

Monthly Budget Committee Meeting

Tuesday, August 18, 2020

1:30 pm – 2:30 pm

via Zoom Meeting

Budget Committee:

Board members: Chair Jim Bernard, Commissioners Paul Savas, Martha Schrader, Ken Humberston, and Sonya Fischer

Public members: Tom Feely, Jan Lee, Anh Le, Wilda Parks, and Shaun Coldwell

Staff: County Administrator Gary Schmidt, Interim Finance Director Elizabeth Comfort, Budget Manager Sandra Montoya, Senior Budget Analyst Blaze Riggins, Budget Analyst Roxann Fisher and Budget Analyst Jian Zhang, Budget Coordinator Priscilla Montoya

1. Welcome and Introductions (5 minutes)
2. 5-Year General Fund Forecast Scenarios (55 minutes)

ADJOURN

Attachments:

Discussion Documents:

- 2008 Recession Period – Property Tax Impact (pg 2 - **NEW**)
- 5-Year General Fund Forecast Scenarios (pg 3 - **NEW**)
- Sustainable Budget with Outcomes Methodology (pg 4 - **NEW**)

For Review:

- Vacancy Savings Report (pg 5)
- Clackamas County FTE Vacancy (pg 6)
- Overtime Usage by Department (pg 7)
- COVID Recovery Support Letter (pg 8)

**CLACKAMAS COUNTY, OREGON
2008 RECESSION PERIOD - ASSESSED VALUE AND TAX COLLECTIONS**

While the 2020 Covid-19 financial impacts are still evolving with initial figures slowly available over the next few months, we can look at the 2008 recession to model some possible property tax scenarios. The table below shows a historical view of assessed values, collection rates, and delinquency rates, from 2006-2015. The recessionary impacts have been highlighted and used as assumptions on the next page, titled “5 Year General Fund Forecast Scenarios”.

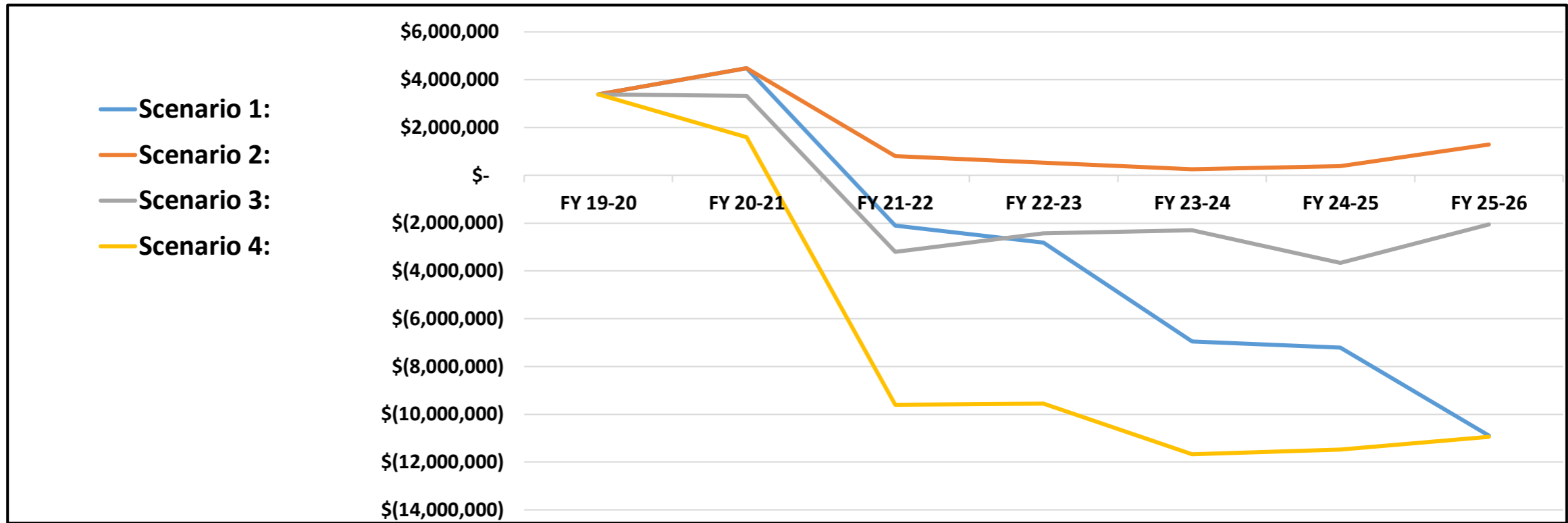
Fiscal Year Ended June 30	Total Taxable Assessed Value	AV Annual Growth Rate	Tax Collections	Tax Collection Annual Growth Rate	Collection Rate	Delinquent Tax Collections	Delinquency Collection Rate
2006	29,054,205,911		70,423,289		94.8%	1,539,405	2.2%
2007	30,751,633,489	5.84%	74,782,719	6.19%	94.3%	1,642,101	2.2%
2008	32,655,970,680	6.19%	78,481,842	4.95%	93.6%	1,817,638	2.3%
2009	34,517,930,429	5.70%	82,188,960	4.72%	93.2%	2,156,070	2.6%
2010	37,179,122,459	7.71%	86,245,699	4.94%	93.7%	3,033,710	3.5%
2011	37,077,595,791	-0.27%	88,501,608	2.62%	93.6%	3,072,369	3.5%
2012	38,036,050,797	2.58%	91,364,635	3.23%	94.1%	2,294,415	2.5%
2013	38,868,044,294	2.19%	93,505,638	2.34%	94.6%	2,310,472	2.5%
2014	40,373,491,335	3.87%	98,824,101	5.69%	94.8%	2,769,635	2.8%
2015	42,300,451,426	4.77%	104,211,696	5.45%	95.4%	1,987,107	1.9%

Average annual Assessed Value growth in 2 years leading up to the recession was 6.2%. The recessionary impact on the county's property tax lagged 2 years.

The county's collection rate experienced an immediate impact.

The county's recovery of delinquent property taxes lagged 2 years.

5 Year General Fund Forecast Scenarios



	Actual FY 19-20	Projected FY 20-21	Year 1 FY 21-22	Year 2 FY 22-23	Year 3 FY 23-24	Year 4 FY 24-25	Year 5 FY 25-26
Scenario 1: Base Budgeting Escalated Costs (Minimal Covid Impact)	\$ 3,387,413	\$ 4,482,879	\$ (2,107,337)	\$ (2,822,207)	\$ (6,959,554)	\$ (7,214,838)	\$ (10,890,283)
Assumptions: Personnel Cost Annual Increases (PERS biennium)	7.5%	5.0%	9.0%	5.0%	9.0%	5.0%	9.0%
CPI on Materials and Services	2.4%	2.0%	2.6%	2.7%	2.6%	2.6%	2.6%
Non Property Tax Revenue Impact	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assessed Value Annual Growth Rate	4.1%	4.2%	4.1%	3.0%	2.9%	2.7%	3.0%
Collection Rate	95.5%	93.6%	92.6%	92.5%	92.9%	94.0%	95.1%
Delinquent Taxes Percent of Current	1.7%	1.7%	2.3%	2.2%	1.5%	1.3%	1.3%

Notes This scenario model was used in Clackamas County's FY20-21 adopted budget and incorporates traditional escalating cost factors in forecast years 1-5. This model assumes a **Minimal** decrease in near term collection rates and longer term assessed values.

	Actual FY 19-20	Projected FY 20-21	Year 1 FY 21-22	Year 2 FY 22-23	Year 3 FY 23-24	Year 4 FY 24-25	Year 5 FY 25-26
Scenario 2: Budgeting Outcomes (Current Model: Minimal Covid Impact)	\$ 3,387,413	\$ 4,482,879	\$ 798,344	\$ 521,883	\$ 254,606	\$ 387,177	\$ 1,291,077
Assumptions: Personnel Cost Annual Increases (PERS biennium)	7.5%	5.0%	9.0%	5.0%	9.0%	5.0%	9.0%
CPI on Materials and Services	2.4%	2.0%	2.6%	2.7%	2.6%	2.6%	2.6%
Non Property Tax Revenue Impact	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Assessed Value Annual Growth Rate	4.1%	4.2%	4.1%	3.0%	2.9%	2.7%	3.0%
Collection Rate	95.5%	93.6%	92.6%	92.5%	92.9%	94.0%	95.1%
Delinquent Taxes as % of Current	1.7%	1.7%	2.3%	2.2%	1.5%	1.3%	1.3%

Notes FY20-21 shows the adopted budget assumptions used. Forecast years 1-5 show **Minimal** COVID impacts and a transition to Outcomes Budgeting.

	Actual FY 19-20	Projected FY 20-21	Year 1 FY 21-22	Year 2 FY 22-23	Year 3 FY 23-24	Year 4 FY 24-25	Year 5 FY 25-26
Scenario 3: Budgeting Outcomes (Moderate Covid Impact)	\$ 3,387,413	\$ 3,330,448	\$ (3,201,803)	\$ (2,420,408)	\$ (2,293,890)	\$ (3,664,594)	\$ (2,060,859)
Assumptions: Personnel Cost Annual Increases (PERS biennium)	7.5%	5.0%	9.0%	5.0%	9.0%	5.0%	9.0%
CPI on Materials and Services	2.4%	2.0%	2.6%	2.7%	2.6%	2.6%	2.6%
Non Property Tax Revenue Impact	0.0%	0.0%	-10.0%	-10.0%	-10.0%	0.0%	0.0%
Assessed Value Annual Growth Rate	4.1%	4.2%	3.5%	3.0%	2.5%	2.0%	2.5%
Collection Rate	95.5%	93.6%	92.0%	91.5%	92.5%	93.0%	95.1%
Delinquent Taxes Percent of Current	1.7%	1.7%	2.7%	2.6%	1.9%	1.4%	1.3%

Notes FY20-21 shows the adopted budget assumptions used. Forecast years 1-5 show **Moderate** COVID impacts and a transition to Outcomes Budgeting.

	Actual FY 19-20	Projected FY 20-21	Year 1 FY 21-22	Year 2 FY 22-23	Year 3 FY 23-24	Year 4 FY 24-25	Year 5 FY 25-26
Scenario 4: Budgeting Outcomes (Substantial Covid Impact)	\$ 3,387,413	\$ 1,601,800	\$ (9,594,799)	\$ (9,556,411)	\$ (11,672,291)	\$ (11,481,653)	\$ (10,939,617)
Assumptions: Personnel Cost Annual Increases (PERS biennium)	7.5%	5.0%	9.0%	5.0%	9.0%	5.0%	9.0%
CPI on Materials and Services	2.4%	2.0%	2.6%	2.7%	2.6%	2.6%	2.6%
Non Property Tax Revenue Impact	0.0%	0.0%	-25.0%	-25.0%	-25.0%	0.0%	0.0%
Assessed Value Annual Growth Rate	4.1%	4.2%	3.0%	0.0%	1.0%	1.5%	2.0%
Collection Rate	95.5%	93.6%	90.5%	90.5%	91.5%	93.0%	95.1%
Delinquent Taxes Percent of Current	1.7%	1.7%	3.3%	3.2%	2.6%	1.4%	1.3%


Notes FY20-21 shows the adopted budget assumptions used. Forecast years 1-5 show **Substantial** COVID impacts and a transition to Outcomes Budgeting.

Sustainable Budget with Outcomes Methodology

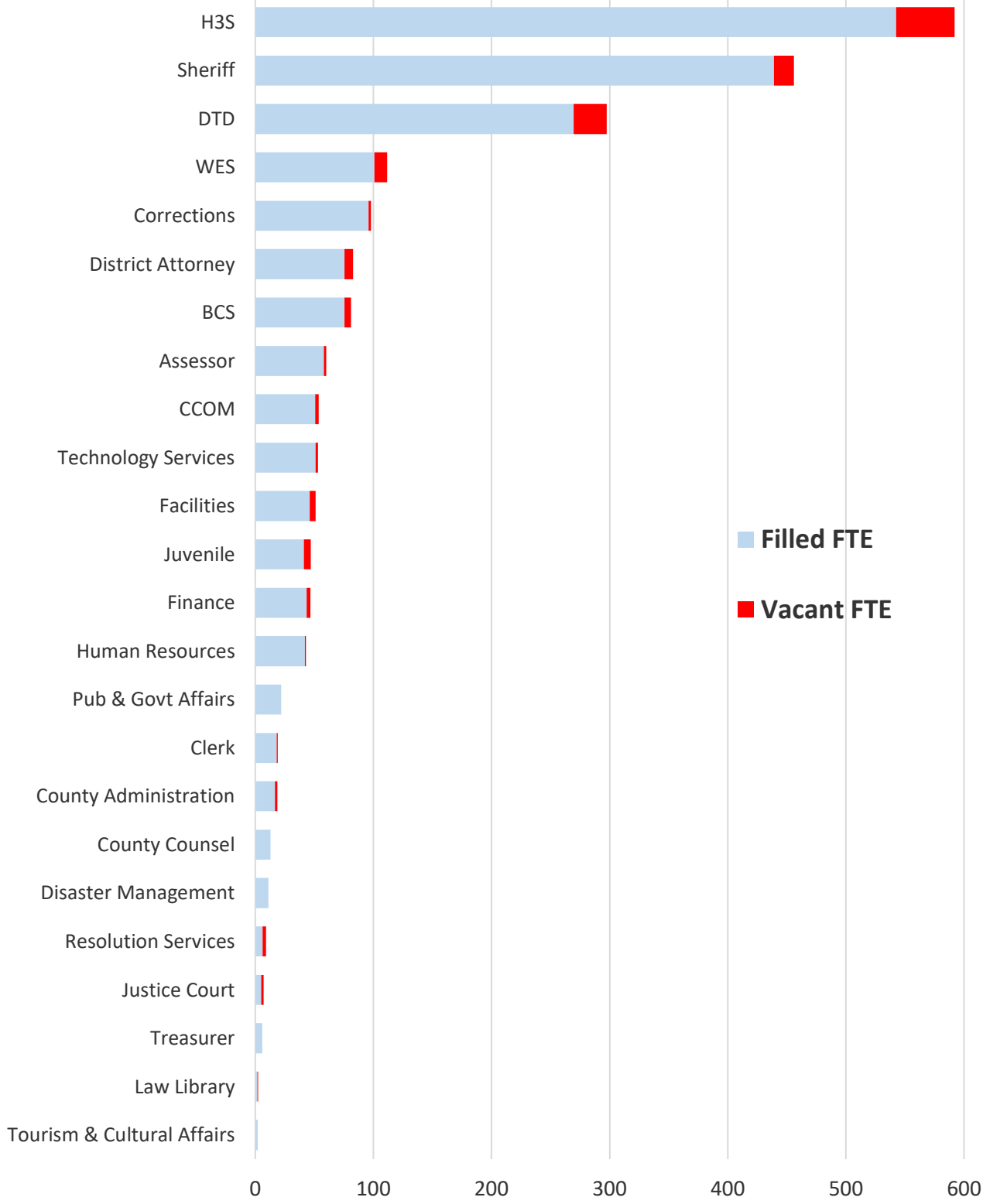
Sustainable Budget: At the most basic level a sustainable operating budget is one where normal recurring revenues are equal to normal recurring expenditures, and alternatively extraordinary sources of revenue are used for extraordinary, one-time expenditures. A sustainable budget includes expenditures and sets aside funding for capital infrastructure, technology needs, and pensions.

Budgeting For Outcomes Methodology: As Clackamas County moves towards financial sustainability, a budgeting methodology change will be implemented. Budgeting for Outcomes allows local governments to create alignment between what the public wants and what the governments provide. A key tenant of Budgeting for Outcomes is a focus on what is wanted and how much one is willing to pay (as opposed to assessing what is currently available and how much it costs).

Budgeting for Outcomes starts by looking at how much funding is available and then ranking goals based on priority. Money is then allocated to the outcomes with the highest priorities and continues being distributed until funds are spent.

Clackamas County's Outcome Budget Process	
OLD WAY	 NEW WAY
Starting Point: Last Year's Spending	Starting Point: Next Year's Goals
Funding Targets: By Agency	Funding Targets: By Priority Outcome
Agency Submission: How Allocation will be Spent	Agency Submission: Proposal to Achieve Results
Debate: What to Cut	Debate: What to Keep

FY20-21 FTE Status By Department



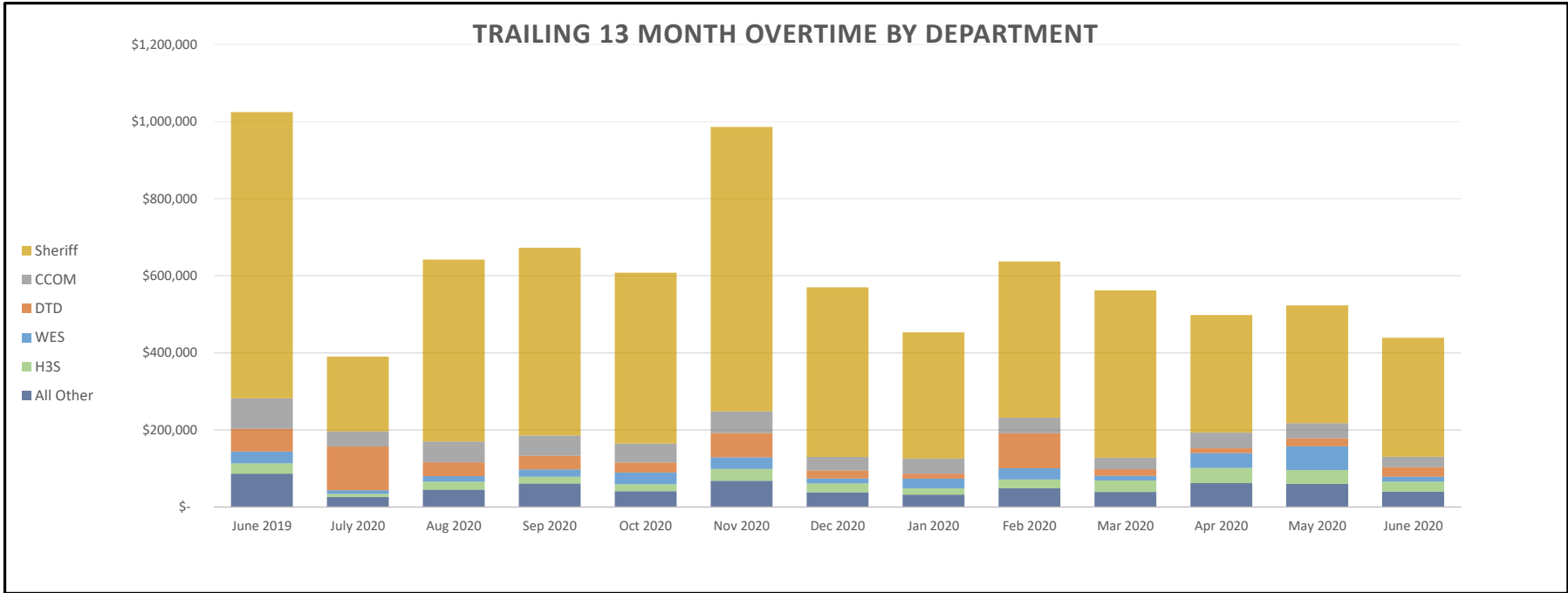
July YTD Salary Savings

Department	July YTD Salary Savings
H3S	\$ 355,678
Sheriff	\$ 124,919
DTD	\$ 151,310
WES	\$ 88,962
Corrections	\$ 14,751
District Attorney	\$ 39,673
BCS	\$ 47,926
Assessor	\$ 8,606
CCOM	\$ 17,503
Technology Services	\$ 16,416
Facilities	\$ 34,505
Juvenile	\$ 30,073
Finance	\$ 32,640
Human Resources	\$ 7,211
Pub & Govt Affairs	\$ -
Clerk	\$ 8,733
County Administration	\$ 25,918
County Counsel	\$ -
Disaster Management	\$ -
Resolution Services	\$ 12,620
Justice Court	\$ 7,854
Treasurer	\$ -
Law Library	\$ 1,710
Tourism	\$ -
Total	\$ 1,027,007

Clackamas County FTE Vacancy

Department	FY21 Adopted	Actuals As of 7-31-2020				Variance Explanation
	Total FTE	Filled FTE	Vacant FTE	Total FTE	Vacancy Rate	
Tourism & Cultural Affairs	2.0	2.0	-	2.0	0.0%	
Law Library	2.4	1.9	0.5	2.4	20.9%	
Treasurer	6.0	6.0	-	6.0	0.0%	
Justice Court	7.0	5.0	2.0	7.0	28.6%	
Resolution Services	9.1	6.1	3.0	9.1	33.1%	
Disaster Management	11.0	11.0	-	11.0	0.0%	
County Counsel	12.8	12.8	-	12.8	0.0%	
County Administration	18.8	16.8	2.0	18.8	10.6%	
Clerk	19.0	18.0	1.0	19.0	5.3%	
Pub & Govt Affairs	22.0	22.0	-	22.0	0.0%	
Human Resources	43.0	42.0	1.0	43.0	2.3%	
Finance	46.5	43.5	3.0	46.5	6.4%	
Juvenile	47.0	41.0	6.0	47.0	12.8%	
Facilities	51.0	46.0	5.0	51.0	9.8%	
Technology Services	53.0	51.0	2.0	53.0	3.8%	
CCOM	53.8	50.8	3.0	53.8	5.6%	
Assessor	60.0	58.0	2.0	60.0	3.3%	
BCS	81.1	75.6	5.5	81.1	6.8%	
District Attorney	82.7	75.5	7.3	82.7	8.8%	
Corrections	98.1	96.0	2.1	98.1	2.1%	
WES	111.8	100.8	11.0	111.8	9.8%	
DTD	297.5	269.5	28.0	297.5	9.4%	
Sheriff	456.0	439.0	17.0	456.0	3.7%	
H3S	581.6	542.6	49.3	591.9	8.3%	1 temp planner to FT, 1 new clinic manager, 8 temps to FT
Grand Total	2,173.1	2,032.8	150.6	2,183.4	6.9%	

The adopted Full-Time Equivalent (FTE) count is compared to the current FTE, and the vacancy percentage rate is reflected. Changes are detailed in the Notes Column.



Departments	June 2019	July 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	Grand Total
All Other	\$ 86,649	\$ 26,270	\$ 44,986	\$ 61,070	\$ 41,275	\$ 67,984	\$ 38,263	\$ 32,298	\$ 48,792	\$ 39,019	\$ 62,216	\$ 60,001	\$ 39,375	\$ 648,198
H3S	\$ 26,833	\$ 7,804	\$ 21,085	\$ 17,650	\$ 17,918	\$ 30,987	\$ 23,128	\$ 16,221	\$ 22,528	\$ 30,278	\$ 39,544	\$ 36,057	\$ 26,686	\$ 316,718
WES	\$ 30,336	\$ 9,349	\$ 13,947	\$ 18,758	\$ 30,120	\$ 29,953	\$ 12,843	\$ 24,884	\$ 29,157	\$ 11,519	\$ 38,237	\$ 61,599	\$ 12,738	\$ 323,441
DTD	\$ 58,898	\$ 113,640	\$ 36,230	\$ 35,573	\$ 25,974	\$ 62,899	\$ 20,579	\$ 13,350	\$ 90,787	\$ 17,298	\$ 12,479	\$ 20,685	\$ 24,638	\$ 533,031
CCOM	\$ 79,344	\$ 39,495	\$ 53,531	\$ 52,450	\$ 49,339	\$ 56,729	\$ 35,026	\$ 39,107	\$ 40,699	\$ 29,890	\$ 40,481	\$ 39,179	\$ 26,927	\$ 582,196
Sheriff	\$ 742,835	\$ 193,918	\$ 472,533	\$ 487,005	\$ 443,504	\$ 737,750	\$ 440,231	\$ 327,555	\$ 405,170	\$ 434,259	\$ 305,460	\$ 305,704	\$ 309,076	\$ 5,604,999
Grand Total	\$ 1,024,895	\$ 390,476	\$ 642,313	\$ 672,505	\$ 608,129	\$ 986,302	\$ 570,070	\$ 453,414	\$ 637,133	\$ 562,263	\$ 498,417	\$ 523,225	\$ 439,440	\$ 8,008,582

The above 5 departments' overtime costs represent approximately 90% of the total of county-wide overtime.



Elizabeth Comfort
Finance Director, Interim

Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

August 6, 2020

Jay Wilson (JayWilson@clackamas.us)
Molly Bradley (MBradley@clackamas.us)

Re: Budget Committee's Letter of Commitment for Post-Covid Recovery Plan

The Budget Committee of Clackamas County commits to work together to advise the County on framing and adopting long-term priorities, values, and needs for a post-COVID recovery plan.

- We recognize that the Covid-19 recovery will be a multi-year process that will continue long after the immediate response and reopening needs are met, as well as serving as a template for future pandemic responses.
- We encourage the recovery planning effort to maintain an inventory and evaluation of recommendations on ways the County's response and preparation efforts can be improved for the future need of having to respond to another pandemic.

This letter will serve as our commitment to work together to apply our collective experience and shared perspectives to initiate a holistic, community-wide recovery process. The County's budget process will reflect the goal of recommending a sustainable budget that carefully considers extenuating community needs and resources impacts of Covid-19.

If you have any questions please communicate with our committee coordinators, Elizabeth Comfort, Interim Finance Director, at ecomfort@clackamas.us, or Sandra Montoya, Budget Manager, at smontoya@clackamas.us.

Sincerely,

Elizabeth Comfort

Elizabeth Comfort,
Interim Finance Director