



FY 2017 General Fund 5-Year Forecast Update

*Presentation to the
Board of County Commissioners*

Multnomah County Budget Office
May 17, 2016
www.multco.us/budget

Overview

- **Economic Overview**
 - ✓ Economic Conditions
 - ✓ Oregon & Multnomah County Employment Info
- **FY 2016 Revenue Review**
 - ✓ BIT
 - ✓ USM
- **FY 2017 General Fund 5-Year Forecast**
 - ✓ FY 2017 Forecast & 5-Year Outlook
 - ✓ Significant Changes to Forecast
 - ✓ 5-Year Forecast with Debt Service for Courthouse & Health Headquarters
- **FY 2016 General Fund Contingency Update**
- **Forecast Risks & Issues**
- **Summary & Questions**



Economic Overview

- More of the same...
- ‘Average’, if uneven, economic growth at national level
 - ✓ GDP growth has averaged 1.95% per quarter over the last 4 quarters.
 - ✓ At national level, 160,000 jobs added in April, with an average of 203,000 per month in first quarter.
- Oregon labor market...

“Oregon’s unemployment rate dropped to a record low of 4.5 percent in March – the lowest point since comparable records began in 1976.”

“The tightening of Oregon’s labor market is leading to rapidly rising wages, with the average hourly wage (for private sector payroll employees) up by 4.6 percent over the year. “

-State of Oregon Employment Department, April 12, 2016

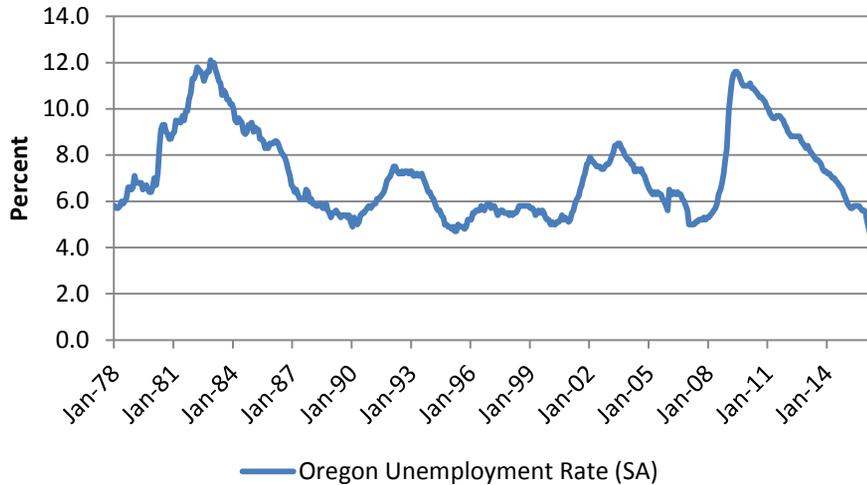


DISHWASHER

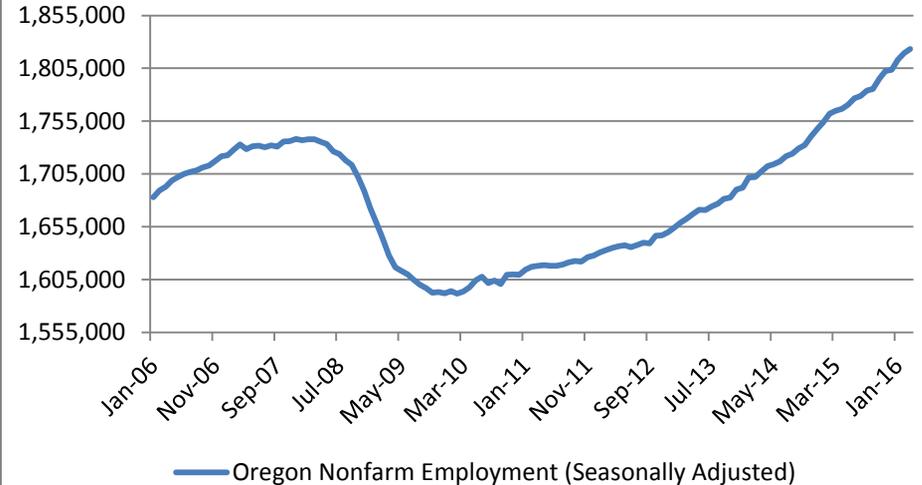
Country Cat at PDX is looking for two full-time Dishwashers to join the team. Must have an understanding of safety, sanitation, and food handling procedures. Ability to perform general cleaning. Ability to wash pots and pans. Experience doing basic food prep and using the knife. Must be able to lift up to 50 lbs. Must pass PDX Background Check. Must be available on weekends.

Economic Overview

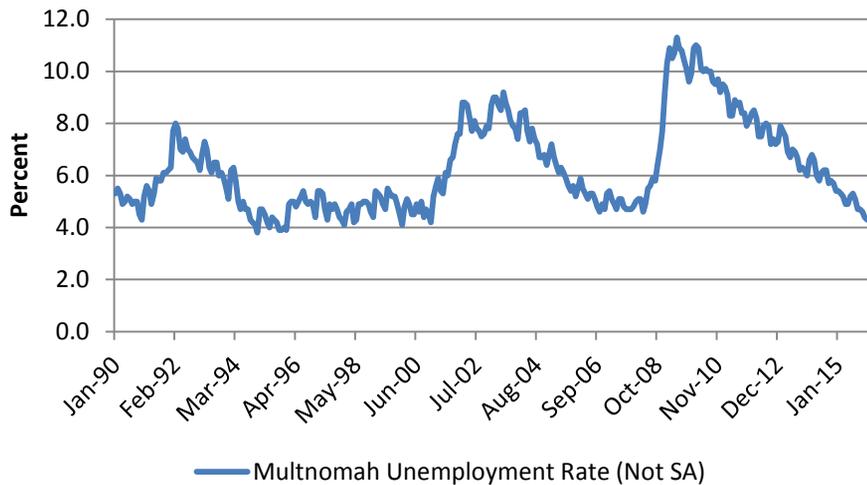
Oregon Unemployment Rate (SA)



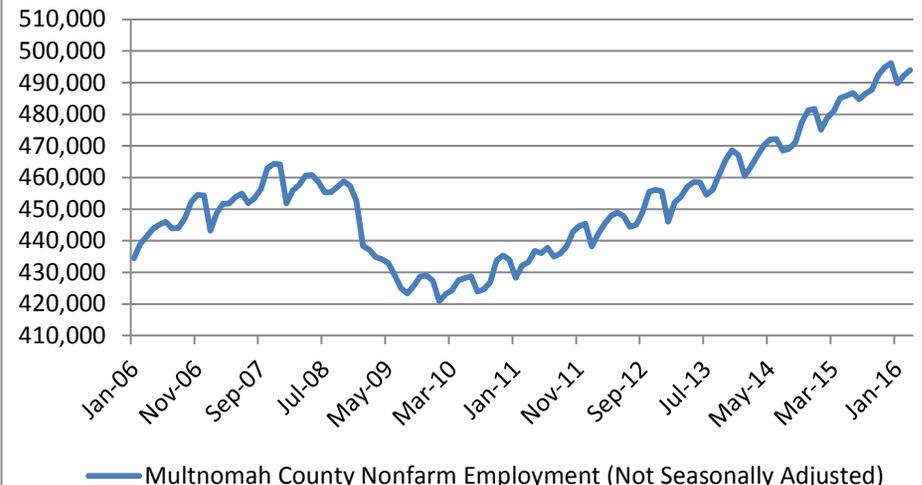
Oregon Nonfarm Employment (Seasonally Adjusted)



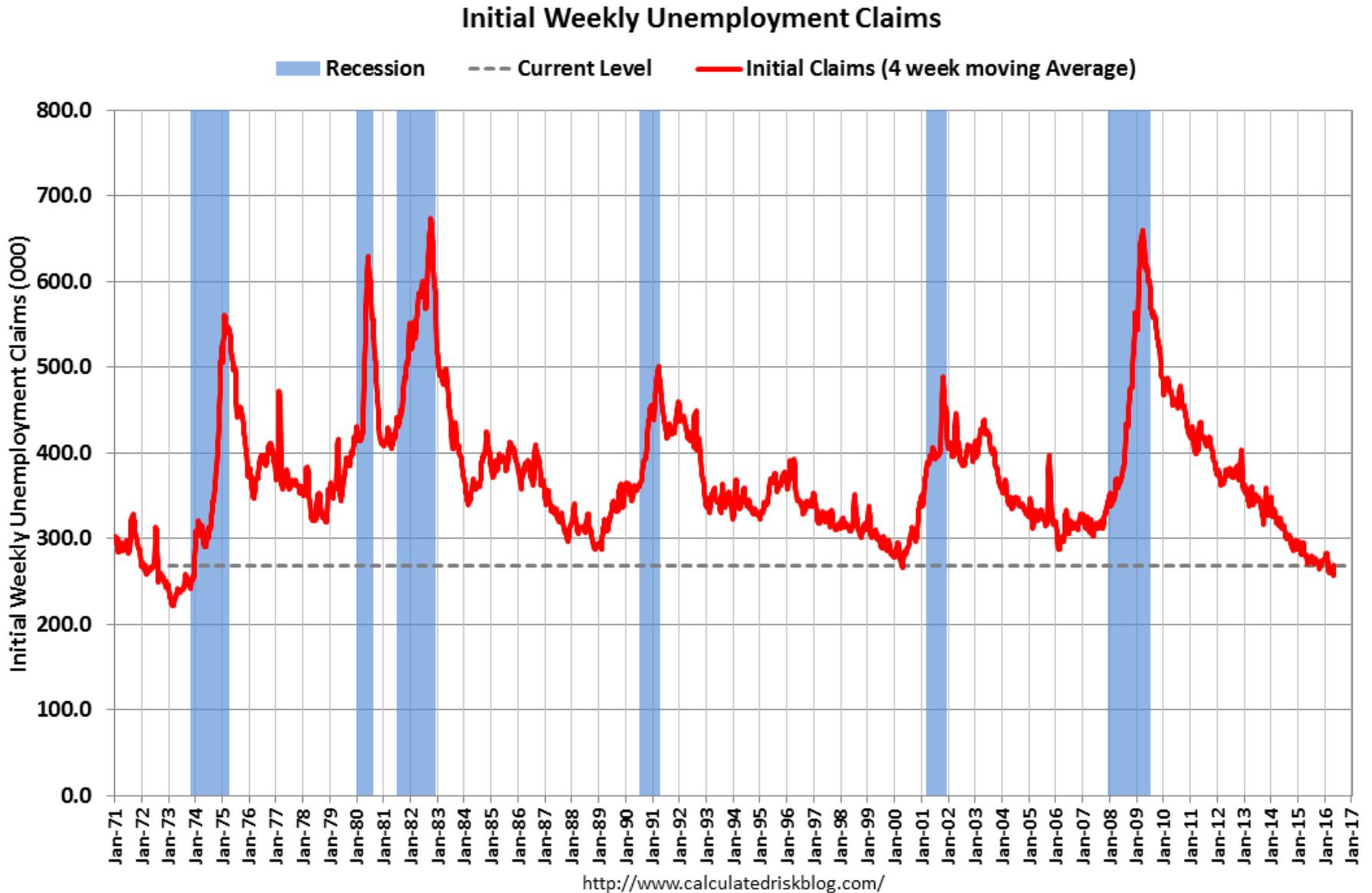
Multnomah Unemployment Rate (Not SA)



Multnomah County Nonfarm Employment (Not SA)



Economic Overview



FY 2016 Revenue Review

FY 2016 Revenue Review

	Adopted ¹	October Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	263,742,607	3,440,942	0	685,870	4,126,812	May - Increase collection rate by 0.25%
Business Income Taxes	74,460,000	0	3,794,500	1,845,500	5,640,000	May - increase growth from 6% to 8.5%
Motor Vehicle Rental Taxes	26,240,000	770,626	519,435	0	1,290,061	
US Marshal/BM 73/BOP	4,056,397	(469,469)	0	516,415	46,946	October - beds reduced from 80 to 70 May - beds increased from 70 to 81
State Shared						
Video Lottery	4,895,916	0	304,084	0	304,084	
Liquor	4,045,064	0	0	0	0	
Cigarette	673,587	0	0	0	0	
Amusement	171,000	0	0	0	0	
Recording Fees/CAFFA Grant	7,236,250	600,000	0	0	600,000	
Indirect						
Departmental	18,434,750	0	0	0	0	
Central Indirect/Svc Reimburse	14,579,194	0	0	0	0	
All Other	24,548,902	0	0	0	0	
FY 16 Revenue Adjustments²	443,083,667	4,342,099	4,618,019	3,047,785	12,007,903	
% of Revenue		0.98%	1.04%	0.69%	2.71%	

Less BIT shared with East County Cities (184,550)
Net Additional OTO funds for FY 2017 **2,863,235**

(Or... 954,000/year for 3-years or 572,000/year for 5-years)



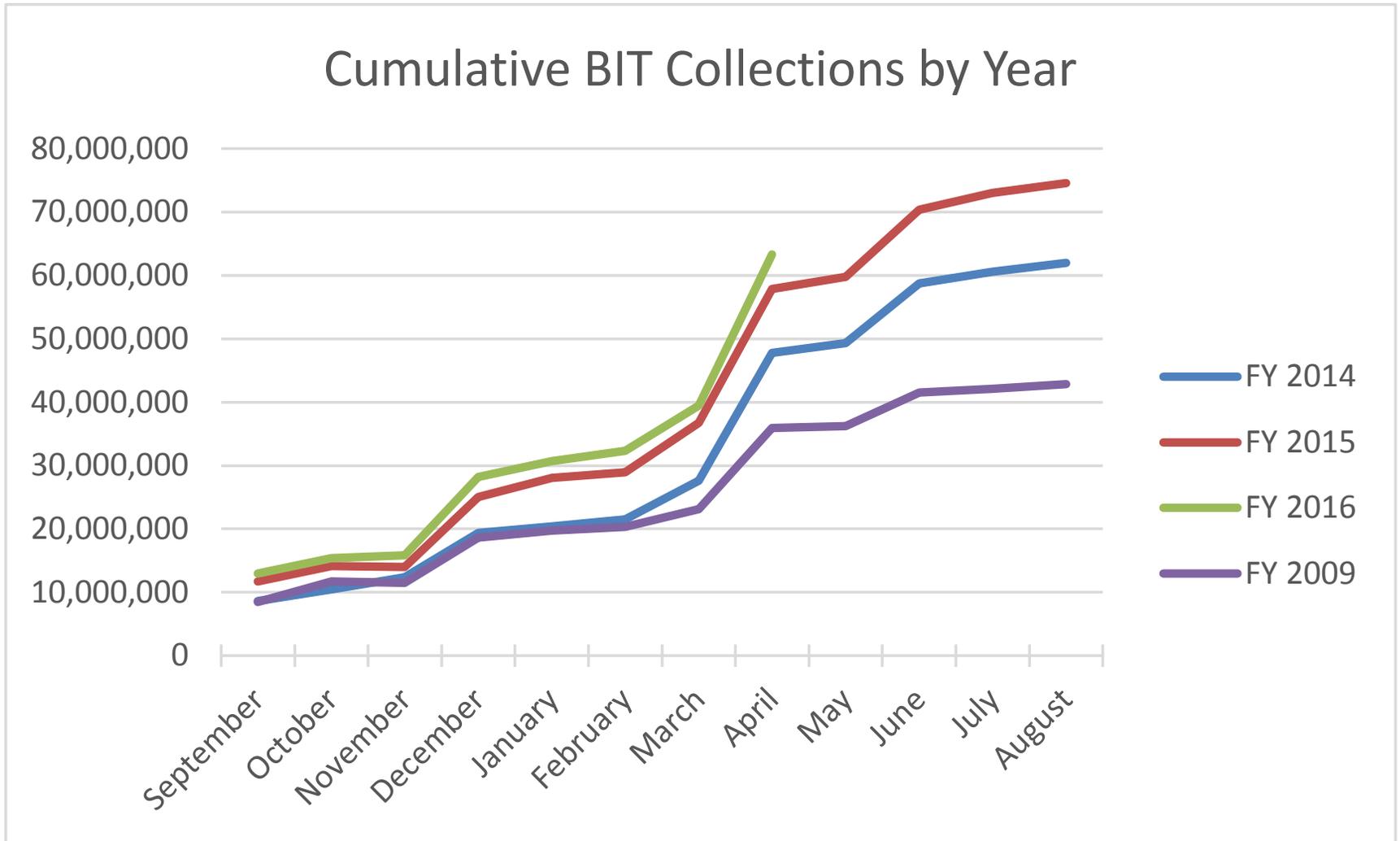
FY 2016 Revenue Review

BIT Collections Fiscal Year-to-Date Through April

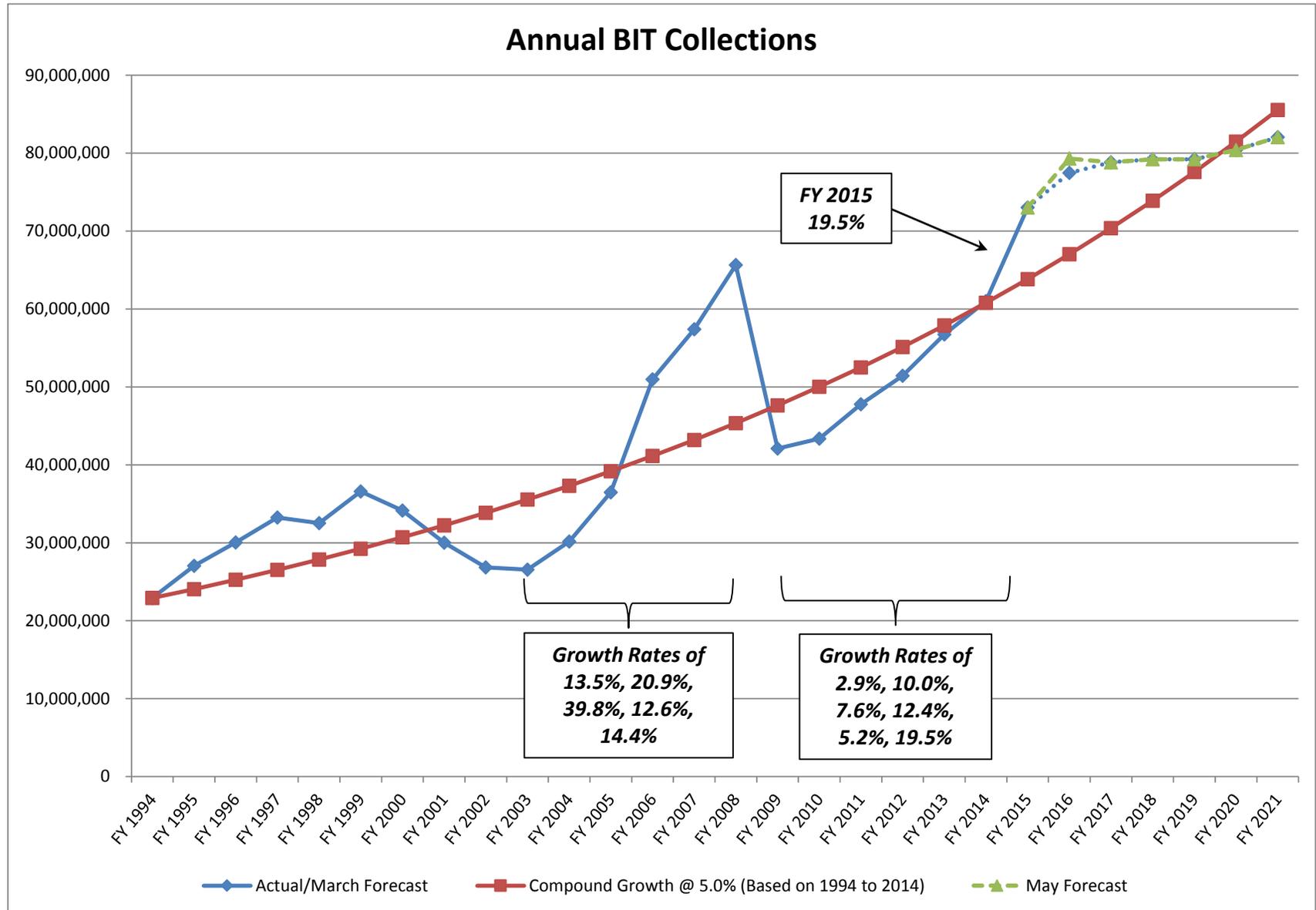
	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 16 vs. FY 08	FY 16 vs. FY 15
Quarterly	26,719,905	24,137,164	20,891,819	22,839,682	24,259,527	25,760,434	27,092,478	34,824,091	34,909,656	30.7%	0.2%
Yearly	29,167,734	17,350,855	19,660,911	18,009,441	20,439,995	23,125,156	23,925,905	26,971,820	33,797,605	15.9%	25.3%
Refund/Interest	3,668,895	5,527,628	6,055,532	3,119,079	2,658,193	3,854,370	3,194,452	3,694,125	5,194,257	41.6%	40.6%
NSF Check	76,746	72,283	91,923	126,567	26,644	381,316	55,161	257,331	238,014	210.1%	-7.5%
Total	52,141,997	35,888,109	34,405,275	37,603,477	42,014,684	44,649,905	47,768,770	57,844,455	63,274,989	21.4%	9.4%
<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>61,800,000</i>	<i>73,825,000</i>	<i>74,460,000</i>		
									<i>78,254,500</i>	<i>March Forecast</i>	
									<i>80,100,000</i>	<i>May Forecast</i>	



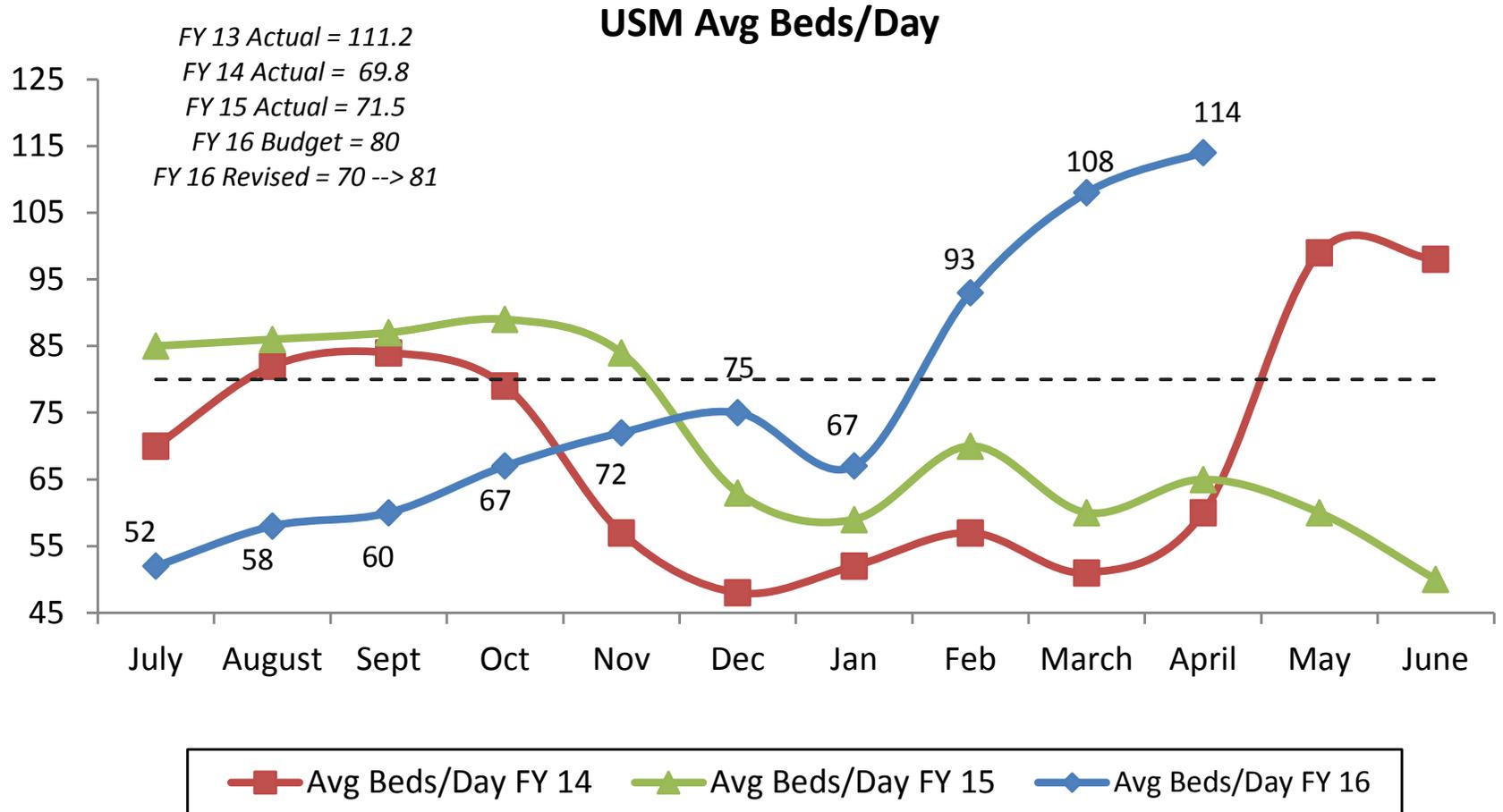
FY 2016 Revenue Review



FY 2016 Revenue Review



FY 2016 Revenue Review



5-Year General Fund Forecast

Changes to Ongoing General Fund Revenues and Impact on the Expenditure/Revenue Gap

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Rev/Exp Gap - March 2016 Forecast	21,303,609	16,121,429	11,075,571	4,098,614	(1,798,573)
Less Additional Debt Payments					
Courthouse Debt		(7,676,838)	(7,676,838)	(7,676,838)	(7,676,838)
Health HQ Debt		(2,761,370)	(2,761,370)	(2,761,370)	(2,761,370)
Net Additional Debt Payments		(10,438,208)	(10,438,208)	(10,438,208)	(10,438,208)
Rev/Exp Gap - March 2016 Forecast w/ Debt	21,303,609	5,683,221	637,363	(6,339,594)	(12,236,781)
Rev/Exp Gap based on Proposed Budget <i>(Excluding debt payment adjustment)</i>	0	5,683,221	637,363	(6,339,594)	(12,236,781)
Adjust for \$19.9 OTO CGF million contribution to Courthouse		1,140,068	1,140,068	1,140,068	1,140,068
Adjust for HB 4093 (reflects \$25 million of bonding)		1,432,246	1,432,246	1,432,246	1,432,246
Net Reduced Debt Payments		2,572,314	2,572,314	2,572,314	2,572,314
Rev/Exp Gap - May 2016 Forecast w/ Debt	0	8,255,535	3,209,676	(3,767,281)	(9,664,468)

Note: Revenues/Expenditures do not include reserves, include video lottery, but excludes and FQHC wraparound.



5-Year General Fund Forecast

Major General Fund Revenue Sources ¹

	Adopted FY 2016	Forecast FY 2016 ²	Forecast FY 2017	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021
Property Taxes	263,742,607	267,869,419	279,060,800	289,530,062	300,906,113	311,867,251	323,045,193
Business Income Taxes	74,460,000	80,100,000	79,623,954	80,022,073	80,022,660	81,222,405	82,846,852
Motor Vehicle Rental Taxes	26,240,000	27,530,061	28,218,313	28,782,679	29,358,332	29,905,499	30,544,410
US Marshal (& BM 37)	4,056,397	4,103,343	3,694,833	3,694,833	3,694,833	3,694,833	3,694,833
Recording Fees/CAFFA Grant	7,236,250	7,836,250	8,010,656	8,188,993	8,371,348	8,557,816	8,748,489
State Shared	9,785,567	10,089,651	10,431,568	10,764,208	11,111,067	11,472,754	11,849,907
Indirect & Service Reimbrs.	33,013,944	33,013,944	29,928,588	30,859,066	31,842,789	32,857,385	33,903,827
	418,534,765	430,542,668	438,968,712	451,841,914	465,307,142	479,577,943	494,633,511
% of Total Revenue	94.5%	94.6%	94.7%	94.8%	94.9%	95.0%	95.1%
All Other General Fund	24,548,902	24,548,902	24,526,939	24,910,941	25,064,373	25,262,058	25,382,301
Total	443,083,667	455,091,570	463,495,651	476,752,855	490,371,515	504,840,001	520,015,812
% Change in Ongoing Revenue		2.71%	1.85%	2.86%	2.86%	2.95%	3.01%
AV Growth	3.90%	4.13%	3.80%	3.60%	3.60%	3.50%	3.50%
Compression	5.50%	4.52%	3.80%	3.50%	3.25%	3.10%	3.00%
BIT Growth	2.0% ³	8.50% ⁴	-0.59%	0.50%	0.00%	1.50%	2.00%

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 May forecasted FY 2015 actual collections.

4. Reflects growth from FY 2015 actual collections.



FY 2016 Contingency Update

FY 2016 General Fund Contingency Update

General Fund 'Regular' Contingency	1,250,000
Additional Contingency	<u>303,693</u>
	1,553,693

Less SUN Transition Funding (DCHS-17)	(400,000)
Plus MERS balance (Supplemental - 02)	421,642
Plus Indirect from grants & misc.	<u>121,656</u>
Remaining Non-Earmarked Contingency	1,696,991

Earmark - Food Policy Position (\$125,000)	0	Earmark per Board Budget Note (Released 9/3/2015)
Earmark - Levee Re-Certification (\$500,000)	0	Earmark per Board Budget Note (Released 8/20/2015)
BIT Reserve (in General Fund Contingency)	<u>7,446,000</u>	
Total General Fund Contingency	9,142,991	

***Unallocated Contingency for use in FY 2016
or could be rolled over to FY 2017***

1,696,991

Reflects non-earmarked balance

(Or...565,000/year for 3-years or 339,000/year for 5-years)



Forecast Risks, Uncertainties & Issues

- The usual suspects...
 - ✓ A weaker economy and slower house price appreciation
 - ✓ Federal fiscal and monetary policy (timing & impacts of tightening)
 - ✓ Inflation – CPI impacts on labor costs
 - ✓ European sovereign debt & economic issues
 - ✓ Geopolitical – Middle East, Ukraine/Russia, North Korea
- Plus the ‘new’ ones...
 - ✓ Climate Change and Homelessness/Housing
- A confluence of risks, uncertainties, and issues
 - ✓ PERS
 - ✓ Downtown Courthouse & other capital project funding
 - ✓ Recession – Revenue impact & PERS investment earnings
 - ✓ Health Care
 - Cost to County for Employees
 - Health Care Reform and revenues to County to provide services



Summary

- FY 2016 General Fund net revenue forecast increased \$2.86 million
 - ✓ Available as OTO funds in FY 2017 (or spread-out over multiple years)
- FY 2016 General Fund contingency balance of \$1.7 million
 - ✓ Available as OTO fund in FY 2017 (or spread-out over multiple years)
 - ✓ Recommended to not roll-over the full amount to FY 2017
- No Change in FY 2017 and beyond corporate revenues
- HB 4093 and additional OTO General Fund for Courthouse reduce potential debt payments by \$2.6 million
- General Fund Balanced for 3-years (or nearly 5 years if surpluses in FY 18 and 19 used to cover shortfall in FY 20 and 21)
- No new, ongoing programs can be supported over long-term absent additional revenues or reallocation of existing resources

