



Department of County Management
Finance and Risk Management

Office of the Chief Financial Officer
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To: Jessica Vega Pederson, County Chair
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From: Eric Arellano, Chief Financial Officer
Christian Elkin, Chief Budget Officer
Jeff Renfro, County Economist

CC: Jenny Smith, Chief of Staff County Chair
Stacy Borke, Deputy Chief of Staff County Chair
Travis Graves, Interim County Chief Operating Officer
William Glasson, Senior County Attorney

RE: [Status Update FY 2025 Budget Note](#) – Video Lottery Funding

Date: February 18, 2025

BACKGROUND:

A Fiscal Year 2025 budget note (the “Note”) directs the County’s Finance Department to review Multnomah County’s use of video lottery funds received by the County and assess whether our use of those funds aligns with the Oregon Constitution, State, and local laws. In addition, the Note requests that the Finance Department recommend whether the County’s use of video lottery funds could be better aligned to particular statutory requirements. The Note stipulated that the Finance Department’s accounting and evaluation should be provided to the Board of County Commissioners in February 2025.

This memo details the legal requirements for use of video lottery funds (VLF) received by the County from the State and recorded into the County’s video lottery accounting fund, how the County has spent VLF over the last five closed fiscal years, whether the County’s use of the VLF likely complies with Oregon law, and includes a summary of other County partners who promote economic development in our region.

LEGAL REQUIREMENTS:

The County's use of VLF is governed by Oregon Revised Statute (ORS) [461.512](#), which requires VLF, including interest earned on those funds, to be deposited in a dedicated accounting fund,¹ used to further "economic development," and used to pay administrative expenses tied to ensuring the County's use of VLF complies with Oregon law.

In turn, "furthering economic development" is defined in [ORS 461.540\(3\)\(c\)](#), which states that the term includes, without limitation, providing:

- A. Services or financial assistance to for-profit and nonprofit businesses located or to be located in Oregon;
- B. Services or financial assistance to business or industry associations to promote, expand or prevent the decline of their businesses; or
- C. Services or financial assistance for facilities, physical environments or development projects, as defined in ORS [285B.410](#) (Definitions for ORS 285B.410 to 285B.482) that benefit Oregon's economy.

Examples of "furthering economic development" include:

- a. A project that involves strategic planning, training or other technical assistance as defined by the Oregon Business Development Department by rule, and that is aimed at strengthening the economic development, community development or infrastructure priority setting of a municipality or region.
- b. A project for the acquisition, improvement, construction, demolition, or redevelopment of municipally owned utilities, buildings, land, transportation facilities or other facilities that assist the economic and community development of the municipality, including planning project activities that are necessary or useful as determined by the Oregon Infrastructure Finance Authority.

As noted above, a reasonable portion of funds may be used to support staff that administer the fund (e.g. managing funds in a dedicated fund, preparing required State reports, and ensuring funds are used in compliance with Oregon law). The County is required on or before October 1st each year to file a report with the Oregon Department of Administrative Services (DAS) detailing:

- The amount of video lottery revenue received by the County from the State;
- How the County used VLF received during the prior fiscal year (or calendar year); and
- The County's administration costs charged to the VLF (as applicable) during the reporting period.

The County's Budget Office prepares and files the annual report with DAS. DAS assesses the timeliness of annual filing and the proper usage of funds under Oregon law. The County's compliance with State reporting and usage of fund restrictions is also reviewed during its annual external financial audit. All annual filings have been completed and submitted in alignment with State law. The County's 2024 [Annual Comprehensive Financial Report \(ACFR\)](#) displays a balance sheet and income statement for the VLF (see pages 161 and 164).

VIDEO LOTTERY FUND – FY 2020-24 USAGE:

In the last five years, Multnomah County has expended a total of \$29.6 million in VLF from the State of Oregon. Through our budgets, the Board of County Commissioners has focused VLF use on three main service areas: homeless services (56% or \$16.7 million), capital projects including debt service for capital improvements (36% or

¹ The County deposits video lottery revenues in fund 1519, which is a dedicated accounting fund that is separate from the general fund.

\$10.6 million), and the County Summer Works Program (8% or \$2.3 million). Below are summarized categories:

Homeless Services:	
Emergency Housing	14,292,046
Severe Weather Svcs	1,718,725
Diversion	588,843
System Access, Assessment & Navigation	140,375
Debt Service - East County Courthouse	7,479,550
Summer Works Program	2,270,855
Vance Property Capital	300,000
ADA Capital	2,364,912
Street Paving	235,609
Columbia Corridor Drainage District	250,000
Total	29,640,916

The table below provides a more detailed financial summary of VLF activity from Fiscal Year 2020-2024, including revenues and expenditures. Unspent balances from one fiscal year are carried over to be used in the following fiscal year. The funds from the VLF have historically funded a portion of the County’s outstanding Full-Faith and Credit Obligation Series 2010B for the East County Courthouse. The debt obligation is set to fully mature in fiscal year 2030.

MULTNOMAH COUNTY - VIDEO LOTTERY FUND - FISCAL YEAR 2020-24 ACTIVITY					
	FY20	FY21	FY22	FY23	FY24
Revenues:					
Beginning Working Capital	1,699,700	572,575	580,366	1,158,201	1,565,266
Video Lottery Annual Revenues	4,184,432	6,321,752	6,069,875	6,079,673	6,423,414
Other Revenues (e.g. Interest Earnings)	25,427	25,221	4,425	49,683	49,680
Expenditures:					
Joint Office of Homeless Services:	2,619,080	3,720,953	3,670,889	2,910,072	3,818,996
Safety off the Streets - Emergency Housing	1,507,988	2,570,183	1,845,989	682,148	324,943
Rapid Rehousing Services	695,931	560,158	699,483	569,660	988,213
JOHS Employment Svcs	415,160	590,612	587,323	500,061	1,754,194
SOS Winter - Severe Weather	-	-	538,095	1,158,203	22,428
JOHS Diversion	-	-	-	-	588,843
System Access, Assessment, & Navigation	-	-	-	-	140,375
Non-Departmental:	2,046,239	2,402,315	1,763,155	1,773,508	1,765,188
FFC Series 2010B Debt - EC Courthouse	414,224	1,763,475	1,763,155	1,773,508	1,765,188
Summer Works Program	1,632,015	638,840	-	-	-
Department of County Assets:	121,665	165,914	12,421	-	-
Vance Property Capital	121,665	165,914	12,421	-	-
Department of Community Services:	550,000	50,000	50,000	1,038,711	1,161,810
East County ADA Capital	500,000	-	-	774,608	947,404
238th & Halsey ADA Capital	-	-	-	-	70,786
SW Cherry Park Road ADA Capital	-	-	-	-	72,115
Stark Street Paving	-	-	-	214,104	21,505
Columbia Corridor Drainage District	50,000	50,000	50,000	50,000	50,000
Total Expenditures	5,336,983	6,339,182	5,496,465	5,722,291	6,745,994
Balance Video Lottery Fund:	572,575	580,366	1,158,201	1,565,266	1,292,366

OVERALL ASSESSMENT/RECOMMENDATION:

Multnomah County has used VLF in alignment with Oregon law and complied with all reporting requirements in a timely manner. Though usage of funds has been in compliance, Multnomah County's historical usage of funds has not always aligned directly with more traditional economic development investments. Most County investments have supported economic development through indirect methods, focused in areas of County need and County service expertise.

If the Board of County Commissioners is interested in more direct use of VLF for economic development, we would need to consider creating an economic development administrative hub because the County has not historically specialized in direct economic development activities. Additionally, any shift in spending priorities in future budget cycles would need to consider how to backfill on-going programs that are currently funded by VLF (e.g. homeless services).

The following provides a summary of major County partners who specialize in economic development in our region.

MAJOR ECONOMIC DEVELOPMENT ORGANIZATIONS:

Below is an outline of major economic development players that contribute to commercial activity, vitality, and workforce growth in the Portland metropolitan area.

Prosper Portland advertises itself as the City's foremost economic development agency, with an emphasis on sustainable growth, small business support, workforce training, and job creation. Notable programs include the Community Workforce Navigator Program, the Social Equity and Economic Development (SEED) Grant program, the Reimagine Oregon Economic Opportunity Investment Fund Grant program, the Regional Food System Action Plan, and loan and grant matching services for small businesses.

Greater Portland Inc (GPI) emphasizes large-scale business and industry growth by providing consulting services, networking opportunities, and other resources for companies that wish to establish themselves in the area. Its sister organization, the **Greater Portland Economic Development District (GPEDD)**, is the EDA-designated nonprofit organization that serves Clackamas, Multnomah, Washington, and Clark counties, focusing on sustainable growth, small business development, and upward mobility within the workforce. GPEDD produces a five-year Comprehensive Economic Development Strategy for this district of counties.

Portland Metro Chamber supports commerce through resource sharing, policy research, advocacy, and professional development opportunities. Though economic development is not its sole focus, the Chamber plays a key role in the local business environment. Recent notable work includes publishing reports on economic conditions and endorsing tax credits that will incentivize business growth. Its sister organizations, Downtown Portland Clean & Safe and Partners in Diversity, also contribute to commercial activity in the metro area.

The **Port of Portland** also contributes to economic development through several small business programs, including a mentorship program, a Disadvantaged Business Enterprise (DBE) program, and a workforce training and hiring program. The Port's Industrial and Economic Development division manages six business parks and prides themselves as drivers of local industry and innovation.

ECONorthwest, occupying office space downtown, offers public policy research, market analysis, and consulting services to clients throughout the region. They recently produced GPEDD's Comprehensive Economic Development Strategy.

Travel Portland advertises the metro area as a desirable location for visitors by promoting local restaurants, shops, lodging, and recreational opportunities.

Micro Enterprise Services of Oregon (MESO), which exclusively serves the Portland metro area, provides entrepreneurs with business advertising and strategic planning services, lending and credit-building opportunities, and professional development training.

The **U.S. Department of Housing and Urban Development (HUD)** also plays a key role in economic development by providing grant assistance to local agencies. HUD’s programs primarily support housing affordability, an issue that impacts community safety, workforce development, and general quality of life in Portland. Though dollar amounts vary each year, HUD has given Portland agencies over \$19 million in grant funding since 2023, including \$8 million to the Joint Office of Homeless Services (JOHS); \$2 million to support affordable housing development in the Hillsdale neighborhood; and \$9 million to address issues of lead, radon, and other health hazards often found in lower-income housing units.

Figure 1. Budget by Organization

Organization	Total Revenues	Fiscal Year
Prosper Portland	\$137 million	2024-25
Travel Portland	\$30 million	2023
MESO	\$14 million	2023
Port of Portland Industrial and Economic Development Division	\$12 million	2024-25
Portland Business Alliance	\$11 million	2023
GPI	\$925,000	2022
GPEDD	\$195,000	2022
Multnomah County - VLF	\$6.5 million	2024-25