

# Budget Review 2023-24

## Multnomah County

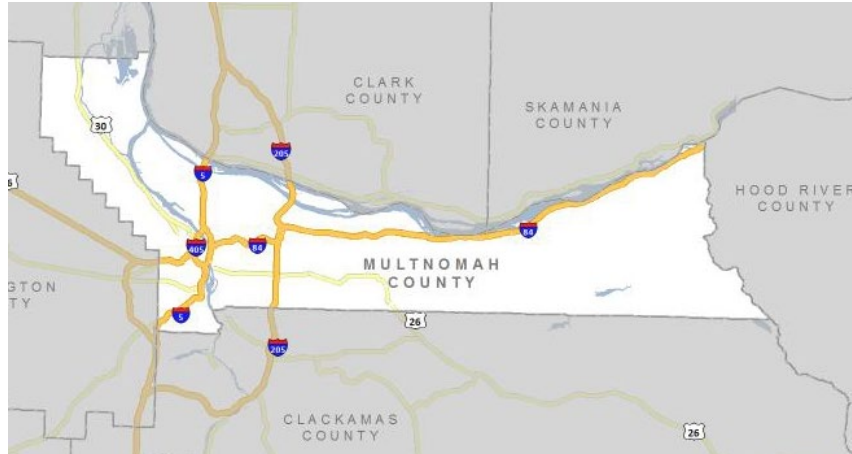


### BUDGET HIGHLIGHTS

- Overall budget increases by 4.3% to \$3.5 billion, an increase of \$144.5 million.
  - Increases are driven by greater than usual beginning fund balance in the General Fund, Preschool for All, and Supportive Housing funds.
  - Revenue assumptions for Business Income Tax (BIT), property tax and interest increase significantly from last year, although increases are offset by the ramp down in federal pandemic relief funds (reflected in a 72%/\$113.5 million decrease in the COVID-19 response fund).
  - The county plans to continue the most successful programs funded by pandemic relief funds by moving them to the General Fund, the most flexible source of funding.
- Funds receiving revenue from recently approved taxes (Metro Supportive Housing funds and Preschool for All) continue to grow as unspent funds carryover:
  - Metro Supportive Housing funds will pay for approximately 1,500 supportive housing units and build capacity to create housing placements. Beginning fund balance carried over from FY 2022-23 is a total of \$43 million. The county is budgeting \$124 million in expenditures with \$15 million in contingency for a total budget of \$139 million.
  - Preschool for All enters its 3rd year with plans to fund 1,400 slots in the 24-25 school year. Tax returns came in higher than expected, and carryover of \$210 million from FY 23 sees the fund almost doubling to a total of \$362 million. The county is budgeting \$87 million in expenditures, with \$15 million in contingency and an expected ending fund balance of \$260 million.
- General Fund and Business Income Tax Reserves are increased from 11% to 12% of anticipated revenues, part of a multi-year effort to increase reserves to 15%.
- Labor costs Increases by 7.8% from FY 2022-23 Adopted budget.
  - In FY 23 several labor contracts were settled, resulting in increased personnel costs as unions bargained for higher wages to meet the highest inflation growth in over 40 years.
  - COLA set at 4% and 5% (depending on labor contract) for FY 23 and FY 24.
  - One-time-only funds are used to fund employee retention incentives in FY 24 (\$14 million).
- This first budget for new Chair Jessica Vega Pederson includes the following organizational efforts:
  - Revising mission, value and visions for first time in over a decade.
  - Workforce equity strategic plan (WESP) and other equity-focused investments in coaching and best practices.
  - Large scale purchasing and contract redesign.

## INTRODUCTION & BACKGROUND

Multnomah County is located in the northwestern section of the state. The Columbia River is the northern border of the county.



The county operates under a 1967 home rule charter that assigns legislative authority to the Board of County Commissioners and administrative responsibility to the Board Chair. A five-member salaried board governs the county. All are elected to four-year terms on non-partisan ballots: The Board Chair is elected at large and four board members are elected from districts.

Of the 36 counties in Oregon, Multnomah County is both the state’s smallest (in area) and largest (in population). It covers 457 square miles and, as of Portland State’s University’s December 2022 estimates, has a population of just over 810,000, a slight decrease from prior years.

| <b>Multnomah County</b>             | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Assessed Value in Billions          | \$77.609       | \$81.143       | \$85.289       | \$89.181       |
| Real Market Value (M-5) in Billions | \$176.571      | \$184.074      | \$194.226      | \$208.981      |
| Property Tax Rate Extended:         |                |                |                |                |
| Operations                          | \$4.3434       | \$4.3434       | \$4.3434       | \$3.3434       |
| Historical Society Local Option     | \$0.0500       | \$0.0500       | \$0.0500       | \$0.0050       |
| Debt Service                        | \$0.0000       | \$0.0000       | \$0.5951       | \$0.5913       |
| Total Property Tax Rate             | \$4.8434       | \$4.8434       | \$4.9885       | \$3.9397       |
| Measure 5 Loss                      | \$-13,562,520  | \$-15,294,711  | \$-15,414,896  | \$-14,430,999  |
| Number of Employees (FTE’s)         | 5,152          | 5,185          | 5,279          | 5,732          |

## BUDGET OVERVIEW

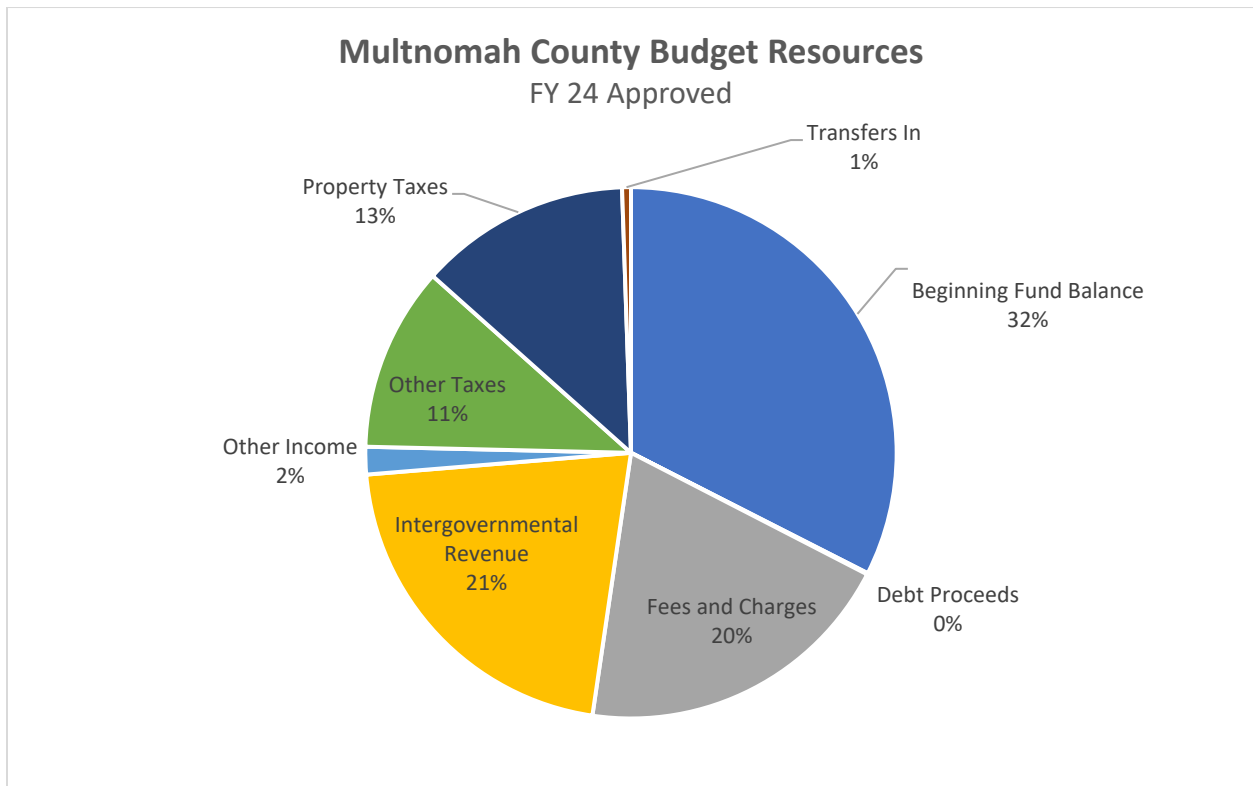
The county’s budget increases by 4.3% to \$3.5 billion for FY 2023-24, an increase of \$144.5 million. Increases are driven by growth in the beginning fund balance as taxes for Preschool for All, Metro Supportive Housing dollars, and General Fund dollars carry over from last year. Federal pandemic relief funds ramp down, with some selected programs incorporated into the General Fund.

The county budgets by program offer, with county services and work broken down into smaller units with assigned performance measures and descriptions. The county budget also distinguishes between one-time only resources and strives to match expenditures accordingly. The budget document clearly calls out the difference between the two types of expenditures. The county is budgeting a total of \$124 million in one-time-only funds, with \$112 million of that in the General Fund (p.45 of the Budget Director’s message includes a full list of one-time-only programs).

This first budget for new Chair Jessica Vega Pederson includes the following organizational efforts:

- Revising mission, value and visions for first time in over a decade.
- Workforce equity strategic plan (WESP) and other equity-focused investments in coaching and best practices.
- Large scale purchasing and contract redesign.

## RESOURCES



| Revenues by Category      | FY 23 Adopted        | FY 24 Approved       | Change    |
|---------------------------|----------------------|----------------------|-----------|
| Property Taxes            | 410,440,464          | 446,474,549          | 9%        |
| Other Taxes               | 323,990,475          | 389,372,016          | 20%       |
| Intergovernmental Revenue | 853,962,918          | 741,293,093          | -13%      |
| Fees and Charges          | 667,008,918          | 685,309,176          | 3%        |
| Debt Proceeds             | 28,453,741           | 2,742,123            | -90%      |
| Other Income              | 42,231,816           | 58,087,290           | 38%       |
| <i>Subtotal Revenues</i>  | <i>2,326,088,332</i> | <i>2,323,278,247</i> | <i>0%</i> |
| Beginning Fund Balance    | 956,915,597          | 1,127,014,081        | 18%       |
| Transfers In              | 41,407,483           | 18,673,797           | -55%      |
| <b>Total Requirements</b> | <b>3,324,411,412</b> | <b>3,468,966,125</b> | <b>4%</b> |

The five largest resource categories are Beginning Fund Balance, Intergovernmental Revenue, Fees & Charges, Property Taxes, and Other Taxes. Details on year to year changes:

**Beginning Fund Balance - \$1.1 billion** Beginning fund balance increased by \$170 million from the Adopted FY 23 budget. The largest portion of this increase is growth of \$131 million in the Preschool for All Program Fund. The Supportive Housing fund beginning fund balance grows by \$40 million. The balance also includes carryover from various capital funds, risk management funds, and General fund departments underspending from FY 23. The Library Capital Construction (GO Bond) fund sees the largest decrease in beginning fund balance as dollars are spent on planned projects.

**Intergovernmental Revenue - \$741 million, 13% decrease**

Federal revenue changes drive this decrease as American Rescue Plan (ARP) dollars are drying up. The CARES Act Local Government fund decreases by \$113.5 million (-72%) as ARP funds wind down (see ARP section in Significant Budget Areas later in review). Metro Supportive Housing (SHS) dollars are budgeted here as well (\$96 million in local revenue for FY 24), and spent in the Joint Office.

**Fees & Charges - \$685 million, 3% increase**

This revenue category sees no major shifts. The majority of fees and charges are budgeted in the Health Department FQHC (federally qualified health center) fund and the Risk Management Fund, where internal service charges for the county's self-funded medical and dental plan are budgeted.

**Property Taxes - \$446 million, 9% higher than the current year.** The county has three property tax levies:

- A Permanent Rate Levy (\$4.3434) which is receipted into the General Fund to be used for any lawful purpose.
- A Local Option Levy (\$0.0500) which is dedicated to the Oregon Historical Society and is receipted in that special revenue fund.
- A General Obligation Bond Levy for paying the debt service on the Library Facility bonds.

The county provides the following breakdown of estimated property tax levies:

| TAX LEVY ANALYSIS  |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | ACTUAL<br>2020-21    | ACTUAL<br>2021-22    | BUDGET<br>2022-23    | BUDGET<br>2023-24    |
| Permanent Rate Levy - Subject to \$10 Limit              | \$352,507,402        | \$370,485,625        | \$383,595,854        | \$417,525,982        |
| OHS Local Option Levy - Subject to \$10 Limit            | 4,490,844            | 4,626,904            | 4,796,367            | 4,988,317            |
| General Obligation Bond Levy                             | 0                    | 52,860,304           | 54,941,007           | 56,102,738           |
| <b>Total Proposed Levy</b>                               | <b>356,998,246</b>   | <b>427,972,832</b>   | <b>443,333,228</b>   | <b>478,617,037</b>   |
| Loss due to 1% limitation                                | (15,294,711)         | (15,414,896)         | (16,710,685)         | (18,116,229)         |
| Loss in appropriation due to discounts and delinquencies | <u>(14,410,126)</u>  | <u>(15,819,323)</u>  | <u>(23,545,243)</u>  | <u>(20,722,536)</u>  |
| <b>Total Proposed Levy Less Loss</b>                     | <b>\$327,293,409</b> | <b>\$396,738,613</b> | <b>\$403,077,300</b> | <b>\$439,778,272</b> |

## NOTES

|   |       |
|---|-------|
| Average property tax discount                                   | 2.25% |
| Property tax delinquency rate                                   | 2.25% |
| Average valuation change (Based on July - January Value Growth) | 7.78% |
| Assumed compression percentage                                  | 4.10% |

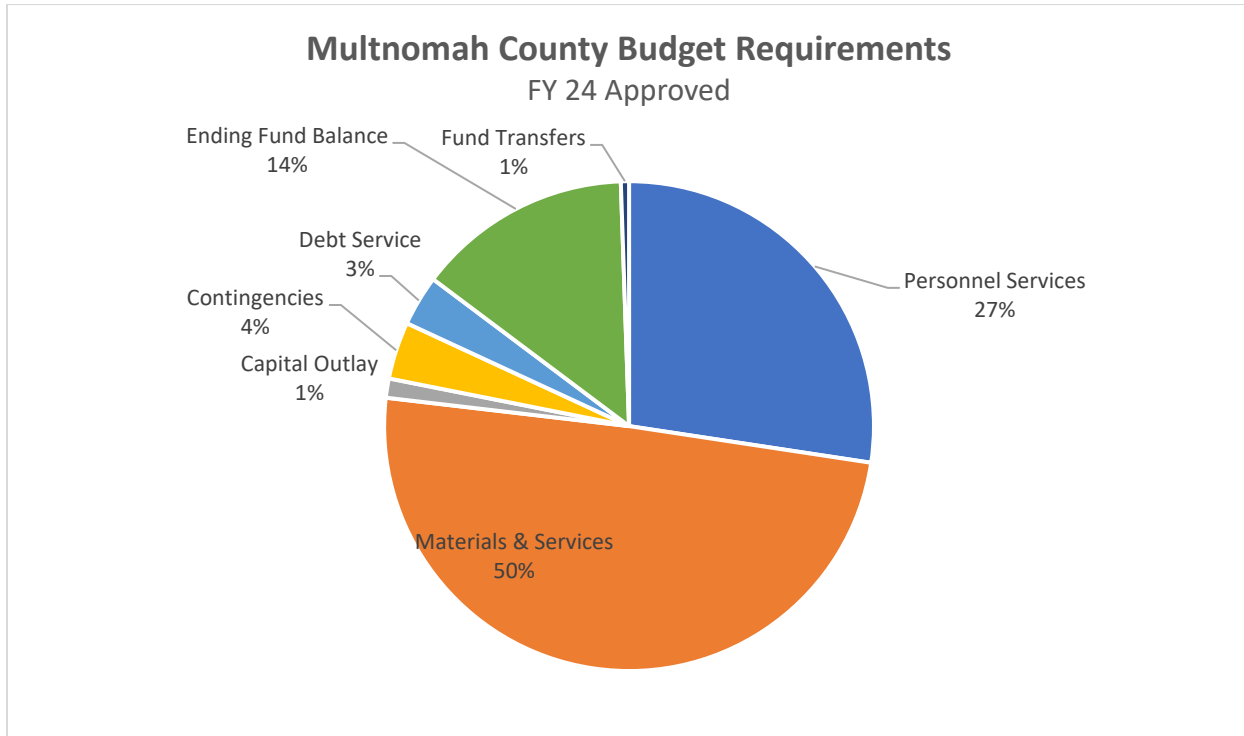
The increase in property taxes is driven by the return of Urban Renewal Area (URA) assessed value as urban renewal areas in the City of Portland close. The county expects to see future increases from the return of URA value in future years as well.

**Other Taxes - \$389 million, 20% higher than the current year**

The total of the county's five other taxes continues to increase, primarily due to Preschool for All and Business Income Tax (BIT) collections coming in higher than anticipated. Transient lodging taxes are budgeted to increase as travel continues to rebound following the pandemic.

| OTHER TAXES             | FY 23 Adopted      | FY 24 Approved     | Change     |
|-------------------------|--------------------|--------------------|------------|
| Business Income Tax     | 137,150,000        | 155,071,186        | 13%        |
| PFA Personal Income Tax | 112,000,000        | 152,592,000        | 36%        |
| Rental Car Tax          | 38,847,173         | 39,889,972         | 3%         |
| Transient Lodging Tax   | 29,553,302         | 35,378,858         | 20%        |
| Local Gas Tax           | 6,440,000          | 6,440,000          | 0%         |
| <b>Total</b>            | <b>323,990,475</b> | <b>389,372,016</b> | <b>20%</b> |

**REQUIREMENTS**



| Expenditures by Category     | FY 23 Adopted        | FY 24 Approved       | change             | % change     |
|------------------------------|----------------------|----------------------|--------------------|--------------|
| Personnel Services           | 881,055,665          | 950,214,189          | 69,158,524         | 7.8%         |
| Materials & Services         | 1,757,965,180        | 1,715,745,641        | (42,219,539)       | -2.4%        |
| Capital Outlay               | 71,433,599           | 44,017,396           | (27,416,203)       | -38.4%       |
| Debt Service                 | 118,214,525          | 115,837,045          | (2,377,480)        | -2.0%        |
| <b>Subtotal Expenditures</b> | <b>2,828,602,647</b> | <b>2,825,814,271</b> | <b>(2,788,376)</b> | <b>-0.1%</b> |
| Transfers Out                | 41,407,483           | 18,673,797           | (22,733,686)       | -54.9%       |
| Contingencies                | 88,542,364           | 131,173,195          | 42,630,831         | 48.1%        |
| Ending Fund Balance          | 365,858,918          | 493,304,862          | 127,445,944        | 34.8%        |
| <b>Total Requirements</b>    | <b>3,324,411,412</b> | <b>3,468,966,125</b> | <b>144,554,713</b> | <b>4.3%</b>  |

Expenditure categories generally reduce from the previous year, with the exception of personnel services. The reduction is largely due to a decreased capital outlay budget, and also in part to ARP funds and the associated programs ending.

The pressure of **personnel services** increases is summarized in the county budget document:

*A key driver of the County's underlying structural deficit is personnel costs that tend to increase at a faster rate than General Fund revenues. The budget provides for Cost of Living Adjustments (COLA) of 5.0% or 4.0% (dictated by each bargaining unit's contract) and merit or step increases for all represented labor groups. The County is currently in negotiations on five labor contracts. Changes to the status quo assumptions will impact the personnel cost increases in FY 2024 and beyond.*

The county is budgeting for 5,749 FTE positions in FY 2023-24, an increase of 17 FTE from the current year adopted budget.

The largest expenditure category for the county is **materials and services** (total of \$1.7 billion) which includes contracted services, the primary mechanism the district uses to fund much of the services they provide. Contracted Services make up \$1.2 billion of budget requirements, with the largest amounts budgeted in County Assets (\$442 million, mostly due to Library Bond funded projects), the Joint Office of Homeless Services (\$214 million, for services to address homelessness), and County Human Services (\$170 million, for services to community members, including Preschool for All).

The county's enterprise resource planning software (ERP) debt payments, formerly budgeted as internal services across all departments and showing up in the materials and services category, will be paid off early, resulting in approximately \$6.7 million of general fund dollars freed up in department budgets as internal service rates were adjusted. The intent is that this can help offset labor increases or be repurposed for other department needs.

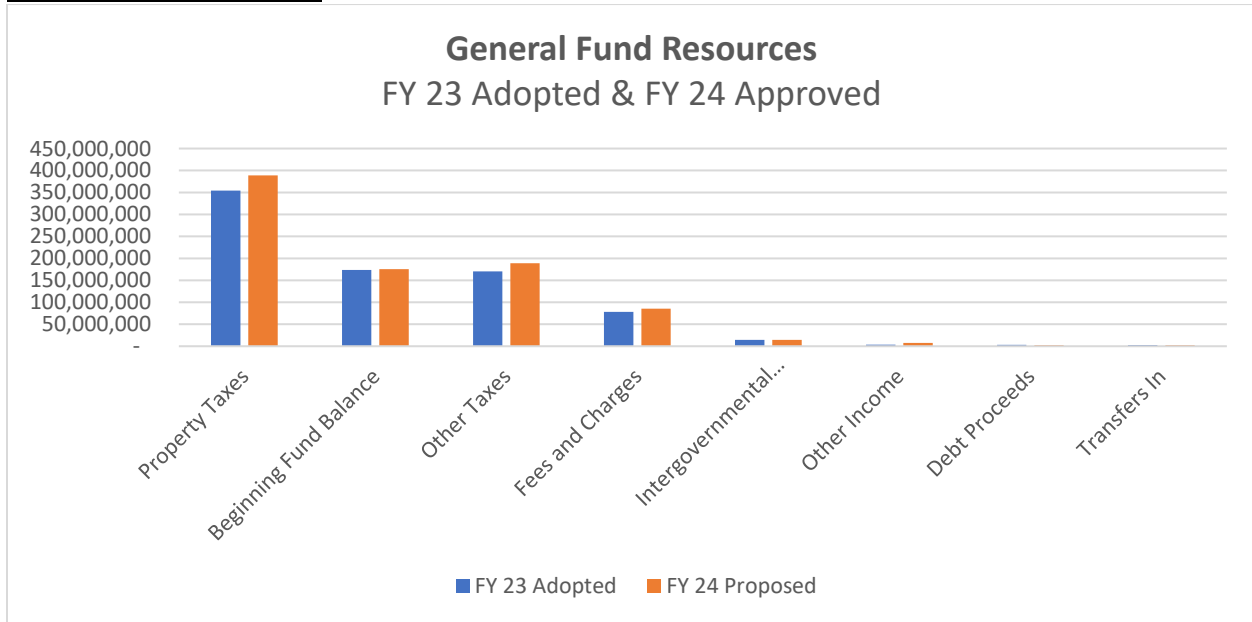
Overall **ending fund balance** grows as additional funds are set aside for operating reserves and the Preschool for All revenues continue to come in faster than they are spent. The Preschool for All fund balance is budgeted to increase by \$139 million from the FY 23 Adopted budget, driving the majority of the growth.

## SIGNIFICANT BUDGET AREAS

### General Fund

The FY 2023-24 General Fund budget is \$866 million, a \$66 million (8%) increase from the FY 23 adopted budget. Staff have described FY 24 as a "bridge year" – in FY 25, additional urban renewal districts will close, providing additional property tax revenue for the County's general fund. Business Income Tax (BIT) cost increases approved the board in February 2020 will become fully realized in FY 25 as well. FY 24 costs will need to be held in check until these fund increases are available. Departments were given an initial 1.5% constraint for their General Fund allocations (although they were able to request additional funds to be "added back"), except for the Joint Office of Homeless Services, which per county budget materials, was held to a current service level budget.

**General Fund Resources**



Most major sources of General Fund revenue are expected to increase (as measured from the FY 2023 Adopted Budget):

- Property Tax – 10% increase
- Business Income Tax – 13% increase
- Motor Vehicle Rental Tax – 2% increase
- Recording Fees/CAFFA Grant – 18.4% decrease
- US Marshall Jail Bed Rental – unchanged

General Fund revenue source by a significant margin, and with inflation at a 40 year high driving increased personnel costs, the county expects its expenses to grow faster than its revenues.

|                                      | FY 2024            | FY 2025            | FY 2026            | FY 2027            | FY 2028             |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Revenues</b>                      | 672,116,652        | 704,076,479        | 729,283,575        | 756,275,443        | 782,092,135         |
| <b>Expenditures</b>                  | 672,204,720        | 701,050,741        | 728,417,305        | 755,127,457        | 791,117,000         |
| <b>Ongoing Surplus/(Deficit)</b>     | <b>(88,068)</b>    | <b>3,025,738</b>   | <b>866,270</b>     | <b>1,147,985</b>   | <b>(9,024,865)</b>  |
| <b>BHRC Ongoing Funding Gap</b>      | <b>(2,500,000)</b> | <b>(5,650,000)</b> | <b>(5,876,000)</b> | <b>(6,111,040)</b> | <b>(6,355,482)</b>  |
| <b>November Forecast with BHRC</b>   | <b>(2,588,068)</b> | <b>(2,624,262)</b> | <b>(5,009,730)</b> | <b>(4,963,055)</b> | <b>(15,380,347)</b> |
| <i>BIT Revenue Change</i>            | 0                  | 8,824,745          | 7,725,983          | 6,479,882          | 6,803,876           |
| <i>FY 2025 COLA Increase to 3.5%</i> | 0                  | (1,820,646)        | (1,893,472)        | (1,969,211)        | (2,047,979)         |
| <b>March Forecast with BHRC</b>      | <b>(2,588,068)</b> | <b>4,379,837</b>   | <b>822,781</b>     | <b>(452,383)</b>   | <b>(10,624,450)</b> |

*Note: Revenues/Expenditures include video lottery, but excludes reserves and one-time resources*

(Note The chart above excludes one-time resources and therefore will not match with other revenue and



*expenditure numbers listed in this review that do not distinguish between ongoing and one-time resources).*

### General Fund Requirements

All county functions areas see a budget increase from the FY 2022-23 Adopted budget. Increases are driven by a variety of programs with both one-time-only and ongoing dollars. A full listing of General Fund program adds, as well as programs formerly covered by American Rescue Plan dollars, is available in the county's budget document Volume 1.

| <b>REQUIREMENTS BY FUNCTION</b> | <b>2023 Adopted</b> | <b>2024 Approved</b> | <b>Change</b> |
|---------------------------------|---------------------|----------------------|---------------|
| Public Safety                   | 280,187,154         | 300,753,949          | 7%            |
| Health Services                 | 127,815,355         | 140,568,867          | 10%           |
| General Government              | 143,296,190         | 168,945,228          | 18%           |
| Human Services                  | 124,615,798         | 131,161,483          | 5%            |
| <i>Subtotal Expenditures</i>    | <i>675,914,497</i>  | <i>741,429,527</i>   | <i>10%</i>    |
| Transfers Out                   | 34,798,621          | 15,610,285           | -55%          |
| Contingencies                   | 35,166,154          | 37,857,229           | 8%            |
| Ending Fund Balance             | 54,465,297          | 71,132,495           | 31%           |
| <b>Total Requirements</b>       | <b>800,344,569</b>  | <b>866,029,536</b>   | <b>8%</b>     |

The largest year over year increases in General Fund spending happen in Public Safety and General Government expenditure categories. The majority of the cost increases are due to personnel costs increasing. Going into FY 2023 several of the County's largest bargaining units had open contracts. The County negotiated a COLA of 4% and 5% (depending on the labor contract) for both FY 23 and FY 24. The FY 23 Proposed is the first budget to reflect these higher increases. The new contracts also include a number of premium and incentive payments.

In FY 2022-23, the county began a multi-year process of increasing both its General Fund and Business Income Tax (BIT) reserves. General Fund and BIT reserves are increased from 11% to 12% of anticipated revenues, part of a multi-year effort to increase reserves to 15%. The increase in BIT reserves is budgeted at \$1.6 million and the General Fund Reserve increase at \$5.8 million; total contingency and ending fund balance increase by \$19 million.

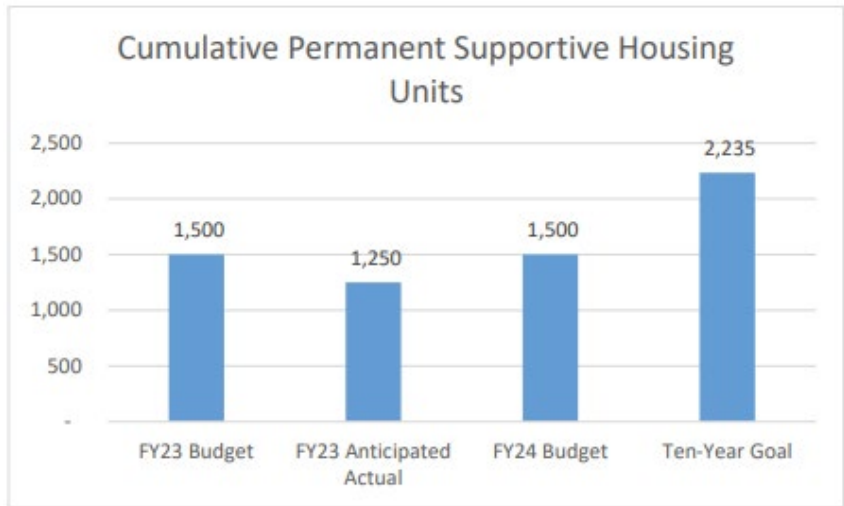
## Highlights from Departments

### **Housing and Homelessness - Joint Office of Homeless Services (JOHS)**

The FY 2023-24 Joint Office of Homeless Services (JOHS) approved budget is \$280 million. These funds will support its work to develop policies and programs to address and end homelessness, contract with providers for services, oversee the development and operations of emergency shelters, and lead Multnomah County's planning and implementation of programs funded with Metro's Supportive Housing Services measure (SHS). Excluding contingencies and fund balance, the budget is \$265.5 million. \$139.1 million is in the Metro Supportive Housing Fund, accounting for 50% of JOHS budget, and \$63.3 million is in the General Fund (23%). Federal/State Fund budgets \$57.7 million (19%) for JOHS. Other JOHS funds include American Rescue Plan Act at \$19.2 million (7%) (\$4.4 million County & \$14.9 million City) and Video Lottery funds \$3.8 million (1%).

**Supportive Housing Services (SHS)**

JOHS is budgeting to receive \$96 million (their portion of the estimated regional collections of \$234 million) in SHS funds; additionally, they have \$43 million in carryover funds from FY 23 budget, for a total of \$139 million in SHS dollars. Multnomah County receives 45.33% of total SHS collections. The FY 2024 budget includes SHS funds for approximately 1,500 permanent supportive housing units, increasing the total



number of units funded by 250. This increase in housing units represents 67% of the SHS Measure’s ten-year goal to add 2,235 supportive housing units, per the [Joint Office budget transmittal letter](#).

**City of Portland**

The county is budgeted to receive \$40.7 million from the City of Portland, with the majority budgeted to fund emergency shelter and outreach. These dollars are budgeted in the Federal/State fund.

**Capital**

The budget includes \$9.8 million set aside for strategic housing related capital investments in the acquisition and renovation of buildings and other real property, \$6.9 million for emergency shelter capacity and additional temporary/seasonal shelters, and \$3.6 million for year-round alternative shelter capacity. (More detail on p. Capital 3 of FY 2023 Proposed Budget Combined Vol.1). The FY 24 budget also introduces the JOHS Capital Fund, \$8.3 million to renovate the [Arbor Lodge Shelter](#).

**Public Safety**

Select Public Safety programs formerly funded by ARP will be transferred to the General Fund (see American Rescue Plan Act funding section below). The budget includes \$6 million in General Fund contingency to backfill Senate Bill 1145 Community Corrections funding for both the Sheriff’s Office and the Department of Community Justice in the event that the state does not restore funding (if the governor’s budget is not changed, the county anticipates a shortfall in public safety. The backfill dollars would be used to operate programs for one year or provide a ramp down).

**Health and Human Services**

Together Health and Human Services make up 28% of total county expenditures. General Fund investments include \$2.5 million in the Behavioral Health Resource Center (BHRC) that opened in mid-FY 2023. The total BHRC budget is \$8.9 million. \$2 million in settlement money from the [opioid lawsuit](#) will fund the Behavioral Health Emergency Coordinating Network. Other changes include receiving General Fund money to backfill programs formerly funded by ARP, such as the Old Town InReach Project to provide targeted support to vulnerable and marginalized populations of houseless individuals in Old Town.

**General Government**

Initial implementation of ranked-choice voting is budgeted at \$463,000. Workforce planning will receive dedicated dollars, including \$4.6 million for “Future of Work Planning”. The beleaguered animal service division will receive new ongoing investment of \$1.1 million and 10 FTE, primarily for animal shelters and support. Site planning and design is anticipated for a new animal shelter in FY 24.

**OTHER AREAS OF INTEREST**

**Preschool for All Implementation**

On November 3, 2020, Multnomah County voters approved a measure to establish a tuition-free preschool program, funded by a personal income tax, which went into effect in 2021. The Preschool for All Program Fund is \$363 million for FY 2024, an increase of \$171 million (90%) from the prior year adopted budget. Beginning fund balance accounts for \$130 million of the year over year increase as funds from previous years remain unspent. New anticipated taxes account for \$41 million of the increase. Per a January 2023 report, Preschool for All opened 718 slots in its first year (original goal was 500). Providers are reimbursed \$15,000 to \$21,000 a slot. The FY 2024 budget dedicates funding for 1,400 slots in the 2024-25 school year and \$10 million to build up inventory for developable spaces for preschool sites. An additional \$17.8 million is set aside to support current infrastructure. The county anticipates having publicly funded preschool slots available for every interested family in 2030.

**American Rescue Plan Act Funding**

Multnomah County’s total direct allocation of ARP funds was \$157 million, with the last tranche received in FY 2022-23. The funds must be spent by December 31, 2024. Departments were allowed to submit requests to continue ramp down into FY 24 with some of the remaining ARP dollars. The county’s FY 2024 budget includes \$44 million for ARP funded programs.

| American Rescue Plan/COVID-19 Resources          | FY 2023 Adopted      | FY 2024 Proposed    |
|--|----------------------|---------------------|
| American Rescue Plan - Direct County Allocation* | \$89,644,715         | 18,400,000          |
| Public Health - State & Federal                  | 8,164,835            | 5,299,499           |
| Rent Assistance - Federal                        | 5,567,357            | 0                   |
| Rent Assistance - State                          | 16,489,544           | 0                   |
| Aging Services - Federal                         | 754,593              | 577,300             |
| Housing & Homeless Services - Federal            | 9,417,525            | 0                   |
| Housing & Homeless Services - City of Portland   | 8,261,000            | 0                   |
| Safe Rest Villages - City of Portland            | 3,711,333            | 14,864,912          |
| American Rescue Plan - State                     | 2,320,000            | 1,600,000           |
| Energy Assistance and Weatherization - Federal   | 3,984,538            | 1,762,843           |
| Roads & Transportation - Federal                 | 1,580,000            | 1,930,000           |
| ICS Federal Health Center Funding                | <u>8,075,272</u>     | 0                   |
| <b>Total ARP Funding</b>                         | <b>\$157,970,712</b> | <b>\$44,434,554</b> |

\*FY 2023 included the second tranche of the Multco direct ARP plus \$10.7 million in carryover from FY 2022. The FY 2024 Multco direct ARP is underspending from FY 2023.

As funds wind down, the county has identified programs to continue on. In FY 23 and in FY 24 select ARP funded programs have been moved over to the General Fund. A full list of ARP programs funded by ARP or replaced with MultCo funding is on p.11 of the Budget Director's Message. General Fund dollars in FY 24 will pay for one-time-only and ongoing programs totaling nearly \$30 million and adding 20.64 FTE; the largest dollar recipients in FY 24 are as follows:

#### One-Time-Only General Fund Dollars

- Emergency Response – Shelter Operations (\$17 million)
- Future of Work Planning (\$1.5 million)
- Emergency Management Logistics & Warehouse – warehouse to purchase and offer supplies to underserved populations impacted by COVID (\$1.4 million)
- Gun Violence Impacted Families Behavioral Health Team in the Health Department (\$1.2 million)
- Old Town Inreach project to serve houseless populations in Old Town (\$1.1 million)

#### Ongoing General Fund Dollars

- Inverness Jail Dorm 13 – continues 52 jail beds allowing for physical distancing by removing the top bunks from other dorms (\$905,391 – 3.64 FTE)
- Gun Violence Backlog in DA's office (\$373,134 – 2 FTE)

### **Library Capital Bond**

In November of 2020, County voters approved a \$387 million bond measure for new and remodeled library facilities. The library system will experience multiple bond-related closures and re-openings. Holgate, Midland, North Portland, and Albina libraries will all be closed during much of FY 2024 for major bond renovations. Central Library and other library locations will close for part of FY 2024 to accommodate smaller refresh projects. During closures, staff time will be redirected to support other library services, including outreach, additional capacity at spillover locations, and other temporary services. By the end of FY 23, all projects are scheduled to be underway. Project schedules are available on the [MultCo library website](#). The TSCC Multnomah County FY 23-24 Budget Review also includes information on the Library bond.

The first new building to be built will be the new **Library Operations Center** Construction, slated to open in fall 2023. Located in East Portland, it is the first project in the bond program. The center will feature Automated Materials Handling that will distribute library materials to patrons efficiently, reducing overall materials handling costs and expediting delivery of patron holds.

### **Capital Projects**

Major capital projects with budgeted allocations in the FY 24 budget are as follows:

#### Transportation

- \$46.6 million for projects to maintain and enhance county-owned bridges, roads, and bicycle and pedestrian pathways
- \$51 million to create a seismically resilient Burnside Bridge

#### Facilities

- *Facilities Capital Improvement Program*: \$43 million - For projects to maintain buildings designated for long-term retention.

- *Library Capital Bond Construction:* \$348 million to update seven branch libraries and build a library in East County, add gigabit speed internet to all libraries, and create a central materials handling and distribution center (operations center).

**DEBT STATUS**

The following table from the budget document summarizes the county’s debt portfolio. Amounts are shown in thousands of dollars. Budgeted GO bond debt payments match the debt schedule.

| Debt Description<br><i>(expressed in thousands)</i> | Maturity |          | Avg Annual Interest | Amount Issued    | Principal             | Principal             | 2023-24 Interest | 2023-24 Principal |
|---|----------|----------|---------------------|------------------|-----------------------|-----------------------|------------------|-------------------|
|   | Dated    | Date     |                     |                  | Outstanding 6/30/2023 | Outstanding 6/30/2024 |                  |                   |
| <b>PERS Pension Revenue Bonds:</b>                  |          |          |                     |                  |                       |                       |                  |                   |
| Limited Tax Pension Obligation Revenue Bonds        | 12/01/99 | 06/01/30 | 7.67%               | \$184,548        | \$31,979              | \$27,098              | \$26,444         | \$4,881           |
| <b>General Obligation Bonds:</b>                    |          |          |                     |                  |                       |                       |                  |                   |
| Series 2021 A&B - Library Projects GO Bonds         | 01/26/21 | 06/15/29 | 3.14%               | \$387,000        | \$306,240             | \$261,090             | \$8,658          | \$45,150          |
| <b>Full Faith and Credit Obligations:</b>           |          |          |                     |                  |                       |                       |                  |                   |
| Series 2010B - Full Faith and Credit                | 12/14/10 | 06/01/30 | 2.74%               | 15,000           | 10,860                | 9,420                 | 537              | 1,440             |
| Series 2017 - Full Faith and Credit                 | 12/14/17 | 06/01/47 | 3.09%               | 164,110          | 116,550               | 106,405               | 4,813            | 10,145            |
| Series 2019 - Full Faith and Credit                 | 09/12/19 | 06/01/29 | 1.74%               | 16,075           | 10,238                | 8,604                 | 178              | 1,634             |
| Series 2021 - Full Faith and Credit                 | 01/21/21 | 06/01/33 | 1.33%               | 89,580           | 79,750                | 72,160                | 995              | 7,590             |
| Series 2022 - Full Faith and Credit                 | 09/20/22 | 06/01/32 | 3.13%               | <u>25,095</u>    | <u>23,843</u>         | <u>21,508</u>         | <u>746</u>       | <u>2,335</u>      |
| <b>Total Full Faith and Credit</b>                  |          |          |                     | <b>\$309,860</b> | <b>\$241,241</b>      | <b>\$218,097</b>      | <b>\$7,269</b>   | <b>\$23,144</b>   |
| <b>Loans</b>  |          |          |                     |                  |                       |                       |                  |                   |
| Oregon Transportation Infrastructure Bank           | 09/01/08 | 09/01/25 | 3.98%               | \$3,200          | \$810                 | \$551                 | \$32             | \$260             |

**BUDGET PROCESS & COMPLIANCE**

| Yes | No | Compliance Issue   |
|-----|----|--|
| X   |    | Did the district meet publication requirements?                            |
| X   |    | Do resources equal requirements in every fund?                             |
| X   |    | Does the G.O. Debt Service Fund show only principal and interest payments? |
| X   |    | Are contingencies shown only in operating funds?                           |
| X   |    | Did the budget committee approve the budget?                               |
| X   |    | Did the budget committee set the levy?                                     |
| X   |    | Does the audit show the district was in compliance with budget law?        |

**LOCAL BUDGET LAW COMPLIANCE**

The FY 2023-24 budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purposes shown.

The FY 2021-22 audit noted no exceptions.

**CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

TSCC staff notes no deficiencies in the district’s FY 2023-24 budget development process and recommends that the Certification Letter contain no recommendations or objections.

## Multnomah County

### Budget Summary

|                                     | 2020 - 2021          | 2021 - 2022          | 2022 - 2023          | 2023 - 2024          | %           |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------|
|                                     | Actual               | Actual               | Revised              | Approved             | Change      |
| <b>SUMMARY OF ALL FUNDS</b>         |                      |                      |                      |                      |             |
| <b>PROPERTY TAX BREAKDOWN:</b>      |                      |                      |                      |                      |             |
| Permanent Rate Property Taxes       | 323,890,275          | 342,461,268          | 347,503,529          | 382,389,083          | 10.0%       |
| Local Option Levy Property Taxes    | 3,403,134            | 3,515,413            | 3,599,578            | 3,811,074            | 5.9%        |
| GO Debt Property Taxes              | 0                    | 50,761,932           | 51,974,193           | 53,578,115           | 3.1%        |
| Prior Years Property Taxes          | 6,463,437            | 6,928,827            | 7,206,835            | 6,577,477            | -8.7%       |
| Payments in Lieu of Property Taxes  | 342,245              | 411,363              | 156,329              | 118,800              | -24.0%      |
| <b>TOTAL PROPERTY TAX</b>           | <b>334,099,091</b>   | <b>404,078,803</b>   | <b>410,440,464</b>   | <b>446,474,549</b>   | <b>8.8%</b> |
| <b>RESOURCES:</b>                   |                      |                      |                      |                      |             |
| Beginning Fund Balance              | 360,541,491          | 876,305,202          | 956,915,597          | 1,127,014,081        | 18%         |
| Property Taxes                      | 334,099,091          | 404,078,803          | 410,440,464          | 446,474,549          | 8.8%        |
| Other Taxes                         | 175,467,283          | 426,607,605          | 323,990,475          | 389,372,016          | 20.2%       |
| Intergovernmental Revenue           | 620,316,335          | 743,240,467          | 853,962,918          | 741,293,093          | -13.2%      |
| Fees and Charges                    | 557,505,316          | 638,167,197          | 667,008,918          | 685,309,176          | 2.7%        |
| Other Income                        | 70,122,895           | 11,725,486           | 42,231,816           | 58,087,290           | 38%         |
| Debt Proceeds                       | 479,688,132          | 5,786,944            | 28,453,741           | 2,742,123            | -90.4%      |
| Transfers In                        | 19,882,839           | 28,971,920           | 41,407,483           | 18,673,797           | -54.9%      |
| <b>TOTAL RESOURCES</b>              | <b>2,617,623,382</b> | <b>3,134,883,623</b> | <b>3,324,411,412</b> | <b>3,468,966,125</b> | <b>4.3%</b> |
| <b>REQUIREMENTS BY OBJECT:</b>      |                      |                      |                      |                      |             |
| Personnel Services                  | 709,153,170          | 749,391,590          | 881,055,665          | 950,214,189          | 7.8%        |
| Materials & Services                | 859,998,743          | 1,010,916,708        | 1,757,965,180        | 1,715,745,641        | -2.4%       |
| Capital Outlay                      | 10,902,875           | 22,141,607           | 71,433,599           | 44,017,396           | -38.4%      |
| Debt Service                        | 144,377,693          | 120,877,489          | 118,214,525          | 115,837,045          | -2.0%       |
| Fund Transfers                      | 19,882,839           | 28,971,920           | 41,407,483           | 18,673,797           | -54.9%      |
| Contingencies                       | 0                    | 0                    | 88,542,364           | 131,173,195          | 48.1%       |
| Ending Fund Balance                 | 873,308,093          | 1,202,584,188        | 365,792,596          | 493,304,862          | 34.9%       |
| <b>TOTAL REQUIREMENTS BY OBJECT</b> | <b>2,617,623,413</b> | <b>3,134,883,502</b> | <b>3,324,411,412</b> | <b>3,468,966,125</b> | <b>4.3%</b> |
| <b>SUMMARY OF BUDGET - BY FUND</b>  |                      |                      |                      |                      |             |
| General Fund                        | 760,290,330          | 826,314,242          | 800,344,569          | 866,029,536          | 8.2%        |
| Road Fund                           | 60,595,239           | 72,518,992           | 77,566,707           | 83,644,327           | 7.8%        |
| Bicycle Path Construction Fund      | 580,132              | 697,575              | 113,923              | 229,603              | 101.5%      |
| Recreation Fund                     | 28,544               | 34,863               | 40,000               | 40,000               | 0.0%        |
| Federal/State Program Fund          | 376,868,434          | 321,394,890          | 379,743,881          | 397,711,850          | 4.7%        |
| County School Fund                  | 53,264               | 52,338               | 80,125               | 80,125               | 0.0%        |
| Animal Control Fund                 | 3,770,277            | 4,150,784            | 3,864,186            | 3,257,307            | -15.7%      |
| Willamette River Bridge Fund        | 24,876,545           | 40,013,831           | 50,887,564           | 57,837,695           | 13.7%       |



|  |                      |                      |                      |                      |             |
|--|----------------------|----------------------|----------------------|----------------------|-------------|
| Library Fund                           | 81,868,993           | 86,732,262           | 100,341,769          | 108,167,618          | 7.8%        |
| Special Excise Taxes Fund              | 15,895,628           | 31,280,681           | 35,315,375           | 41,576,080           | 17.7%       |
| Land Corner Preservation Fund          | 4,906,002            | 5,067,830            | 5,300,439            | 5,061,368            | -4.5%       |
| Inmate Welfare Fund                    | 1,253,074            | 1,345,087            | 1,447,151            | 1,486,311            | 2.7%        |
| CARES Act Local Government Fund        | 157,121,371          | 158,523,622          | 157,970,712          | 44,434,554           | -71.9%      |
| Justice Services Special Operations Fd | 4,977,865            | 6,388,272            | 8,073,891            | 8,630,614            | 6.9%        |
| Oregon Historical Soc Local Option Fd  | 3,490,658            | 3,648,990            | 3,672,039            | 3,902,074            | 6.3%        |
| Video Lottery Fund                     | 6,919,547            | 6,654,666            | 7,617,204            | 7,380,994            | -3.1%       |
| Supportive Housing Fund                | 5,028,682            | 102,681,190          | 110,124,698          | 139,120,341          | 26.3%       |
| Preschool for All Program Fund         | 2,736,503            | 192,769,041          | 191,402,080          | 362,612,210          | 89.5%       |
| Capital Debt Retirement Fund           | 127,824,715          | 31,346,021           | 32,195,250           | 31,878,630           | -1.0%       |
| General Obligation Bond Sinking Fd     | 0                    | 50,968,890           | 52,773,275           | 55,702,015           | 5.5%        |
| PERS Bond Sinking Fund                 | 54,263,574           | 63,032,053           | 95,228,611           | 76,137,162           | -20.0%      |
| Downtown Courthouse Capital Fund       | 13,010,453           | 7,044,963            | 6,113,978            | 5,485,461            | -10.3%      |
| Asset Replacement Revolving Fund       | 263,337              | 522,327              | 521,843              | 535,219              | 2.6%        |
| Financed Projects Fund                 | 938,617              | 3,617                | -                    | -                    | 0.0%        |
| Library Capital Construction Fund      | 5,874,497            | 7,010,487            | 9,420,382            | 9,767,727            | 3.7%        |
| Capital Improvement Fund               | 23,063,160           | 21,640,838           | 26,133,358           | 30,339,398           | 16.1%       |
| Information Technology Capital Fund    | 5,548,800            | 4,859,055            | 13,178,544           | 14,089,997           | 6.9%        |
| Asset Preservation Fund                | 22,218,579           | 30,049,980           | 31,782,714           | 44,365,934           | 39.6%       |
| Health Headquarters Capital Fund       | 5,258,019            | 1,736,923            | 260,000              | 528,366              | 103.2%      |
| Sellwood Bridge Replacement Fund       | 9,471,939            | 8,880,179            | 8,745,172            | 8,636,052            | -1.2%       |
| Hansen Building Replacement Fund       | 3,139,458            | 2,365,748            | 1,000,000            | -                    | -100.0%     |
| ERP Project Fund                       | 3,117,711            | -                    | -                    | -                    | 0.0%        |
| Burnside Bridge                        | 9,351,300            | 13,521,925           | 51,085,354           | 50,988,712           | -0.2%       |
| Behavioral Health Resource Ctr Capl    | 3,697,959            | 23,812,103           | 21,694,000           | 1,200,000            | -94.5%      |
| Library GO Bond Construction Fund      | 438,206,968          | 437,420,524          | 416,557,464          | 347,582,325          | -16.6%      |
| Justice Ctr Capital Fund               | 0                    | -                    | 7,300,458            | 4,400,000            | -39.7%      |
| JOHS Capital Fund                      | 0                    | -                    | -                    | 8,300,000            | 0.0%        |
| Behavioral Health Managed Care Fnd     | 7,920,278            | 5,539,132            | 2,120,076            | 1,497,964            | -29.3%      |
| Health Dept FQHC Fund                  | 0                    | 170,398,976          | 167,761,458          | 183,861,803          | 9.6%        |
| Risk Management Fund                   | 219,372,557          | 235,373,441          | 268,313,772          | 277,848,333          | 3.6%        |
| Fleet Management Fund                  | 6,224,815            | 6,810,773            | 8,157,459            | 8,301,775            | 1.8%        |
| Fleet Asset Replacement Fund           | 8,699,435            | 9,963,618            | 10,921,339           | 11,508,887           | 5.4%        |
| Information Technology Fund            | 69,672,043           | 71,184,028           | 79,931,209           | 77,380,211           | -3.2%       |
| Mail Distribution Fund                 | 4,367,711            | 4,474,103            | 4,428,590            | 4,936,087            | 11.5%       |
| Facilities Management Fund             | 64,856,400           | 66,654,764           | 74,880,793           | 82,491,460           | 10.2%       |
| <b>GRAND TOTAL ALL FUNDS</b>           | <b>2,617,623,413</b> | <b>3,134,883,624</b> | <b>3,324,411,412</b> | <b>3,468,966,125</b> | <b>4.3%</b> |
| <b><u>DETAIL OF GENERAL FUND</u></b>   |                      |                      |                      |                      |             |
| <b>RESOURCES:</b>                      |                      |                      |                      |                      |             |
| Beginning Fund Balance                 | 128,565,416          | 182,726,126          | 173,696,669          | 175,501,385          | 1.0%        |
| Property Tax                           | 330,519,679          | 349,563,927          | 354,278,237          | 388,746,560          | 9.7%        |

|                             |                    |                    |                    |                    |             |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Other Taxes                 | 153,637,518        | 201,929,069        | 170,325,000        | 188,909,686        | 10.9%       |
| Intergovernmental           | 15,104,875         | 14,113,037         | 14,309,741         | 14,543,340         | 1.6%        |
| Fees and Charges            | 109,909,935        | 72,230,649         | 78,189,106         | 85,573,525         | 9.4%        |
| Other Income                | 16,373,266         | 3,345,206          | 3,524,144          | 7,678,678          | 117.9%      |
| Debt Proceeds               | 233,592            | 234,744            | 3,137,250          | 2,442,123          | -22.2%      |
| Transfers In                | 5,946,049          | 2,171,484          | 2,884,422          | 2,634,239          | -8.7%       |
| <b>TOTAL FUND RESOURCES</b> | <b>760,290,330</b> | <b>826,314,242</b> | <b>800,344,569</b> | <b>866,029,536</b> | <b>8.2%</b> |

**REQUIREMENTS:**

|                                |                    |                    |                    |                    |             |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|-------------|
| Administrative Services        | 111,880,809        | 107,342,908        | 120,571,218        | 142,892,893        | 18.5%       |
| Community Development          | 18,062,639         | 17,423,125         | 22,724,972         | 26,052,335         | 14.6%       |
| Economic Development           | 0                  | 0                  | 0                  | 0                  | 0.0%        |
| Social Services                | 200,581,296        | 163,700,312        | 195,723,321        | 208,398,097        | 6.5%        |
| Housing                        | 0                  | 24,681,384         | 56,707,832         | 63,332,253         | 11.7%       |
| Public Safety                  | 244,891,682        | 249,106,848        | 280,187,154        | 300,753,949        | 7.3%        |
| Transfers Out                  | 4,248,091          | 17,265,000         | 34,798,621         | 15,610,285         | -55.1%      |
| Contingencies                  | 0                  | 0                  | 35,166,154         | 37,857,229         | 7.7%        |
| Ending Fund Balance            | 180,625,813        | 246,794,666        | 54,465,297         | 71,132,495         | 30.6%       |
| <b>TOTAL FUND REQUIREMENTS</b> | <b>760,290,330</b> | <b>826,314,242</b> | <b>800,344,569</b> | <b>866,029,536</b> | <b>8.2%</b> |

**DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**

**RESOURCES:**

|                             |          |                   |                   |                   |             |
|-----------------------------|----------|-------------------|-------------------|-------------------|-------------|
| Beginning Fund Balance      | 0        | 0                 | 253,460           | 1,718,900         | 578.2%      |
| GO Debt Property Taxes      | 0        | 50,761,932        | 51,974,193        | 53,578,115        | 3.1%        |
| Prior Years Property Taxes  | 0        | 17,572            | 445,622           | 230,000           | -48.4%      |
| Interest on Investments     | 0        | 147,229           | 100,000           | 175,000           | 75.0%       |
| Other Income                | 0        | 42,157            | 0                 | 0                 | 0.0%        |
| <b>TOTAL FUND RESOURCES</b> | <b>0</b> | <b>50,968,890</b> | <b>52,773,275</b> | <b>55,702,015</b> | <b>5.5%</b> |

**REQUIREMENTS:**

|                             |          |                   |                   |                   |             |
|-----------------------------|----------|-------------------|-------------------|-------------------|-------------|
| Debt Services               | 0        | 49,935,797        | 51,974,193        | 53,808,115        | 3.5%        |
| Ending Fund Balance         | 0        | 1,033,093         | 799,082           | 1,893,900         | 137.0%      |
| <b>TOTAL FUND RESOURCES</b> | <b>0</b> | <b>50,968,890</b> | <b>52,773,275</b> | <b>55,702,015</b> | <b>5.5%</b> |