

A stylized graphic on the left side of the page. It features two dark green mountain peaks with rounded tops. Below the mountains is a dark green wavy line representing a forest or a hillside. At the bottom is a dark blue wavy line representing water. The graphic is composed of solid colors and simple shapes.

FY 2022 General Fund 5-Year Forecast Update

Presented to the
Board of County Commissioners

Multnomah County
May 18, 2021

Located at: www.multco.us/budget

Agenda

- Financial Context and Overview
- Economic Overview
 - Inequitable Recovery
 - Housing
- FY 2021 Revenue Review
 - Recording Fees
 - BIT
- FY 2022 General Fund 5-Year Forecast
- FY 2022 One-Time-Only Funds
- FY 2021 General Fund Contingency Update
- Forecast Risks and Issues
- Summary and Questions



Economic Overview

- Household incomes supported by Government Transfers continue to be above Pre-Pandemic levels.
- Recent WaPo poll shows **25% of Women** and **27% of BIPOC** respondents reporting they are **financially worse off post-pandemic**.
- Inflation: Fed assumes it is transitory, but implications for recovery and wages.
- Near-Term Concerns
 - Vaccination Milestones
 - Return to the Labor Force
 - Implications of Long-Term Remote Work

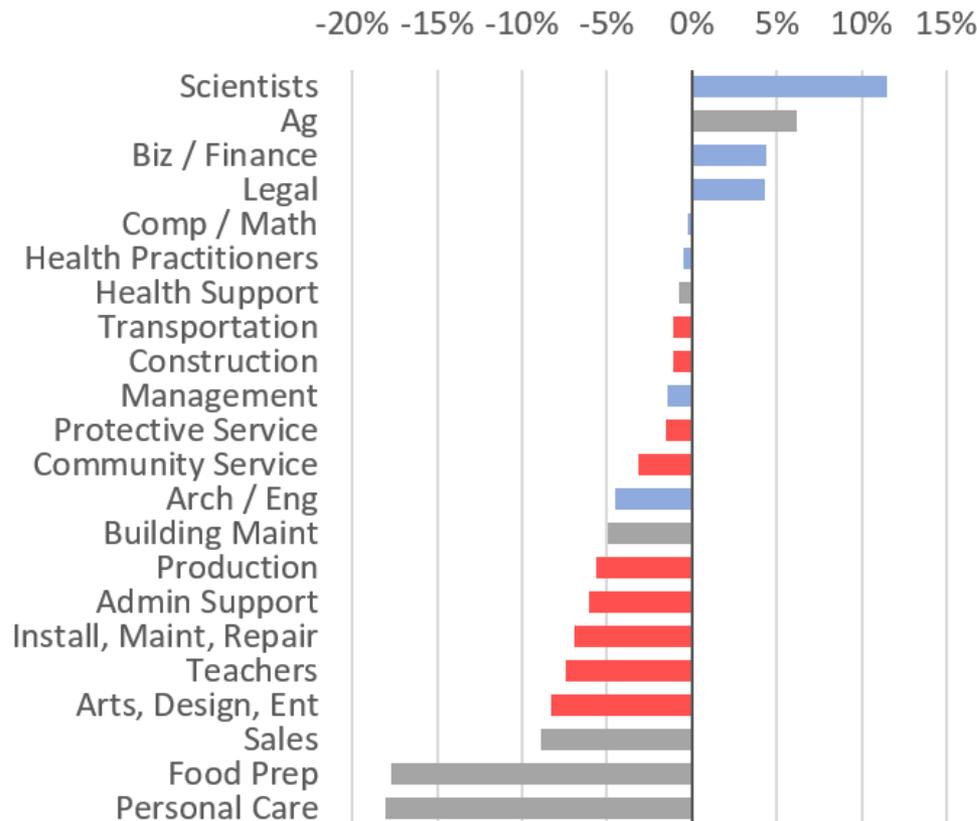


Economic Overview

Oregon Job Polarization

Percent Change from 2019 to 2020

High-Wage | Middle-Wage | Low-Wage



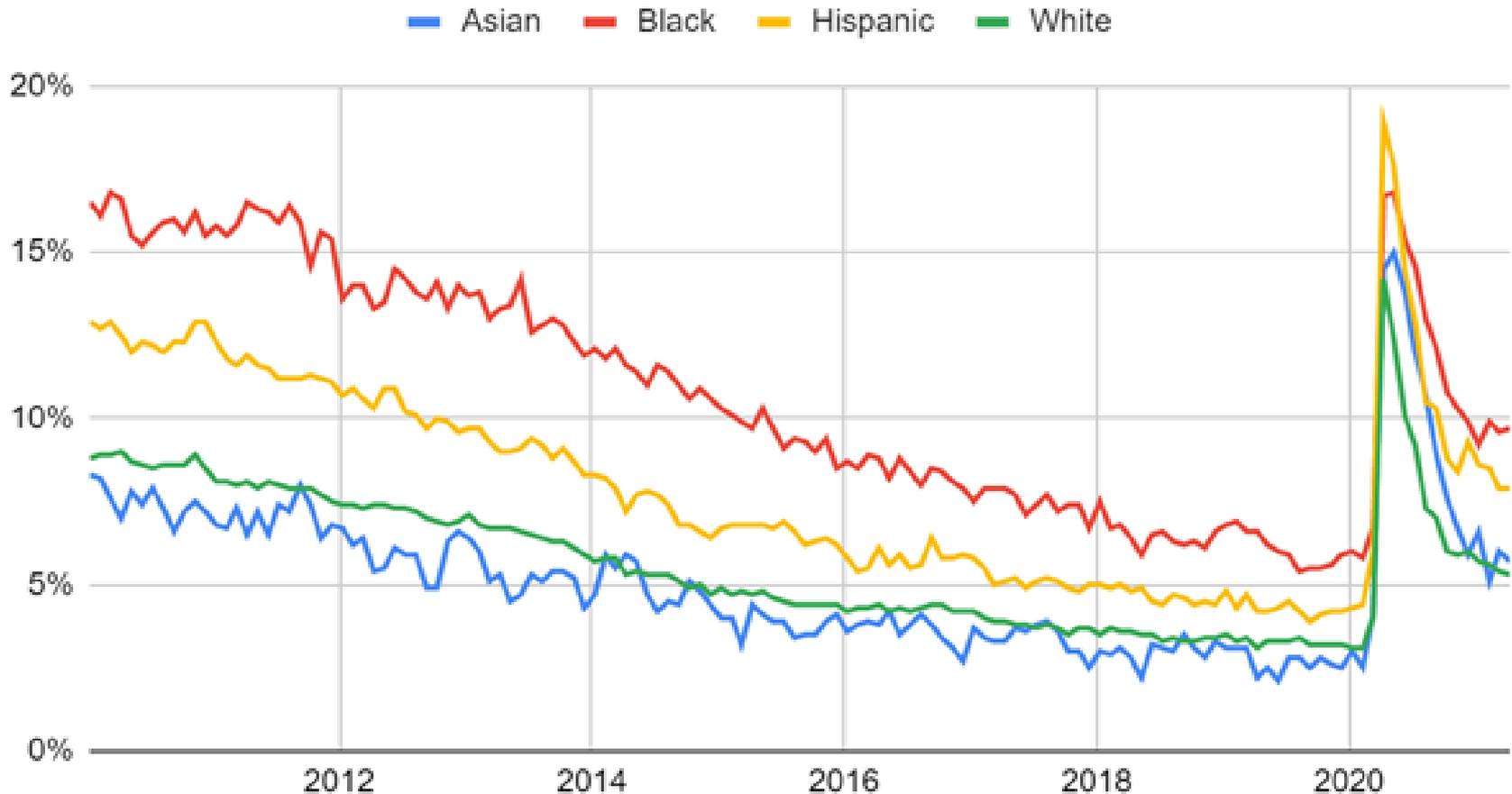
Low- and Middle-Wage Jobs hardest hit by Pandemic and still well below pre-Pandemic levels.

Source: BLS, Oregon Office of Economic Analysis



Economic Overview

Unemployment Rate by Race/Ethnicity

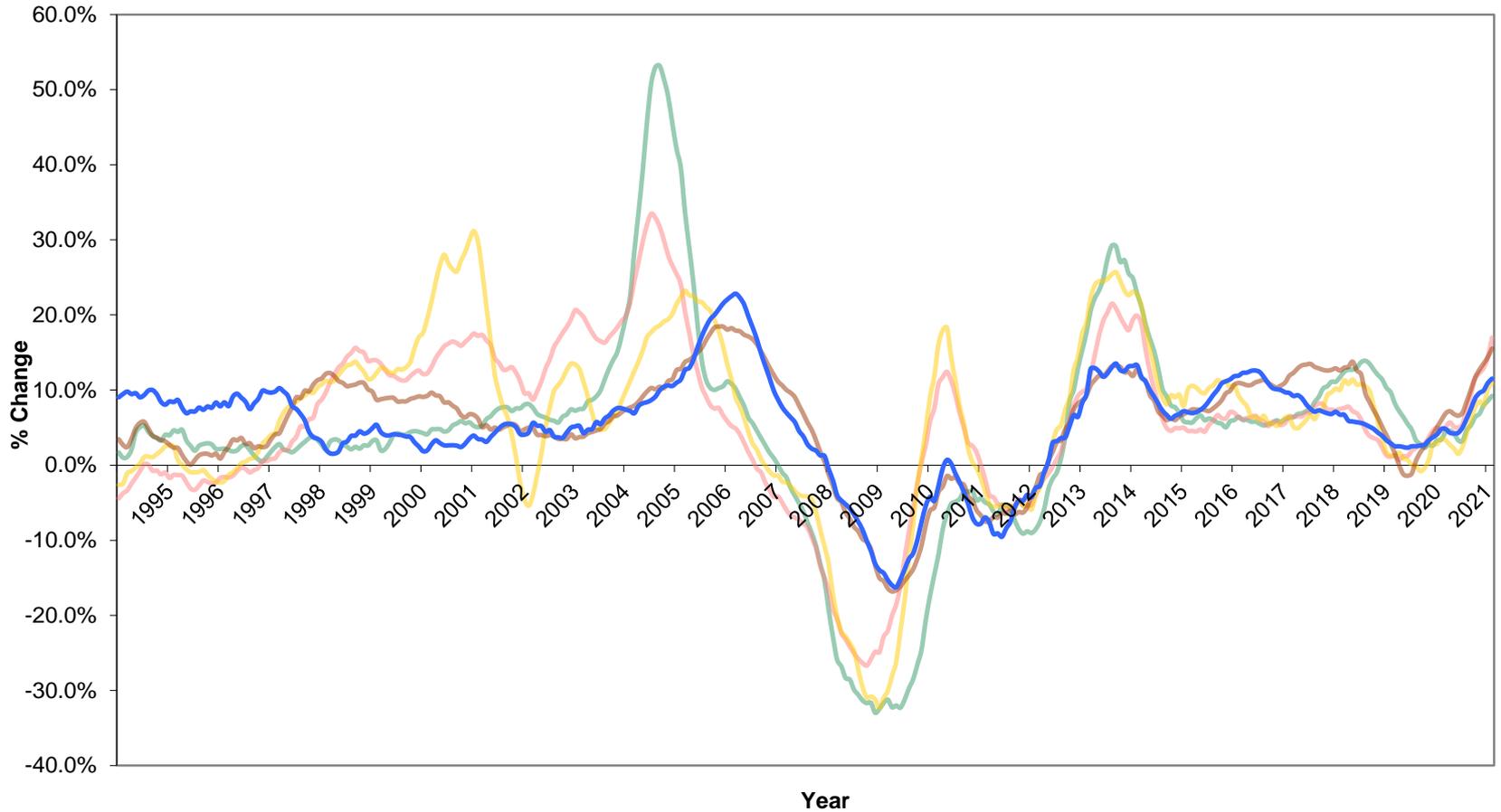


Source: Bureau of Labor Statistics



Economic Overview

Monthly Year-Over-Year % Change
Based on S&P/Case-Shiller Home Price Index Thru February 2021

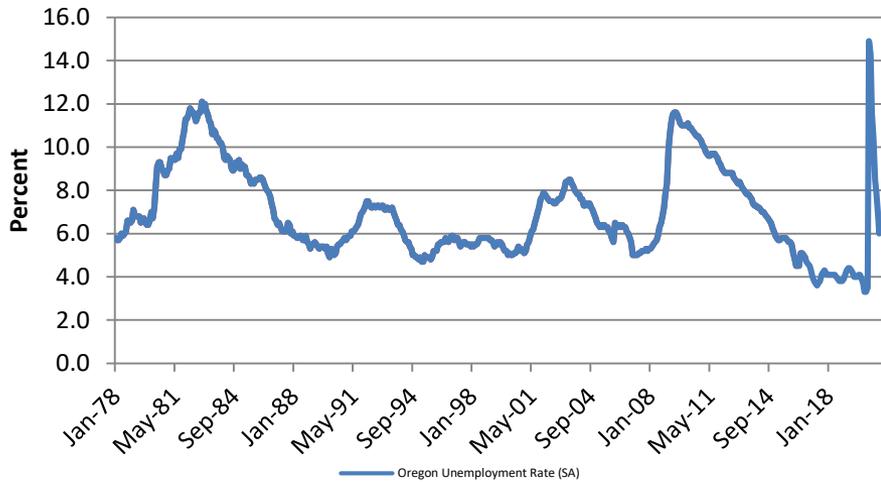


— Las Vegas — San Diego — S.F. — Seattle — Portland

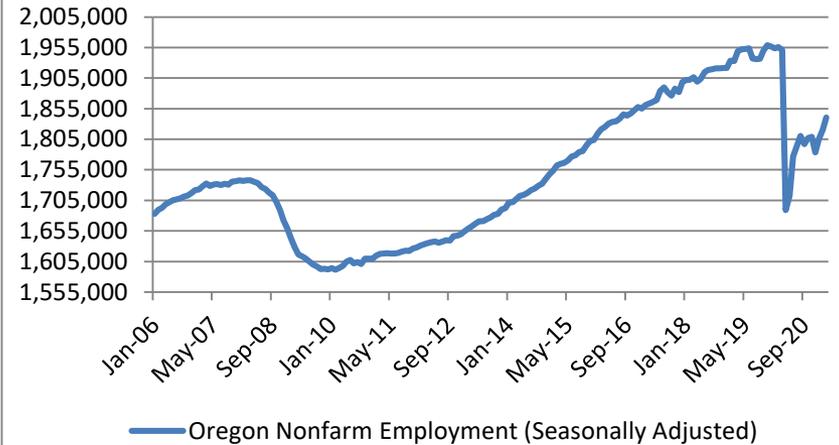


Economic Overview

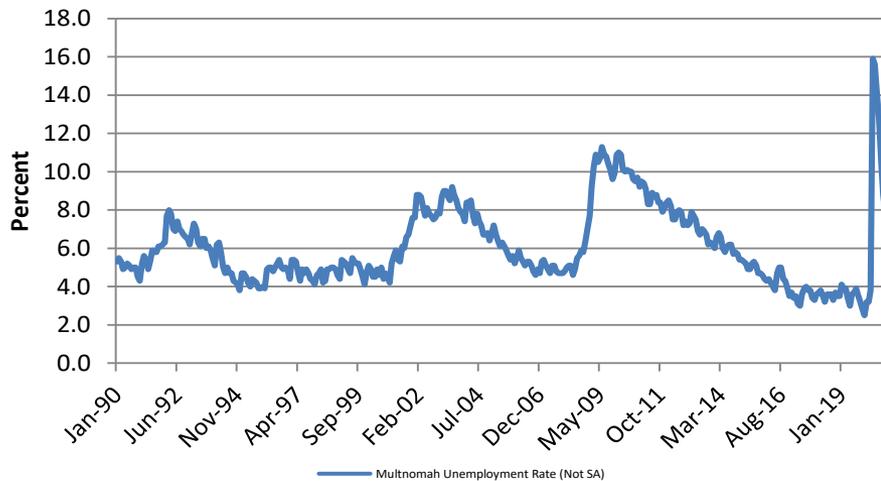
Oregon Unemployment Rate (SA)



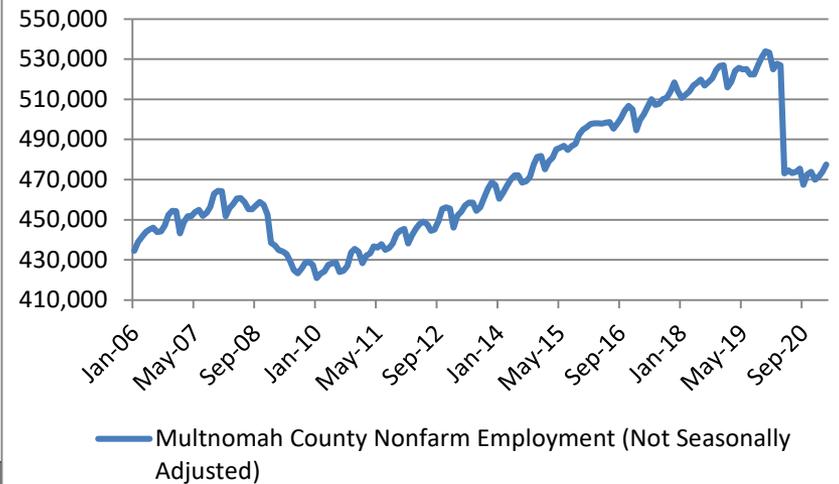
Oregon Nonfarm Employment (Seasonally Adjusted)



Multnomah Unemployment Rate (Not SA)



Multnomah County Nonfarm Employment (Not SA)



FY 2021 Revenue Review

	Adopted ¹	November Forecast Change	March Forecast Change	May Forecast Change	Net Change From Adopted	Note
Property Taxes	324,535,080	(1,088,694)	1,165,088	0	76,394	Increased Penalty Revenue
Business Income Taxes	93,339,749	4,000,000	8,500,000	0	12,500,000	Broader Base due to Fed'l Tax Reform and Faster Recovery
Motor Vehicle Rental Taxes	22,914,403	(6,200,000)	(2,714,403)	0	(8,914,403)	Continued Low Level of PDX Traffic
US Marshal/BM 73/BOP	6,077,250	0	0	0	0	
State Shared						
Video Lottery	4,629,375	550,000	0	0	550,000	Biz Shutdown Impact Unclear
Liquor	5,054,513	0	0	0	0	
Cigarette	620,550	0	0	0	0	
Marijuana	2,149,923	350,077	(250,000)	0	100,077	Increased Sales/BM 110
Amusement	173,000	0	0	0	0	
Recording Fees/CAFFA Grant	7,080,349	550,540	1,569,111	1,000,000	3,119,651	Lower Interest Rates and Housing Activity
Indirect						
Departmental	24,243,067	0	0	0	0	
Central Indirect/Svc Reimburse	14,583,404	0	0	0	0	
All Other	38,131,218	(5,712,623)	0	0	(5,712,623)	Health Inspections/Passports
FY 21 Revenue Adjustments ²	543,531,881	(7,550,700)	8,269,796	1,000,000	1,719,096	
% of Revenue		-1.39%	1.52%	0.18%	0.32%	

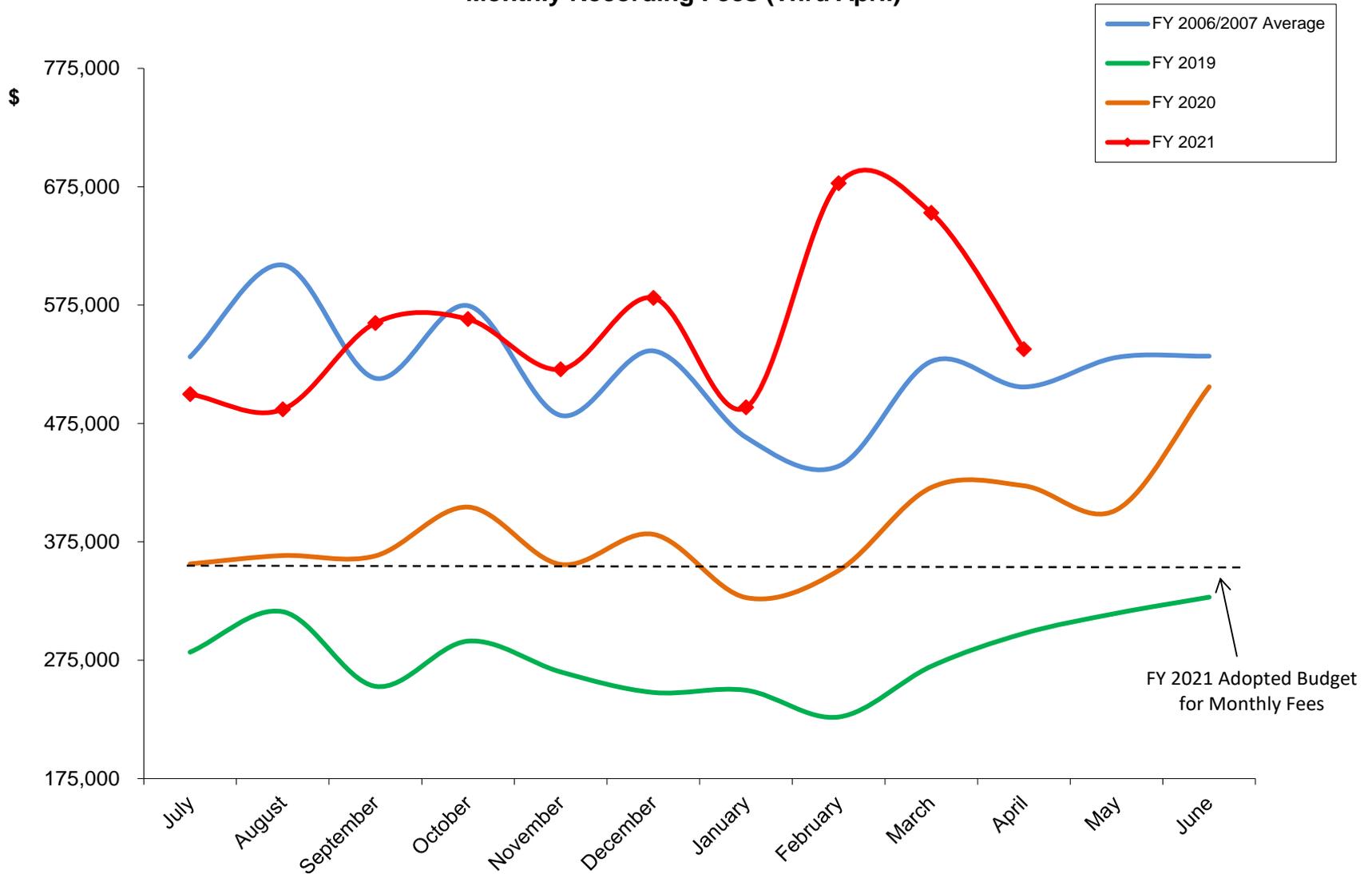
1. Excludes BWC, FQHC wraparound revenues, prospective health payments, and Tax Title: Affordable Housing but includes Video Lottery.

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



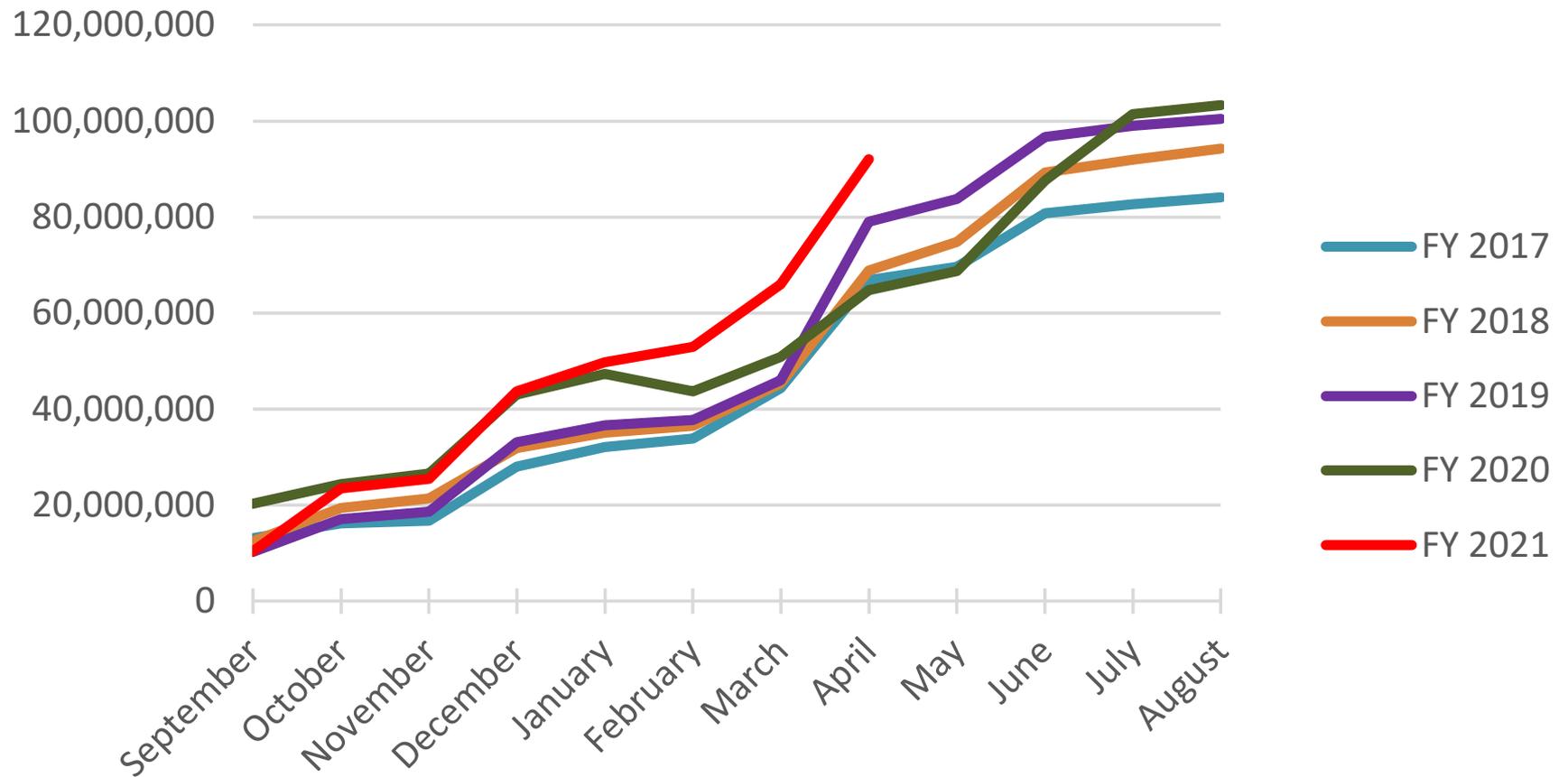
FY 2021 Revenue Review

Monthly Recording Fees (Thru April)



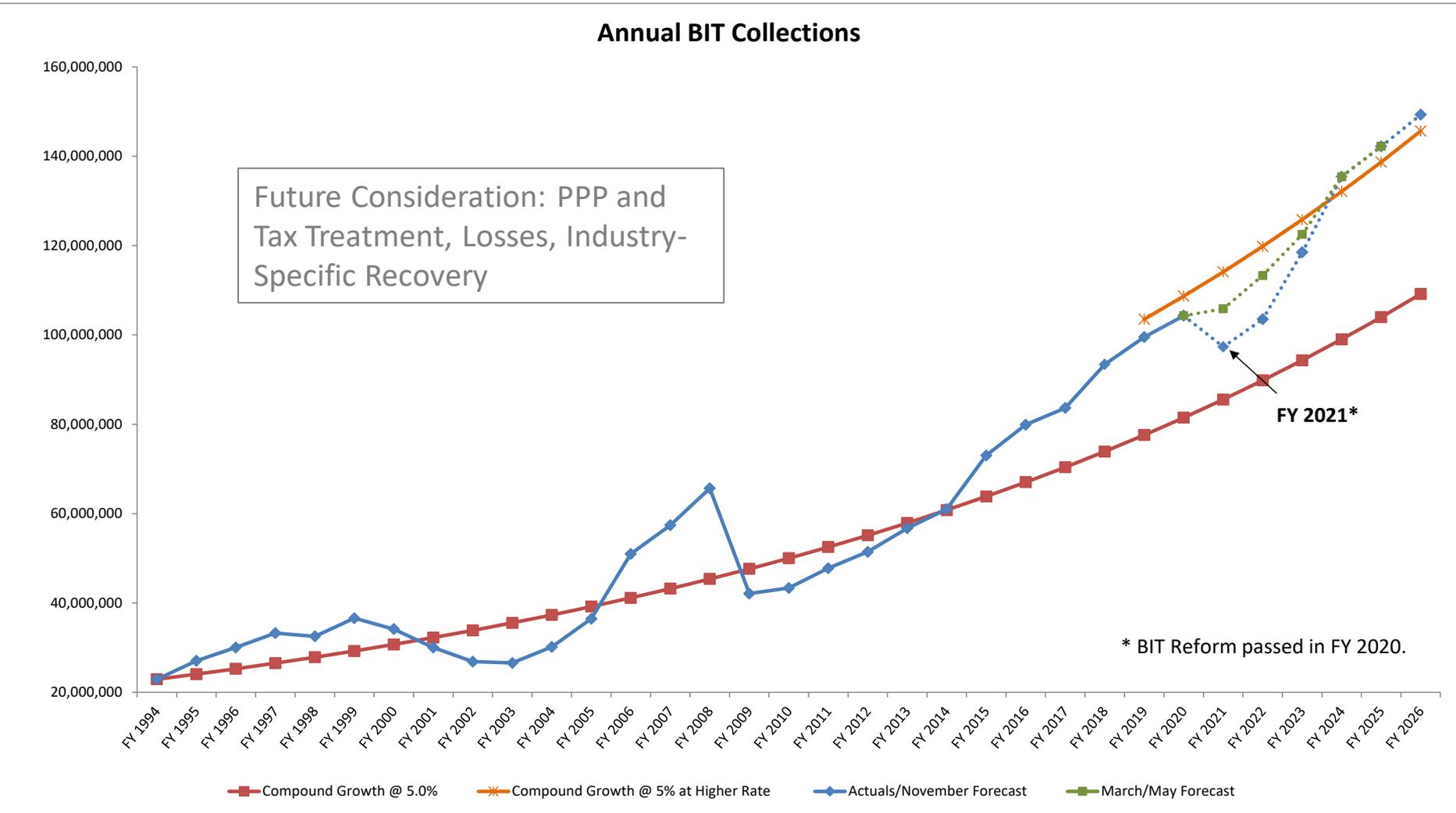
FY 2021 Revenue Review

Cumulative BIT Collections by Year



FY 2021 Revenue Review

Annual BIT Collections



5-Year General Fund Forecast

Forecasted Ongoing General Fund Balance

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	560,111,683	598,552,965	632,222,153	655,784,017	680,174,784
Expenditures	575,860,775	597,682,946	618,208,493	638,155,453	663,060,876
Ongoing Surplus/(Deficit)	(15,749,093)	870,019	14,013,659	17,628,563	17,113,907
OTO BIT Spread Out to Reduce Deficit	6,600,000				
Expected AV Increase from URA Dissolution ¹		9,125,412	10,185,944	24,797,410	30,281,805
Net November Forecast	(9,149,093)	9,995,431	24,199,603	42,425,973	47,395,712
March Forecast Change	6,652,500	544,550	(3,551,008)	(4,277,150)	(4,524,376)
Net March Forecast	(2,496,593)	10,539,981	20,648,595	38,148,823	42,871,336
Chair's Proposed Budget Adjustment	2,496,593	2,552,766	2,610,204	2,675,459	2,742,345
Net May Forecast	0	13,092,748	23,258,799	40,824,282	45,613,681

*COVID-19 response budgeted in Coronavirus (COVID-19) Response Fund.

¹Estimate based on current schedule for defeasement of individual URAs provided by City of Portland Debt Management



5-Year General Fund Forecast

Major General Fund Revenue Sources ¹

	Adopted FY 2021	Forecast FY 2021 ²	Forecast FY 2022	Forecast FY 2023 ³	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026
Property Taxes	324,535,080	324,611,474	335,936,853	355,602,655	368,559,685	395,614,980	412,977,440
Business Income Taxes	93,339,749	105,839,749	113,300,000	122,500,000	135,419,438	142,190,410	149,299,931
Motor Vehicle Rental Taxes	22,914,403	14,000,000	25,000,000	33,000,000	33,660,000	34,333,200	35,019,864
US Marshal (& BM 37)	6,411,291	6,411,291	6,411,292	6,411,292	6,411,293	6,411,293	6,411,294
Recording Fees/CAFFA Grant	7,080,349	10,200,000	8,204,161	8,029,265	7,950,247	8,125,033	8,303,709
State Shared	12,627,361	13,527,438	13,159,590	13,540,445	13,935,940	14,346,653	14,773,181
Indirect & Service Reimbrs.	38,826,471	38,826,471	39,688,457	40,884,813	42,118,198	43,389,761	44,700,690
	505,734,704	513,416,423	541,700,353	579,968,470	608,054,801	644,411,330	671,486,109
% of Total Revenue	93.8%	95.0%	96.4%	95.2%	94.5%	94.5%	94.4%
All Other General Fund	33,167,801	26,905,178	19,136,330	27,922,157	34,397,047	36,687,191	39,970,480
Total	538,902,505	540,621,601	562,111,683	609,178,377	643,408,097	681,581,427	711,456,589
% Change in Ongoing Revenue		0.32%	3.98%	8.37%	5.62%	5.93%	4.38%
AV Growth	3.75%	4.55%	3.75%	5.82%	3.36%	7.17%	4.45%
Compression	3.95%	4.07%	4.20%	4.20%	4.20%	4.20%	4.20%
BIT Growth	-10.51%	1.48%	7.05%	8.12%	10.55%	5.00%	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. Incorporates impact of URAs ending and returning AV to tax roll.



FY 2022 OTO Funds

General Fund FY 2021 Beginning Working Capital & FY 2022 OTO ^{1,2}

Year-End as of September 30, 2020

OTO Funds for FY 2022 per November Forecast **8,171,418**

Unspent HDHQ Project	1,000,000
Plus Additional BIT Revenues	8,500,000
Less Amount to Maintain BIT Reserve at Board Policy Level	(1,700,000)
Less Amount for BIT East County Cities Payment	(722,500)
Less Additional FY 2021 Forecast Adjustments	(230,204)
Less Additional FY 2022 Reserve Adjustment	(2,572,210)

OTO Funds for FY 2022 per March Forecast **12,446,504**

Plus Additional FY 2021 Recording Fees 1,000,000

OTO Funds for FY 2022 per May Forecast **13,446,504**

New – Not
Included in
Chair’s Proposed
Budget

50% Dedicated to County Facility Projects per Board Policy **6,723,252**

Remaining 50% to be Allocated **6,723,252**

1. Assumes the FY 2021 General Fund Contingency is fully spent in FY 2021.
2. Assumes departments fully spend their FY 2021 appropriation.
3. Adjusted for additional restricted County Clerk BWC, Prospective Health Payments, and Tax Title: Affordable Housing.



FY 2021 Contingency Update

Contingency

General Fund 'Regular' Contingency	1,500,000	
Additional Contingency	139,837	
COVID-19 Contingency	1,022,000	
Reimagine Oregon OTO Request	<u>(100,000)</u>	Approved by Board on 10/8
Remaining Non-Earmarked Contingency	2,561,837	

Earmarked Contingency

Earmark - SE Health Clinic	5,120,000	
Earmark - Behavioral Health Resource Center	<u>8,750,000</u>	\$3 million request on 5/27 agenda
Total Earmarked Contingency	13,870,000	

Total General Fund Contingency **16,431,837**

BIT Reserve @ 10% (in General Fund Contingency)	<u>9,333,975</u>	
Total General Fund Contingency	25,765,812	

Potential Year-End Contingency Needs: Video Lottery Shortfall, Justice Center Self-Insurance, COVID-19 Expanded Leave, CARES Act Expenses

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 2022



Forecast Risks, Uncertainties, and Issues

- Vaccination Rates
- Global Vaccination Rates and Macro Implications
- Federal Tax Policy and Spending
- Development Cycle and Property Taxes
 - Financing and Project Costs
 - Teleworking and Commercial Property/Office Space
 - Commercial Property Values
- BIT and MVRT Path of Recovery
- Personnel Costs
 - Inflation
 - State Family Leave/EFMLA/Pay Equity
 - Open Labor Contracts



Summary

- FY 2021 General Fund revenue forecast increased \$1.0 million (0.2%) – Available for FY 2022
- FY 2021 General Fund contingency balance of \$2.6 million (unallocated)
- FY 2022 Budget is Balanced per Chair’s Proposed Budget
 - Includes ARP/COVID response funding outside of the General Fund.
 - Becomes surplus of \$45.6 million by FY 2026
- FY 2022 General Fund OTO resources of \$13.4 million
 - \$6.7 million for facility projects (per Board policy)
 - \$6.7 million to be allocated
- Major risks, uncertainties, and issues include:
 - Path back to “Normal” – Revenue Implications
 - Inflation and Personnel Costs



Questions

