

DRAFT-TMF 6/2/19

Framework for the Approval of the FY 19-20 Fiscal Year Budget

Recognize that this is a “bridge” budget that takes the county through the FY 19-20 Fiscal Year with the clear and unmistakable understanding that this budget is unsustainable for even one additional year beyond FY 19-20. It is also recognized that substantial work needs to be done by everyone involved on both expenditure levels and revenue options while still meeting pressing expensive needs of the county during the FY 19-20 Fiscal Year and beyond.

The Administrator has asked us to approve his budget with the clear understanding that the work mentioned above will begin soon. That work needs to be completed in time for the preparation and presentation of the FY 20-21 Proposed Budget in May 2020.

I agree with that approach as I don't really see any viable or preferable alternative. Because of that, I have tried to lay out some of the guiding principles and issues that I suggest need to be covered during the upcoming fiscal year process. Although the Budget Committee does not have the authority to legislate, these can be presented as suggestions for the upcoming process.

An underlying assumption with this approach is that the Budget Committee not add requirements to the proposed budget other than very minor adjustments and necessary amendments. To do otherwise will only make next year's work more difficult, and the gap larger.

This approach as mentioned below also calls for enhanced financial polices to keep the county budget healthier on an ongoing basis. It also calls for enhanced forecasting software to offer a clearer and more accurate window into the future and a more stable and predictable forecast.

Goal: Building a sustainable and predictable budget

An enhanced budget process will be established for the FY 20-21 budget preparation that eliminates the projected gap between ongoing county revenues and ongoing expenditures. This process will also identify major gaps in county services and the long-term costs of addressing these gaps.

The process will be guided by the following strategic directions laid out in the Performance Clackamas plan as well as individual departmental strategic and business plans.

Strategic Goals and Milestones

This is the June 2017 update to Performance Clackamas, the Clackamas County Strategic Plan. The plan is organized around five Areas of Strategic Focus:

Grow a Vibrant Economy

The future prosperity of county residents will be built on good paying jobs that support families, housing affordability, a growing diverse qualified workforce, capital investments that grow current businesses, and on the availability of lands where new businesses can easily locate and expand within the county.

Build a Strong Infrastructure

Ensure long-term investments in infrastructure that will generate good-paying jobs that support families, ease commute times for many residents and help maintain a healthy environment. Updating county facilities will ensure that key services are accessible to all residents.

Ensure Safe, Healthy and Secure Communities

A focus on the well-being of all our families and communities reflects the best of our character. Investments in providing services to those needing care, addressing hunger and homelessness, and lowering the crime rate are key to making our community safe. These efforts combined with success in creating jobs will give definition to the county's efforts to alleviate poverty and will help ensure the safety, health, and security of our residents.

Honor, Utilize, Promote and Invest in our Natural Resources

The abundant natural resources in both urban and rural areas of Clackamas County provide A balanced sustainable approach to our natural resources will generate prosperity and help secure and conserve those resources for future generations.

Build Public Trust through Good Government

Public trust is the currency of good government. Clackamas County will design and deliver services that make a difference and measure our effectiveness in terms of results for our customers. We will listen, be accountable and deliver what we promise. When we allocate resources, they will be tied to results that matter.

The Budget Committee also identified specific priorities and issues which should provide guidance to the upcoming process as well:

Climate Action Plan
Focus Spending in Equity Zones
Housing Projects
Internet Access for All
Jobs-Housing Balance
Land Use: Comprehensive Plan Updates
Mixed Use Housing
Reduce Homelessness
Willamette Falls Legacy Project & Locks

- Accuracy and reliability of future forecasting

Purchase a new budget software to replace the aged-out BRASS system and which performs forecasting and preparation of an annual updated five-year financial forecast. The forecast should include at a minimum; PERS changes, TriMet balloon payment and pay equity. It should also anticipate changes in the national economic cycle.

- Establishment of strong financial policies going forward that prevent future problems in the growth of expenditures and gaps between revenue and expenditures.

Utilize the Government Finance Officers Association recommendations and the work of other financially stable cities and counties. An added benefit is that the bond rating agencies love to see that these polices are in place. The policies should include at a minimum the following:

- ✓ Use of one-time money for one-time purposes only. This includes beginning fund balances
 - ✓ Increase cost recovery where appropriate.
 - ✓ Long term financial forecasting to allow for time to adjust for increases in expenditures or dips in revenue.
 - ✓ Use of General Fund Contingency.
 - ✓ Use of General Fund reserves
 - ✓ Cost Recovery
 - ✓ Use of operating fund balances
- Identify a source of financing and/or one-time money to finance automation improvements that will either increase revenue collection or expenditure reductions. A strong business case needs to be provided prior to proceeding with any and all of these projects.

- **FY 20-21 budget process will focus on “rightsizing” expenditure levels. Examine where efficiencies/reductions can be found. This will be an exhaustive effort as the gap is large.**

- **Explore enhanced revenues to mitigate the need to reduce expenditures. This effort should look at the following at a minimum:**
 - ✓ **Business License Fee Policy session already scheduled**
 - ✓ **Children’s Levy**
 - ✓ **Increased and uniform cost recovery**
 - ✓ **Change TRT Ordinance to Allow More Resources for Fairground maintenance.**
 - ✓ **Look at what other cities and counties are doing.**

- Explore areas where new programs could be added to enhance revenues or reduce expenditures. Require strong business case development for each.
 - ✓ Additional Auditor positions
 - ✓ Additional assessor positions

Technology improvements

- Identify and develop financing plan for critical technology needs.
 - ✓ Replacement of PeopleSoft with a new Enterprise Resource Planning System (ERP) FY 2020-21
 - ✓ Replace the current Brass budgeting software which expires. Include in the new system a forecasting module to assist with fund level forecasting. – in FY 2019-20
 - ✓ Prepare for and replace County Clerk-Elections software in 2-3 Years.
 - ✓ Look at replacement of the automated system for the Assessor.
 - ✓ Look at other areas that could result in expenditure reductions and or revenue enhancement.

Identify large capital needs and potential financing

- New Courthouse
- New Maintenance building outside of the flood plain
- Jail ADA or new Jail
- Other already identified capital needs

Explore Legislative options that can help

- Increase portion of filing fees to enhance law library funding.