



FY 2015 General Fund 5-Year Forecast Update

*Presentation to the
Board of County Commissioners*

Multnomah County Budget Office
May 14, 2014
www.multco.us/budget

Overview

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- **FY 2014 Revenue Review**
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 - ✓ USM
 - ✓ Motor Vehicle Rental Taxes
 - ✓ Recording Fees/CAFFA Grant
- **FY 2015 General Fund 5-Year Forecast**
 - ✓ FY 2015 Forecast
 - ✓ Changes to Forecast
 - ✓ 5-Year Revenue Outlook
- **FY 2014 General Fund Contingency Update**
- **Urban Renewal Area Modifications & Impacts**
- **Forecast Risks & Issues**
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Economic Overview

- Forecast continues to assume average to slightly better than average economic growth in the Portland Metro area.
- Recent economic data confirms winter weather impacted economy and data.
- Key drivers remain:
 - ✓ Continued housing (residential investment) recovery
 - ✓ State & local governments no longer contracting
 - ✓ Household balance sheets in better shape
 - ✓ Federal fiscal contraction largely finished
- Recent economic data/charts not included in this presentation.



FY 2014 Revenue Review

	Adopted¹	October Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Notes
Property Taxes	237,435,786	(1,290,013)	485,589	0	(804,424)	See earlier forecast for change notes.
Business Income Taxes	57,821,049	2,962,766	(2,025,801)	0	936,965	FY 12 to FY 13 growth = 10.1%; FY 14 growth revised to 4.24% (after adjusting for cash flow).
Motor Vehicle Rental Taxes	20,436,638	1,213,970	316,839	422,451	1,953,260	FY 13 actual collections \$21.1 million, up 13.3%; Continued strength in FY 14 - PDX Traffic up avg of 5.6%/month. Assuming 6% growth from FY 13.
US Marshal/BM 73/BOP	5,473,678	(795,915)	(1,437,329)	169,326	(2,063,918)	See graph; Assumes 64.3 beds/day, down from 112 in Adopted Budget; May assumes 67.9 beds/day.
State Shared						
Video Lottery	5,229,915	(429,915)	(235,178)	0	(665,093)	
Liquor	3,541,978	0	0	0	0	
Cigarette	705,726	0	0	0	0	
Amusement	170,000	0	0	0	0	
Recording Fees/CAFFA Grant	8,510,000	(510,000)	(800,000)	(391,392)	(1,701,392)	See graph; May adjustment = CAFFA Grant
Indirect						
Departmental	11,534,630	0	0	0	0	
Central Indirect/Svc Reimburse	11,174,861	0	0	0	0	
All Other	18,700,703	461,787	0	0	461,787	Timber/Secure Schools & VFT
FY 14 Revenue Adjustments²	380,734,964	1,612,680	(3,695,880)	200,385	(1,882,815)	
% of Revenue		0.42%	-0.97%	0.05%	-0.49%	
% of Revenue (Excluding USM)		0.64%	-0.60%	0.01%	0.05%	

1. Excludes BWC, FQHC wraparound revenues, and prospective health payments, but includes Video Lottery.

2. Not adjusted for revenue adjustments directly offset by expenditure changes.



FY 2014 Revenue Review

BIT Collections Fiscal Year-to-Date Through April

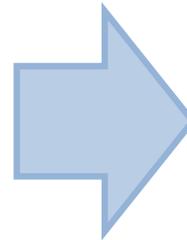
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 14 vs. FY 08	FY 14 vs. FY 13
Quarterly	26,719,905	24,137,164	20,891,819	22,839,682	24,259,527	25,760,434	27,092,478	1.4%	5.2%
Yearly	29,167,734	17,350,855	19,660,911	18,009,441	20,439,995	23,125,156	23,925,905	-18.0%	3.5%
Refund/Interest	3,668,895	5,527,628	6,055,532	3,119,079	2,658,193	3,854,370	3,195,441	-12.9%	-17.1%
NSF Check	76,746	72,283	91,923	126,567	26,644	381,316	53,648	-30.1%	-85.9%
Total	52,141,997	35,888,109	34,405,275	37,603,477	42,014,684	44,649,905	47,769,294	-8.4%	7.0%
<i>Actual or Budget</i>	<i>65,650,000</i>	<i>42,900,000</i>	<i>44,150,000</i>	<i>48,570,000</i>	<i>52,250,000</i>	<i>58,750,000</i>	<i>57,821,049</i>	<i>Adopted Budget</i>	
							<i>60,783,815</i>	<i>November Forecast</i>	
							<i>58,758,014</i>	<i>March Forecast</i>	

December & January FY 2014 vs. FY 2013

Quarterly	Down 8%	(\$9.6 m to \$8.8 m)
Yearly	Down 23%	(\$1.6 m to \$1.2 m)
Refund/Interest	Up 9%	(\$1.8 to \$2.0 m)

Net Dec/Jan Decrease (\$954,646)

January Fiscal Year-to-Date Change -0.4%



March & April FY 2014 vs. FY 2013

Quarterly	Up 19%	(\$6.5 m to \$7.7 m)
Yearly	Up 5%	(\$17.9 m to \$18.8 m)
Refund/Interest	Down 83%	(\$1.1 to \$0.2 m)

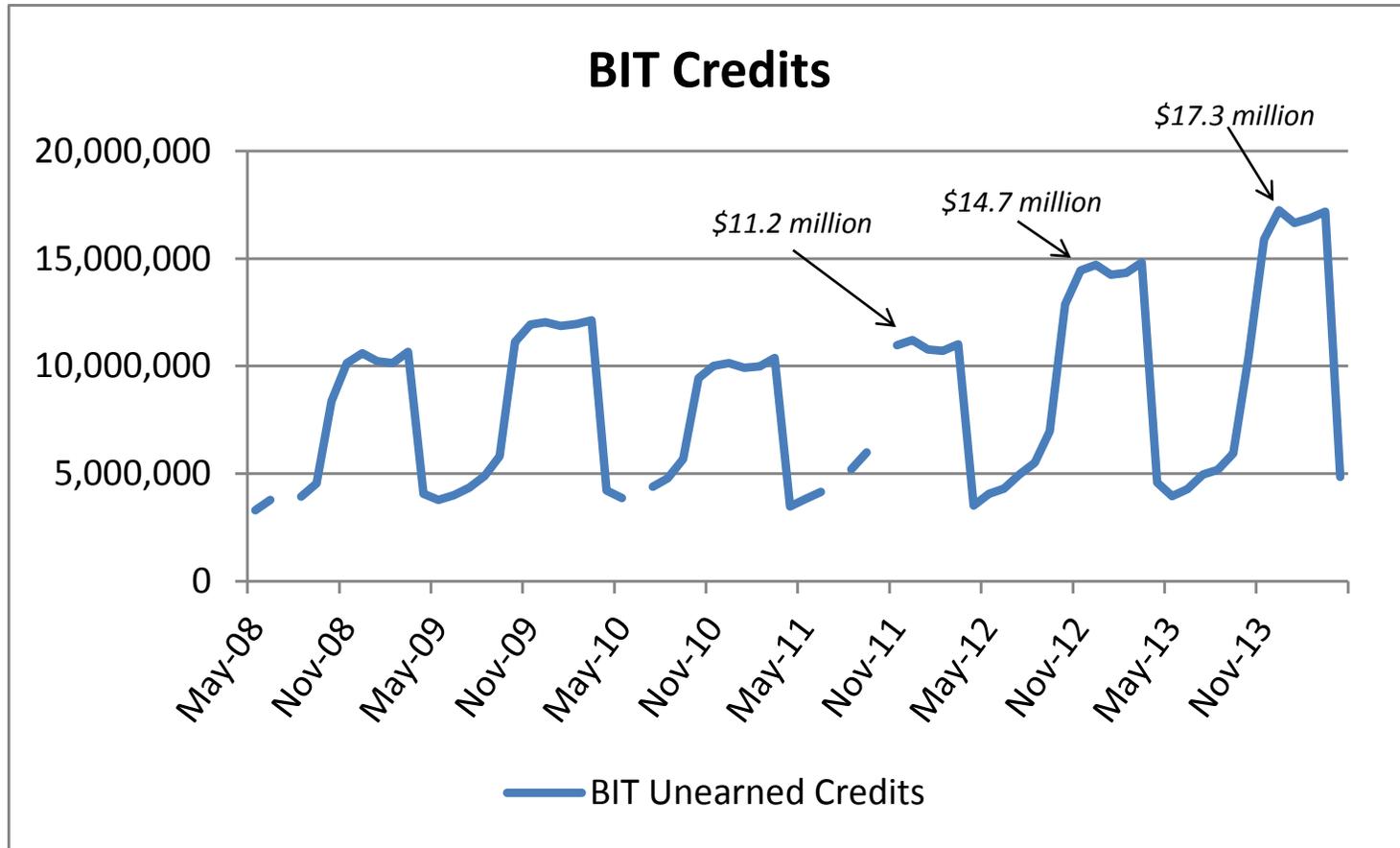
Net March/April Increase \$1,220,252

April Fiscal Year-to-Date Change 7.0%

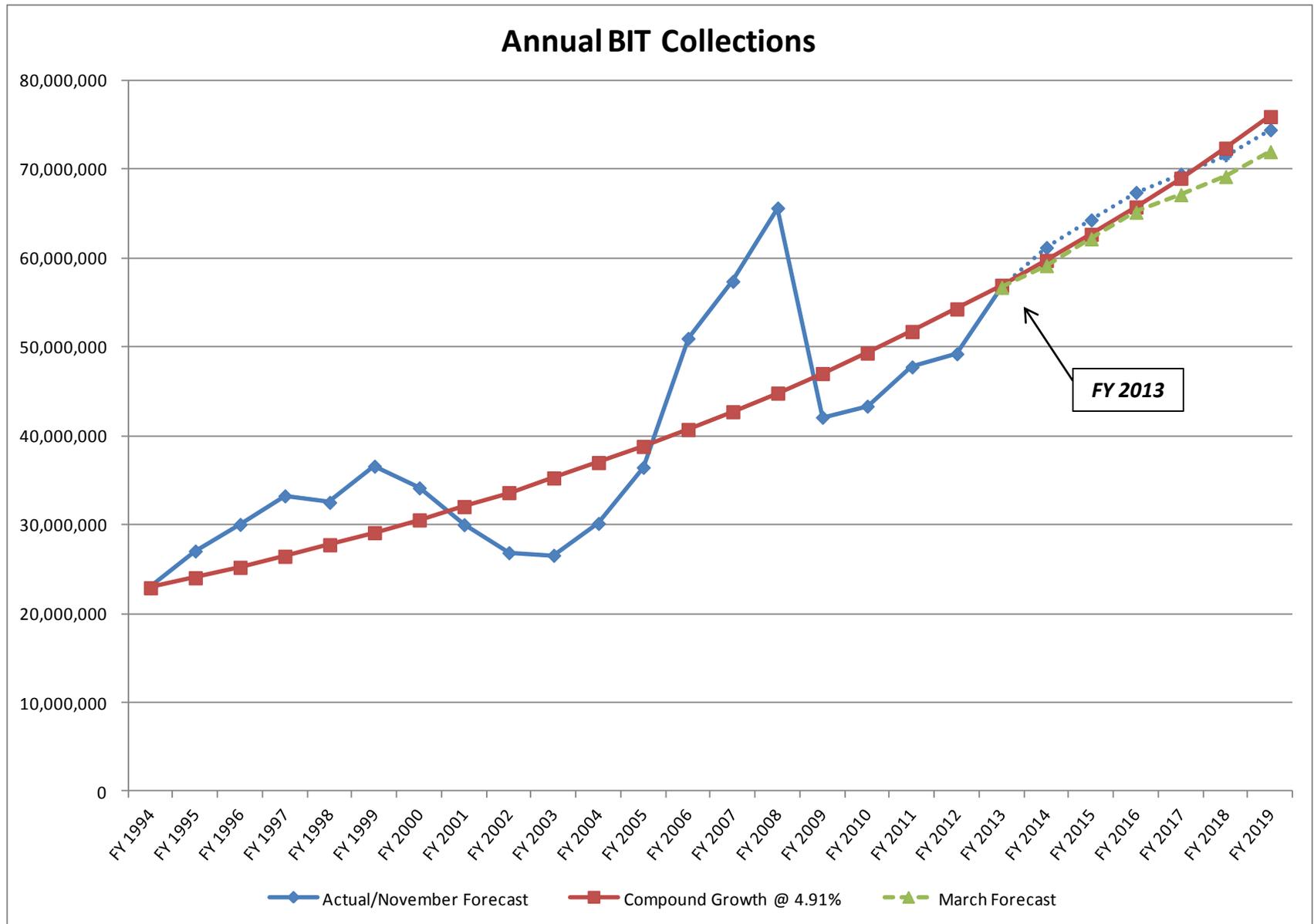
Note: FY 2013 actual reflects amount County received. \$1.2 million was due to cash transfer timing with the City of Portland, which collects the tax.



FY 2014 Revenue Review

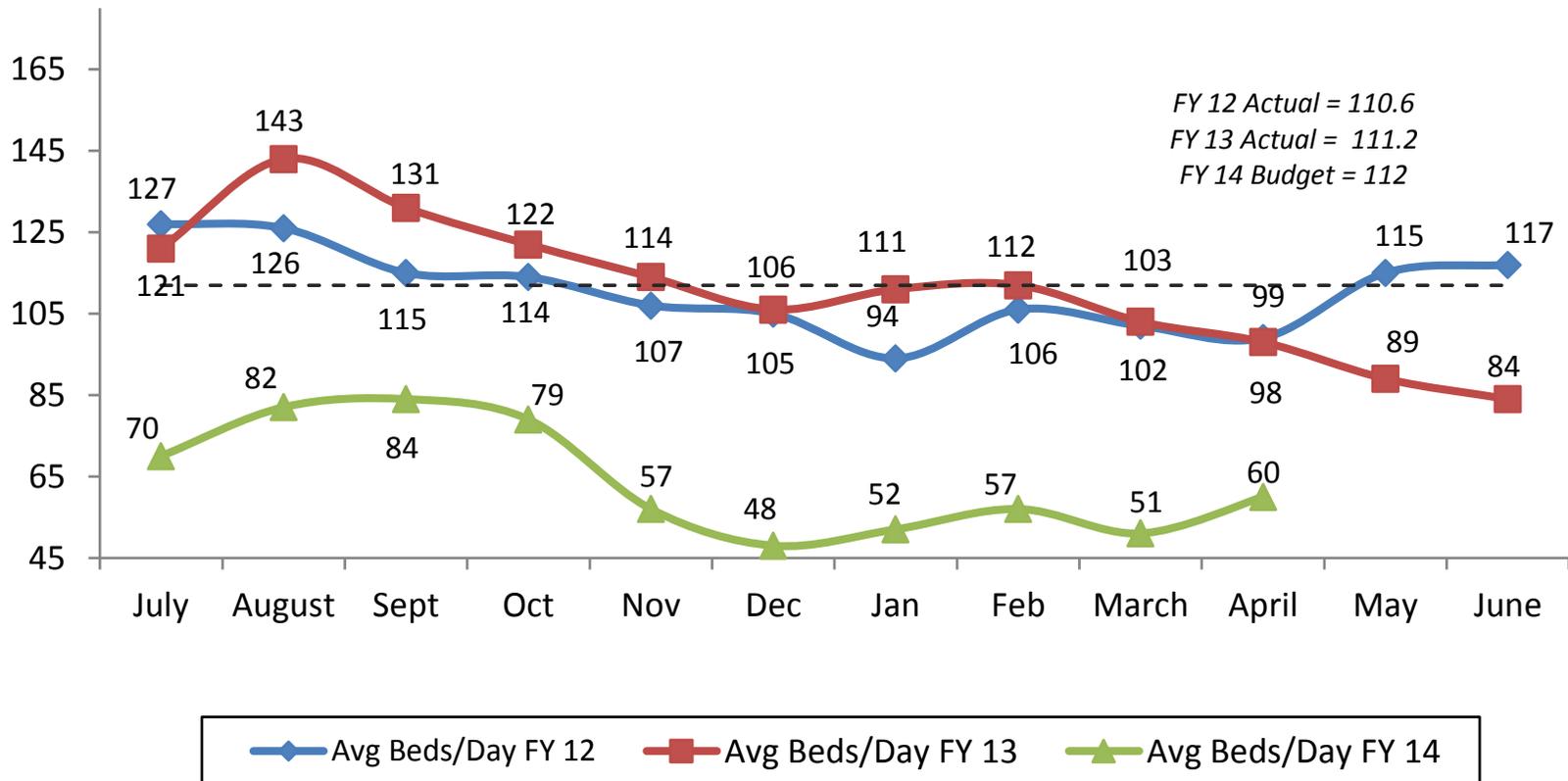


FY 2014 Revenue Review

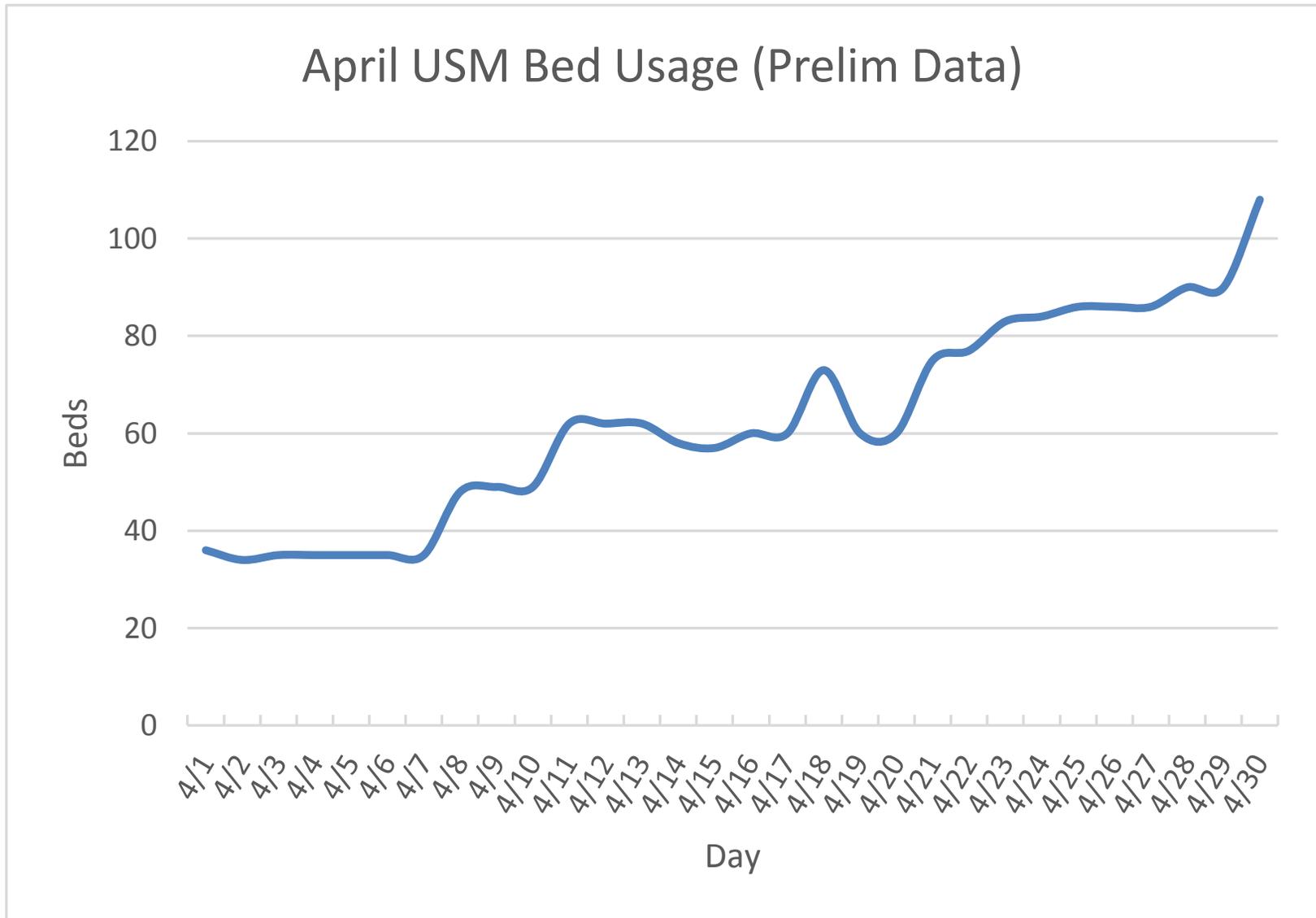


FY 2014 Revenue Review

USM Avg Beds/Day

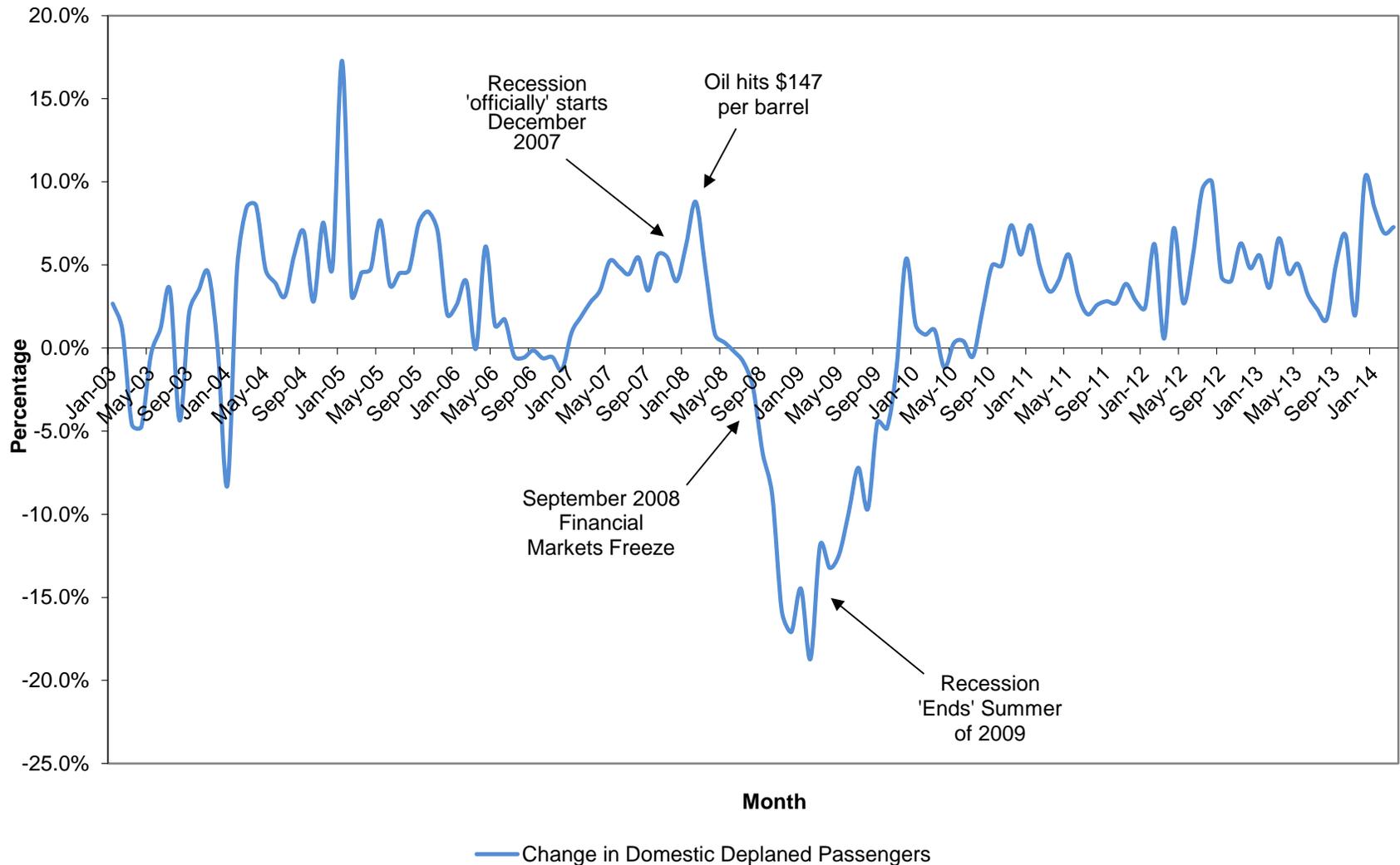


FY 2014 Revenue Review

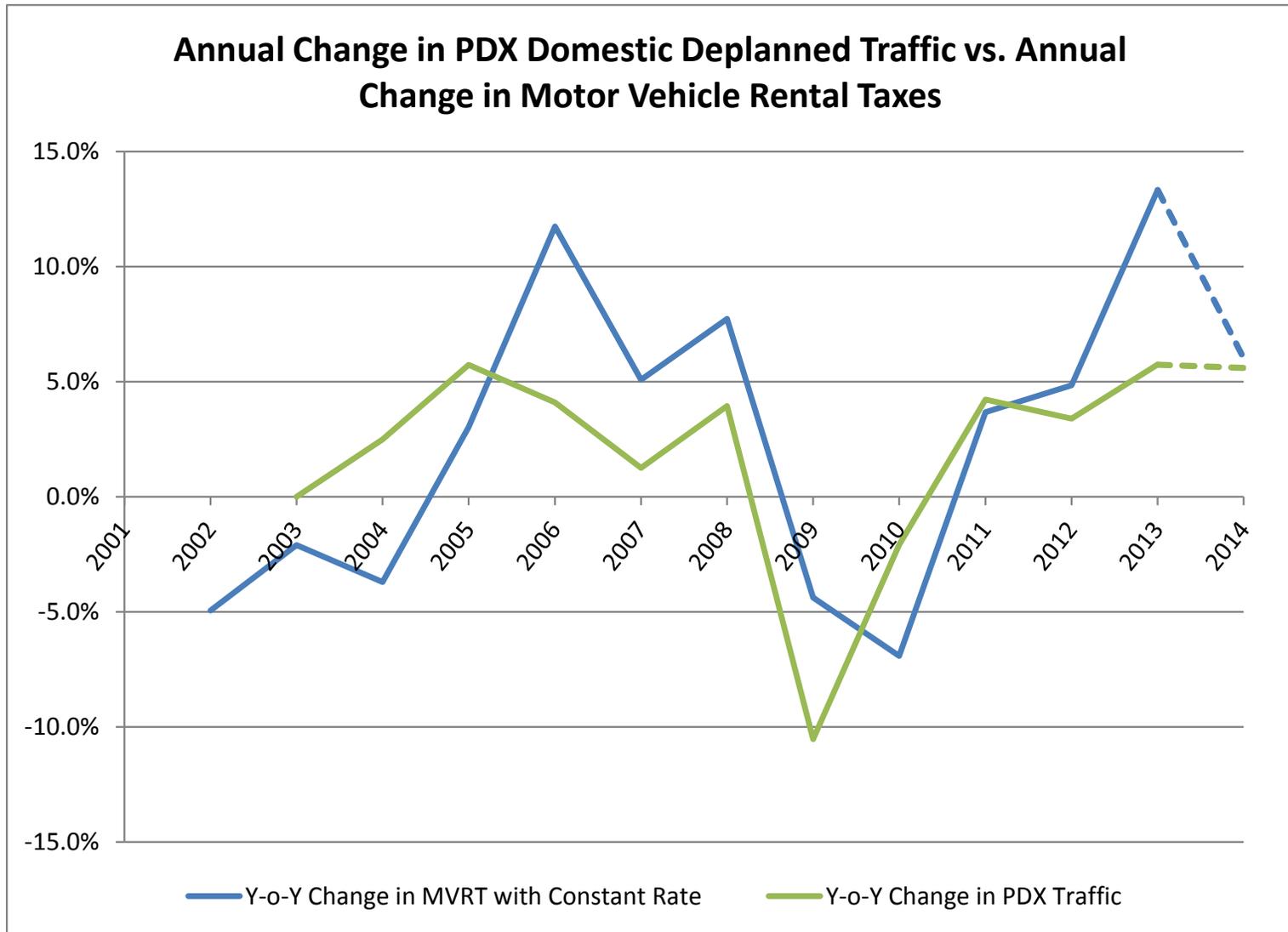


FY 2014 Revenue Review

Year-Over-Year Change in Passengers at PDX (Thru March)

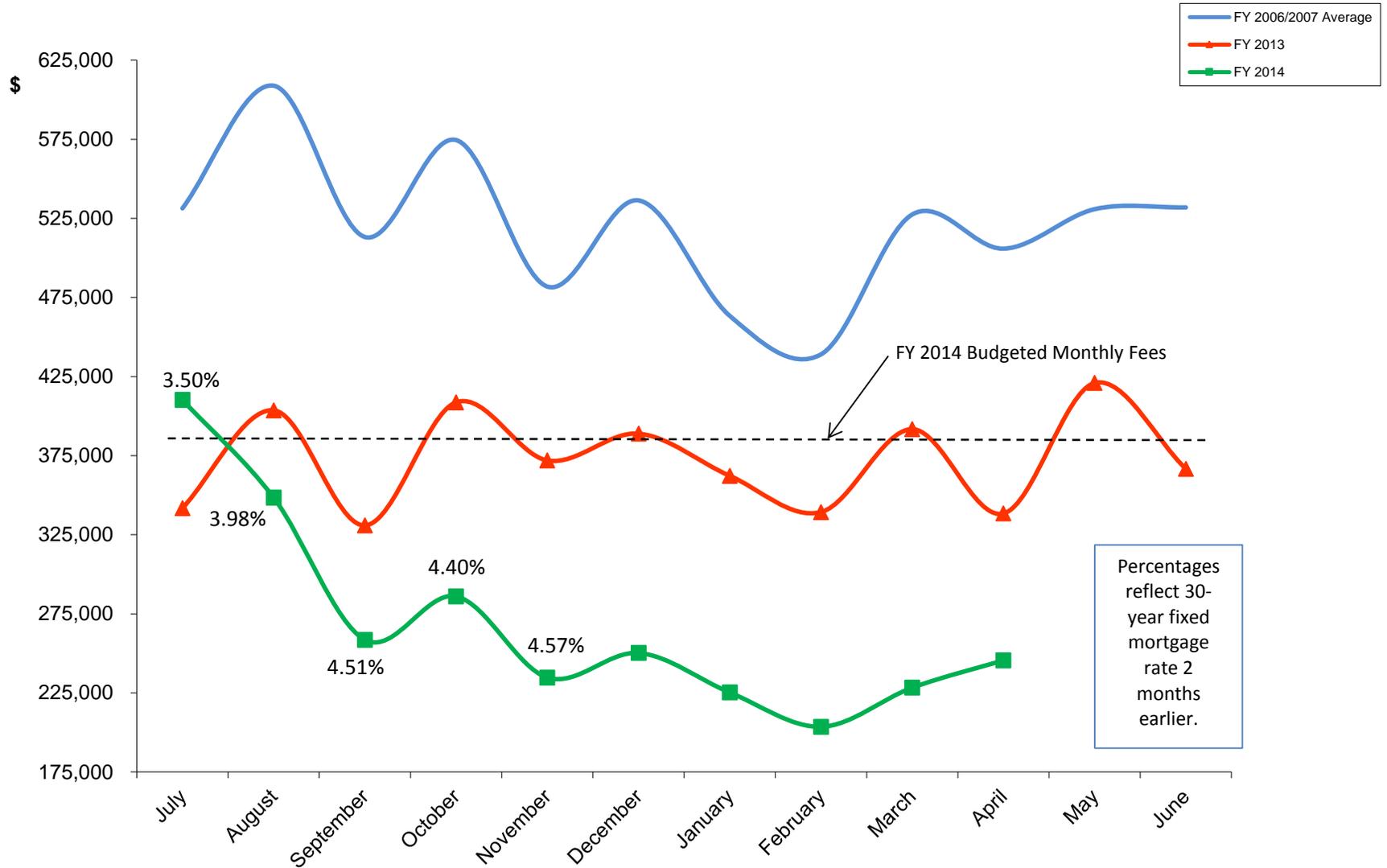


FY 2014 Revenue Review



FY 2014 Revenue Review

Monthly Recording Fees (Thru April)



5-Year General Fund Revenue Forecast

- Minor changes from March Forecast
 - ✓ Motor Vehicle Rental Taxes increased \$433,012 or 1.9% and CAFFA Grant reduced \$579,000 or 8%.
 - ✓ Updated to reflect Chair's Proposed & Board Approved budget.

- Continued assumption of 95 USM beds/day

- Forecasted Ongoing Revenues Greater than Expenditures through FY 2017
 - ✓ Lower labor costs and average revenue growth drive short-term result.
 - ✓ FY 15 surplus of \$4.2 million (shown below) supporting one-time-only programs.
 - ✓ Costs grow faster than revenues, resulting in limited ability to support new or expanded ongoing programs.

Forecasted *Ongoing* General Fund Expenditures and Revenues

FY	Revenues	Expenditures	Operating Gap	Gap as % of Expenditures	Operating Gap <i>(if additional funds spent ongoing basis)</i>
FY 15	399,467,918	395,286,463	4,181,455	1.06%	0
FY 16	414,043,880	410,537,142	3,506,738	0.85%	(832,358)
FY 17	427,650,376	426,388,697	1,261,679	0.30%	(3,220,173)
FY 18	441,752,536	443,317,663	(1,565,127)	-0.35%	(6,221,771)
FY 19	457,090,292	458,449,052	(1,358,760)	-0.30%	(6,177,456)

*Note: Revenues/Expenditures do not include reserves, includes video lottery, but excludes FQHC wraparound and PCPCH.
If additional funds spent ongoing, additional costs inflated at same rate as other General Fund expenses.*



5-Year General Fund Revenue Forecast

Combined Impacts on Available FY 2015 Resources

	As Approved	Change	Ongoing or OTO
Additional BWC from FY 14	50,902,149	200,385	OTO
Lower CAFFA Grant for FY 15	4,029,000	(579,000)	Ongoing
Increased Motor Vehicle Rental for FY 15	22,949,645	433,012	Ongoing
Higher General Fund Reserve Requirement	34,279,002	(43,301)	OTO
Total Change		11,096	

Note: While no net change in resources, there is a shift of \$145,988 from Ongoing to OTO.



5-Year General Fund Revenue Forecast

Major General Fund Revenue Sources ¹

	Adopted FY 2014	Forecast FY 2014 ²	Forecast/ Approved FY 2015 ⁴	Forecast FY 2016	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019
Property Taxes	237,435,786	236,631,362	246,987,753	256,950,459	266,948,878	277,028,778	287,787,056
Business Income Taxes	57,821,049	58,758,014	62,987,023	65,978,907	67,958,274	69,997,022	72,796,903
Motor Vehicle Rental Taxes	20,436,638	22,389,898	22,949,645	23,523,387	24,111,471	24,714,258	25,332,114
US Marshal (& BM 37)	5,473,678	3,409,760	4,865,296	4,865,296	4,865,296	4,865,296	4,865,296
Recording Fees/CAFFA Grant	8,510,000	6,808,608	7,230,000	7,436,250	7,584,656	7,795,273	8,008,154
State Shared	9,647,619	8,982,526	9,258,214	9,491,562	9,732,611	9,981,585	10,238,720
Indirect & Service Reimbrs.	22,709,491	22,709,491	24,059,833	24,567,062	25,114,936	25,680,215	26,263,457
	362,034,261	359,689,659	378,337,764	392,812,923	406,316,122	420,062,427	435,291,700
% of Total Revenue	95.1%	94.9%	94.7%	94.9%	95.0%	95.1%	95.2%
All Other General Fund	18,700,703	19,162,489	21,130,154	21,230,957	21,334,254	21,690,109	21,798,592
Total	380,734,964	378,852,148	399,467,918	414,043,880	427,650,376	441,752,536	457,090,292
% Change in Ongoing Revenue		-0.49%	5.44%	3.65%	3.29%	3.30%	3.47%
AV Growth	3.25%	3.31%	3.50%	3.70%	3.60%	3.60%	3.60%
Compression	7.40%	7.80%	7.05%	6.65%	6.30%	6.05%	5.80%
BIT Growth	6.25%	4.24% ³	7.20%	5.02%	3.00%	3.00%	4.00%

1. Excludes BWC, FQHC wraparound revenues, prospective health payments, but includes video lottery revenues.

2. Not adjusted for revenue adjustments directly offset by expenditure changes.

3. Reflects growth from FY 2013 actual collections.

4. Reflects Approved FY 2015 budget, except MVRT and CAFFA Grant, which have been revised.



FY 2014 Contingency Update

FY 2014 General Fund Contingency Update

General Fund 'Regular' Contingency	1,250,000
Additional Contingency	<u>15,205</u>
	1,265,205
Less DCHS-08 Lines for Life	(300,000)
Less DCHS-16 SUN Food Pantries	(61,000)
Less DCM-07 MCPAA Agreement	(278,910)
Plus Indirect from grants & misc.	<u>152,742</u>
Remaining Non-Earmarked Contingency	778,037

Automatic Voter Registration (HB 3521)	30,000	Earmark per Board Budget Note
Set-aside to Address Federal/State Funding Issues	468,106	Earmark per Board Budget Note (Original Amount \$1 million) <i>(Reflects 431,894 from 'mid-year' plus 100,000 for Oregon Food Bank)</i>
MCSO Overtime Funds (Quarters 2, 3, and 4)	0	Earmark per Board Budget Note (After Q4 released)
BIT Reserve (in General Fund Contingency)	<u>5,782,105</u>	
Total General Fund Contingency	7,058,248	

Unallocated Contingency for use in FY 2014 or could be rolled over to FY 2015 **1,276,143** *Reflects non-earmarked balance, voter registration earmark, and remaining set-aside for Fed/State issues.*

Note: The forecast assumes the General Fund Contingency will be fully spent, with the exception of the BIT Reserve, which is 'rolled over' to FY 2015.

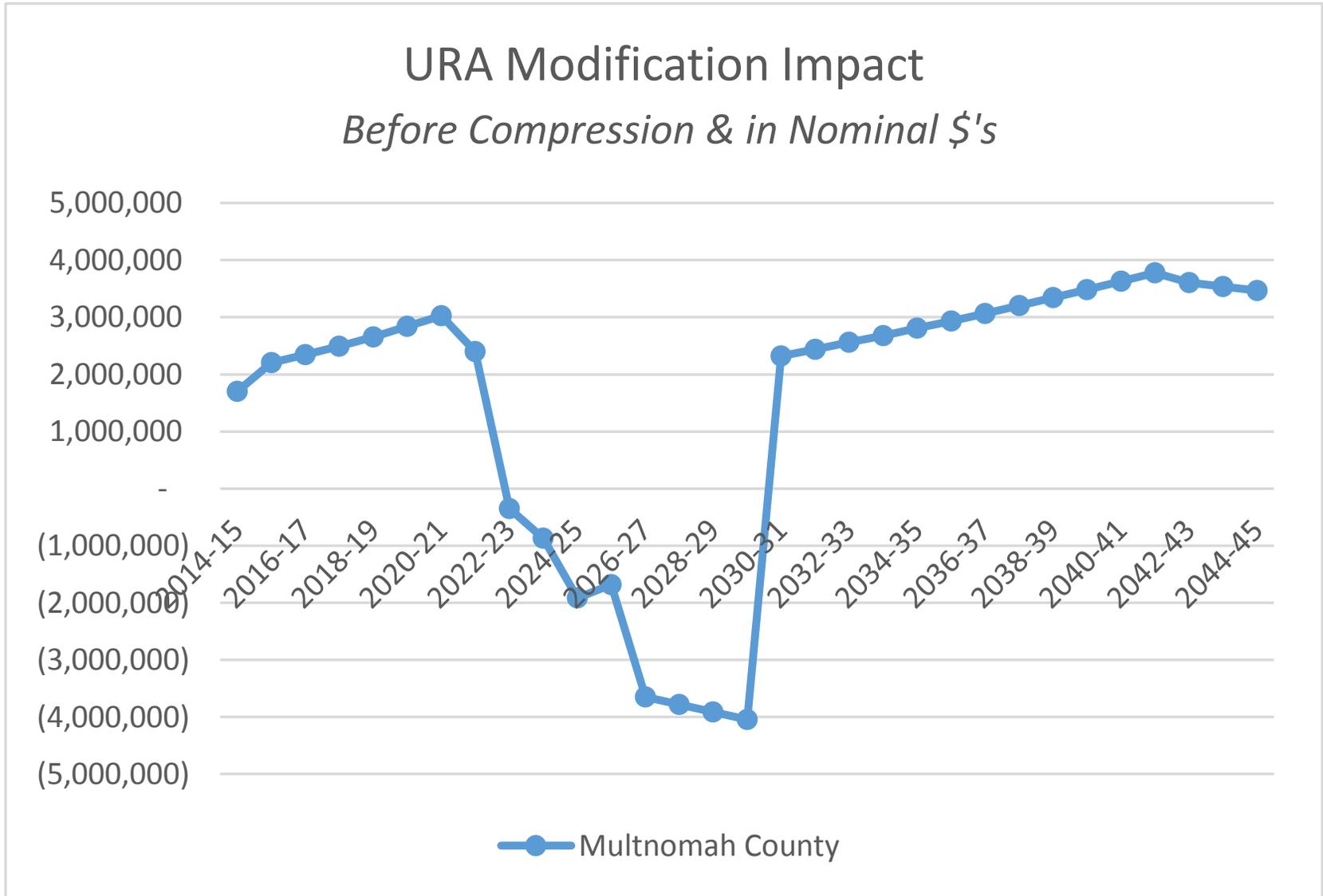


Urban Renewal Area Modifications

- PDC/City of Portland have proposed modifications to 6 urban renewal areas
 - ✓ Formal plan amendments (approvals) by end of calendar year
 - ✓ Intent to under levy/release value for FY 15
 - ✓ Positive impact on County of roughly \$1.5 million in FY 15
 - ✓ Not currently included in Approved budget or forecast
- Impact to County varies depending on time frame
 - ✓ Pre-Measure 5 compression gains FY 15 to FY 22 = \$19.7 million
 - ✓ Pre-Measure 5 compression gains FY 23 to FY 30 = (\$20.2) million
- One-time-only vs. ongoing policy considerations



Urban Renewal Area Modifications



Forecast Risks, Uncertainties & Issues

- A weaker economy and slower house price appreciation
 - ✓ Property tax compression
 - ✓ BIT (buffered by reserve)
- Inflation – CPI impacts on labor costs
- Timing & impacts of monetary policy tightening
- European sovereign debt & economic issues
- Timing of the next recession?
- Middle East (Syria, Iran, etc.); Chinese Economy; Russia/Ukraine
- State and Local
 - ✓ State budget/legislation and service re-designs
 - ✓ Labor costs (OPEB, PERS & legal challenges, medical costs, open contracts, etc.)
 - ✓ USM bed use assumptions



Summary

- FY 2014 General Fund revenue forecast increased by \$0.2 million (0%).
 - ✓ Down \$1.9 million (0.5%) in total from adopted.
- FY 2014 General Fund contingency balance of \$1.3 million (unallocated).
- No significant changes to FY 2015 or 5-year forecast.
- Possible Board Actions – Amendments to:
 - ✓ Add additional revenue from FY 14 & update FY 15 revenues per forecast.
 - ✓ Add additional BWC to carryover contingency.
 - ✓ Add URA modification related revenue increases.
- Costs grow faster than revenues, resulting in limited ability to support new or expanded ongoing programs beyond current levels.
- The ‘usual’ forecast risk and uncertainties still exist.
- Questions?

