

DCA & DCM CBAC

TO: Chair Deborah Kafoury and County Board of Commissioners 4 pages

FROM: DCA & DCM CBAC

DATE: April 6, 2018

SUBJECT: Budget Advisory Committee (CBAC) Report & Recommendations

EXECUTIVE SUMMARY

The DCA/DCM CBAC has historically focused on one time only funding requests, out of target program offers, and new programs. Additionally, we review the major projects to provide our thoughts and input on the ongoing management, support, and monitoring of these projects. This year we reviewed program offers from both DCA and DCM, and provided our input on those that stood out in terms of cost, impact, or relative merit.

PROCESS – The DCA/DCM CBAC focused on one time only requests, and met with the leaders of those organizations which submitted one time requests. The discussions included an overview of the organization itself, particular concerns and themes, and specific requests that were anticipated (the majority of the discussions occurred prior to the actual budget submissions).

The team met with the following county leaders:

- Marissa Madrigal - COO and DCM Director
- Sherry Swackhamer, CIO, and Bob Leek, Deputy CIO
- Travis Graves, Chief Human Resources Officer and DCM Deputy Director
- Rick Teague, Deputy County Assessor
- Henry Alaman, Director of Facilities and Property Management

EMERGING ISSUES & CHANGES – Key themes that emerged from our discussions with various County leaders included the following:

1. The County continues to be under serious financial pressures as a result of the property tax cap imposed by state legislation. The CBAC did not see any clear path to addressing this shortcoming of legislation at the state level, and share the frustration that County administrators must feel. We are impressed with how the County has dealt with this ongoing issue by spending efficiently and being diligent in terms of projects and ongoing expenditures. That said, it feels like an increased push at the state level to revisit the tax base and approach may be critical to a healthy long term funding model.

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2. The housing and homeless crisis is clearly not getting any better, and impacts virtually all County stakeholders. We believe that the County is doing a commendable job in getting after this problem with the resources they have, and encourage the ongoing collaboration with the City of Portland and other organizations to do what they can on this issue.
3. Some of the one time requests from DCA may be mis-cast as 'One Time'. While they are capital expenditures, they really are cyclical, based on usable life of the asset, and in some cases are impacted by external factors. We would recommend revisiting the approach to funding for some of these requests (particularly Technology Improvement and Cyber Security) to a more fixed, predictable, operational model in which funding is built into the operational budget of the County. These are ongoing, critical expenditures, and must be funded to ensure the health of County operations. They should be seen as 'the cost of doing business' for an enterprise as large as the County.

RECOMMENDATIONS - Our specific recommendations are to support the following requests:

Department of County Assets:

- | | | |
|-----------------|--|--------------------|
| <u>78220-19</u> | <u>DCJ East County Campus</u> | <u>\$7,259,712</u> |
| | <ul style="list-style-type: none">• We are supportive of the vision and effort to consolidate County assets into a campus located on eastside. We understand that a significant volume of County services are performed in East County, and by working towards an East Campus the County would succeed in both providing increased access to communities where services are delivered and reducing the cost of doing business through more centralized business operations. | |
| <u>78224-19</u> | <u>Vance Property Master Plan</u> | <u>\$ 150,000</u> |
| | <ul style="list-style-type: none">• We are supportive of the development of a long term Master Plan for the Vance property. It will lead to enhanced development options which make better use of the former quarry and the associated park portion on the west side of the property. | |
| <u>78225-19</u> | <u>Facilities Dedicated Facilities Specialist for Shelter Transitions</u> | <u>\$ 137,215</u> |
| | <ul style="list-style-type: none">• We are supportive of the idea of reinforcing the needs and appreciate the opportunity to provide feedback towards a program that meets both the business and a service need of the County. We are also encouraged that part of this process was to transition some of the shelter management to a non-County agencies, which aims to free up public funds for other uses. | |
| <u>78301-19</u> | <u>IT Innovation & Investment Projects</u> | <u>\$1,747,422</u> |
| | <ul style="list-style-type: none">• In addition to the specific projects called out in the FY 2019 Portfolio for the IT Innovation and Investment Projects, we wanted to add our support to the County Technology Improvement Program. Given the volume and diversity of County IT assets, and the criticality of the functions they support, it is essential that the County maintain a reasonable level of currency for technology. The County has made a number of good moves to manage their portfolio (movement to cloud based systems being a key component), but it still needs to continue to maintain a realistic level of updates for those assets that they retain. We feel that requirements | |

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such as these may be better managed as an ongoing/recurring program, as they really aren't 'one time' expenditures.

78318-19 IT Cyber Security \$ 515,599

- Cyber Security is, and will continue to be, a critical facet of any IT organization. We are pleased to see progress is being made, and support the ongoing investment in this space. The County manages a large volume of highly sensitive personal data, and it will be paramount to continue to ensure it is managed safely and securely. We expect to see continued investment in this space to stay ahead of the curve of cyber-threats. Much like the IT Innovation & Investment Projects, ongoing investment in CyberSecurity should really be treated as an ongoing expense/investment rather than one time.

Department of County Management

72000B-19 Organizational Development \$ 284,998

- The goal of creating a fair, supportive, and inclusive work environment for staff should be standard practice for any business. Examining and reviewing County Human Resource policies and practices are important steps towards attaining this goal for Multnomah County workers. DCA/DCM CBAC supports this program offer, and hopes it will demonstrate to employees that their views have been heard and action is being taken to address their concerns.

72022-19 DCM Workday Management Team \$2,273,389

- We understand the additional 12 FTE are a part of the original scope of the project and based on recommendations from Deloitte. It is our understanding these FTE will be incorporated into the normal budget process in FY2020 and ongoing cost associated with these positions will be assessed as you learn more about the needs of the new systems. With this understanding we are supportive of this program offer as we realize the first year of implementation will be a transformative year.

72036-19 DART Residential Development Program \$
760,225

- The DART Residential Appraisal Program has demonstrated, in its first year, the value of this new avenue of property evaluation. We are encouraged by the upward revision of accounts and view this as evidence the assessors are quickly becoming comfortable with this new method. It is our hope that accurate RMV will lead to an increase in revenue for the County.

This program has already identified approximately \$155,000 of additional property taxes due to increase property valuation. These new taxes, plus taxes that have yet to be identified, will provide a compounding return. They will be collected on an annual basis and will continue to increase each year.

There are 2 equity components with this program offer:

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- The program will hire and train individuals from groups that have not historically participated in the property appraisal industry. This will increase the representation of these groups in the field.
- Identifying property from new additions and developments increases equality in the tax market as it identifies properties that aren't paying their fair share of taxes based on property tax law.

ACKNOWLEDGEMENTS

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