



Clackamas County Proposed Budget

Fiscal Year 2020-2021



County Administrator
Gary Schmidt

Finance Director (Interim)
Elizabeth Comfort



BUDGET MESSAGE FISCAL YEAR 2020-2021

The Honorable Board of County Commissioners and Budget Committee Members for Clackamas County, Oregon

BUDGET COMMITTEE

The Budget Committee is comprised of the Board of County Commissioners and five public members, assisted by County Administration and Finance Staff.

BOARD MEMBERS

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Interim Finance
Director

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Deputy Finance
Director

Blaze Riggins
Senior Budget Analyst

Roxanne Fisher
Budget Analyst

Jian Zhang
Budget Analyst

Tod Burton
Interim Budget
Manager Support

I am pleased to present the Proposed FY 2020-21 Budget for Clackamas County on behalf of the dedicated employees, volunteers, and partners working together to serve our residents. The total Proposed FY 2020-21 Budget for county services is \$892,167,337.

The following graphic displays the proposed budgets by department:

Public Safety	
Sheriff	\$ 101,662,422
Community Corrections	\$ 17,403,500
District Attorney	\$ 15,182,445
Juvenile	\$ 12,296,765
Emergency Communications	\$ 11,195,666
Disaster Management	\$ 3,214,047
Justice Court	\$ 4,714,256
Total	\$ 165,669,101
Infrastructure & Community Investment	
Transportation & Development	\$ 167,421,486
Business & Community Services	\$ 35,054,452
Total	\$ 202,475,938
General Government	
Human Resources	\$ 72,262,971
Finance & Facilities	\$ 23,936,185
Tech Services	\$ 20,644,395
Assessor	\$ 8,800,510
County Admin / Board	\$ 5,683,359
Public & Government Affairs	\$ 5,038,930
County Clerk	\$ 4,184,844
County Counsel	\$ 3,031,453
Resolution Services	\$ 1,563,643
Treasurer	\$ 1,115,170
Non Departmental	\$ 177,916,651
Capital Projects	\$ 5,390,081
Miscellaneous / Pass-Through	\$ 40,324,040
Total	\$ 369,892,232
Health & Social Services	
Health Housing & Human Services	\$ 154,130,065
Total	\$ 154,130,065

In addition to the funding above, the Board of County Commissioners oversees seven separate service districts with the following proposed budgets:

• The Development Agency	\$70,097,874
• Water Environment Services	\$187,516,693
• North Clackamas Parks & Rec. District	\$33,048,388
• Library Service District of Clack. County	\$23,162,315
• Enhanced Law Enforcement District	\$7,805,376
• Extension and 4-H Service District	\$9,813,399
• Street Lighting District	\$4,936,198

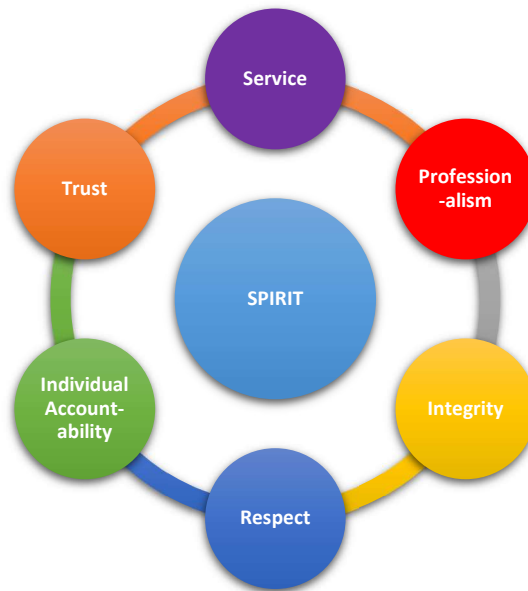
Each of these districts prepare a separate budget, which will be adopted by the County Board of Commissioners. For more information on the districts visit <https://www.clackamas.us/budget>

The total budgetary responsibility for all programs and services including the service districts is \$1,228,547,580.

Core Values and Performance Clackamas

The two guideposts for the work that we do and the decisions we make are: our Core Values - SPIRIT - and Performance Clackamas, our strategic plan:

Core Values



Performance Clackamas is a comprehensive system focused on achieving results for our customers. Created in 2014, Performance Clackamas provides a framework for all county departments and offices that is focused on attaining measurable results.

Board Priorities:



The next page articulates the Board's strategic priorities for the next year, along with key metrics, initiatives and related policy perspectives. Additional information related to the metrics can be found in the individual department budgets.

Performance Clackamas County Plan

January 2020 Update

Board decisions will be informed by managing for results performance information for ongoing operations.

Grow a Vibrant Economy

- By 2024, 80% of employers within targeted clusters surveyed will report that an adequately trained workforce is available to fill their family wage jobs.
- By 2024, 80% of businesses that pay family wage jobs seeking to locate or expand in Clackamas County will find serviceable commercial or industrial properties which meet their particular business needs.
- By 2024, 75% of participants in the Community Prosperity pilots have experienced improvement in financial stability and access to affordable, healthy foods.

Build a Strong Infrastructure

- By 2024, funding for the next Phase (from 122nd-172nd) of the Sunrise Gateway multimodal corridor improvements will be committed from federal, state, and/or regional funding sources.
- By 2024, funding for the Interstate 205 (I-205) Widening and Seismic Improvements Project, including the Abernethy Bridge, will be committed from federal, state, and/or regional funding sources.

Ensure Safe, Healthy and Secure Communities

- By 2024, 80% of victims of domestic violence will not experience further abuse following their initial report.

- By 2025, 1,500 affordable housing units will be developed*.

Those units will be stratified across Area Median Income (AMI) ranges as shown above.

Lead responsibility	Units	AMI
All County	700	61-110%
Mostly HHS	800	0-60%

* Included in the overall count are rehabbed units, and units at various construction phases (Viable, Committed, In Development, and Completed).

Reduce chronic homelessness as evidenced:

- By 2023, 30% reduction of chronically homeless people on the Coordinated Housing Access waitlist.
- By 2023, 30% reduction in homeless children and youth (24 and under) on the Coordinated Housing Access waitlist.

Honor, Utilize, Promote and Invest in our Natural Resources

- By January 2022, a Climate Action plan is adopted for our community with specific recommendations to reach the goal of being carbon neutral by 2050.

Build Public Trust through Good Government

- By 2023, build a new County Courthouse.
- By 2021, the county's budget will be 100% tied to results with transparency to the public.

Key Initiatives

- Pollination Policy Initiative, including a Hub to share information to government and private landowners.
- Growing the Mass Timber industry in Clackamas County, which creates family wage jobs.
- Being a catalyst and a convener to stimulate the development of Workforce Housing for those with 60% or less of the Area Median Income.
- Making high speed internet available throughout the County.

Policy Perspectives

- Equity, Diversity, and Inclusion
- Carbon Neutrality, including developing and implementing a Climate Action Plan
- Healthy and Active Lifestyle, guiding housing, transportation, and land use policies and decisions
- Family Stability, including an emphasis on issues of domestic violence, homelessness and workforce development

FY 2020-21 Proposed Budget Summary

The table below presents summary data comparing the key resources and requirements of the Amended FY 2019-20 Budget and the Proposed FY 2020-21 Budget. The revenues and requirements summarized on this table are derived from seven county fund types: General, Special Revenue, Internal Service, Enterprise, Debt Service, and Capital Projects. All funds work together to support the county's operations and account for the intended use of the funding source.

	FY19-20 Amended	FY20-21 Proposed	Percent Change
<u>Resources by Category</u>			
Beginning Fund Balance	232,172,631	200,201,485	-13.8%
Current Revenues			
Prior Year Revenues	1,075,164	924,985	-14.0%
Taxes	151,194,866	154,190,294	2.0%
Licenses & Permits	15,867,852	16,284,969	2.6%
Federal Revenues	28,025,407	28,515,492	1.7%
State Revenues	106,208,148	101,183,321	-4.7%
Local Revenues	22,400,200	22,415,048	0.1%
Fees & Fines	149,082,345	147,451,526	-1.1%
Other Revenue	71,544,781	91,713,743	28.2%
Interfund Transfers	135,021,064	129,286,474	-4.2%
Subtotal Current Revenues	680,419,827	691,965,852	1.7%
Total Resources	912,592,458	892,167,337	-2.2%
<u>Requirements by Category</u>			
Personnel Services	310,332,032	312,846,306	0.8%
Materials & Services	178,638,424	162,981,434	-8.8%
Allocated Costs	33,106,121	32,395,760	-2.1%
Capital Outlay	52,900,305	46,645,844	-11.8%
Subtotal Current Expenditures	574,976,882	554,869,344	-3.5%
Debt Service	13,858,689	15,837,913	14.3%
Special Payments	43,120,585	22,962,188	-46.7%
Interfund Transfer	134,646,192	129,093,675	-4.1%
Indirect Costs	7,793,907	8,523,477	9.4%
Reserve for Future Expenditures	64,751,375	87,647,179	35.4%
Contingency	73,444,828	73,233,561	-0.3%
Total Requirements	912,592,458	892,167,337	-2.2%
Full-Time Equivalents (FTE's)	2,207	2,173	-1.5%

Budget Development

In my budget message last year, I highlighted the issue of county expenditures outpacing revenue resulting in the need to make reductions in order to have a stabilized budget. This need for reductions not only continues for FY21, but is expected for future budget cycles primarily due to rising costs associated with personnel retirement and benefits. Coupled with the financial challenges of COVID-19, this budget may require additional reductions in order to maintain balanced expenditures to realized revenues. While our financial future remains uncertain, we are committed to making thoughtful decisions to best serve the public within available funds.

Overarching Issues/Changes

Impact of COVID-19

The coronavirus pandemic continues to cause significant shifts in the way the County will operate to meet the needs of residents and stakeholders. While our dedicated staff have adapted and continued to serve the public in resourceful ways, the County's funding and expenditure outlook has changed due to the COVID-19 impacts. Below are a few examples:

- Departments updated their FY 2019-20 revenue and expenditures projections, such as known reductions in service levels and funding reductions, to evaluate potential COVID-19 financial impacts. This effort will help inform future planning and budgetary adjustment needs in the coming months
- Due to the significant decline of Transient Room Tax receipts, Tourism and Cultural Affairs has been reduced to two Tourism employees from thirteen
- Lack of revenue for Parks has led to notices of work stoppage for seasonal and part/time staff
- We are anticipating a decline in economic development activities due to the drop in lottery funding

To respond to the uncertainty of revenues, county staff and the Board of County Commissioners are pursuing several avenues to secure additional funding. These include COVID-related reimbursements from the Federal Emergency Management Agency (FEMA), applying for numerous grants such as additional Community Development Block grants, Emergency Shelter grants and other Coronavirus supplemental funding sources. Commissioners and staff continue their intensive lobbying activities for federal and state assistance, including US Treasury CARES funding issued to the state.

Key Revenues

Countywide, tax revenue is expected to increase by 2.0% or \$3.0 million. However, property tax revenue for FY 2020-21 is an increase of 1.7% percent, anticipating increased delinquencies due to the COVID-related impacts. Delinquencies will not be fully known until this fall when tax collections begin and the financial consequences caused by the breadth and duration of the pandemic are more fully understood.

Expenditures

Personnel Services: Total County personnel services are increasing by 0.84% or \$2.6 million. This minimal overall increase to the size of our labor-force is due to a combination of staff count reductions and personnel costs increases. Across the county 34 FTE vacant positions have been eliminated while a

workforce reduction plan was put in place for the Tourism program. The offset of these reductions are an estimated COLA increase of 2.6% and PERS costs. The PERS rate remains flat as this is the second year of our biennial rates. However, PERS contribution rates range from 19.22% of payroll to 27.07% depending on employee hire date and classification. An additional factor to our personnel costs include the County-wide workforce wage study. This study is to comply with the Equal Pay Act and continues to bring positions to a comparable market place compensation pay rate.

Materials & Services: Expenses for proposed FY 2020-21 decrease by 8.8% or \$15.7 million is driven by the County Administrator's recommended General Fund reductions and other decreases identified by departments county-wide such as tourism and cultural affairs that is dependent on transient room tax. What is included for FY20-21 is continued effort in planning and design of the new county courthouse in professional services for \$1.3 million. 50% of these costs will be reimbursed by the state.

Allocated costs: FY 2020-21 allocated costs decrease slightly by 2.1% or \$710,000. This is due to true-ups in Technical Services Department for staffing and project related expense assessed to other departments. Other than this adjustment, allocated costs remain flat for the upcoming year.

Capital Outlay: Similarly, county-wide capital outlay reductions of 11.4% or \$6.0 million are reflected in the proposed budget. One significant reduction was the postponement of the OSU building extension project, \$6.1 million. The FY 2020-21 budget, however, includes \$10 million in funding for the transportation maintenance facility. The remainder of funding for this \$30 million facility will be budgeted in following fiscal year. About \$19.5 million of the facility costs will be debt financed repaid by state highway funds.

Contingency

Board policy requires Contingency to be budgeted at a minimum of 5% of General Fund expenditures. For FY 2020-21, General Fund Contingency is budgeted at \$20.1 million. An additional \$8.4 million of restricted General Obligation bond proceeds resides in Contingency for anticipated future disbursement, as is a \$1.3 million set-aside for Equal Pay Act implementation.

Beginning in FY 2020-21, all General Fund Contingency, formally budgeted in individual departments, will be appropriated in the county's General Fund. Requests for use of Contingency will go through the normal supplemental budget and Board of County Commissioners approval process. Non-General fund contingency will continue to be budgeted within their respective funds receiving the revenue source.

Reserves

Reserves for future expenditures are budgeted, per Board policy, at a minimum 10% of unrestricted General Fund revenue. The FY 2020-21 budget includes \$17.5 million. An additional \$3 million is held in the General Fund Reserve to help defray future increases in personnel expenses, such as PERS assessments.

County Staffing Comparison

Budget Year	2017-2018 Actual	2018-2019 Actual	2019-2020 Estimated	2020-2021 Proposed
FTE	2,099	2,171	2207	2173

Cost Allocation

The County complies with federal Office of Management & Budget guidelines and regulations to cover most internal service (administrative) costs. This allows County departments to recover indirect administrative costs, or overhead, related to federal grant projects.

Self-Insurance and Benefits Administration

Clackamas County is self-insured for employee health benefits. We must maintain a statutorily required reserve in the event we end self-insurance and pay out the claims. Clackamas County achieved its goal of collecting \$2.5 million over a 3 year period to fully fund these reserves for FY 20-21.

Charges for service decreased 46% due to this complete funding of the reserves and instituting a "credit" for less predictable revenue that was collected in FY 18-19. The Benefits Administration Fee model may use one-time credits; the model considers cost increases and decreases as needed.

Elected Officials Compensation

In accordance with ORS 204.112, the Citizen's Compensation Board is responsible to annually evaluate and recommend salary adjustments for the county's elected officials in order to maintain competitive wages with the marketplace while considering internal alignment. To accomplish this goal, the Compensation Board compared the salaries paid to elected officials in Clackamas County with similar positions in comparable jurisdictions, such as Multnomah, Washington and Clark counties, and the City of Portland. The Compensation Board reviewed market comparables and identified salary increases to bring all elected officials' compensation to market parity.

This year, compensation for six positions - Assessor, Clerk, Commissioner, Treasurer, District Attorney and Justice of the Peace fell well below market. An additional recommendation was made for a compensation increase for the Chief Deputy District Attorney.

Based on their analysis, the Compensation Board recommended that the elected officials receive the full individual salary increases. The total fiscal impact of the recommended increases is \$52,499 which is approximately 0.017% of the County's total FY 19/20 personal services budget.

However, at the April 22nd Budget Committee meeting, members recommended that none of the salary increases be implemented until such time as the County has financially recovered from the impacts of COVID-19. It was noted that all affected elected officials agreed with this recommendation. The Budget Committee requested that the compensation be revisited in October 2020.

Administrator's General Fund Proposed Budget Reductions

As mentioned in last year's budget message, the time for status quo budgets has passed. In anticipation of continued funding challenges, and striving for General Fund stabilization, many departments reduced their expenditures in the current fiscal year. These budget savings were taken into account as further reductions are being proposed in the FY 2020-21 budget to address the expanded gap in funding for basic services along with COVID-19 losses.

It is important to note that we fully expect additional reductions will need to be made during the upcoming fiscal year as we learn about cutbacks from our federal and state funding streams. In the meantime, we are proposing general fund reductions in the amount of \$6.1 million across 12 departments and elected offices to address what we know today.

One of my goals was to minimize employee layoffs and I'm pleased that departments were able to accomplish this. The majority of cutbacks involve reductions in materials and supplies, some service levels, and vacant positions. The table below displays the savings in 2019-20 along with the proposed 2020-21 reductions.

Department/Office	FY 19-20 Budget Savings	FY 20-21 Budget Reductions	Description of FY 20-21 Budget Reductions	One- Time/ Ongoing	FY 20- 21 FTE (all Vacant)
Assessment & Tax.	\$931,935	\$276,577	<ul style="list-style-type: none"> Reduce materials & supplies (M&S) 	One-Time	0
Business & Comm. Svcs	0	\$245,237	<ul style="list-style-type: none"> Reduce M&S 	One-Time	0
Clerk	\$172,581	0			0
Comm. Corrections	0	0			0
County Administration	\$268,349	\$318,605	<ul style="list-style-type: none"> Eliminate 2 positions and replace with two lower classifications Delay Deputy Administrator hire to 1/21 Reduce BCC travel \$ 	Ongoing	3
County Counsel	0	0			0
Emergency Communications	0	0			0
Disaster Management	0	0			0
District Attorney	0	\$316,443	<ul style="list-style-type: none"> Reduce M&S Eliminate a position 	One-Time	1
Finance	0	\$242,554	<ul style="list-style-type: none"> Reduce M&S 	One-Time	0
Health, Housing & Human Services	0	\$1,297,314	<ul style="list-style-type: none"> Reduce funds for H3S admin & housing PLP Reduce funding for prevention, workforce, and other services Eliminate one crisis position Eliminate flex services Reduce funds for house modifications Reduce temps in clinics Reduce funds to Public Health grants offset by other funding Reduce training funds 	Ongoing	2

Department/Office	FY 19-20 Budget Savings	FY 20-21 Budget Reductions	Description of FY 20-21 Budget Reductions	One- Time/ Ongoing	FY 20- 21 FTE (all Vacant)
Human Resources	\$600,613	\$139,000	<ul style="list-style-type: none"> Reduce materials & supplies 	Both	0
Justice Court	0	0			0
Juvenile	\$2,293,673	0			0
Public & Government Affairs	\$5,773	\$98,850	<ul style="list-style-type: none"> Reduce community relations services, video production Reduce Newsletter frequency 	Ongoing	0
Resolution Services	0	0			0
Sheriff	0	\$2,000,000	<ul style="list-style-type: none"> Reduce vehicle purchases Reduce overtime Close 26 jail beds 	Both	6
Technology Services	0	\$483,193	<ul style="list-style-type: none"> Reduce M&S Reduce one position from applications department 	Ongoing	1
Tourism	0	\$44,904	<ul style="list-style-type: none"> Reduce staff hours Reduce Regional Arts & Cultural Council 	Both	.6
Treasurer	\$74,498	0			0
Transportation & Development	0	\$663,611	<ul style="list-style-type: none"> Eliminate 2 animal health positions Eliminate 2 planner positions Eliminate .5 office specialist pos. Reduce funds for "Drive to Zero" Change funding split for planner Return portion of marijuana package to support .5 planner 	Ongoing	4.5
TOTAL	\$4,486,807	\$6,126,288			18.1

Closing Remarks

Clearly COVID-19 has required the County to work in different ways and I want to publically recognize the dedication of staff in continuing to provide services during this challenging time.

As difficult as it was to put this budget proposal together, I believe the next round of reductions will result in programs being eliminated. I think it's important that the Budget Committee and the public understand that we're at the point that we will not be able to sustain all of the services we provide at their current level. In preparation, I've asked department heads and elected officials to analyze their programs and budgets to be ready for deeper cuts this coming year. We will continue to look for efficiencies and embark on a strategic review of all programs and services to determine the best path forward.

On a final note, I want to thank all of the county staff who engaged in this year's budget development – from elected officials, department directors, budget analysts and program managers to the many staff who created the materials – their commitment to quality work is laudable. I also want to give special recognition to the Finance Department staff – Interim Finance Director Elizabeth Comfort and the budget team for their hard work under these unusual times. Thanks also to the Budget Committee for its continued review of the annual budget from development through approval.

Sincerely,

Gary Schmidt
County Administrator