Multnomah County

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TSCC "[your-subject]"

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From: Eric Fruits
Subject: [your-subject]

Message Body:
Tax Supervising and Conservation Commissioners:

Today, you are reviewing and certifying any objections or recommendations relating to Metro's budget.

OBJECTION: SUPPORTIVE HOUSING SERVICES FUND—UNREASONABLE REVENUE PROJECTIONS

The Proposed Budget (E-147) projects the two income taxes for the Supportive Housing Service Fund will total $225 million in the next fiscal year.

This past fiscal year was the first full year the taxes have been collected. Metro estimates only $180 million will be collected (E-147). While I don't have access to the same information Metro has, it seems unbelievable that Metro will see tax collections increase by 25% over the next year.

Because of the way SHS funds flow from Metro to counties, local jurisdictions, and service providers, it is crucial that Metro establish a reasonable estimate of anticipated tax collections. County and city budgets rely on Metro's projections of anticipated revenues.

I'm sure you are familiar with the concept of garbage-in/garbage-out. If Metro's forecast is unreasonably optimistic, so will be the budgets of many local jurisdictions. This can have political repercussions, as counties, cities, and their residents ask: "Where is all the money we were promised?"

You will recall this exact issue came up last year. Relying on Metro's overly ambitious revenue projections, Clackamas County hired staff in anticipation of the promised funding. When the funds were coming in slower and lower than projected, Clackamas County and Metro set off on a mad scramble to fill the holes. Metro runs a real risk of a repeat this year.

OBJECTION: PARKS AND NATURE FUNDS—OUTRAGEOUS ADMINISTRATION COSTS

Metro's Parks and Nature program has a big problem with administration costs. I have testified before Metro Council and the program's oversight committee on several occasions regarding these costs.

Metro's spending of 2019 Bond funds has attracted the attention of Willamette Week, which notes: "Of the $9.9 million spent as of Aug. 31, fully 30%—$3 million—went for bond issuance, legal fees and other administrative costs."

Metro staff tries to explain away the costs by claiming the admin costs are higher at the beginning and at the end of a bond program. But, beginning in FY 2019, these costs skyrocketed in ways never seen before. Put simply, Metro's explanation is not believable.

Staff will say that much of the admin spending from the 2019 Bond has been on Metro's "refinement" process. Ask anyone at Metro what "refinement" is and why it costs so much, and you will walk away more confused than you began.

To be fair, the proposed budget indicates (D-17), "During FY 2022-23 many program areas will be exiting the refinement stage and entering the execution phase where the department will deliver the promises to voters made within the ballot measure." Please do your constituents a favor and get some clarification on what "exiting refinement" and "entering execution" means.

RECOMMENDATION: SPIN-OFF METRO'S COMMERCIAL ENTERPRISES

Metro gets about a third of its revenues from the enterprises it runs: The Convention Center, the Expo Center, the Zoo, the arts venues, and solid waste.

Over the past four fiscal years, these enterprises have lost more than $60 million. Metro's proposed 2022-23 budget shows these enterprises combined are expected to lose $6.4 million.

This explains, in part, why Metro has an unending appetite for more taxpayer money. Since 2018, Metro has imposed more than $3 billion in tax increases for affordable housing, parks and nature, and homeless services. These ballot measures increased property taxes and imposed two new region-wide income taxes. Metro has made no secret that it plans to seek a "renewal" this year of its Parks and Nature operating levy property tax.

It's become clear that Metro is using tax dollars to underwrite the losses on its commercial enterprises. If Metro cannot run these enterprises in the black, then it should spin them off to relieve taxpayers of the burden of subsidizing them.

Respectfully submitted,

Eric Fruits

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