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## Introduction

Multnomah County's \$2.0 billion FY 2020 Adopted budget reflects a disciplined approach to addressing the County's structural deficit while providing for the community's needs today and investing in the future. It addresses difficult, but necessary choices head-on. And in doing so, it provides for financial resiliency and flexibility for the County to address its budget challenges.

More importantly, the budget reflects the County's commitment to provide services ranging from elections and health care to animal services and road maintenance. It provides for civic infrastructure such as bridges, courthouses, and medical facilities. Beyond the numbers, it reflects Multnomah County's core goal to provide our residents and employees with a sense of belonging, safety, and trust.

The FY 2020 budget addresses our community's and employee needs today. Several examples include:

- Continuing to fund the Joint Office of Homeless Services, providing shelter capacity for 1,700 people and rent assistance for another 10,900, as well as providing ongoing funding of \$265,000 for the Sheriff's HOPE Team.
- Maintaining the County's current 1,192 jail beds.
- Adding 4.00 FTE for Adult Protective Services in the Mental Health & Addictions Services Division of the Health Department, as well as a leadership position for a person with lived experience in the Office of Consumer Engagement (OCE) program.
- Providing primary health care for 40,600 people and dental care for 27,000 people.
- Providing \$250,000 of funding to the District Attorney's Office for costs related to Gresham Police Department body-worn cameras.
- Providing additional funds to address vaccine hesitancy.
- Adding \$1.5 million for medical care associated with jails.
- Establishing Continuous Quality Improvement Pilot for County Contractors.
- Maintaining current SUN Schools.
- Ensuring every department has an Equity and Inclusion manager.
- Establishing a Complaints Investigation Unit (\$1.3 million and 6.00 FTE).
- Providing funding for the Environmental Review phase and Environmental Impact Statement (EIS) of the Earthquake Ready Burnside Bridge Project.
- Maintaining prior year's investments in Elections for improved voter access, including ballot tracking, translation of materials into more languages, and the Voting Express Center in Gresham.

*A strong economy and sound management cannot fully compensate for our long-term structural deficit caused by Oregon's constitutionally enshrined property tax system and PERS costs.*

The budget devotes an additional \$21.6 million of one-time-only General Fund resources to capital infrastructure. Adding the \$13.3 million from the sale of the old courthouse that is to be used for construction of the new courthouse brings the total to \$34.9 million. This not only addresses the County's capital needs, but it also reduces future borrowing needs. These include:

- \$13.3 million for the new Downtown Central Courthouse, in addition to the \$80.0 million provided in the prior four years.
- \$6.0 million set aside for the Southeast Health Clinic.
- \$11.0 million for the Mental Health Resource Center downtown.
- \$2.0 million for corporate broadband.
- \$1.0 million for electronic medical records for Corrections Health in Juvenile Detention.
- \$814,000 for Department of Community Justice radio replacement.
- \$500,000 for ADA projects (Video Lottery).

The Adopted budget addresses the County's structural deficit and recognizes that the strong Portland economy is not recession-proof. Even without a recession, the County's revenue growth is slowing while labor costs are growing at a faster rate. Oregon's constitutional limits on property tax growth, paired with higher wage growth due to the strong labor market, increased local inflation, and increasing PERS costs, mean the County will need to continue making reductions or raise revenue in the coming years. The Adopted budget provides for financial resiliency and flexibility by:

- Closing the General Fund's \$3.6 million FY 2020 deficit per the March forecast.
- Spreading \$3.2 million of one-time-only funds over five years to cover ongoing operating costs of \$630,000.
- Not spending any of the forecasted increase in Business Income Tax identified in the May 2019 forecast update, potentially reducing the FY 2020 deficit by nearly \$9.3 million.
- Contributing a fourth, \$25 million installment to a PERS side account to address the County's unfunded liability and reduce future rates.
- Fully funding General Fund Reserves per the Board's policy.
- Funding our General Fund Contingency at last year's increased level of \$1.5 million.
- Funding a 10% Business Income Tax (BIT) reserve.
- Increasing the Inclement Weather contingency in the Facilities Fund.
- Spending one-time-only resources on one-time-only expenditures.
- Using one-time-only funds to address capital needs to reduce future borrowing requirements.

*In November 2017, both S&P and Moody's awarded Multnomah County the highest possible rating (AAA and Aaa, respectively) for long-term debt associated with the new County Courthouse.*

*The S&P rating reflects an upgrade from AA+ to AAA on the County's full faith and credit obligations. S&P noted the County's "strong management, with good financial policies and practices" and the County's strong budgetary performance and flexibility.*

The FY 2020 budget also includes a number of General Fund reductions and reallocations. Several of significant note are:

- Reducing \$303,682 of ongoing funding for the reception portion of the Runaway Youth program. One-time-only funding is provided while the reception center program is redesigned.
- Eliminating eight, underutilized Department of Community Justice juvenile detention beds, saving \$524,578.
- Eliminating the Department of Community Justice forensics lab, saving \$308,174.
- Reducing Nurse Family Partnerships to current capacity levels, saving \$342,897.
- Shifting General Fund expenditures to Other Funds in the Health Department, saving \$1.5 million.
- Reducing staffing in the Sheriff's Facility Security program, saving \$212,572 (2.00 FTE) and civil process program, saving \$342,339 (3.00 FTE).
- Reducing a land use planning code compliance position, saving \$114,979.

Besides the General Fund reductions, a number of programs were impacted by State funding and operational decisions, or by financial considerations independent of the County General Fund. These include:

- The State of Oregon no longer funding the District Attorney's Office for the Termination of Parental Rights and juvenile dependency cases and instead having the State Department of Justice provide counsel.
- Due to growing personnel costs and flat to declining revenues, the Health Department's Integrated Clinical Services will reduce clinical staffing by roughly 35.00 FTE.
- State funding levels for the Department of Human Services' Intellectual and Developmental Disabilities Division have not increased. Combined with caseloads, this results in being underfunded by roughly 12.00 FTE or \$1.5 million.

While the focus of budget discussions tends to naturally fall on the "adds and cuts," the vast majority of the County's programs are unchanged from FY 2019, with more than 5,000 County employees continuing to provide services ranging from law enforcement and health care to bridge maintenance and elections in FY 2020.

The following pages of the FY 2020 budget contain much more information on the County's financial picture and operational and investment plans for FY 2020.

The County's budget information for FY 2020, as well as past years, can be found at: [www.multco.us/budget](http://www.multco.us/budget).

## Planning for FY 2020

### *Economic Climate*

The Portland metropolitan economy continues to grow, but the rate has started slowing relative to the post- Great Recession expansion. As of February 2019, the 3.9% unemployment rate in Multnomah County remains at a historically low level, but is higher than last year. At the state level, Oregon's unemployment rate of 4.4% in February was higher than the national rate of 3.8%.

At the national level, Gross Domestic Product (GDP) – the output of goods and services produced in the U.S. – increased at an annual rate of 2.6% in the final quarter of 2018, and 3.4% and 4.2% in the preceding two quarters. According to the Federal Reserve, the 2019 annual growth rate is expected to be near 2%.

Locally, the residential real estate market slowed considerably, matching activity across large, Western cities. As measured by the S&P Case- Shiller Home Price Index for the Portland metropolitan area, home prices increased 3.9% during 2018. Similarly, multi-family housing rents have declined slightly after years of increases.

The Federal Reserve raised rates in 2018, but has signaled that going forward, it will halt rate increases until the economy shows more consistent strength.

The slowdown in housing price increases, combined with widespread wage growth caused by the low unemployment rate, have improved affordability issues. But many neighborhoods in the County continue to struggle with affordability issues. Going forward, a large number of new studio and one-bedroom units are close to entering the market, but permit applications for new housing projects have slowed significantly which could limit supply, and cause price increases, if strong population growth continues. During calendar year 2018, real market values of multifamily housing grew by only 3.4%, following 33.7% the year before.

Unemployment rates at the local, state, and national levels are still well below the double digits seen in 2009 and 2010. As of February 2019, the U.S. unemployment rate stood at 3.8% vs. 4.1% a year earlier. For Oregon, the February 2019 rate was 4.4% vs. 4.1% a year earlier. In Multnomah County, the similar figures are 3.9% vs. 3.5% a year earlier. With nonfarm employment in Multnomah County at 518,700, employment levels are roughly 6,500 or 1.3% higher than the previous year. While employment growth has slowed considerably, the persistently low unemployment rate and tight labor market have caused real wages to grow at all income levels and across demographic groups.

The Oregon Office of Economic Analysis forecasts employment growth of 2.1% and 1.7% in 2019 and 2020, respectively, and personal income growth of 5.4% in 2019 and 5.3% in 2020.

### 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. Forecasts are made for a five-year time horizon and updated on a quarterly basis. The forecast helps form the basis on which Multnomah County builds its annual budget.

The Budget Office's March 2019 Five-Year Forecast projected ongoing expenditures exceeding ongoing revenues by \$3.6 million for FY 2020. As the table below shows, the gap grows to a \$15.3 million deficit in FY 2021. In year five of the forecast, the deficit grows to \$34.1 million or 5.5% of expenditures.

Forecasted Ongoing General Fund Expenditures, Revenues, and Operating Balance (In Millions) per March 2019 Forecast					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Revenues</b>	\$528.4	\$540.9	554.5	572.4	591.3
<b>Expenditures</b>	<u>532.1</u>	<u>556.2</u>	<u>581.4</u>	<u>603.3</u>	<u>625.4</u>
<b>(Deficit)</b>	<b>(3.6)</b>	<b>(15.3)</b>	<b>(28.9)</b>	<b>(30.9)</b>	<b>(34.1)</b>
<i>Change in Deficit from Prior Year</i>		<i>(11.7)</i>	<i>(11.5)</i>	<i>(4.0)</i>	<i>(3.2)</i>
<i>Deficit is this % of Expenditures</i>	-0.67%	-2.27%	-4.62%	-5.13%	-5.46%

*Note: Revenues/Expenditures include video lottery, but exclude reserves, FQHC wraparound and prospective health payments*

There are fewer open contracts than there were at the same point last year. The Juvenile Custody Services Specialists (JCSS) (56.00 FTE) and Dentists (24.17 FTE) labor unions are currently in contract negotiations. Any increase in personnel costs associated with these negotiations above the status quo is not currently included in the forecast.

Based on this forecast and assuming a five-year planning horizon, the County cannot support any additional ongoing spending without reallocating from existing programs, increasing revenues, or increasing operational or programmatic efficiencies.

### Updating the General Fund Forecast

The Chair's Proposed budget closed the FY 2020 General Fund deficit and shrunk the deficit in future years. The Budget Office's May 2019 Forecast significantly increased the County's estimated ongoing and one-time-only business income tax revenues. Several planning assumptions were presented to the Board. The Board did not explicitly select one, but expressed a preference for not spending any of the increased revenue and instead reducing the County's forecasted deficit over the next two years. The table below shows the County's currently forecasted General Fund deficit based on the FY 2020 Adopted budget and the "Maximize the General Fund Deficit Reduction over Two-Year Option."

Forecasted General Fund Deficit Based on FY 2020 Adopted Budget and "Maximize Deficit Reduction Over 2 Years"					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Deficit</b>	<b>(\$0.0)</b>	<b>(\$3.0)</b>	<b>(\$14.4)</b>	<b>(\$25.0)</b>	<b>(\$28.0)</b>
<i>Deficit is this % of Expenditures</i>	0%	-0.5%	-2.5%	-4.2%	-4.5%

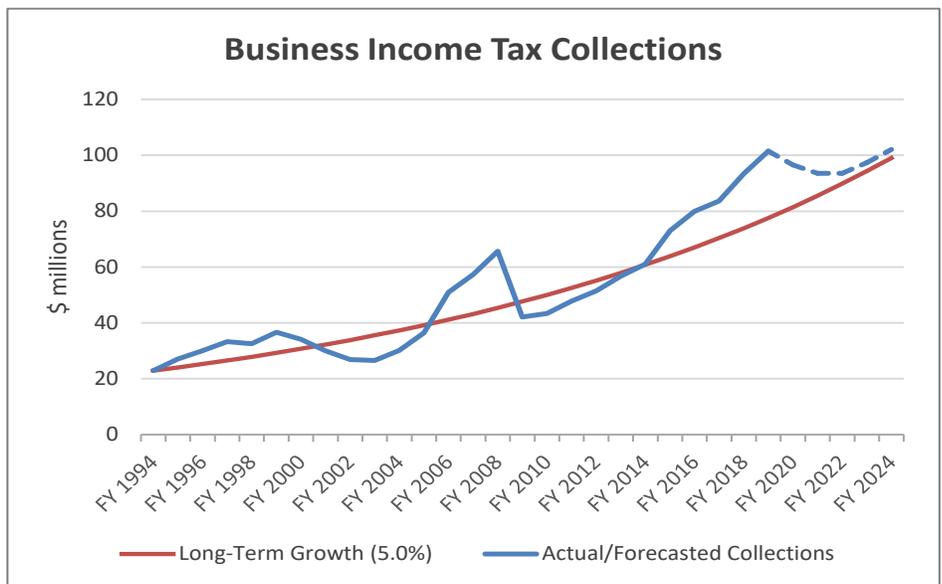
More information regarding the forecast can be found at [www.multco.us/budget](http://www.multco.us/budget).

### Local Revenues

Property taxes are the single largest discretionary source of revenue in the General Fund, accounting for 59% of ongoing revenues. General Fund growth, therefore, is particularly sensitive to taxable value growth and compression. A more detailed review can be found on pages 9 and 10 in the financial summaries section. The FY 2020 budget assumes the following rates of growth (as measured from the FY 2019 Adopted budget) for each revenue source:

- Property Tax – An increase of 2.8%
- Business Income Tax – An increase of 13.6%
- Motor Vehicle Rental Tax – An increase of 2.0%
- Recording Fees/CAFFA Grant – A decrease of 8.7%
- US Marshal jail bed rental – An increase of 20.0%

In FY 2020, the BIT is forecasted to make up 18% of County General Fund revenues. The chart below shows BIT collections in blue, with the current five year forecast represented by the dashed portion of the line. The red line is the historical growth trend. FY 2019 was the 10th year of the current BIT expansion. In the May 2019 forecast update, BIT revenues were increased in all years of the forecast due to a structural change resulting from the Federal Tax Reform. The current forecast includes a slight decline in BIT revenues in FY 2020 and FY 2021 based on the mature stage of the economic cycle, declining development activity, and one-time-only paymentst received in FY 2018 and FY 2019.



The US Marshal jail bed rental increase is driven by a higher number of beds used (93 per day rather than 85) and a higher rate of \$140 per bed, per day.

As measured from the FY 2019 Adopted budget, ongoing General Fund resources for FY 2020 are projected to increase by nearly 4.5%. However, as measured from currently forecasted FY 2019 revenues, General Fund resources will increase by a more modest 1.4%.

### *Cost Drivers*

The County's General Fund expenditures are forecast to grow at roughly 3.6% to 4.5% annually through FY 2024, a rate of growth that takes into account inflation, employee compensation, and long-term fixed costs. For FY 2020, the cost of providing current service levels is expected to grow at 5.6%. This relatively strong rate vs. prior years is driven by personnel costs, which are forecast to grow at 6.5%. Specifically, the personnel cost increase is driven by:

- Cost of Living Adjustment: 3.9% (of base pay)
- Step/Merit Increases/Contract Adjustments: 1.9% (of base pay)
- Medical/Dental: 2.0%
- PERS: 2.22% (of base pay)

Additionally, the County provided a 4% COLA for General Fund human service contractors, per Board policy.

For the second year in a row, inflation is high following a prolonged period of low inflation after the Great Recession. The increase has been driven in part by the strong rise in both housing prices and rents in the Portland area and West Coast in general, as well as increasing energy costs. Starting in November 2018, year-over-year changes in the West Size-A CPI-W (the index used to calculate County COLAs) have moderated or declined, and the forecast assumes that inflation will return to more normal levels.

The strong job market is also pushing base wage growth above inflation levels. Combined, these two factors are driving significant wage growth.

The County's pension costs via the Public Employees Retirement System (PERS) are also expected to rise significantly over the foreseeable future. This is due to a number of factors, which are discussed in more detail later, but are driven by five basic factors:

1. In April 2015, the Oregon Supreme Court in the Moro case invalidated the majority of the 2013 reforms passed by the Oregon Legislature.
2. The PERS Board has steadily reduced the assumed earnings rate from 8.0% to 7.2%.
3. The impact of using collared rates.
4. The PERS Board updating its mortality assumptions.
5. The PERS system earning inconsistent returns in recent years.

The impact of these decisions and events has increased the County's unfunded liability (UAL) from \$89.2 million as of December 2013 to \$553 million as of the December 31, 2017 valuation.

The County's PERS rates are set biennially and FY 2020 is the beginning of a new biennium. By the beginning of the FY 2022 biennium, the County expects its PERS rates to increase by another 4.5% to 5%. In light of this, past rate increases, and volatility, the County has historically "smoothed" the internal rates it charges to departments to provide predictability, stability, and mitigate risk.

For FY 2020, the rates charged to departments are increased by 2.22% of base pay to address the significant future increases in the County's rates, our unfunded liability, and to smooth the increases. This internal rate increase, combined with the establishment of PERS side accounts, should address just less than half of the anticipated FY 2022 rate increase. In FY 2020, the County anticipates funding a fourth PERS side account, which would further offset future rate increases.

For FY 2020, internal service rates charged to departments for items such as information technology and facilities services are assumed to increase 5.07%. As the County's internal services are heavily labor dependent, the increase in personnel cost growth has put upward pressure on internal costs.

### *Policy Direction from the Chair & the Board and Balancing the General Fund*

*The cumulative actions  
of the Chair and Board  
reduce the FY 2021  
projected deficit from  
\$15.3 million to \$3.0  
million.*

Based on the County's initial November forecast of a \$5.9 million General Fund deficit, the Chair directed all departments to submit General Fund budgets that reflected a 3% reduction from current service level budgets as a starting point for the FY 2020 budget. These reductions would generate approximately \$13.1 million of savings if all were accepted. Departments could also propose service expansions, restoration of reductions, backfill of grants, and new programs. Departments were also able to request one-time-only funds.

During 2018, and in consultation with Department Directors and Business Managers, the Chair also directed the Department of County Assets, which provides internal services, to prepare 2% reductions to variable internal service allocations (costs associated with debt service, contracts, and other commitments outside of DCA's control were excluded). This resulted in a net savings of approximately \$814,000 that was passed on to departments. About half of these savings were in the County General Fund.

The Chair's Proposed budget balanced the General Fund by:

1. Restoring or not accepting \$5.1 million of the proposed reductions, leaving \$8.0 million of proposed reductions.
2. Accepting \$3.6 million of the reductions to cover the FY 2020 deficit, resulting in \$4.4 million of reductions or resources to allocate.
3. Converting \$3.2 million of OTO to ongoing over five years, generating \$600,000 of ongoing resources per year. This increases resources to allocate to \$5.0 million.
4. Recognizing \$1.1 million in higher revenue, such as a higher US Marshal bed rate, and savings based on Department's submitted budgets.
5. These actions resulted in \$6.1 million to allocate to various programs, such as the MCSO's HOPE Team, medical care in jails, the Complaints Investigations Unit, and to cover the expected cost of labor agreements.

Departments were also allowed to reallocate within existing resources to address critical needs and shift General Fund expenses to Other Funds as appropriate.

The Proposed budget allocated the \$35.1 million of discretionary one-time-only (OTO) General Fund as follows:

- Allocating \$21.6 million to major capital projects.
- Allocating the remaining \$13.5 million to a PERS side account, and a variety of costs, such as rent assistance, equity and inclusion initiatives, and various studies and ramp-down, or transition costs.

As previously noted, the Board chose to forego spending additional ongoing and one-time BIT revenues identified the May 2019 forecast in order to reduce the deficit in FY 2021 through FY 2024. Aside from adjusting the County's reserves and appropriating a portion of the revenues the County passes through to East County cities, these funds were left unappropriated.

The Board also utilized \$1.4 million of one-time resources from unspent FY 2019 General Fund contingency funding and \$0.2 million in ongoing resources from the elimination of a U-Visa Detective position in the Sheriff's office. The funding was used to fund a series of additions, including:

- Providing \$150,000 (in addition to the \$100,000 in the Chair's Proposed Budget) to ensure a complete Census count.
- Providing \$250,000 for culturally-specific navigation services for immigrant families.
- Providing \$203,505 for the restoration of the In-Jail Human Trafficking position.
- Reallocating \$150,000 of short-term rental assistance to long-term rental assistance and providing \$150,000 in one-time-only funding to backfill the short-term assistance.
- Providing \$100,000 for peer run supported employment services.
- Providing \$197,808 to restore harm reduction funding in the Health Department.

The Board also set aside an additional \$100,000 in contingency funding for the work of the Preschool for All task force to be available if alternate grant funding is not secured.

The list of Board adjustments can be found here: <https://multco.us/node/40442>

The Adopted budget includes \$4.0 million of Tax Title resources in the Joint Office of Homeless Services.

Per past practice, the Business Income Tax reserve is funded at 10% of BIT revenues for FY 2020. This is on top of the County's 10% General Fund revenue reserve. The FY 2020 budget conservatively assumes that departments will fully spend their FY 2019 General Fund appropriations.

The Chair's budget message provides additional information on her policy initiatives. The following sections of the Budget Director's Message provide more detail on the County's one-time-only resources and spending.

### Overview of Additions, Reductions and Reallocations

#### *Human Services Additions*

The FY 2020 budget includes a number of General Fund additions, reductions, and reallocations. The following tables summarize these by broad service area. Investments in infrastructure are included by the most relevant service area.

The tables include both ongoing and OTO funds and do not reflect cuts that were proposed by departments but restored in the Chair's Proposed budget. They do not include Tax Title funds restricted by Oregon law.

Several tables also show how allocated General Fund resources were reallocated to higher priorities.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
<b>Countywide</b>			
	SE Health Clinic (Contingency)	\$6,000,000	0.00
	Mental Health Resource Center (Contingency)	10,950,000	0.00
	Preschool for All (Contingency)	100,000	0.00
<b>Joint Office of Homeless Services</b>			
10050B	Joint Office of Homeless Services - Data Staff Capacity	104,400	1.00
10052E	Safety off the Streets - Expanded Adult Shelter Operations	250,000	0.00
10056C	Employment Programs - Expanded Housing Assistance	100,000	0.00
<b>County Human Services</b>			
25023B	ADVSD LTSS Match	166,011	0.00
25026	Public Guardianship Training and Monitoring Support	25,000	0.00
25038B	ADVSD Advocacy & Community Area Plan Development	100,000	1.00
25050B	Domestic Violence Specific Immigration Legal Services at Gateway Center	30,000	0.00
25051	Building Awareness: Violence Against Indigenous Women	50,000	0.00
25131	Legal Services Day	125,000	0.00
25132	Long Term Rental Assistance (LTRA)	150,000	0.00
25136	Culturally Specific Navigation Services for Immigrant Families	250,000	0.00
25139B	YFS - Multnomah Stability Initiative - Community Legal Clinic	100,000	0.00
25143	YFS - Renter Relations (Ramp down with OTO)	65,870	0.50
25153	Universal Pre-School Study - Phase 2	100,000	0.00
25162	Family of Friends Mentoring Project	25,000	0.00

# Budget Director's Message

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## Human Services Additions (continued)

County Assets			
78203B	Facilities Dedicated Specialist for Shelter Transitions	135,000	0.00
78232	Health Syringe Boxes	50,000	0.00
78322	Electronic Medical Records Corrections Health Juvenile Detention	1,000,000	0.00
<b>Total</b>		<b>\$19,876,281</b>	<b>2.50</b>

## Human Services Reductions

The Human Services reductions are spread throughout the Department of County Human Services. The single largest reduction is in the reception portion of the Runaway Youth Services Program. One-time-only funding is provided while the program is reviewed and redesigned.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
<b>Joint Office of Homeless Services</b>			
10056B	Employment Programs - Youth Employment (Capacity absorbed by SummerWorks)	(\$165,180)	0.00
10059	Adult Shelter and Housing Services Restoration	(154,770)	0.00
<b>County Human Services</b>			
25027	ADVSD Administration	(13,538)	0.00
25118	YFS Youth & Family Services Administration	(76,669)	0.00
25026	ADVSD Public Guardian/Conservator	(52,000)	0.00
25032	ADVSD Outreach, Information & Referral	(174,955)	0.00
Various	Multiple ADVSD Program Offers	(95,079)	0.00
25145	YFS SUN Community Schools	(33,447)	0.00
25010	IDDS Administration and Support	(128,919)	(0.72)
25160	YFS Data & Evaluation Services	(112,836)	(1.00)
25145	YFS SUN Community Schools	(18,500)	0.00
25133	YFS Housing Stabilization for Vulnerable Populations	(11,987)	0.00
25138	YFS Runaway Youth Services (was ongoing, OTO for FY 2020)	(303,682)	0.00
25133	YFS Housing Stabilization for Vulnerable Populations	(114,706)	0.00
25137	YFS Promise Neighborhoods COLA	(86,018)	0.00

# Budget Director's Message

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## *Human Services Reductions (continued)*

25032	ADVSD Outreach, Information & Referral	(59,182)	(0.50)
25143	YFS - Renter Relations (was ongoing, ramp down program as OTO)	(131,740)	(1.00)
Various	Department Administration	(31,582)	0.00
Various	Multiple YFS Program Offers	(60,000)	(0.50)
<b>Total</b>		<b>\$(1,824,790)</b>	<b>(3.72)</b>

## *Human Services Reallocations*

The Joint Office of Homeless Services reallocated \$300,000 from contracted services to direct staffing to support ongoing system-wide programming. The significant expansion of the system and growing complexity require additional staffing for the Office to efficiently provide positive outcomes. The additional staffing includes a program specialist in the Homeless Families area, a program technician in the System Support program, and a Program Supervisor Administration & Operations.

Half the reallocation is in the County General Fund, which is shown in the table below.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
<b>Joint Office of Homeless Services</b>			
<b>Made this reduction</b>			
10053A	Housing Placement & Retention - Adult & Women Households	(\$150,000)	0.00
<b>To fund these programs</b>			
	Housing Placement & Retention - Homeless Families	101,324	0.55
	System Support	48,676	0.55
<b>Total</b>		<b>\$0.00</b>	<b>1.10</b>

### Health Department Additions, Reductions, & Reallocations

#### *Additions*

The Health Department is one of the County's largest and most complex departments. Its FY 2020 budget reflects a substantial amount of reallocations within the General Fund and funding shifts from the General Fund to Other Funds. It also reflects significant reductions in Other Funds, such as reductions in the clinical system, that aren't captured in these summary tables.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
<b>Health Department</b>			
40004C	Ambulance Services (EMS) - Medical First Response	\$95,000	0.00
40004B	Ambulance Services (EMS) - Clinical Services Specialist (was ongoing, OTO for FY 2020)	17,722	0.00
40010C	Communicable Disease Services - Vaccine Hesitancy	80,000	0.00
40024B	Student Health Centers Transition Planning	185,354	2.64
40050D	Corrections Health MCDC Outsourced Medical	750,000	0.00
40051D	Corrections Health MCIJ Outsourced Medical	750,000	0.00
40055B	Baby Boosters	55,500	0.00
40065B	Office of Consumer Engagement	105,839	1.00
40073B	Peer Run Supported Employment Services	100,000	0.00
<b>Total</b>		<b>\$2,139,415</b>	<b>3.64</b>

### *Fund Shifts from the General Fund to Other Funds*

The table below shows instances where the Health Department was able to shift funding from the General Fund to Other Funds, including the Federal/ State Fund, avoiding reductions in services, and saving the General Fund roughly \$1.5 million.

Prog. #	Program Offer Name	General Fund Shifted	FTE Shifted
<b>Health Department</b>			
40041	Budget & Finance	(\$125,924)	(1.00)
40043	Health Department Operations	(128,393)	(1.00)
40069	Behavioral Health Crisis Services	(104,687)	0.00
40072	Mental Health Commitment Services	(21,528)	0.00
40074	Mental Health Residential Services	(276,990)	0.00
40077	Mental Health Treatment & Medication for the Uninsured	(135,726)	0.00
40082	School Based Mental Health Services	(353,381)	(3.20)
40088	Coordinated Diversion for Justice Involved Individuals	(109,753)	0.00
40089	Addictions Detoxification & Post Detoxification Housing	(257,210)	0.00
40090	Family & Youth Addictions Treatment Continuum	(15,163)	0.00
	<b>Total</b>	<b>(\$1,528,755)</b>	<b>(5.20)</b>

### *Accepted Reductions & Reductions for Reallocation Within the Health Department*

The following table shows reductions in the Health Department that were accepted, as well as reductions made by the Health Department to fund other programs within the Health Department.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
<b>Health Department</b>			
40001	Public Health Administration & Quality Management	(263,284)	(1.00)
40002	Tri-County Health Officer	(79,043)	(0.80)
40004A/B	Ambulance Services (Emergency Medical Services)	(17,776)	(0.20)
40005	Public Health & Regional Health Systems Emergency Preparedness	(73,707)	0.00
40010	Communicable Disease Services	(452,010)	(2.70)
40010B	STD/HIV/Hep C Community Preventon Program - STD	(150,890)	(2.60)
40024A	Student Health Centers	(186,301)	(1.00)
40034	ICS Administration and Operations	(444,150)	(3.00)
40040	Budget & Finance	(213,103)	(2.00)
40041	Medical Accounts Receivable	(98,006)	(1.00)
40043	Health Department Operations	(232,190)	(2.00)
40044	Health Clinical Data and Reporting	(172,901)	(1.00)
40048	Community Epidemiology	(138,826)	(1.00)
40054	Nurse Family Partnership	(342,897)	(1.10)
40060	Chronic Disease & Illness Prevention	(671,951)	(2.05)
40068	Mental Health Quality Management & Protective Services	(48,922)	(0.40)
40069	Behavioral Health Crisis Services	(146,296)	(1.00)
40080	Community Based MH Services for Children & Families	(66,976)	(0.50)
<b>Total</b>		<b>(\$3,799,229)</b>	<b>(23.35)</b>

### *Additions from Reallocations & Funding Shifts*

The following table shows where the Health Department used the funds from shifting costs to Other Funds and making reductions above and beyond the requested amounts.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
<b>Health Department</b>			
40000	Health Department Director's Office (Office of Equity and Inclusion)	179,243	0.00
40003	Health Department Leadership Team Support	76,105	1.00
40006	Tobacco Prevention and Control	50,344	1.00
40007	Health Inspections and Education	74,362	1.00
40037	Environmental Health Community Programs	100,854	1.00
40039	Human Resources and Training	281,590	0.00
40044	Health Department Operations	149,752	1.50
40050A	Corrections Health Multnomah County Detention Center (MCDC)	398,870	3.00
40058	Healthy Birth Initiative	260,000	0.00
40059	Corrections Health Mental Health Services	172,807	1.00
40071	MHASD Adult Protective Services	430,934	4.00
Various	Primary Care Clinics - Nursing Practice & Revenue Cycle Analyst	290,917	2.00
<b>Total</b>		<b>\$2,465,778</b>	<b>15.50</b>

### *Public Safety Additions*

The additions in the public safety area are focused on infrastructure. The most notable of these is additional Courthouse funding. These investments will help to reduce future capital and debt requirements, allowing more funds for operations. Not captured on these tables are significant labor costs increases that impact the majority of the programs.

Prog. #	Program Offer Name	General Fund Adds	FTE Adds
<b>County Assets</b>			
78212	Downtown Central Courthouse	\$13,318,170	0.00
<b>District Attorney's Office</b>			
15012	Body Worn Cameras - Gresham	250,354	1.48
15013	MCDA Research & Planning Unit	130,000	1.00
15101A/B	Juvenile Dependency and Delinquency	427,944	0.21
<b>Community Justice</b>			
50013	Replacement Radios	814,000	0.00
50039	Mead Center Support	143,838	2.00
50050B	Training for Juvenile Custody Services Specialists	50,000	0.00
50051B	Juvenile Counseling Assistant - Backfill	108,267	1.00
50054B	Juvenile Detention Services	266,205	3.00
<b>Sheriff's Office</b>			
60112	Workforce Equity Program Manager	167,778	1.00
60521	In-Jail Human Trafficking	203,505	1.00
60540	Homeless Outreach and Programs Engagement (HOPE) Team	264,793	2.00
<b>Total</b>		<b>\$16,144,854</b>	<b>12.69</b>

### *Public Safety Reductions*

The public safety reductions are sprinkled throughout the system, but do not impact the number of jail beds. Jail operation costs constitute the majority of the General Fund spending on public safety, so not reducing jail beds requires reductions elsewhere in the Public Safety system.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
<b>District Attorney's Office</b>			
15401	Victim Assistance Program	(183,314)	(2.00)
Various	Office Supplies, Professional Services	(174,500)	0.00
Various	DDA Demotions	(158,362)	0.00
15301	Unit A/B	(91,657)	(1.00)

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## Public Safety Reductions (Continued)

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
<b>Community Justice</b>			
50000	DCJ Director's Office	(120,079)	(1.00)
50005	DCJ Human Resources	(7,000)	0.00
50001	DCJ Business Services	(98,201)	(1.00)
50004	DCJ Research & Planning Unit	(101,882)	(1.00)
50002	DCJ Business Applications & Technology	(40,226)	(0.25)
50003	DCJ Crime Victim Services Unit	(\$84,382)	(1.00)
50025	Adult Sex Offense Supervision & Treatment	(30,000)	0.00
50024	Adult Mental Health Unit - Supervision and Treatment	(313,296)	0.00
50000	DCJ Director's Office	(158,544)	(1.00)
50011	Recovery System of Care	(5,000)	0.00
50012	Adult Residential Treatment Services	(90,095)	0.00
50016	Adult Services Management	(108,935)	(0.68)
50006	Forensics Unit	(308,174)	(2.00)
50054A	Juvenile Detention Services - 48 Beds	(524,578)	(5.00)
50066	Juvenile East Multnomah Gang Enforcement Team (EMGET)	(56,251)	(0.50)
50052	Family Court Services	(37,290)	(0.50)
<b>Sheriff's Office</b>			
60111B	Time & Attendance Unit	(81,076)	(1.00)
60415F	FSU Courts Restoration	(212,572)	(2.00)
60510B	Civil Process Restoration	(342,339)	(3.00)
60520B	U-Visa Detective	(78,982)	(0.50)
60520C	Intercept Detective	(150,680)	(1.00)
60555	Gun Disposition/VRO Detail	(206,993)	(1.00)
Various	Professional Services	(150,000)	0.00
<b>Total</b>		<b>(\$3,914,408)</b>	<b>(25.43)</b>

### General Government Additions

The General Government additions respond to two primary priorities and needs. The first of these is the Workforce Equity and Strategic Plan. For example, \$1.3 million is added for the Complaints Investigation Unit. Secondly, additional funding is provided for County infrastructure, whether that be resources for the County's broadband network, ADA compliance (sidewalk access), or Workday (ERP) support.

Prog. #	Program Offer Name	General & Video Lottery Fund Adds	FTE Adds
<b>Nondepartmental</b>			
10017D	Office of Diversity and Equity - Civil Rights Administration	\$357,356	2.00
10040	Complaints Investigation Unit	1,336,564	6.00
10035	Complete Count Census 2020	250,000	0.00
10018B	Fossil Fuel Risk Assessment Study, Phase I	50,000	0.00
<b>County Management</b>			
72000B	Continuous Quality Improvement Pilot/County Contractors	161,888	0.00
72000C	Strategic Capital Planning Ramp Down & Economic Development	246,857	1.00
72005B	Labor Compliance	199,877	0.50
72008B	FRM Motor Vehicle Tax	150,258	0.00
72017B	Leadership Development and Accountability	327,006	0.00
72017C	WESP - Conflict Mediation & Resolution	168,471	0.00
72022	Workday Support - Central Human Resources	1,626,475	8.00
72046	Workday Support - Finance	873,525	4.00
<b>County Assets</b>			
78210B	Vance Property Master Plan	300,000	0.00
78321	Corporate Broadband Network Infrastructure Replacement	1,000,000	0.00
78321	Corporate Broadband Network Infrastructure Replacement (Contingency)	1,000,000	0.00
<b>Community Services</b>			
91000B	DCS Equity and Organizational Culture Manager	165,924	1.00
91006B	Animal Services Field Services Animal Control Officer	88,325	1.00
91014	Levee Ready Columbia	50,000	0.00
91018B	ADA Tier One Project Development	500,000	0.00
<b>Total</b>		<b>\$8,802,576</b>	<b>23.50</b>

### General Government Reductions

The reductions in the General Government area are spread broadly. The most significant is the elimination of the Capital Asset Strategic planning program, although OTO funding is provided in FY 2020 to ramp this program down. Additionally, 60 slots are cut from the SummerWorks program.

Prog. #	Program Offer Name	General Fund Reductions	FTE Reductions
<b>Nondepartmental</b>			
10000	Chair's Office	(\$55,749)	0.00
10001	BCC District 1	(22,113)	0.00
10002	BCC District 2	(22,113)	0.00
10003	BCC District 3	(22,113)	0.00
10004	BCC District 4	(22,113)	0.00
10007	Communications Office	(30,000)	0.00
10009A	Local Public Safety Coordinating Council	(23,007)	0.00
10011	Office of the Board Clerk	(32,929)	0.00
10016	Government Relations Office	(34,246)	0.00
10018	Office of Sustainability	(23,429)	0.00
10029	SummerWorks (60 Permanent Slots)	(214,978)	0.00
<b>County Management</b>			
72011	FRM Economic Development	(188,777)	(1.00)
72013	Capital Asset Strategic Planning	(246,857)	(1.00)
72033 & 72034	DART Commercial and Residential Appraisal	(20,000)	0.00
72031	DART Personal Property Assessment	(15,000)	0.00
72037	DART Application Support	(64,000)	0.00
Various	DART Appraisal Programs	(13,000)	0.00
<b>Community Services</b>			
91005A	Animal Services Client Services	(80,454)	(1.00)
91021A	Land Use Planning	(114,979)	(1.00)
Various	Miscellaneous Reductions	(104,715)	0.00
<b>Total</b>		<b>(\$1,350,572)</b>	<b>(4.00)</b>

### General Government Reallocations

The Department of County Management made a number of internal reallocations to fund higher priority needs. For example, reallocations allowed the department to add four new Appraisers and an Equity Manager. Some of these actions began in FY 2019 and were approved by the Board.

Prog. #	Program Offer Name	General Fund Reallocated	FTE Reallocated
<b>The Department of County Management</b>			
<b>Made these reductions</b>			
72007	FRM Payroll/Retirement Services	(\$94,577)	(1.00)
Various	All DCM Program Offers	(112,076)	0.00
<b>To fund these programs</b>			
72000A	DCM Director's Office - Equity Manager	147,094	1.00
72005A	FRM Purchasing	59,559	0.00
<b>Made these reductions</b>			
72023	DART Administration	(110,612)	(1.00)
72031	DART Personal Property Assessment	(50,000)	0.00
Various	DART Appraisal Programs	(75,451)	0.00
Various	DART Division Programs	(142,207)	0.00
<b>To fund this program</b>			
72034	DART Residential Appraisal - 4 New Appraisers	378,270	4.00
<b>Made these reductions</b>			
72016	Central HR Administration	(358,898)	(2.00)
72018	Labor Relations	(209,131)	(1.00)
Various HR	Central HR Programs	(22,912)	0.00
<b>To fund this program</b>			
72017A	Central HR Services	590,941	2.80
<b>Total</b>		<b>\$0.00</b>	<b>(2.80)</b>

### Budget Overview All Funds

Local budget law requires that Multnomah County report the “total” budget. The total budget reflects the actual resources needed by the County, plus internal charges, transfers, loans, and accounting entities. The total budget for FY 2020 is \$2.0 billion. When adopted, the budget sets the legal appropriation.

Because the total budget overstates what is actually spent, the County often refers to the net budget. The FY 2020 net budget of \$1.7 billion is a more accurate statement of the money the County actually plans to spend on operations during the year. The net budget (shown in the table below) 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.

The table on the following page compares the FY 2019 Adopted budget to the FY 2020 Adopted budget at the fund level. Year-over-year, the budget (including internal charges, transfers, and loans) has decreased by 2.3%. While most operating funds have increased, spending out funds allocated for major projects, such as the new Courthouse, reduces the overall budget.

FY 2020 Budget	
Direct Department Expenditures	\$1,609,729,737
Contingency	<u>\$42,473,204</u>
<b>Total Net Budget</b>	<b>\$1,652,202,941</b>
Service Reimbursements	\$207,121,053
Internal Cash Transfers	\$16,731,736
Reserves	<u>\$143,461,079</u>
<b>Total Budget</b>	<b>\$2,019,516,809</b>

# Budget Director's Message

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## Fund Comparison: Year over Year

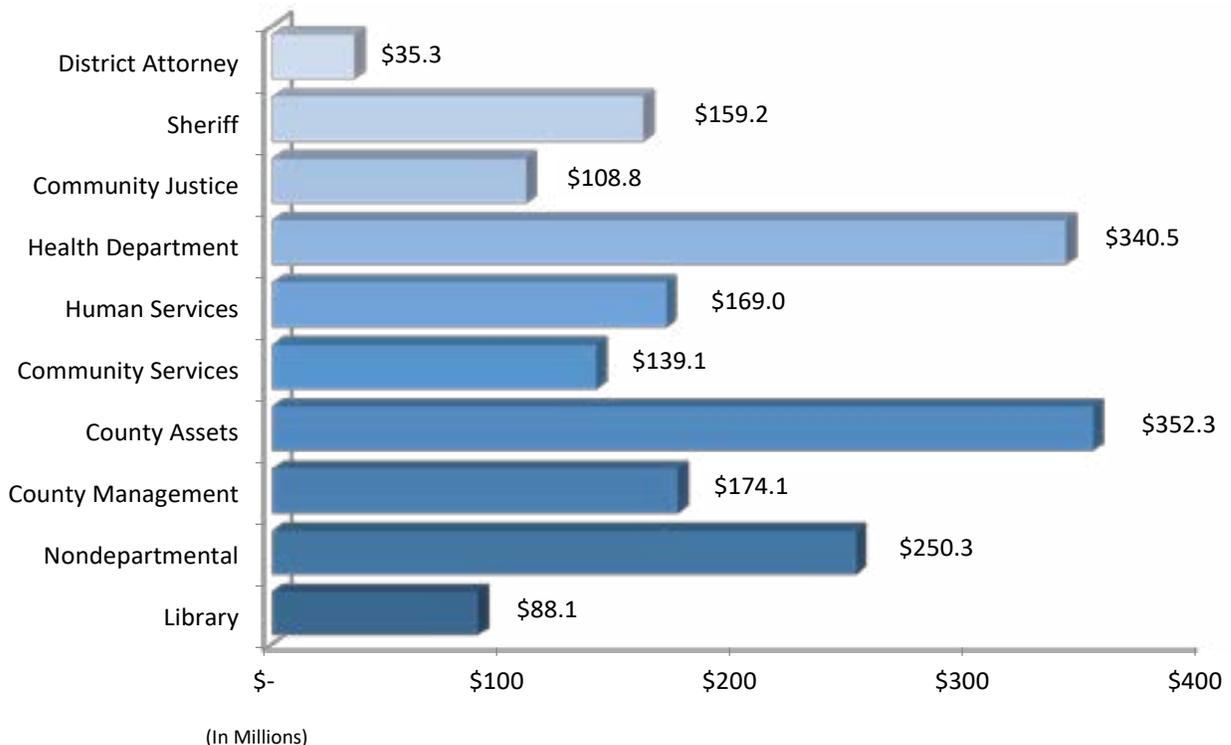
Fund	Fund Name	FY 2019 Adopted	FY 2020 Adopted	Change
1000	General Fund	\$641,514,291	\$688,660,729	\$47,146,438
1501	Road Fund	79,090,135	69,272,503	(9,817,632)
1503	Bicycle Path Construction Fund	356,400	475,735	119,335
1504	Recreation Fund	51,400	51,400	0
1505	Federal/State Program Fund	342,110,781	356,683,180	14,572,399
1506	County School Fund	80,300	80,300	0
1508	Animal Control Fund	2,890,417	3,055,051	164,634
1509	Willamette River Bridge Fund	15,733,515	12,147,590	(3,585,925)
1510	Library Fund	84,100,359	89,853,519	5,753,160
1511	Special Excise Taxes Fund	48,228,593	44,094,044	(4,134,549)
1512	Land Corner Preservation Fund	3,975,000	3,456,206	(518,794)
1513	Inmate Welfare Fund	1,050,072	1,290,660	240,588
1516	Justice Services Special Ops Fund	7,530,498	7,528,126	(2,372)
1518	Oregon Historical Society Levy Fund	3,240,821	3,460,788	219,967
1519	Video Lottery Fund	6,104,483	6,205,234	100,751
1521	Supportive Housing Fund	5,750,000	750,000	(5,000,000)
2002	Capital Debt Retirement Fund	35,131,249	37,180,692	2,049,443
2004	PERS Bond Sinking Fund	74,892,493	63,525,637	(11,366,856)
2500	Downtown Courthouse Capital Fund	213,217,626	111,742,337	(101,475,289)
2503	Asset Replacement Revolving Fund	120,139	127,671	7,532
2504	Financed Projects Fund	2,043,268	1,386,360	(656,908)
2506	Library Capital Construction Fund	4,037,437	5,332,881	1,295,444
2507	Capital Improvement Fund	26,589,218	30,030,262	3,441,044
2508	Information Technology Capital Fund	2,737,021	5,841,785	3,104,764
2509	Asset Preservation Fund	13,253,747	17,643,700	4,389,953
2510	Health Headquarters Capital Fund	31,803,676	7,500,000	(24,303,676)
2511	Sellwood Bridge Replacement Fund	22,212,821	21,002,562	(1,210,259)
2512	Hansen Building Replacement Fund	4,166,405	4,255,896	89,491
2513	ERP Project Fund	19,849,934	6,500,000	(13,349,934)
2515	Burnside Bridge Fund	6,000,000	16,747,679	10,747,679
3002	Behavioral Health Managed Care Fund	48,644,194	41,649,542	(6,994,652)
3500	Risk Management Fund	187,935,878	204,771,071	16,835,193
3501	Fleet Management Fund	6,159,382	6,615,737	456,355
3502	Fleet Asset Replacement Fund	7,334,503	9,018,925	1,684,422
3503	Information Technology Fund	58,803,780	68,955,930	10,152,150
3504	Mail Distribution Fund	3,601,275	4,333,285	732,010
3505	Facilities Management Fund	56,616,813	68,289,792	11,672,979
	<b>Total</b>	<b>\$2,066,957,924</b>	<b>\$2,019,516,809</b>	<b>(\$47,441,115)</b>

### *Department Expenditures All Funds (\$1.82 billion)*

Department expenditures for all funds, excluding cash transfers, contingencies, and unappropriated balances, total \$1.82 billion in FY 2020 vs. \$1.88 billion in FY 2019.

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

The construction of the Downtown Central Courthouse, and the ERP project are budgeted in the Department of County Assets. Taken together, these projects account for nearly \$118 million or 33% of County Assets spending, greatly distorting the size of its budget.



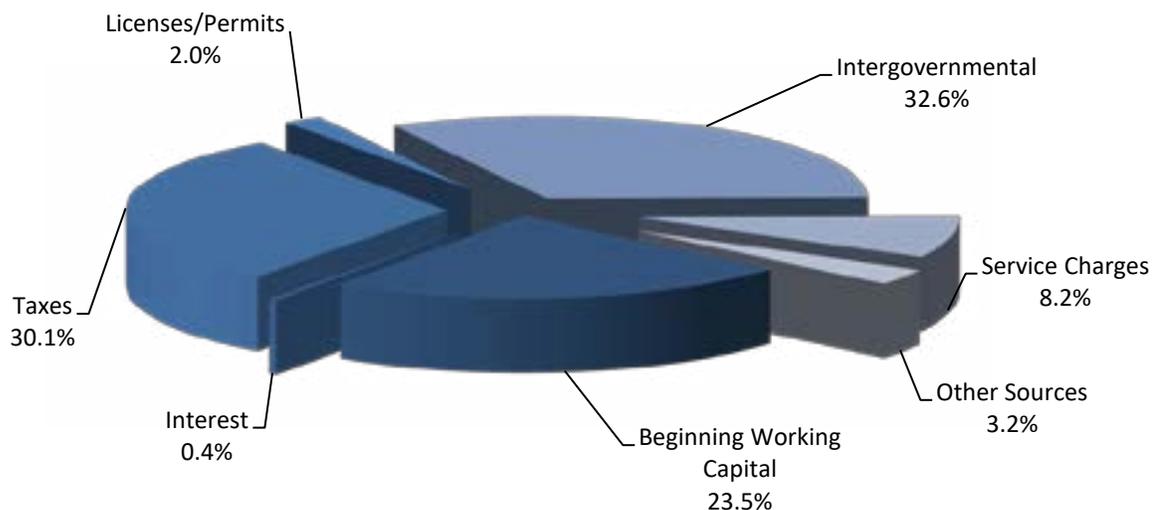
### Department Revenues All Funds (\$1.64 billion)

Total direct resources, or "revenues," for FY 2020 are \$1.64 billion vs. \$1.70 billion in FY 2019 (excluding service reimbursements and cash transfers between funds). Intergovernmental revenues are the County's single largest revenue category at \$536.8 million or 33.0%. This reflects a \$55.6 million or 3.3% decrease from FY 2019.

Taxes constitute the next largest revenue source at 30.1% and include property tax, business income tax, motor vehicle rental tax, transient lodging tax, and county gas tax. For FY 2020, tax collections are anticipated to increase 3.5% from \$478.9 million in FY 2019 to \$495.7 million.

Beginning working capital (BWC) is the County's third largest resource for FY 2020, at \$386.8 million or 23.5%. In dollar terms, BWC decreased from \$401.0 million in FY 2019 to \$386.8 million in FY 2020. Several significant changes include:

- A \$19.0 million decrease in the PERS Bond Sinking Fund.
- A \$27.7 million increase in the General Fund.
- A \$22.9 million decrease in the Downtown Courthouse Capital Fund.
- A \$14.8 million decrease in the Health Headquarters Capital Fund.
- A \$12.1 million increase in the Risk Management Fund.

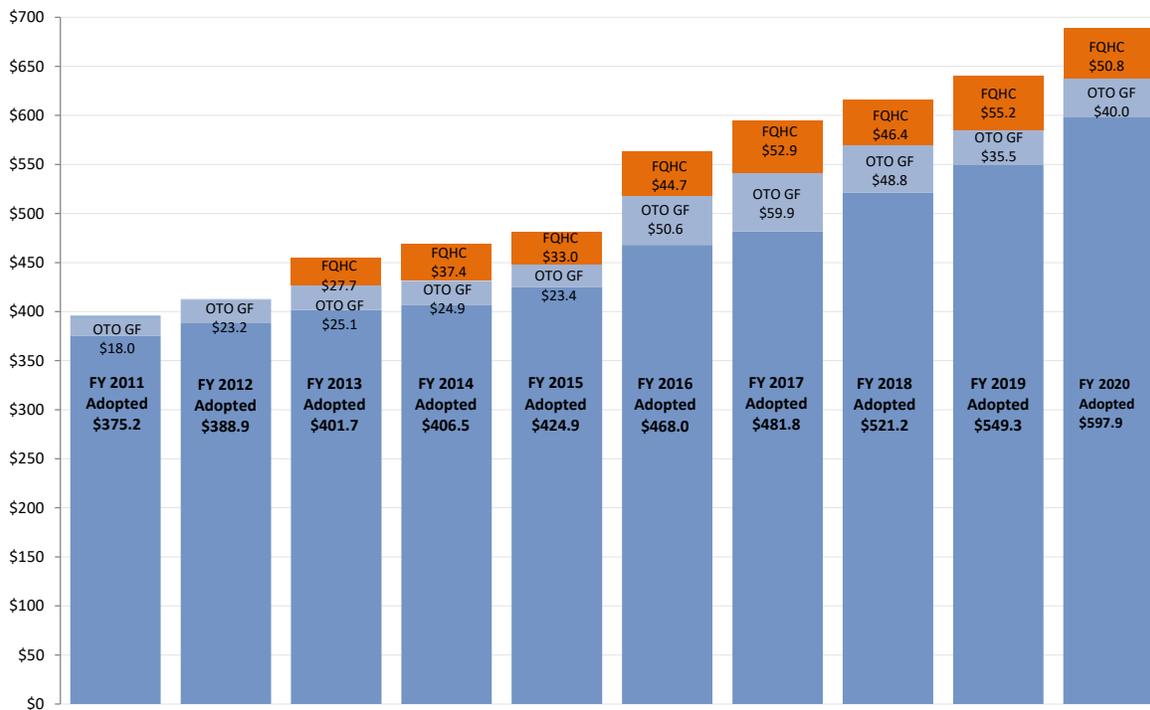


### The General Fund

#### General Fund Expenditures and Reserves (\$688.7 million)

The \$688.7 million General Fund comprises one-third of the County's budget. It is the largest pool of discretionary funds that the Board of County Commissioners can allocate. Resources include property taxes, business income taxes, motor vehicle rental taxes, interest earnings, state shared revenues, and beginning working capital. The General Fund also includes Federally Qualified Health Center (FQHC)/Alternative Payment Method (APM) Medicaid reimbursement funds.

The following graph shows total General Fund "spending," including cash transfers, service reimbursements, contingencies, and unappropriated balances (reserves), from FY 2011 through FY 2020. The graph also shows how much one-time-only (OTO) and ongoing funding was spent in the General Fund from FY 2011 to FY 2020. Combining each segment provides the total General Fund.

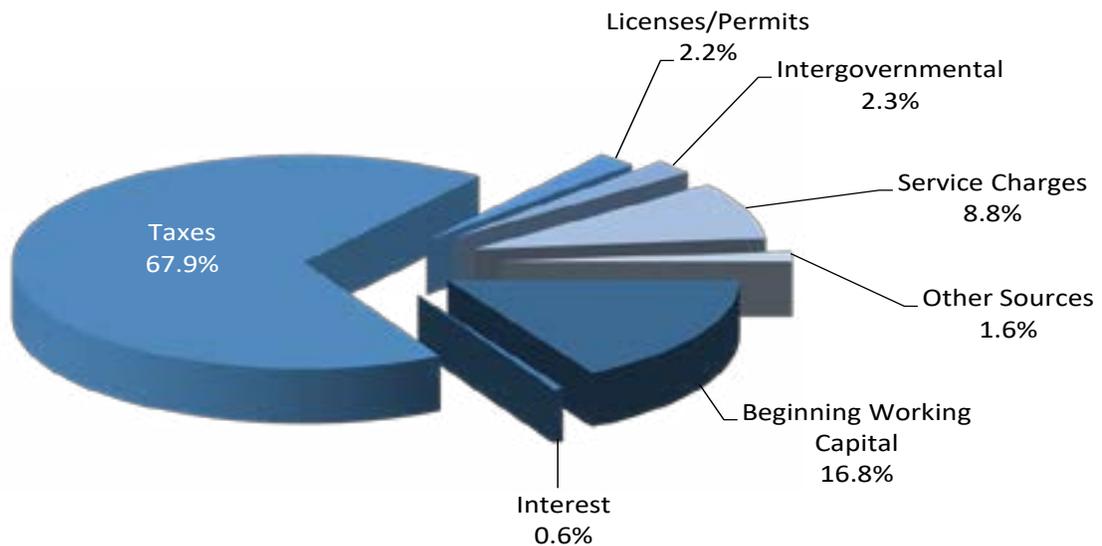


(In Millions)

### General Fund Revenues

General Fund resources for FY 2020 (excluding service reimbursements and cash transfers) have increased from FY 2019. Direct resources are budgeted at \$650.0 million – a \$46.0 million or 7.6% increase over FY 2019. Ongoing taxes are budgeted to increase by \$20.7 million or 4.9%, while one-time-only BWC is projected to be \$27.7 million or 34.1% higher.

As the graph below shows, taxes make up the majority of General Fund revenues. If one excludes BWC, service reimbursements, and the \$50.8 million of budgeted FQHC and prospective health payments, taxes account for nearly all of the Board's discretionary ongoing funds. Property taxes, accounting for \$312.7 million, are budgeted to increase by \$8.5 million or 2.8%. Business income taxes, accounting for \$96.5 million, are budgeted to be up \$11.5 million or 13.5%. Motor vehicle rental taxes, accounting for \$31.5 million, are budgeted to increase by \$600,000 or 2.0%.



### Use of One-Time-Only Funds

The FY 2020 Adopted budget contains approximately \$40.0 million of one-time-only General Fund resources and spending after fully funding the General Fund reserve and the BIT reserve. These funds include:

- \$18.0 million of additional BWC in FY 2019 (from departmental underspending and higher revenues in FY 2018) and higher FY 2019 revenues (mainly from higher than-budgeted business income taxes) less reserve adjustments.
- \$11.0 million of the remaining Courthouse and McCoy sale proceeds received in FY 2019 (after using \$13.3 million for the new Courthouse and other board approved uses.)
- \$0.8 million of funds carried over (unspent) from FY 2019, excluding restricted Tax Title Funds.
- \$8.3 million from a Comcast tax settlement.
- Less \$3.2 million that is 'spread out' over five years and treated as ongoing funding.
- \$3.5 million of Emergency Shelter Strategic Investment unspent in FY 2019 carried over to FY 2002.
- \$1.4 million of unspent FY 2019 Contingency

The tables on the following pages show how the County plans to use one-time-only resources in FY 2020. The table lists one-time-only resources supporting one-time-only expenditures, or programs not expected to continue beyond FY 2020.

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

Prog #	Program Name	Dept.	FY 2020 TOTAL General Fund	Other Funds	OTO General Funds
10018B	Fossil Fuel Risk Assessment Study, Phase I	NOND	100,000	0	100,000
10035	Complete Count Census 2020	NOND	250,000	0	250,000
10050B	Joint Office of Homeless Services Data Staff Capacity	JOHS	104,400	0	52,400
10053L	Housing Placement & Retention - Family System OTO Rent Assistance Restoration	JOHS	420,000	0	420,000
10058	Emergency Shelter Strategic Investment	JOHS	3,500,000	0	3,500,000
25026A	Public Guardianship Training and Monitoring Support	DCHS	1,642,741	0	25,000
25131	YFS - Legal Services Day	DCHS	125,000	0	125,000
25133B	YFS -Backfill Short Term Rental Assistance Reallocation	DCHS	75,000	0	75,000
10053C	Backfill Short Term Rental Assistance Reallocation	JOHS	75,000	0	75,000
25136	YFS - Culturally Specific Navigation Services for Immigrant Families	DCHS	250,000	0	250,000
25038B	ADVSD Advocacy & Community Area Plan Development	DCHS	100,000	0	100,000
25050B	YFS - Domestic Violence Specific Immigration Legal Services at Gateway Center	DCHS	30,000	0	30,000
25051	Building Awareness: Violence Against Indigenous Women	DCHS	50,000	0	50,000
25138B	Runaway Youth Services (RYS)	DCHS	303,682	0	303,682
25139B	YFS - Multnomah Stability Initiative - Community Legal Clinic	DCHS	100,000	0	100,000
25143	YFS - Renter Relations	DCHS	65,870	0	65,870
25162	Family of Friends Mentoring Project	DCHS	25,000	0	25,000
25153	Universal Pre-School Study - Phase II	DCHS	100,000	0	100,000
40004B	Ambulance Services (EMS) - Clinical Services Specialist	HD	17,722	0	17,722
40010C	Communicable Disease Services - Vaccine Hesitancy	HD	80,000	0	80,000
40024B	Student Health Centers Transition Planning	HD	243,627	148,962	185,354
40055B	Baby Boosters	HD	55,000	0	55,000
40061	Harm Reduction	HD	1,477,352	661,421	197,808
40073B	Peer Run Supported Employment Services	HD	100,000	0	100,000
50013	Replacement Radios	DCJ	814,000	0	814,000
50050B	Training for Juvenile Custody Services Specialist	DCJ	50,000	0	50,000
60520B	U-Visa Detective (half year funding)	MCSO	78,982	0	78,982
60521	In-Jail Human Trafficking <sup>1/</sup>	MCSO	203,505	0	45,541
60315	MCDC Detention Electronics	MCSO	424,826	0	424,826
72000B	Continuous Quality Improvement Pilot/County Contractors	DCM	161,888	0	161,888
72000C	Strategic Capital Planning Ramp Down & Economic Development	DCM	246,857	0	246,857
72005B	Labor Compliance	DCM	199,877	0	199,877
72008B	FRM Motor Vehicle Tax	DCM	150,258	0	150,258

# Budget Director's Message

fy 2020 adopted budget

## One-Time-Only Resources Spent on One-Time-Only Programs (cont.)

Prog #	Program Name	Dept.	FY 2020 TOTAL General Fund	Other Funds	OTO General Funds
72017B	Leadership Development and Accountability	DCM	527,006	0	527,006
72017C	WESP - Conflict Mediation & Resolution	DCM	168,471	0	168,471
72022	Workday Support - Central Human Resources	DCM	1,626,475	0	1,001,475
72025B	DART County Clerk Carryover	DCM	112,000	0	112,000
72042	Mental Health System Analysis Follow-up	DCM	90,000	0	90,000
72046	Workday Support - Finance	DCM	873,525	0	248,525
78210B	Vance Property Master Plan <sup>2/</sup>	DCA	300,000	0	300,000
91014	Levee Ready Columbia <sup>2/</sup>	DCS	50,000	0	50,000
91018B	ADA Tier One Project Development <sup>2/</sup>	DCS	500,000	0	500,000
91000B	DCS Equity and Organizational Culture Manager	DCS	165,924	0	82,962
95000	Cash Transfers	Countywide			
	~Comcast Settlement Transfer to PERS Bond Sinking Fund (95000)		8,325,664	0	8,325,664
	~Facilities Specialist for Shelter Transitions (78203)		135,000	0	135,000
	~Health Syringe Boxes (78232)		50,000	0	50,000
	~Corporate Broadband Network Infrastructure Replacement (78321)		1,000,000	0	1,000,000
	~Electronic Medical Records Corrections Health Juvenile Detention (78322)		1,000,000	0	1,000,000
95000	General Fund Contingency	Countywide		0	
	~SE Health Clinic		6,000,000	0	6,000,000
	~Bushong/Reception Center		10,950,000	0	10,950,000
	~Corporate Broadband Network Infrastructure Replacement		1,000,000	0	1,000,000
	~Preschool for All		100,000	0	100,000
95000	BIT Reserve at 10%	Countywide	9,653,750	0	9,653,750
<b>Total One-Time-Only</b>			<b>\$54,248,402</b>	<b>\$810,383</b>	<b>\$49,749,918</b>

1/ The OTO fund for Program Offer 60521 is being used for what is expected to be an ongoing purpose.

2/ The OTO funds for these programs are budgeted in Video Lottery Fund (1519).

### *General Fund Reserves*

The County maintains General Fund reserves as outlined in the County's Financial and Budget Policies. In FY 2020, 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 2020 budget fully funds the General Fund reserves at \$45.7 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 2020 budget continues to maintain a 10% BIT Stabilization Reserve of \$9.7 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*

#### **Homelessness and Housing Affordability**

Like other communities, Multnomah County has experienced a significant increase in homelessness and reduced housing affordability. The February 2017 point-in-time count found 4,177 people living on the streets, in shelter, or in transitional housing. Since the creation of the Joint Office of Homeless Services in 2016 to more effectively address the homeless crisis, Multnomah County and the City of Portland have served record numbers of families and individuals. Last year, over 35,000 individuals received services ranging from emergency shelter to permanent supportive housing.

### *Organization-wide Issues*

Even with significant investments by both jurisdictions, there remains unmet housing, service, and support needs. The 2019 point-in-time Count was recently conducted and that information, when available, along with U. S. Department of Housing and Urban Development (HUD) system performance measures, will be used to guide future needs and services levels.

Rents at the lower end of the housing market continue to climb more rapidly than increases in wages and entitlement benefits. Households in the lowest income ranges continue to struggle to have access to affordable housing. A recent report from EcoNorthwest documented this trend and the fact that affordability places tens of thousands of households at risk of homelessness every night.

The FY 2020 budget includes total Joint Office of Homeless Services funding of \$70.2 million, with \$30.5 million of discretionary County Funds. Significant challenges remain, including:

- Finding suitable shelter locations and operating shelter facilities.
- Establishing and maintaining funding for permanent supportive housing as the Federal Government reduces funding and rents continue to climb.
- Reducing the racial disparities within the homeless population.
- Addressing the chronically homeless who may have mental health or addictions struggles.

### **Workforce Strategic Equity Plan**

During FY 2018, the County adopted a Workforce Equity Strategic Plan; a set of goals, standards, and performance measures meant to eliminate employment barriers and create safety, trust, and belonging for all county employees, with a focus on people of color and other marginalized groups. During FY 2019, this plan was updated to include a suite of recommendations from the Jemcott Rollins Consulting group that are intended to strengthen the strategies and performances measures in the original plan.

The FY 2020 budget includes substantial investments to begin the work of implementing this plan. Investments include funding a Workforce Equity Program Manager to oversee countywide implementation of the plan, placing Equity Managers in multiple departments, creating a centralized Complaints Investigation Unit to process Protected Class complaints, developing a Leadership Development and Accountability model, and expanding the county's capacity to provide diversity and equity training.

Workforce equity requires that the County identify and address structural and policy barriers to equal employment opportunity faced by our employees and communities because of their race, ethnicity, national origin, disability, gender and gender identity, sexual orientation and other protected classes. County employees across the organization have stepped forward to develop a strategic plan and help create a workplace where everyone can reach their full potential, and the FY 2020 budget reflects the priority this organization has placed upon creating an environment of Safety, Trust, and Belonging for all employees. More information about this work is available at <https://multco.us/safety-trust-and-belonging-workforce-equity-initiative>.

### *Personnel Costs*

#### **Merit, Step, and COLA Wage Increases**

The backbone of the County has been, and continues to be, its workforce, which absorbed increased workloads and achieved increased efficiencies during the last economic downturn. The budget provides for COLAs of 3.9% and merit or step increases for all labor groups as outlined in the County's labor contracts.

#### **Public Employees Retirement System**

The County participates in PERS, a cost-sharing, multi-employer, defined benefit pension plan administered by the State of Oregon. PERS rates are established biennially, with the most recent set of rates taking effect July 1, 2019 based on the December 31, 2017 valuation.

As noted in the cost-driver section, the reforms made by the Oregon Legislature in 2013 were largely invalidated by the Oregon Supreme Court on April 30, 2015. As of the December 31, 2017 valuation, the County's unfunded actuarial liability was \$553 million due to these reforms not being upheld, the PERS Board reducing the assumed earnings to 7.20% and updating its mortality assumptions, and below assumed earnings.

The County expects its rates to increase 4.5% to 5.0% of base pay in FY 2022 biennium. The County will continue its practice of proactively smoothing its internal rates. The County has also established three \$25 million PERS side accounts in FY 2017, FY 2018, and FY 2019. The FY 2020 budget includes funds to make a fourth \$25 million contribution to our PERS side accounts. Regardless of these measures, the County will face rising PERS costs for the foreseeable future.

More information on PERS can be found at [www.oregon.gov/PERS](http://www.oregon.gov/PERS), in the County's Comprehensive Annual Financial Report, and in staff's PERS Briefing to the Board, which is located at [www.multco.us/file/42452/download](http://www.multco.us/file/42452/download).

#### **Pay Equity**

The County is currently undertaking a countywide pay equity analysis, which is estimated to be completed in the fall of 2019. This survey is driven both by the County's desire to ensure equitable pay for the County workforce and by new legal requirements. The new law prohibits employers from seeking past salary information, expands the protected classes covered by the pay equity law in Oregon, and confirms that each instance of unequal pay is a continuing violation. While Multnomah County has reviewed pay equity in the past, the law requires an updated analysis to help ensure that people who do similar jobs and have similar levels of education, experience, seniority, merit, training, and working conditions are paid similarly. The financial impact of the analysis is currently unknown.

### Investing In Infrastructure

#### Burnside Bridge

The bridge was built in 1926 and has been designated as an official emergency transportation route by Metro. The bridge is not up to current seismic standards and is in need of rehabilitation or replacement in order to ensure it can meet its obligation to serve as a lifeline corridor in an emergency.

The County Board approved resolution 2015-116 on November 5, 2015 authorizing a \$3.0 million internal loan to fund a feasibility study for the seismic rehabilitation or replacement of the Burnside Bridge. The feasibility study occurred over a three-year period and was completed in November 2018.

The County has been talking with community members and a team of experts to better understand what should be considered. The project has considered over 100 Burnside crossing options. After two rounds of screening, the list has been narrowed to two groups that represent over 20 remaining options for further evaluation: Enhanced Seismic Retrofit and Replacement. The feasibility study was presented to the Board on November 1, 2018. The Board also approved resolution 2018-114 to create a seismically resilient Burnside Bridge project.

The FY 2020 budget assumes the County will issue new 10-year Full Faith and Credit bonds for \$16.0 million to complete the National Environmental Policy Act (NEPA) project phase and to repay the internal loan for the feasibility study. Debt service will be covered from County vehicle registration fees. Passage of HB 4064 during the 2018 Legislative Session allowed this to happen.

More project information can be found at <https://multco.us/earthquake-ready-burnside-bridge>

#### Earthquake Ready Burnside Bridge Project Timeline



### *Investing in Infrastructure (Continued)*

#### **New Central Downtown Courthouse**

The existing Multnomah County Courthouse was built between 1909 and 1914 and is functionally and structurally obsolete. In-custody defendants use the same public hallways as court personnel, crime victims, and the general public and the unreinforced masonry walls do not meet current seismic codes. The Courthouse is also at capacity with no room for additional growth.

The County has partnered with the State of Oregon, as well as other stakeholders, to plan and design a new 17-floor, 44-courtroom courthouse at the corner of SW First Ave and SW Madison street, near the west end of the Hawthorne Bridge.

The new Courthouse is estimated to cost \$324.5 million and will be paid for jointly by Multnomah County and the State of Oregon. Legislation passed by the State of Oregon allows it to provide 50% of the construction cost for State court-related functions, subject to appropriation of funds from the State Legislature. The project assumes a total of \$125 million from the State.

The County is funding its share of the project with \$86.1 million of mostly one-time- only General Fund resources contributed in prior fiscal years plus another \$13.3 million in FY 2020 from the sale of the existing Courthouse (which closed in FY 2019). This additional amount fully funds the project and eliminates the need for a second bond sale. The first \$90 million of bonds were sold in December 2017. The Board also allocated \$10 million from the sale of the Morrison Bridgehead property to the project.

Debt payments will be covered by \$3.6 million of ongoing County General Fund resources set aside in the FY 2020 budget, as well as a \$5 surcharge on Circuit Court parking and traffic violations legislatively authorized by HB 4093.

The new Multnomah County Central Courthouse is scheduled to open late Spring of 2020.

More information on the Courthouse can be found at: [www.multco.us/central-courthouse](http://www.multco.us/central-courthouse)

### *Investing in Infrastructure (Continued)*

### *Investing in Information Technology*

#### **Downtown Mental Health Resource Center**

On April 8, 2019, the County purchased the Bushong & Co Building at 333 SW Park Ave. The County also has the adjoining parking lot under contract to purchase. Together, these properties will provide a location for a Downtown Portland Mental Health Resource Center. Programming for the facility is currently under design, but it is anticipated to include peer support services, transitional housing for homeless people with behavioral health issues, as well as day center to assist people with finding housing and treatment services. Various construction options are also under consideration with opening of the facility not expected before the end of 2020.

#### **Enterprise Resource Planning (ERP) Replacement**

On January 1, 2019, the County went live with a new suite of ERP tools for business operations in human resources, finance and budget, procurement and contracting, and facilities management. This suite replaces the County's SAP ERP system, which was implemented in 1999. It also brings new, cloud-based functionality. This project first started with the County completing a review of its information systems, technology, and business needs in March 2015. An RFP was then released in November 2015, with the County selecting Workday as the system with Deloitte Consulting as the system integrator. Jaggaer was selected to support the County's source to settle needs, while IBM Tririga was selected to support Facilities asset management operations. The County's current Questica software was selected to continue to support budget operations.

The \$42.8 million implementation cost is financed over seven years with debt service covered by allocating costs to departments on a per FTE basis of \$1,323.

FY 2020 will be a transition year. On the project side, implementation of additional features, stabilization of systems, decommissioning of legacy systems, and archival of data will occur. On the operations side, business process owners will continue to take responsibility for day-to-day operations and support. The County will also be reviewing how the suite is functioning to determine ongoing resource needs and whether resources should be reallocated to reflect shifting functions and workloads across the County.

### *Investing in Information Technology (Continued)*

#### **Cybersecurity**

In FY 2016, the County initiated a multi-year cyber security program to upgrade outdated technology, increase cyber security awareness, and implement tools for managing cloud-based data systems. In FY 2020, Cyber Security 2.0 is funded with \$468,000 to continue focusing on gaps and deficiencies as they are identified to protect the data the County holds and our IT systems that are critical to our day to operations. These actions include:

- Second Layer Authentication.
- Network Access Control for items such doors or heating or cooling systems which are attached to our networks.
- Implementing a Privileged Access and Identity Management solution to better manage and secure privileged accounts to meet the needs access control requirements for regulatory compliance.

#### **Corporate Broadband**

The County relies on a high-speed, broadband fiber network, the bulk of which is provided by the City of Portland on leased equipment and Comcast infrastructure. The 15-year old franchise agreement supporting this infrastructure and access expires in 2021. The County is exploring options for its corporate broadband infrastructure once the agreement expires. In FY 2019, the County commissioned an independent evaluation of the business case and to obtain recommendations. Currently the County is exploring forming a consortium with the City of Portland and potentially other jurisdictions. The FY 2020 budget sets aside \$2.0 million to begin this effort.

#### **Juvenile Justice Center Health EMR**

Health care provided by the County at its Juvenile Justice Center currently uses a paper-based medical record system and medication delivery is documented via paper. This is inefficient and the use of a non-electronic medical record poses potential challenges for legibility, accuracy, and continuity of care. The budget sets aside \$1.0 million to document the requirements for an Electronic Medical Record (EMR) system, conduct a procurement, and implement the selected solution. The County currently uses EPIC as its EMR within its other primary care locations. Unfortunately, the module of EPIC designed for an inpatient care setting does not scale well to the setting at the Juvenile Justice Center, thus the County anticipates selecting an alternate solution and integrating it with its EPIC solution.

## *Investing in Information Technology (Continued)*

### **Capital Project Management Software**

The County's Facilities group is currently managing its large Capital Improvement Program with an aging data and project management system that needs to be replaced to allow more efficient and effective management the county's infrastructure investments. Funding of \$1.0 million has been set aside to evaluate business requirements, procure a new system, and implement the selected system. The new system is expected to provide these capabilities:

- Develop program management plans to manage and allocate funds to projects for capital initiatives.
- Manage schedules by tracking and managing project activities.
- Manage resources assigned to project activities across various phases of the project lifecycle.
- Manage vendor engagement.
- Integrate data across the ERP software solutions for a consistent view of project details.
- Prepare, track & report on actuals vs planned costs.

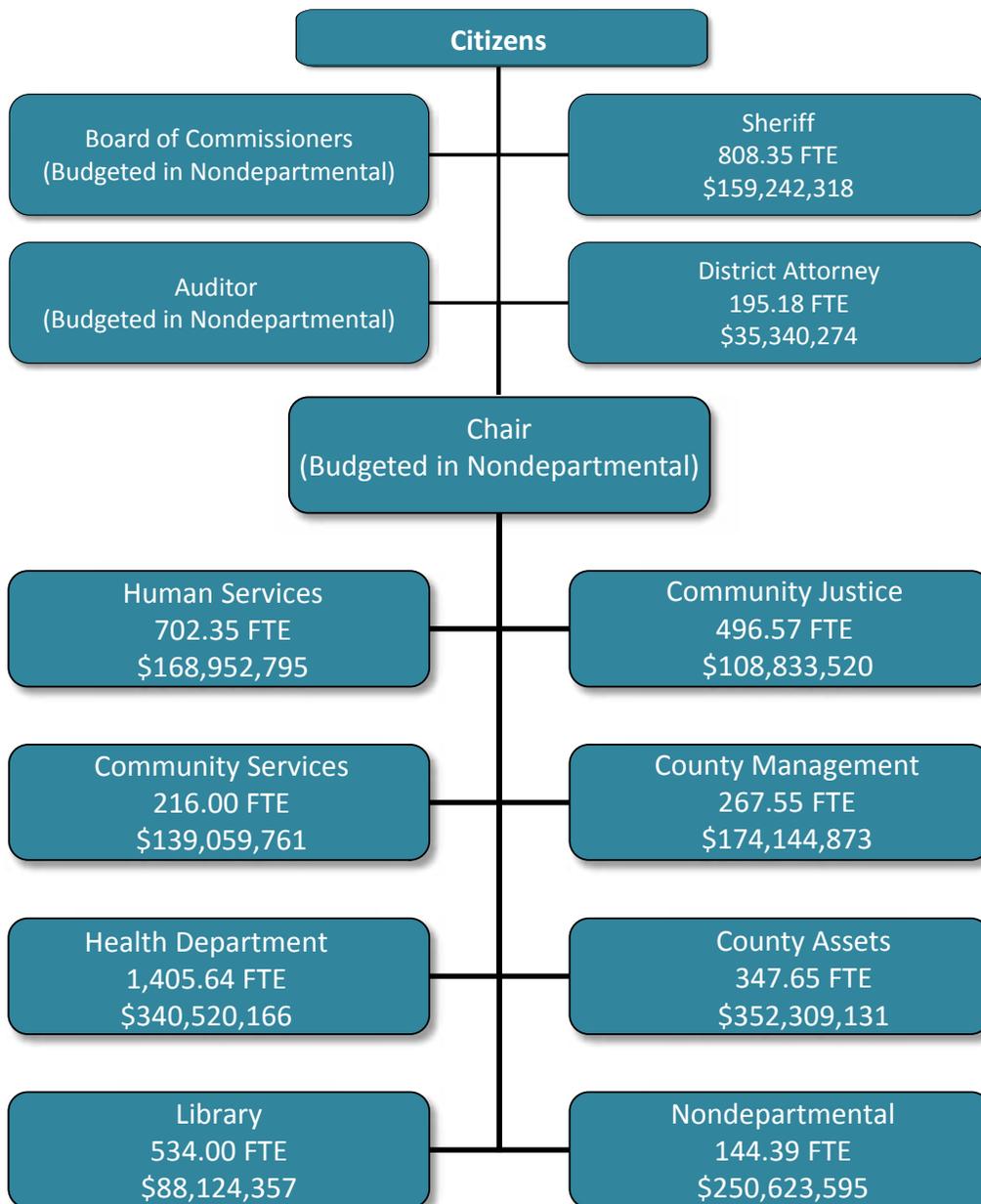
### Future Budget Pressure

While the County is experiencing sound economic growth, it is not immune to broader economic issues and will continue to face internal and external budget pressures in years to come. For example, today's budget decisions, such as the opening of a new facility, have an impact on future budgets. The following list is a brief outline of the budget pressures the County will monitor for impacts beyond FY 2020.

- **Revenue** – The Business Income Tax is inherently volatile and will invariably decline during the next recession. Property tax, while relatively stable, is constitutionally limited in its growth rate. As inflation increases, costs are expected to grow faster than the County's core property tax revenue stream as the County is experiencing in FY 2020.
- **Capital Investment and Debt** – The County is undertaking several major capital projects, such as replacement of the downtown Courthouse, with others in the future, such as the downtown Mental Health Resource Center or the Earthquake Ready Burnside Bridge. Board policy directs 50% of one-time-only funds (after contingencies and reserves are fully funded) for capital needs, which will cover a significant amount of the funding for these buildings. However, debt will still be required, and servicing that debt will put pressure on future budgets and reduce flexibility.
- **Healthcare Costs** – While the rate of growth in County healthcare costs has been relatively modest in recent years, a return to previous rates of growth would put significant pressure on County costs.
- **Pension and Post-Employment Benefit Costs** – While the County's pension and post-employment benefit funds are among the best funded in the country, the overturning of the 2013 PERS reforms added cost pressures. The PERS system is structurally dependent on stock market returns to fund a significant portion of its cost, so poor market returns may create additional budget pressures.
- **Technology** – As technology becomes more prevalent in day-to-day County operations, the associated infrastructure and support costs also increase. The most problematic issue tends to be semi-routine replacements of IT applications. There is currently no ongoing funding stream to pay for these replacements or new technological investments.

## Multnomah County Organization Chart

Multnomah County delivers its services through 10 departments, including three managed by independently elected officials: Sheriff Mike Reese, District Attorney Rod Underhill, and County Auditor Jennifer McGurik. There are 5,116.68 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 thank these people for their contributions. Particularly, I want to thank the leadership in the Chair's Office: County Chair Deborah Kafoury; Chief of Staff Kim Melton; and Chief Operating Officer Marissa Madrigal. I also want to extend my appreciation to the department heads and constitutional officers, along with their budget teams and staff, for their hard work, cooperation and assistance.

Finally, I want to acknowledge the remarkable teamwork by the people in the Central Budget Office who were instrumental in putting this budget together: Shannon Gutierrez, Ching Hay, Dianna Kaady, Ashlye Manning, Wendy Polzin, Jeff Renfro, Chris Yager, and Trista Zugel-Bensel, and to the Evaluation and Research Unit: Jillian Girard, Anna Plumb, and Allison Sachet.

It is a privilege to work with the dedicated people who serve our County.

Mike Jaspin

## Budget Notes

The following budget notes were adopted by the Board of County Commissioners on May 30, 2019. 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.

### *Culturally Specific Services Briefing*

The Board of Commissioners requests a board briefing from the Department of County Management's fiscal compliance team within the first 6 months of FY 2020 on the amount of funding Multnomah County has awarded to culturally specific organizations over the last five fiscal years as compared with other organizational funding. The briefing should highlight culturally specific programming/services the County directly provides, such as Bienestar, over the same five year time frame.

### *WESP Follow Up*

The Board of Commissioners requests a board briefing from the Department of County Management and the Office of Diversity and Equity on (a) the status of filling the workforce equity program offer positions throughout the county; (b) the workload of those positions, including the Complaints Investigation Unit; and (c) the impact on the workload of existing Human Resources positions. The Board also requests data on the past 2 to 3 years of protected class complaints. This briefing should be part of the Workforce Equity Strategic Plan annual update to the Board planned for fall 2019, with a progress update in spring 2020.

### *Preschool for All*

The Board of Commissioners placed \$100,000 in the General Fund Contingency for an expansion of the Preschool for All task force work led by the Department of County Human Services. This study would focus on community feedback on task force recommendations, as well as systems requirements for workforce, infrastructure, and administration of a publicly funded preschool program, among other topics. This funding would be available if grant funding is not secured.

### *Harm Reduction*

The Board of Commissioners requests a briefing from the Health Department within the first nine months of FY 2020 presenting an analysis of the best options for harm reduction sites in eastern Multnomah County. The briefing should outline physical locations, proximity to transit and other accessibility measures, anticipated client usage, co-location with other county services, and days/hours of operation. Options for elimination or consolidation of harm reduction sites to increase services offered at other locations should also be presented for consideration by the board.