



FY 2018 General Fund 5-Year Forecast Update

*Presentation to the
Board of County Commissioners*

Multnomah County Budget Office
May 16, 2017
www.multco.us/budget

Overview

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 - ✓ Oregon & Multnomah County Employment
- **FY 2018 One-Time-Only Funds**
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- **FY 2018 General Fund 5-Year Forecast**
 - ✓ FY 2018 Forecast & 5-Year Outlook
 - ✓ Significant Changes
- **FY 2017 General Fund Contingency Update**
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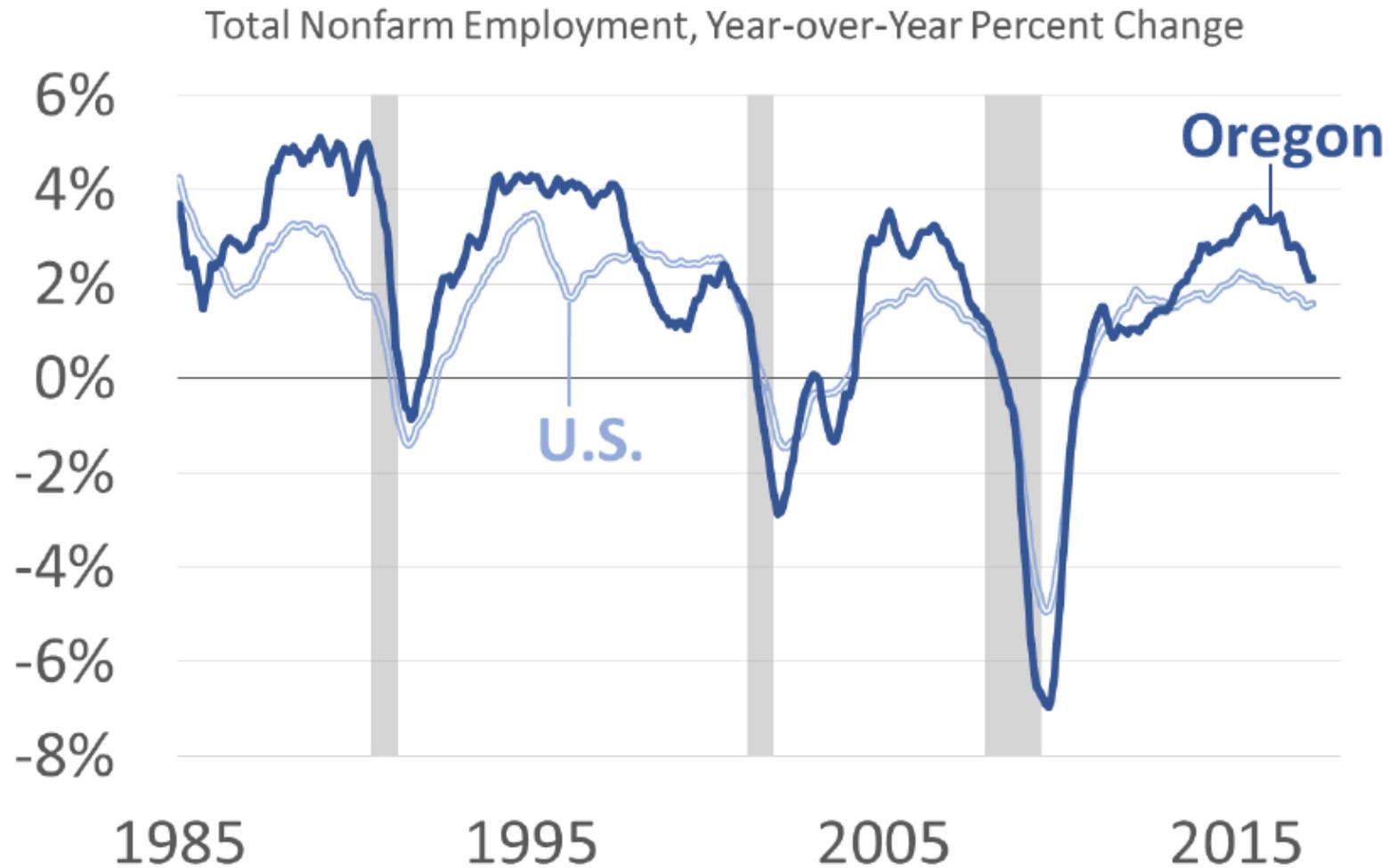


Economic Overview

- U.S. growth has been modest, but sustained
 - ✓ GDP quarterly growth of 0.8%, 1.4%, 3.5%, and 1.9% in 2016 (1.6% for year)
 - ✓ “Standard” weak growth of 0.7% in first quarter of 2017
- Local employment data positive but signs of slowing growth
 - ✓ Increased wage growth at all income levels
- Inflation returning to normal levels
 - ✓ Fed expected to raise interest rates at regular intervals
- Policy Uncertainty at the Federal Level
 - ✓ Health Care and Tax Code Changes
 - ✓ Changes to Trade Policies
 - ✓ Immigration Policy Changes
 - ✓ Regulatory Changes



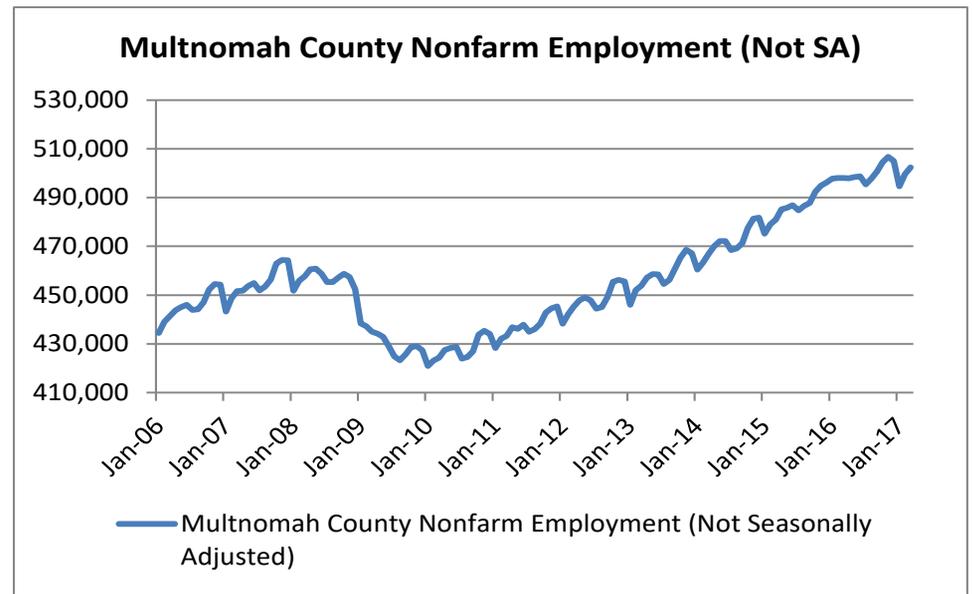
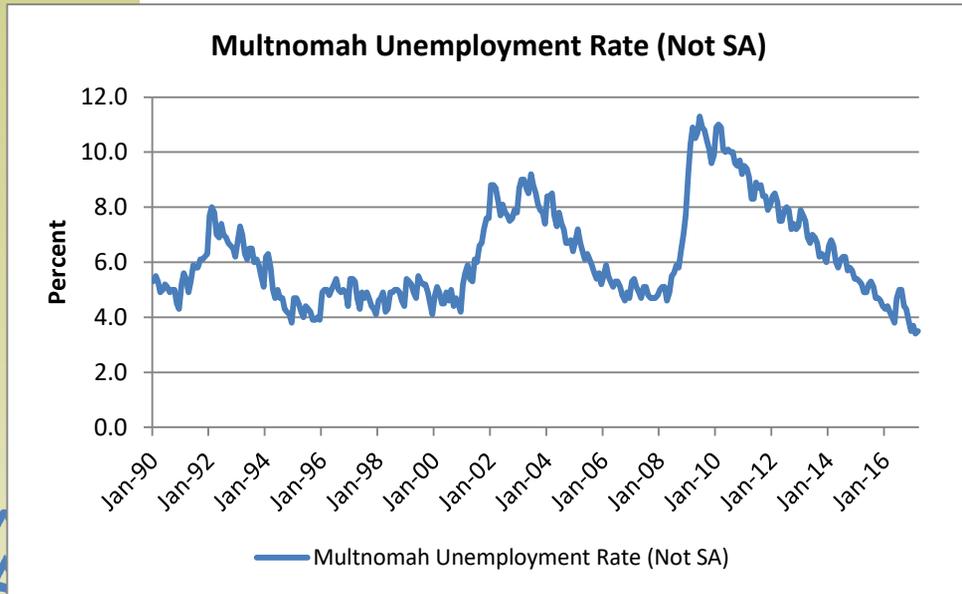
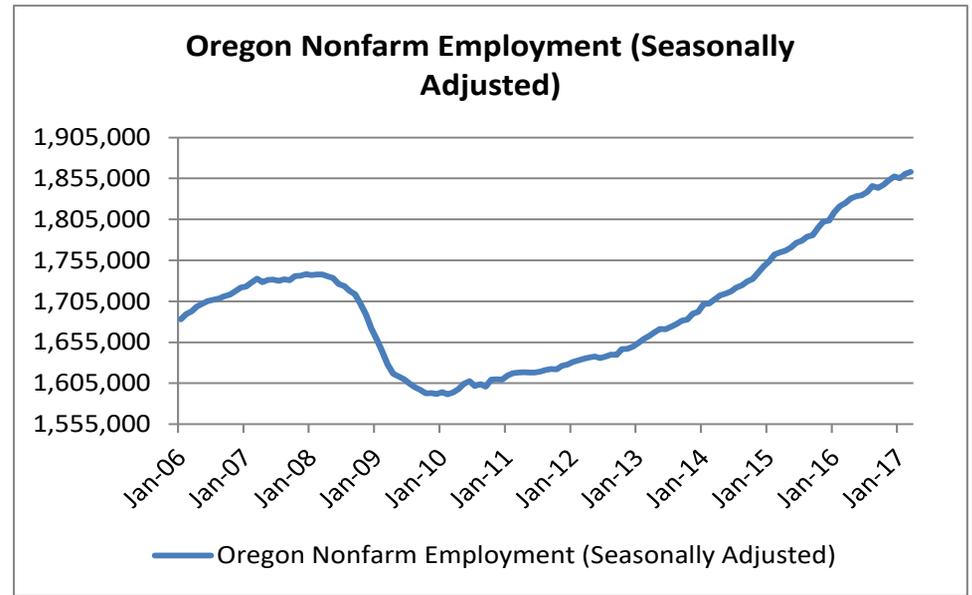
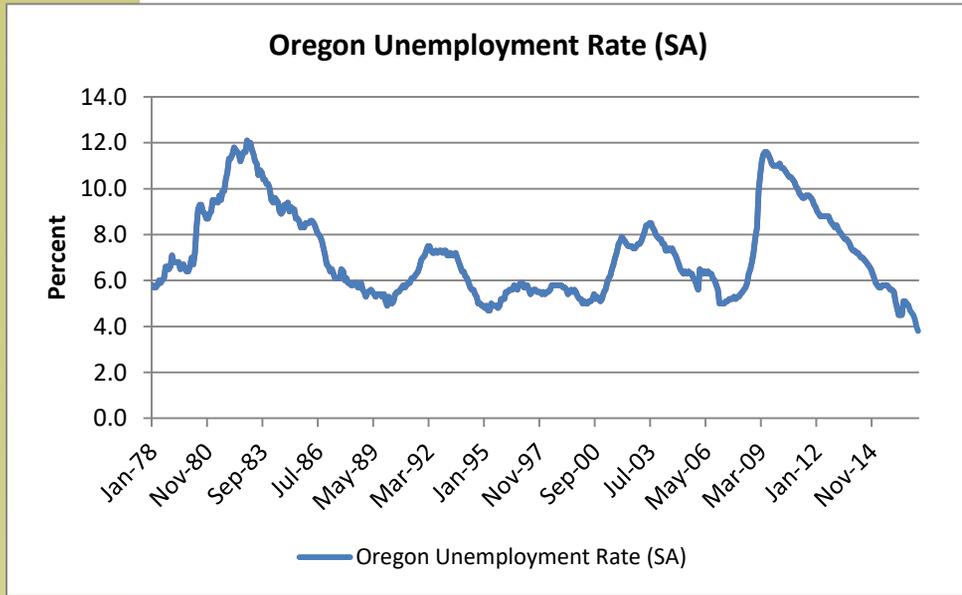
Economic Overview



Latest data: March 2017 | Source: BLS, Oregon Employment Department, Oregon Office of Economic Analysis



Economic Overview



New FY 2018 OTO

BIT Adjustment for May 2017 Forecast

FY 2017

Additional BIT Revenue from May Forecast	\$1,368,700
Less Amount Transferred to East County Cities	<u>(\$136,870)</u>
	\$1,231,830

FY 2018

Additional BIT Revenue from May Forecast	\$1,368,700
Less Amount Transferred to East County Cities	<u>(\$136,870)</u>
Less Amount to Fully Fund Reserves	<u>(\$273,740)</u>
	\$958,090

Total Additional OTO in FY 2018 **\$2,189,920**



FY 2017 Revenue Review

FY 2017 Revenue Review

	Adopted ¹	October Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	279,060,801	753,892	0	0	753,892	AV growth 0.27% higher than forecast; Increased collection rate by 0.4%
Business Income Taxes	79,623,954	0	3,507,346	1,368,700	4,876,046	5.7% increase from FY 2016 Actual
Motor Vehicle Rental Taxes	28,218,313	2,216,266	0	0	2,216,266	PDX passenger up 6.5% in first 9 months of FY 2017
US Marshal/BM 73/BOP	3,707,295	515,004	0	0	515,004	Beds increased from 70 to 81 per day
State Shared						
Video Lottery	5,330,000	0	0	0	0	New Casino Impact in FY 2018 (next year)
Liquor	4,251,767	0	0	0	0	
Cigarette	676,801	0	0	0	0	
Marijuana	0	600,000	(600,000)	0	0	Funds not disbursed until OLCC loan repayment
Amusement	173,000	0	0	0	0	
Recording Fees/CAFFA Grant	8,010,656	341,229	252,771	0	594,000	Recording Fees Actuals 13% above Forecast
Indirect						
Departmental	17,458,771	0	0	0	0	
Central Indirect/Svc Reimburse	11,554,717	0	0	0	0	
All Other	25,499,265	0	0	0	0	
FY 17 Revenue Adjustments²	463,565,340	4,426,391	3,160,117	1,368,700	8,955,208	
% of Revenue		0.95%	0.68%	0.30%	1.93%	

Less BIT shared with East County Cities

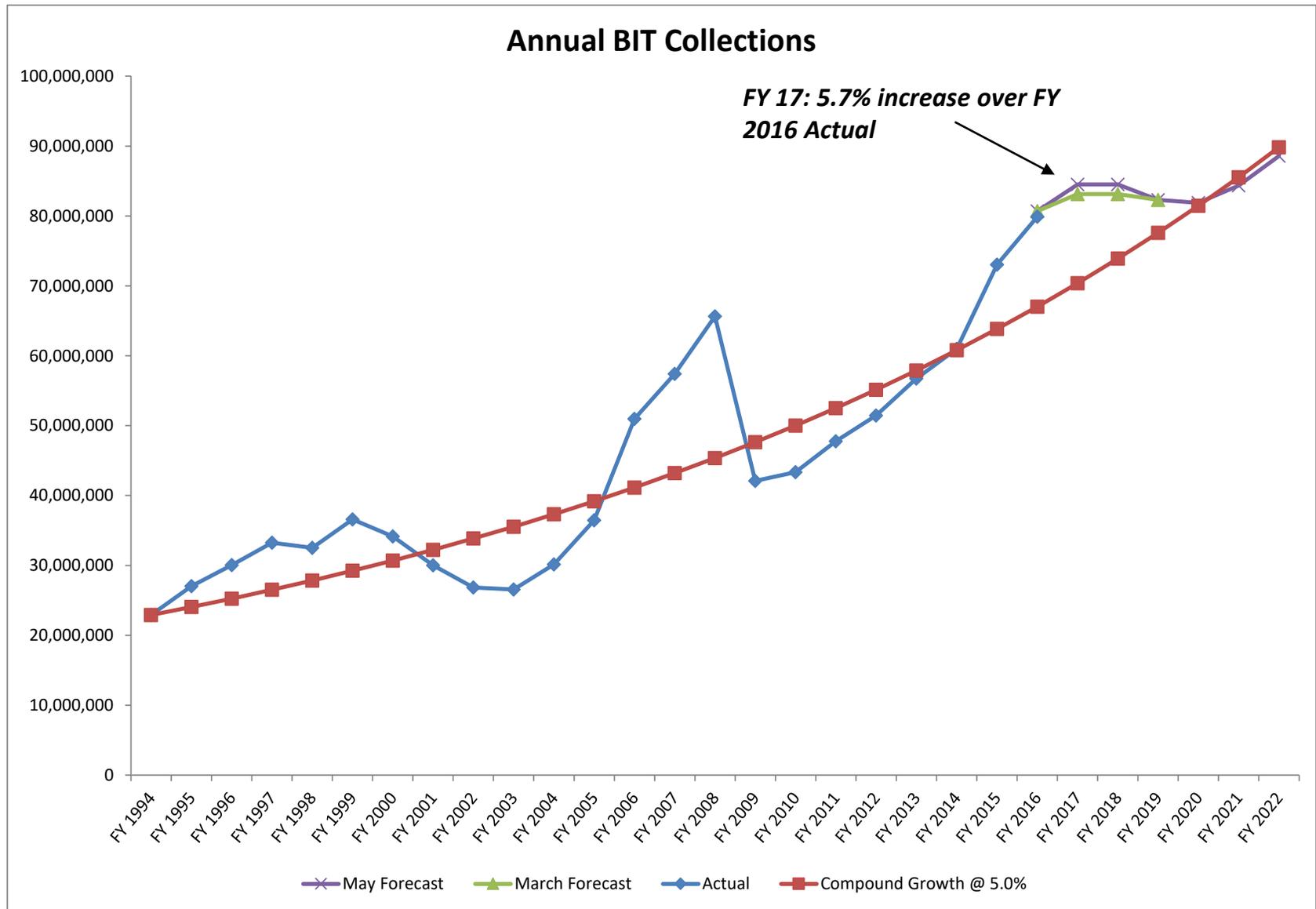
Additional OTO funds from FY 2017 1,231,830

(136,870)

1. Excludes BWC, FQHC wraparound revenues, prospective health payments, and Tax Title: Affordable Housing but includes Video Lottery.
2. Not adjusted for revenue adjustments directly offset by expenditure changes.



FY 2017 Revenue Review



FY 2017 Revenue Review

BIT Collections Fiscal Year-to-Date Through April

	FY 13	FY 14	FY 15	FY 16	FY 17	FY 17 vs. FY 16
Quarterly	25,760,434	27,092,478	34,824,091	34,909,656	34,399,192	-1.5%
Yearly	23,125,156	23,925,905	26,971,820	33,797,605	36,543,316	8.1%
Refund/Interest	3,854,370	3,194,452	3,694,125	5,194,257	3,743,323	-27.9%
NSF Check	381,316	55,161	257,331	238,014	313,430	31.7%
Total	44,649,905	47,768,770	57,844,455	63,274,989	66,885,755	5.7%
<i>Actual or Budget</i>	<i>58,750,000</i>	<i>61,800,000</i>	<i>73,825,000</i>	<i>80,710,000</i>	<i>79,632,954</i>	
<i>March Forecast</i>					<i>83,131,300</i>	
<i>May Forecast</i>					<i>84,500,000</i>	



5-Year General Fund Forecast

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

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Rev/Exp Gap - March 2017 Forecast w/ Debt	12,366,850	4,393,309	(4,247,174)	(11,648,009)	(15,876,983)
Rev/Exp Gap based on Proposed Budget <i>(Excludes debt payment adjustment in out years)</i>	0	4,393,309	(4,247,174)	(11,648,009)	(15,876,983)
Additional BIT Revenues from May 2017 Forecast Change	1,368,700				
Less Amount Transferred to East County Cities	(136,870)				
Less Amount to Fund Reserves	(273,740)				
Reduction in Courthouse Debt Service from FY 2018 OTO		1,080,000	1,080,000	1,080,000	1,080,000
Reduction in Health HQ Debt Service from FY 2018 OTO		420,000	420,000	420,000	420,000
Rev/Exp Gap - May 2017 Forecast	958,090	5,893,309	(2,747,174)	(10,148,009)	(14,376,983)

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



5-Year General Fund Forecast

Major General Fund Revenue Sources ¹

	Adopted FY 2017	Forecast FY 2017 ²	Forecast FY 2018	Forecast FY 2019	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022
Property Taxes	279,060,801	279,843,033	291,218,093	302,157,997	312,704,177	324,112,272	334,599,624
Business Income Taxes	79,623,954	84,500,000	84,500,000	82,299,987	81,888,487	84,345,142	88,562,399
Motor Vehicle Rental Taxes	28,218,313	30,434,579	31,043,271	31,664,136	32,297,419	32,943,367	33,602,235
US Marshal (& BM 37)	3,707,295	4,193,029	4,146,572	4,146,572	4,146,572	4,146,572	4,146,572
Recording Fees/CAFFA Grant	8,010,656	8,604,656	8,745,072	8,888,252	9,034,257	9,183,150	9,334,996
State Shared	10,431,568	10,431,568	9,489,155	9,802,978	10,114,788	10,439,107	10,776,435
Indirect & Service Reimbrs.	29,013,488	29,013,488	29,833,644	30,719,795	31,633,500	32,575,620	33,547,043
	438,066,075	447,020,353	458,975,807	469,679,717	481,819,200	497,745,230	514,569,304
% of Total Revenue	94.5%	94.9%	94.7%	94.5%	94.6%	94.7%	94.8%
All Other General Fund	25,499,265	24,130,565	25,730,941	27,280,316	27,465,191	27,653,896	28,096,510
Total	463,565,340	471,150,918	484,706,748	496,960,033	509,284,391	525,399,126	542,665,814
% Change in Ongoing Revenue		1.64%	2.88%	2.53%	2.48%	3.16%	3.29%
<i>AV Growth</i>	3.80%	4.07%	4.00%	3.60%	3.50%	3.50%	3.25%
<i>Compression</i>	3.80%	3.79%	3.50%	3.25%	3.10%	3.00%	3.00%
<i>BIT Growth</i>	-0.8% ³	5.7% ⁴	0.00%	-2.67%	-0.50%	3.00%	5.00%

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 2016 actual collections.

4. Reflects growth from FY 2016 actual.



FY 2017 Contingency Update

FY 2017 General Fund Contingency Update

General Fund 'Regular' Contingency	1,250,000	
Additional Contingency	<u>23,724</u>	
	1,273,724	
NonD-13 - Family Support & Legal Aid	(100,000)	
Plus Indirect from grants & misc.	<u>87,847</u>	
Remaining Non-Earmarked Contingency	1,261,571	
Earmark - Mental Health Crisis	629,532	
Earmark - Dorm 4 & 5 Funding	303,194	Earmark per Board Budget Note (\$505,320 Released 12/8/2016)
Earmark - LEAD - Jail Diversion	0	Earmark per Board Budget Note (Released 12/8/2016)
Earmark - Nurses at Inverness	0	Earmark per Board Budget Note (Released 10/20/2016)
BIT Reserve (in General Fund Contingency)	<u>7,962,395</u>	
Total General Fund Contingency	10,156,692	
<hr/>		
Total available excluding BIT Reserve	2,194,297	= Green from above
Less Health 'Cascadia' Request	(302,000)	
Less Corrections Health	(900,000)	
Less Health 'Balance of MH Earmark after Cascadia'	(327,532)	
Less DCA Snow Event Request	<u>(697,250)</u>	
Balance	(32,485)	

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 2018.

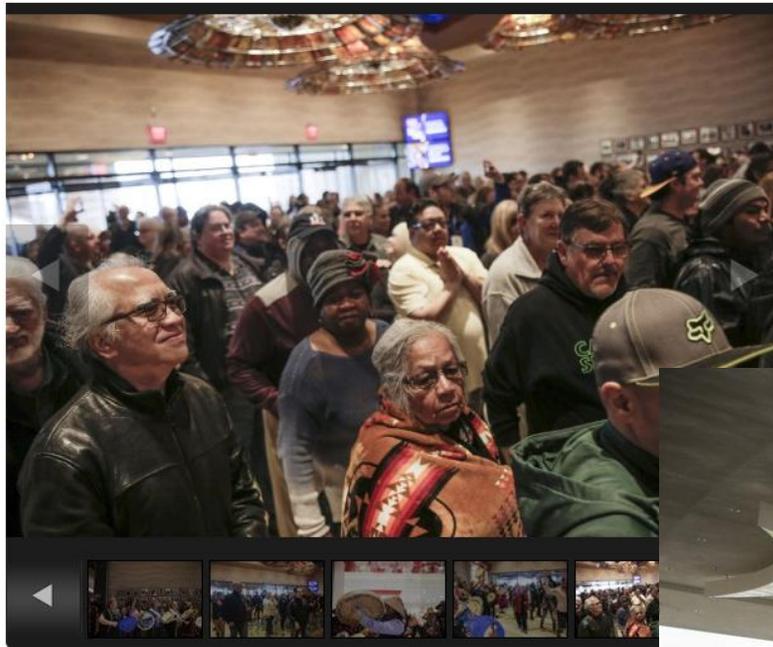


Looking Forward...

201 Ilani Casino opens its doors, attracting thousands



23 shares



MOST READ



Portland hotelier concealed \$1 million donation to Trump inauguration



Check out the Tiki bar tucked into this midcentury modern basement (photos)

The first people enter the brand new casino to singing and drumming by Cowlitz members and family. Thousands lined up for the grand opening of the Ilani Casi Resort on Monday, April 24, 2017. The Cowlitz Indian Tribe's gaming complex sit east side of Interstate 5, near exit 16, in Clark County, Washington. Stephanie Y

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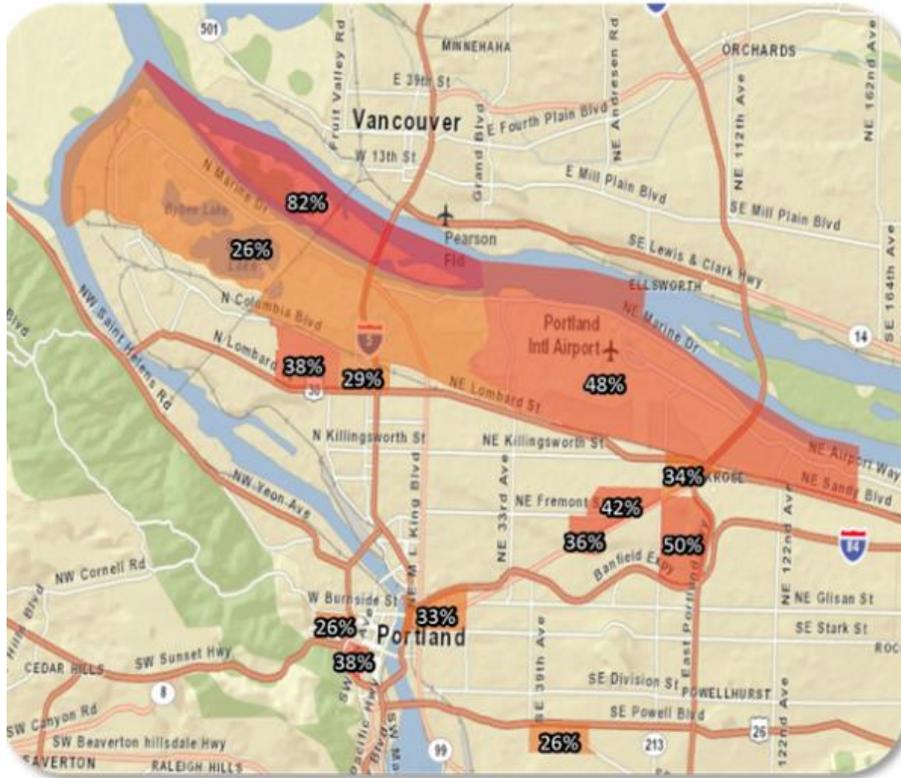
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Caption

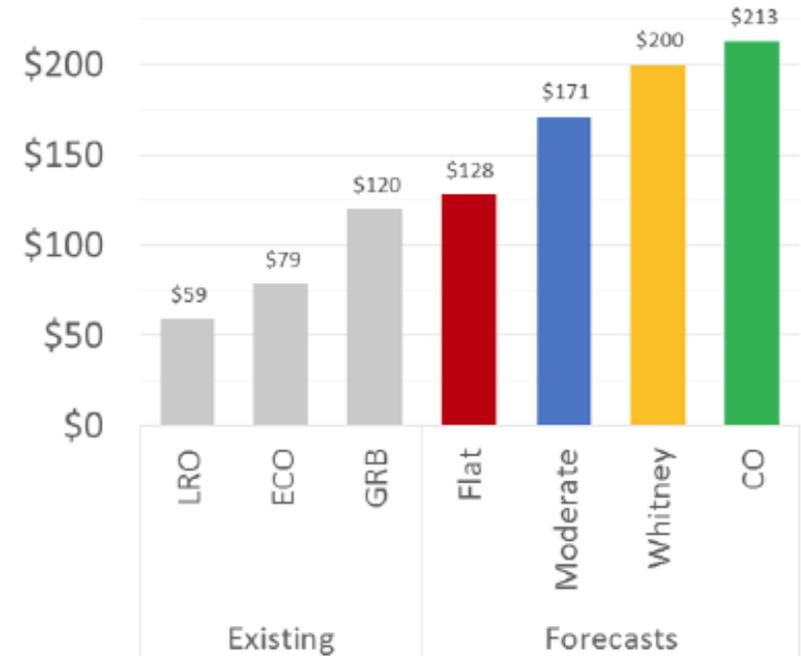


Looking Forward...



Source: Oregon Lottery

Recreational Marijuana Taxes 2017-19 Biennium



Forecast Risks, Uncertainties & Issues

- Housing affordability/homelessness
- Wage Pressures – PERS, open labor contracts, inflation
- Federal policy/budget issues & economic implications
- Oregon Legislative session and State budget shortfall
- Geopolitical
- A confluence of risks, uncertainties, and issues
 - ✓ PERS
 - ✓ Downtown Courthouse & other capital project funding
 - ✓ Timing of next recession – revenue & PERS earnings impacts
 - ✓ Inflation and monetary policy changes
 - ✓ Health Care – costs for employee coverage and revenues/costs associated with providing health care services



Summary

- FY 2017 General Fund revenue forecast increased \$1.4 million (0.3%) for a total change of \$9.0 million (1.93%) from adopted budget.
- FY 2017 contingency balance of \$2.2 million expected to be used in current year.
- BIT Increased by \$1.4 million in FY 2018, but forecast left unchanged for out years and for all other “corporate” revenues.
- Net new OTO for FY 2018 is \$2.2 million.
- General Fund Balanced for 3 years.
- No new, ongoing programs can be supported over long-term absent additional revenues or reallocation of existing resources.

