.17 billion in FY 2012. The increase is driven by the Sellwood Bridge Fund, which increased by nearly $117 million due to construction costs and debt service associated with building the replacement bridge. Absent this capital project, expenditures would have been relatively flat.

The bar chart below shows appropriations by department in millions across all funds. This figure includes internal service payments, and thus represents some double-counting.

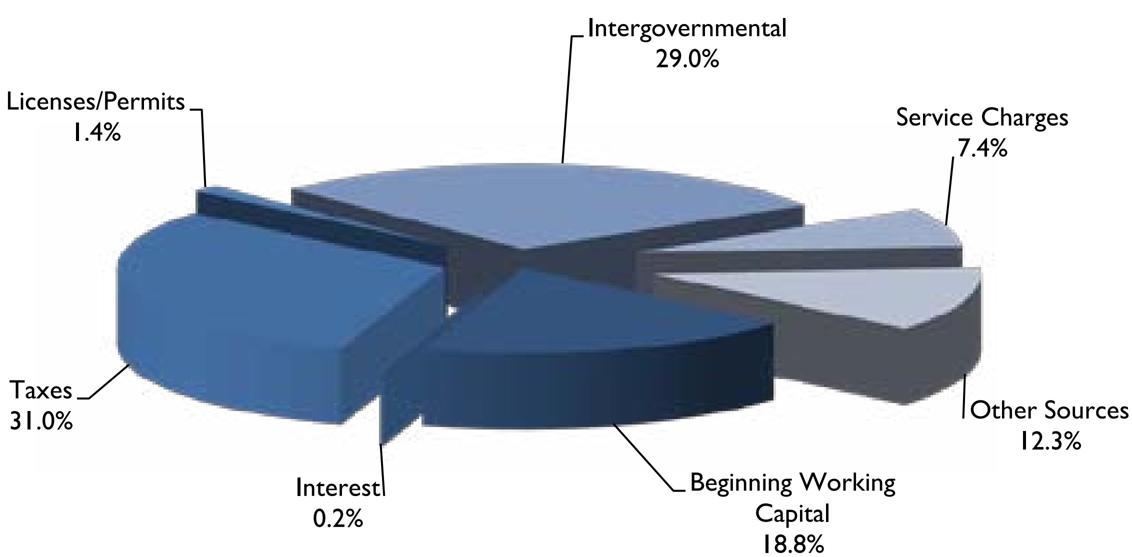


Department Revenues All Funds ($1.25 billion)

Total direct resources or 'revenues' for FY 2013 are $1.25 billion (excluding service reimbursements and cash transfers between funds). Local tax revenues are generally growing, with property taxes increasing at a modest 2.5% rate. Taxes constitute the largest single revenue source and include property tax, business income tax, motor vehicle rental tax, transient lodging tax and county gas tax.

The increase in direct resources from $1.20 billion in FY 2012 to $1.25 billion in FY 2013 is attributable primarily to financing assumptions for the Sellwood Bridge. Namely, intergovernmental revenue from planned contributions from other jurisdictions.

Beginning Working Capital (BWC), as a share of total budgeted resources, has decreased from last year. The FY 2012 adopted budget contained $247.1 million of BWC million across all funds while FY 2013 contains $234.6 million. The most notable reduction is the in the Library Fund, which dropped from $15.3 million to $5.7 million. The Information Technology Fund also experienced a decline from $12.0 million to $7.5 million as the balance was purposefully spent down during FY 2012.

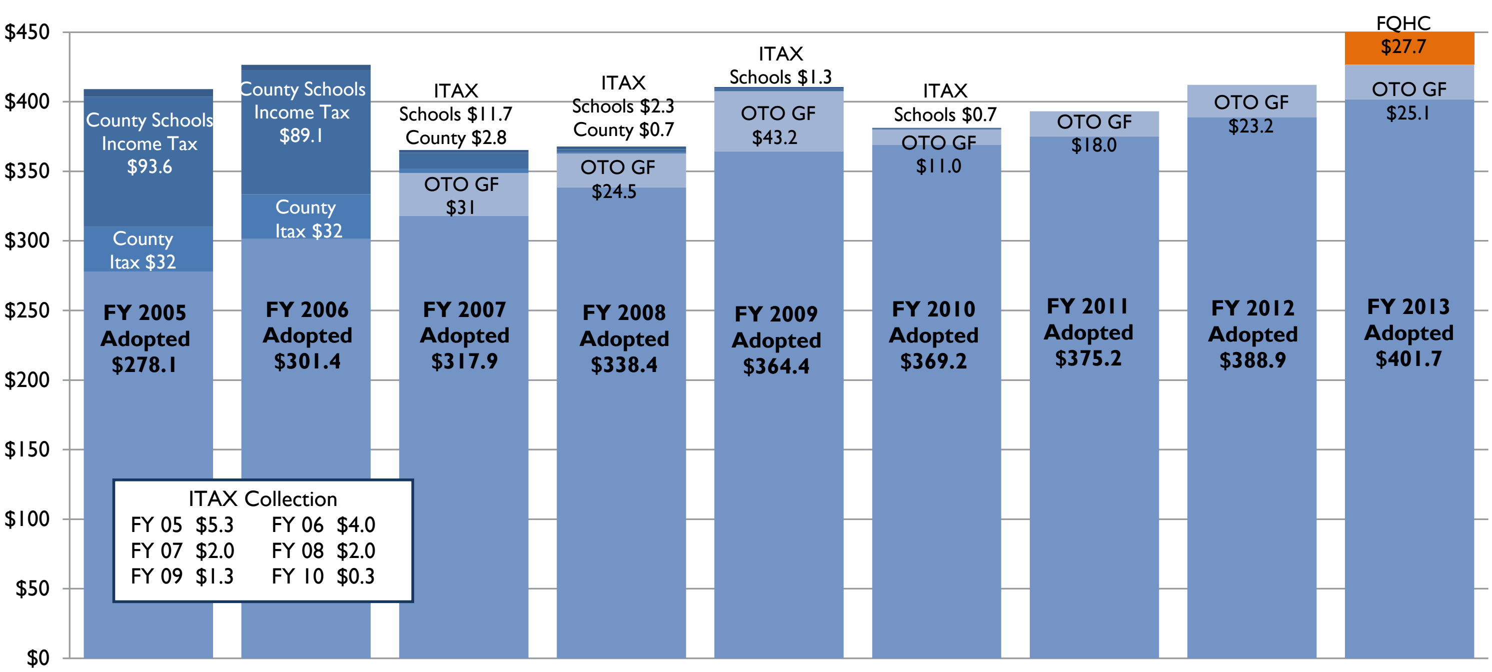


The General Fund

General Fund Expenditures and Reserves ($454.5 million)

The $454.5 million General Fund comprises approximately one-third of the County's budget. It is the largest pool of discretionary funds that the Board of County Commissioners can allocate with few restrictions. Resources include property taxes, business income taxes, motor vehicle rental taxes, interest earnings, state shared revenues and beginning working capital. For FY 2013, the General Fund also includes FQHC Medicaid wraparound reimbursement.

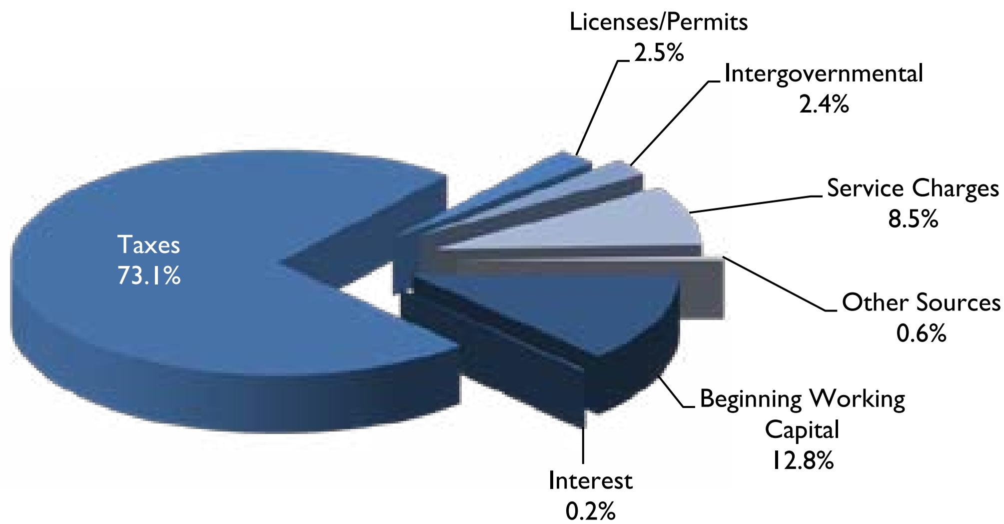
The following graph shows total General Fund 'spending', including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2005 through FY 2013. The Temporary Personal Income Tax (ITAX) is shown from FY 2005 to FY 2010 and is not significant enough to warrant being called out separately in subsequent years. Additionally, the graph shows how much one-time-only (OTO) and ongoing funding was spent in the General Fund in fiscal years FY 2007 - FY 2013. Combining each segment provides the total General Fund.



General Fund Revenues

General Fund resources for FY 2013 (excluding service reimbursements and cash transfers) have increased from FY 2012. Resources are budgeted at $429.5 million – a $37.8 million or 9.6% increase over FY 2012. An accounting change that has the County recording $28.5 million of FQHC wraparound payments in the General Fund constitutes the majority of the increase. A $11.3 million (3.7%) increase in taxes and a $3.6 million (7.0%) increase in BWC also drive the increase. These increases are somewhat offset by $5.2 million of Video Lottery funds no longer being recorded in the General Fund.

Taxes make-up the majority of General Fund revenues, and if one excludes BWC, service reimbursements, and the FQHC payments, taxes account for the nearly all of the Board's discretionary ongoing funds. Property taxes, accounting for $239.3 million, are budgeted to increase by 2.5%. Business income taxes, accounting for $54.5 million, are budgeted to be up 11.5%. And, motor vehicle rental taxes, accounting for $19.1 million, are budgeted to increase by 3.0%.



Use of One-Time-Only (OTO) Funds

The FY 2013 budget contains approximately $25.1 million of one-time-only General Fund resources after fully funding the County's General Fund reserves. The vast majority of these funds are from the projected FY 2012 ending balance, which includes the unused $4.9 million BIT reserve, the remaining $2.6 million in the General Fund contingency, and $1.5 million set aside for IT projects.

The tables on the following two pages show how the OTO resources are planned to be used in FY 2013. The first table lists OTO resources supporting OTO expenditures or programs not expected to continue beyond FY 2013. The second table lists OTO resources supporting ongoing programs or those expected to operate beyond FY 2013.

One-Time-Only Resources Spent on One-Time-Only Programs

Prog #	Program Name	Dept.	FY 2013 TOTAL General Fund	Other Funds	OTO Only General Funds	% OTO General Funds
10034A	Office of Sustainability	Nond	$568,727	$0	$20,000	4%
10035B	Summer Youth Connect [1/]	Nond	0	100,000	100,000	100%
10036	Climate Adaptation Planning Project	Nond	42,318	0	42,318	100%
10037	Continuity of Operations Planning	Nond	54,486	54,486	54,486	100%
10038	Disaster Preparedness for Vulnerable Populations	Nond	42,318	0	42,318	100%
10039	Rosewood Initiative	Nond	70,000	0	70,000	100%
Multiple	DA's ITAR Balance	DA	60,000	0	60,000	100%
25027	ADS Administration - Medicaid Match funding	DCHS	227,242	1,044,165	154,000	68%
25028	Bed Bug Mitigation	DCHS	121,000	0	121,000	100%
25059	Peer-run Supported Employment Center	DCHS	80,000	0	80,000	100%
25080	Adult Addictions Treatment Continuum - Project Network	DCHS	3,036,340	8,607,578	250,000	8%
25133B	HSVP - Short-Term Rent Assistance	DCHS	500,000	0	500,000	100%
25133D	HSVP - Streetroots	DCHS	20,000	0	20,000	100%
25135	Commercial Sexual Exploitation of Children - Victims' System of Care	DCHS	420,000	0	420,000	100%
25139A	Anti-Poverty Services - Tax Preparation & Internet Access for Low Income Families [2/]	DCHS	813,811	795,501	40,000	5%
25153	Culturally Specific Parent Engagement	DCHS	50,000	0	50,000	100%
40013A	Healthy Start Initiative	HD	3,697,347	3,314,780	270,000	7%
40013B	General Field Nursing	HD	2,587,223	2,487,448	208,814	8%
40052B	Medical Examiner	HD	73,520	0	73,520	100%
50008B	DCJ Response to Commercial Sexual Exploitation of Children - Collaboration Specialist	DCJ	93,068	0	93,068	100%
50033	Juvenile Culturally Specific Intervention	DCJ	373,248	108,590	300,000	80%
50041A	Employment Transition Services for Gang Members	DCJ	3,069,129	6,274,177	65,000	2%
50059	Facilities Transition	DCJ	122,115	0	122,115	100%
50061	ASD State Funding Bridge	DCJ	508,265	0	508,265	100%
72025B	DCM DART County Clerk	DCM	456,636	0	456,636	100%
78043B	Administrative Hub Contracts Transition	DCA	103,442	0	103,442	100%
91004	Apartment Cat Trap-Neuter-Return Program	DCS	103,771	0	103,771	100%
91008B	Presidential Election	DCS	335,323	0	335,323	100%
91024	Safe Routes to Schools	DCS	30,000	0	30,000	100%
91023	Green Infrastructure - Fish Passage	DCS	35,000	0	35,000	100%
95000	BIT Reserve at 8%	Countywide	4,163,796	0	4,163,796	100%
95000	ITAB Cash Transfer	Countywide	1,500,000	0	1,500,000	100%
95000	Additional Contingency Above Base Level	Countywide	2,123,896	0	2,123,896	100%
95000	Contingency for SE Health Clinic Budget Note	Countywide	802,015	0	802,015	100%
95000	Contingency for Metamorphosis Budget Note	Countywide	265,000	0	265,000	100%
95000	Contingency for MCSO Hiring & Training	Countywide	239,000	0	239,000	100%
95000	Library Cash Transfer	LIB	10,000,000	0	10,000,000	100%
	Total OTO for OTO		**$36,788,036**	**$22,786,725**	**$23,822,783**	**65%**

1/ The OTO funds for this program are budgeted in Video Lottery Fund (1519)
2/ OTO includes $20,000 for Internet Access and $20,000 for Tax Preparation in the Video Lottery Fund (1519)

One-Time-Only Resources Spent on Ongoing Programs

Prog #	Program Name	Dept.	FY 2013 TOTAL General Fund	Other Funds	OTO Only General Funds	% OTO General Funds
25020A	Veteran's Reach In Services	DCHS	$3,157,156	$6,270,105	$45,000	1%
25060A	2 Mental Health Residential Treatment Beds	DCHS	1,161,659	9,264,877	34,400	3%
25133A	HSVP - Alder Elementary Rent Assistance and Rent Assistance for 12 Families in Housing Stabilization [1/]	DCHS	1,466,568	1,460,234	114,000	8%
25136A	3 Emergency Shelter Beds for Homeless Youth	DCHS	661,585	3,332,679	39,880	6%
50012	3 Women's and 3 Children's Residential A&D Treatment Beds	DCJ	1,728,693	0	157,896	9%
60041H	MCIJ Dorm 4 [2/]	MCSO	633,302	0	633,302	100%
78046	Countywide Strategic Sourcing	DCA	492,451	0	242,451	49%
	Total OTO for Ongoing		**$9,301,414**	**$20,327,895**	**$1,266,929**	**14%**

1/ OTO includes $60,000 for Alder Elementary and $54,000 for Rent Assistance
2/ OTO funding for Dorm 4 will be absorbed and funded ongoing within MCSO's appropriation in FY 2014

General Fund Reserves

The County maintains General Fund reserves outlined in the County's Financial and Budget Policies. In FY 2013, reserves are maintained in the General Fund equal to 10% of ongoing "corporate" General Fund revenues – resources that the Board has wide discretion over, such as property taxes. The FY 2013 budget fully funds the General Fund reserves at $32.1 million and is in compliance with the Financial and Budget Policies. The level of General Fund reserves is considered a fundamental measure of financial health.

The FY 2013 budget also contains an additional 8% BIT Stabilization Reserve of $4.2 million. This stabilization reserve is in addition to the General Fund reserve and is specifically intended to mitigate the risk of an unexpected downturn in the regional economy as the BIT is a volatile revenue source.

Policy Issues and Opportunities

Organization-wide Issues

Library District

FY 2012 is the last year of the current 5-year local option levy, which provides about two-thirds of the funding for the library. The FY 2013 budget assumes that the proposed Library local option levy renewal passes in May at the current rate of $0.89 per $1,000 assessed value. The current rate will not provide sufficient funding to maintain current service levels. This occurs because taxes from the local option levy have declined (been compressed) due to Measure 5 property tax limits. In FY 2010, property tax compression was 15.6% and by FY 2012 property tax compression had climbed to 32.6%. For FY 2013, compression is projected to increase to 36.7%. The increased compression means over a 3-year period, the library has seen its local option tax levy reduced by 21.1%.

As the $0.89 levy does not provide sufficient funding to maintain current library services, the library has tapped into its fund balance for the last three years in order to maintain services. The proposed renewal levy at the current rate results in a funding gap of about 20-25% for FY 2013. In recognition of that gap, the Board has committed an additional $10 million in one-time-only General Fund support to mitigate the reduction in revenue over the three years of the proposed levy. This reduces the funding gap to about 10% or roughly $6.5 million for FY 2013.

In order to close the $6.5 million gap in FY 2013, the library will make service reductions that include: closing all locations one day/week and reducing hours; a $1.0 million reduction in the budget for library materials; and a corresponding reductions in management, administrative, and support costs. System-wide, Libraries will be open six days a week; continue programs for young and school-age children; continue services for seniors, job seekers, small business owners, those speaking English as a second language, and homebound individuals; and continue to buy new books, magazines and other materials.

Health System Transformation
The State is in the midst of transforming the way healthcare is delivered to people covered by the Oregon Health Plan, with the ultimate goals of improving health, providing better care, and reducing costs. As part of this effort, Multnomah County is taking part in the creation of a Coordinated Care Organization (CCO), a local health entity that will work to improve the health of the Medicaid and high-risk uninsured population in Multnomah, Clackamas, and Washington counties. The State is assuming significant savings from health system transformation over the next few years, which will be reflected in changes to state funding and how the County's budget accounts for those changes.

For the current biennium, the State has assumed that health system transformation will result in $239 million in savings to the State general fund. To the extent those savings may not be fully realized, the State has been working with the Federal government to secure additional funding. In May, the State reached an agreement with the Federal government of $1.9 billion over five years to support transformation. It includes $620 million in the first year, with a requirement that Oregon reduce overall Medicaid costs by two percent. If such a reduction is not achieved, receipt of the remaining Federal funds will be in jeopardy. The State is also looking at estimates that show CCOs could reduce costs by over $1.0 billion in State and Federal dollars in the next three years and over $3.0 billion in the next five years.

Climate Action Plan
On October 28th & 29th, 2009, the Multnomah County Board of Commissioners and Portland City Council unanimously adopted the 2009 Climate Action Plan, which established a goal of reducing community-wide greenhouse gas emissions 80% below 1990 levels by 2050. The Climate Action Plan serves as a road map for the City and County to achieve this goal, and is designed around nearly 100 specific actions that will be revised every three years.

In FY 2012, significant progress was made in advancing the early City and County actions, and an interim progress report showed that countywide greenhouse gas emissions have been reduced 6% below 1990 levels. In FY 2013, work will continue toward substantially completing all of the initial City and County three year actions, and a process to develop new three year actions will be completed. Critical work in the area of adapting County operations and the community to climate change is underway, and a joint City/County Adaptation Plan will be developed in FY 2013.

Personnel Costs

Merit, Step, and COLA Wage Increases
The backbone of our organization has been and continues to be our workforce, which absorbed increased workloads and achieved increased efficiencies with fewer resources amidst competing demands and increased

community expectations and needs during this economic downturn. The FY 2013 budget includes a merit and cola adjustment for most of the labor groups. Over the past few years, these groups have taken wage and/or COLA freezes.

COLA Freeze for AFSCME Local 88

The FY 2013 budget is balanced in part through a cost of living adjustment freeze by agreement of the County's largest union, AFSCME Local 88 that saved a total of $6.4 million ($2.8 million in the General Fund and $3.6 million in other funds) for FY 2013. Local 88 did receive a step and COLA adjustment in FY 2012 when management and executive employees did not.

Other Post-Employment Benefits

The County offers retirees over the age of 58 the benefit of partially subsidized medical benefits until the retiree is eligible for Medicare. In 2004, an accounting rule change by the Governmental Accounting Standards Board required the County to report the value of the insurance benefits promised to retirees as a liability on our annual financial statements. The County contributes 2.0% of current payroll costs to support the retiree medical insurance program. This provides for both the County's share of retiree medical premiums and a contribution towards a reserve that is held in the Risk Fund. That reserve is not sufficient to cover the full amount of the anticipated liability. The unfunded liability is approximately $155 million and our current reserve is set at $20 million. The County's financial policies establish a goal of funding 20% of the liability by 2013, and the current reserve amount represents 13% funding of the full actuarial liability.

Public Employee Retirement System (PERS)

The County participates in PERS, a cost sharing, multi-employer defined benefit pension plan administered by the State of Oregon. For FY 2013, the County's PERS rates remain unchanged from the previous year. PERS rates are established biennially with the next valuation scheduled to take effect July 1, 2013.

The County has accumulated reserves in the PERS Bond Fund that has allowed the County to provide an offset to future rate increases. For instance, Departments were charged a higher internal rate than the County was required to pay into the PERS system when the County recognized that losses after the actuarial valuation would lead to higher rates in the long-term. This allowed the County to smooth, and stabilize, the budgetary impact to direct services and programs. Proactive management of the PERS liability has been noted in recent Moody's rating analysis. Significantly, an additional 6.0% contribution to uniformed employees in one bargaining unit has been reduced through bargaining and will ultimately be phased out. This will have a positive impact on the County's long-term PERS liability.

Based on the December 2010 actuarial valuation and PERS earnings during 2011, it is anticipated that PERS rates will increase significantly in FY 2014. The County's ability to smooth our internal rates may be limited.

Healthcare Costs
The County strives to offer its employees a wage package that is competitive with peer organizations in the public and private sector labor markets. Over the last few years, one of the greatest challenges facing the County has been the increased cost of health insurance. Annual increases (e.g., for treatment, hospitalization, and prescriptions) have historically risen at roughly double the rate of core inflation. Recently, however, the increases in healthcare costs have slowed somewhat. This has enabled the County to increase internal services charges for employee healthcare benefits a modest 4.5% for FY 2013. The County continues to explore trends in the healthcare industry and alternatives to the current benefits plans in order to minimize future increases in healthcare costs.

New Facilities and Operations

New Facilities and Operations
The Sellwood Bridge project will replace the current 84-year old Willamette River crossing with a new bridge and will connect with Highway 43 right-of-way. The current cost estimate is $290 million and the funding plan includes the following secured sources:

- $127 million - Multnomah County Vehicle Registration Fee ($19 per year)
- $80 million - City of Portland (new revenues from the Oregon Jobs and Transportation Act)
- $35 million - State of Oregon (Jobs and Transportation Act) for Highway 43 interchange
- $17.7 million – Federal TIGER III grant awarded January 2012
- $15.6 million - Previously secured funds after the planning phase

Construction of the temporary piers for the detour bridge began December 2011 and the temporary bridge is expected to be open in September 2012. New bridge design is on schedule and is expected to open in 2015.

New Information Technology Data Center and Disaster Recovery Capabilities
In FY 2010, the County began a project to replace the outdated IT Data Center facility, which houses critical IT infrastructure and data storage. IT partnered with Facilities to select the new East County Courthouse as one of the "co-location" sites for the new IT Data Center, which will operate in two locations in order to provide backup capabilities the County currently lacks. The East County Courthouse opened for business on April 10, 2012, and the transition of data to servers at the East County Courthouse building is underway and should be completed in early FY 2013.

The new two-site data center model will add critical disaster recovery capabilities to ensure the county's ongoing IT operations in case of an emergency or disaster. Locating in a new building has allowed the County to upgrade our network infrastructure and add additional technical capabilities provided by a vendor. Full operating costs for both data centers have been budgeted in the IT rates for FY 2013.

Facilities Capital Improvement and Asset Preservation Budgets
The County's capital program for facilities monitors, upgrades, and improves the County's portfolio of owned buildings. The program operates on a pay-as-you-go basis for normal repairs and equipment replacements. A capital preservation fee is assessed to all County tenants based on space occupied in order to pay for the replacement of building systems at the end of their useful lives. For FY 2013, the capital fee will collect just over $6 million for repairs and improvements to County buildings.

The County has an estimated deferred maintenance and seismic liability of $231.2 million for County buildings, of which $209.3 million is seismic liability. Addressing the deferred maintenance backlog and seismic liability will require new sources of revenue to replace or repair these County assets.

Facilities Strategic Plan
In 2005, the current Facilities Strategic Plan was adopted by the Board. That plan laid out capital strategy and policies for the County. As the County is faced with ongoing budgetary constraints, continued facility deferred maintenance, and building costs that are above manageable levels. The FY 2012 budget included funding for a new Facilities Strategic Plan. The new plan will describe current and future facility needs for County programs based upon the demographics of their clients, as well as the location, cost and physical conditions of County buildings and leased space. The plan will propose new policies to guide long term capital asset strategy for County buildings and transactions and projects to transform the current building portfolio into one that is financially sustainable. It is anticipated that the plan will be completed by the end of FY 2012.

Downtown Courthouse Planning
The current downtown Courthouse is obsolete and poses a hazard in the event of an earthquake. In FY 2006, the Board declared the North Bridgehead Block as the preferred site for the proposed new downtown Courthouse. The County has been investigating the zoning and land use issues which currently encumber the site. Relocating the Hawthorne Bridge off-ramp that bisects the property will take place after the zoning and land use issues are addressed. The County recently completed an architectural study describing the feasibility of renovating the Downtown Courthouse while maintaining a substantial portion of operations during construction. The study is being reviewed by Board members no policy decisions have been made that change the 2006 plan.

Education Urban Renewal Area
The Board of Commissioners approved an Intergovernmental Agreement with the City of Portland, the Portland Development Commission (PDC) and Portland State University (PSU) to create the joint human services and community health initiative with PSU and receive funds from the proposed Education Urban Renewal Area to develop a new County facility. The City of Portland is scheduled to review the formation of the urban renewal area in May, 2012. The proposed urban renewal district is proposed to help Portland State University "continue to accelerate the region's growth and excellence." The proposed district would provide $169 million for investment in "educational facilities, affordable housing and private taxable development". The proposal would also provide $19 million from the district to the County to help construct a new building for the Department of County Human Services.

U2 Health Headquarters
In 2011, Multnomah County and Home Forward (formerly Housing Authority of Portland) prepared a feasibility report to relocate operations from the outdated McCoy Building on 426 SW Stark to a new Health Department facility on the east half of block U in downtown Portland. The McCoy facility, built in 1923, needs significant maintenance and seismic investments and the U2 site is well situated next to the Bud Clark Commons day center and shelter with easy access to public transportation. The McCoy facility houses the Westside Health Clinic, TB and STD clinics, and a variety of other clinical functions. Negotiations are underway between the City of Portland, Home Forward, and Multnomah County to secure an agreement to finance and develop the project.

The FY 2013 budget includes an appropriation to provide for pre-development costs that may be incurred during the year. The new building and relocation of current operations together would cost an estimated $38.5 million and $26.9 million of the requisite funds could come from an anticipated distribution from the Portland Development Commission for River District capital projects.

Wapato
The 525-bed Wapato Jail was built in 2006. There is currently insufficient funding to operate this facility. The FY 2013 budget includes $373,000 for "mothball" costs for the year. The County continues to seek sustainable funding for operating this facility or opportunities for leasing it to another jurisdiction.

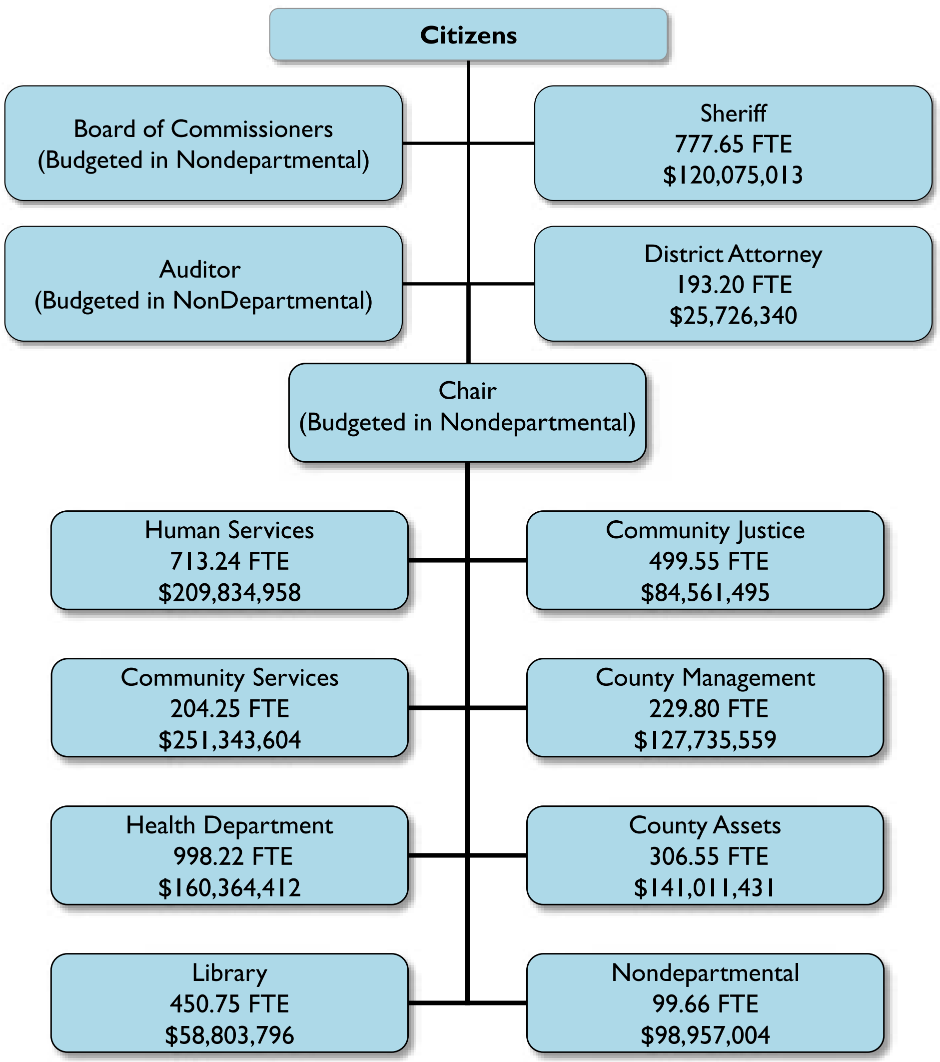
Future Budget Pressure

While the County is in the midst of an economic recovery, we are not immune to broader economic issues and will continue to face internal and external budget pressures in years to come. For example, past budget decisions such as the opening of new facilities, have an impact on future years' budgets. The following list is a brief outline of the budget pressures that the County will monitor for impact beyond FY 2013.

- **State and Federal budget cuts** – The County has experienced significant State funding reductions since FY 2009. Additional cuts could be forthcoming in the State's next biennial budget and result in continued cost-shifting by the State. The President and Congress are also pursuing federal budget cuts and/or freezes to key County funding sources.
- **Capital investment** – There is currently no ongoing funding stream to pay for capital investments to maintain the portion of the County's infrastructure that is near the end of its useful life or for new facilities.
- **Healthcare costs** – While the rate of growth in County healthcare costs has slowed in recent years, it still exceeds the rate of inflation.
- **Pension and post-employment benefit costs** – While the County's pension and post employment benefit funds are among the best funded in the country, funding will need to increase with costs (e.g., increasing salaries) to maintain these favorable levels.
- **Technology** – As technology becomes more prevalent in day-to-day County operations, the associated infrastructure and support costs also increase. There is currently no ongoing funding stream to pay for technological investments.

Multnomah County Organization Chart

Multnomah County delivers its services through ten departments including three managed by independently-elected officials: Dan Staton, Sheriff; Michael Schrunk, District Attorney; and Steve March, County Auditor. There are 4,472.87 full time equivalent (FTE) positions in this budget.



Appreciation

This document is the outcome of many hours of hard work and analysis by County agencies and their staff and I would like to take this opportunity to thank these people for their contributions. Particularly, I want to thank the leadership in the Chair's Office: County Chair, Jeff Cogen; Chief of Staff, Marissa Madrigal; Chief Operating Officer, Joanne Fuller; and, Assistant to the Chief Operating Officer, Rachel Philofsky . I also want to extend my sincere appreciation to the staff in the County Assets Administrative Hub and to department heads and constitutional officers along with their budget teams and staff for their cooperation and assistance.

Finally, I want to acknowledge the remarkable teamwork by the people in the Central Budget Office who gave their very best in putting this budget together: Mike Jaspin, Ching Hay, Christian Elkin, Shannon Busby, Paula Watari, Jennifer Unruh, and Althea Gregory.

It is my honor to work with the dedicated people who serve our County.

Karyne Kieta
Multnomah County Budget Director

FY 2013 Budget Notes

The following budget notes were adopted by the Board of County Commissioners on May 31, 2012. Board discussion and deliberation is an integral part of the county budget process. Budget notes document policy discussions and decisions made by the Board of County Commissioners during the budget worksessions and provide direction to departments in achieving the Board's policy goals during the fiscal year.

Southeast Health Center

Re-opening the Southeast Health Center in FY 2013 is a priority of the Board of County Commissioners. This budget sets aside $802,015 in General Fund contingency for the capital construction necessary to open the clinic. The Health Department is working to reduce and finalize the construction budget, right now estimated at $1.7 million and to reach out to partners to help close the capital funding gap. The goal is to open the SE Health Center by April 2013 to ensure the successful transfer of Westside clients. The Health Department will return to the Board when budget, financing and construction plans are finalized through the FAC-1 process to request release of these funds.

Couch Street Houses

The Couch Street Transitional Houses are an asset to the County and the community, as they provide affordable transitional housing options for women under the supervision of the Department of Community Justice. With the understanding that there are fiscal challenges to the continued ownership of these houses, the Board requests DCJ form a workgroup, including members of Board staff, to look at similar County disposition processes and return to the Board by August with recommendations. The Board also requests that the recommendations include how we maintain transitional housing options for this population.

OTO for Corrections Deputy Hiring

Earmarks $239,000 of one-time-only funds for the Multnomah County Sheriff's Office to hire, equip and train Corrections Deputies to fill vacant positions and reduce the reliance on overtime to fill corrections posts.

During the request for funds, the Sheriff's presentation will include the following information:

- How the FY 2012 and FY 2013 funding was spent (budget vs. actual)
- Number of corrections deputies hired by month with this funding (including FY 2012)
- Number of correction deputy vacancies remaining
- Number of retirements by month since July 1, 2011
- Overtime spending of both corrections and law enforcement, broken down by division and by facility (by month, fiscal year-to-date)
- Current year estimate and projected year-end General Fund spending vs. budget

High Priority Building Projects

The Board of County Commissioners directs the Department of County Assets to identify a list of high priority building upgrades, deferred maintenance, or lifecycle replacement that would maximize energy savings and efficiencies. DCA should work with the Chief Financial Officer to identify potential funding options and timelines, and return to the Board with recommendations for further action by September 30, 2012. In considering funding options, the Chief Financial Officer (CFO) should recommend the appropriate size and scope for the relevant funding tool.

Commission on Children, Families and Communities

In 2012, the Oregon Legislature passed HB 4165 abolishing the State Commission on Children, Families and Communities (CCFC) and established a new model for delivering early childhood services. The new model calls for the creation of Community Based Coordinators of Early Learning Services, which will replace the work of local Commissions on Children Families and Communities. Multnomah County's Government Relations Office is leading an internal Early Learning Council (ELC) workgroup to look at this new system and review the county's roles and responsibilities.

The Government Relations Office will work with this work group and the Budget Office to develop a transition plan from our existing local commission model to the new Early Learning Council model. The Government Relations Office should report to the Board by September 1, 2012 with recommendations for a transition plan.

PERS Funding

The Chief Finance Officer will prepare a briefing and identify opportunities for the County to mitigate the impact of PERS rate increments on direct services and offer specific recommendations as to how to manage PERS liability. The briefing should include legislative changes, issuance of pension obligation bonds or other financing alternatives.

The CFO should report back to the Board by November of 2012.

Impacts of City of Portland Funding on the District Attorney's Office

The Board directs the District Attorney's Office to provide a status briefing no later than July 31, 2012 on overall city funding and the impact of the loss of a 0.50 Deputy District Attorney 2 position assigned to the Service Coordination Team program. The Board is concerned that the loss of this position will adversely impact the effectiveness of the Service Coordination Team's efforts to address chronic crime issues and reduce recidivism rates for offenders entering the program.

Project Metamorphosis

This Budget Note is the result of the loss of funding for Project Metamorphosis. Outreach screening and assessment, peer mentoring, counseling, support groups and psychiatric assessment have been provided to over 276 homeless youth annually using this program model. Due to compression impact on the Portland Children's Levy, this recognized program for homeless mentally ill youth lost its funding. It is the concern of the Board that access to critical mental health and addictions treatment for homeless youth will be lost, leaving a serious gap in services for this vulnerable population.

The Department of County Human Services will work with the District 3 and District 2 Offices, the City of Portland, the Homeless Youth Oversight Committee and other identified leaders to assess the impact of loss of funding to Project Metamorphosis, a program to engage and encourage homeless youth to exit street life.

This assessment will result in options and recommendations for serving homeless mentally ill youth, and DCHS will report their findings to the Board of County Commissioners no later than October 2012. The Board earmarks $265,000 in the General Fund contingency to address such options and recommendations.