

Monthly Budget Committee Meeting

Tuesday, July 21, 2020

1:30 pm – 2:30 pm

via Zoom Meeting

Budget Committee:

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

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

Staff: 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. Monthly Meeting Structure (10 Minutes)
3. Budget Preparation (45 Minutes)
4. August Meeting Topics:
 - a. COVID 19 Budget Impacts
 - b. Reserve Strategy and One Time Revenues

ADJOURN

Attachments:

For Review:

- OpenGov Budget Software Platform
- Finance Systems Project Timeline
- Clackamas County FTE Vacancy
- Overtime Usage by Department
- County Vehicle Replacement Status

Discussion Material:

- 5 Year General Fund Forecast
- Performance Clackamas County Plan

OpenGov Budget Software Platform

Cloud

OpenGov ERP Cloud



Suites

Budgeting & Planning

Operating Budgets – Streamline and unify Clackamas County’s end-to-end budgeting process. Seamlessly tie budget dollars to key initiatives, and draw actionable insights that maximize performance outcomes.

Capital Planning – Send and receive capital planning proposals and track performance on projects. Easily create dashboards to streamline capital meetings and allow educated decisions for sustaining key infrastructures.

Workforce Planning – Drive better salary projections, increase visibility into cost drivers, and reduce broad assumptions. Compare actual to budgeted positions, and request new positions using accurate, updated costs

Online Budget Book - Establish a framework for building an online budget book efficiently and without error. Making the process repeatable and scalable for future cycles

Solutions

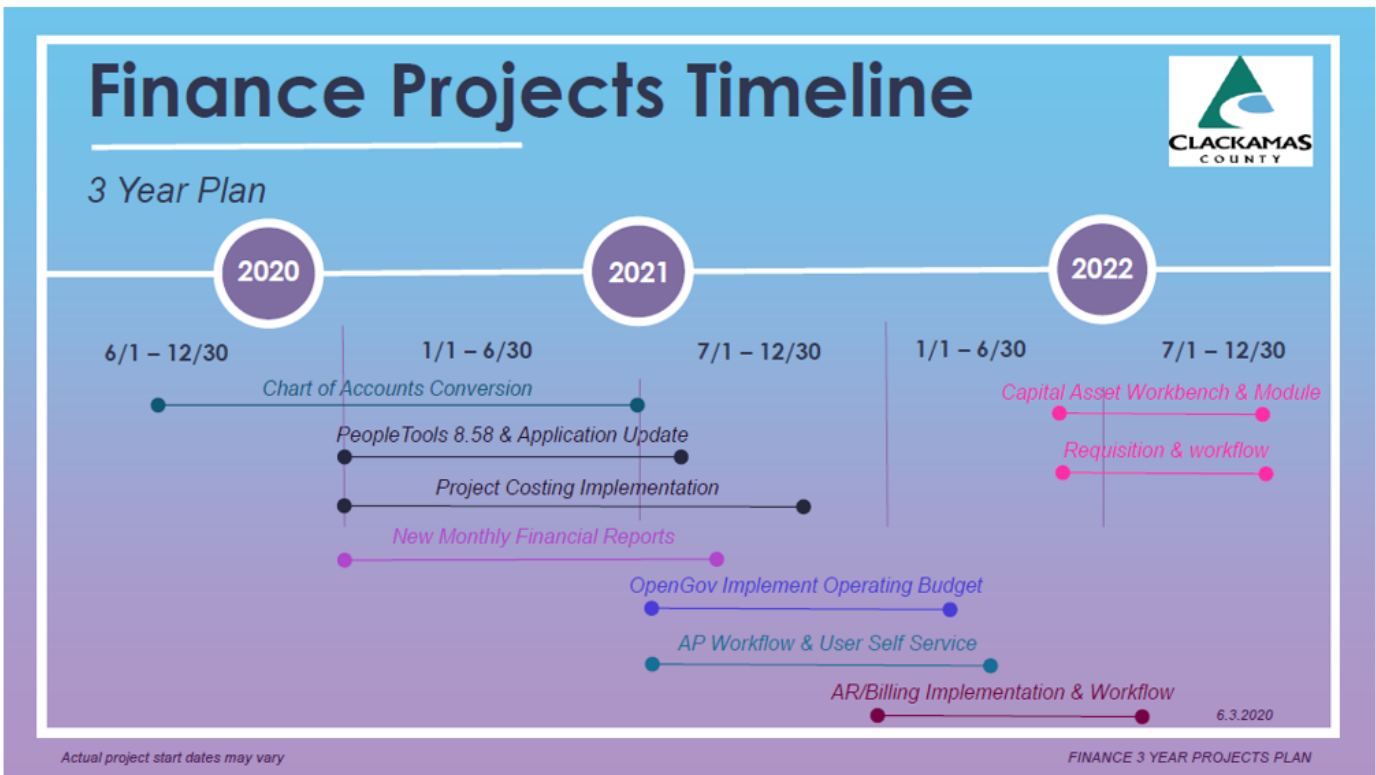
Reporting & Transparency Platform

Reporting & Analytics Dashboards Stories Open Town Hall Integrations

Platform

OpenGov encompasses many modules (systems). Clackamas County will utilize several key systems to provide quality data in various forms.

Finance Systems Project Timeline



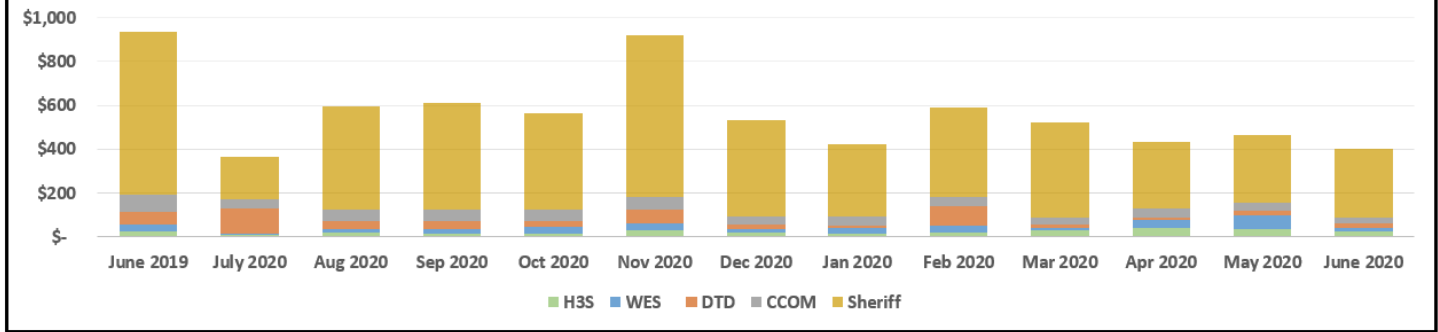
Each of the projects identified is key to the Finance department's ability to provide monthly closings and financial reports.

Clackamas County FTE Vacancy

| Department | FY21 Adopted Total FTE | 6.30.2020 | | Total FTE | Notes |
|----------------------------|---------------------------|--------------|---------------|----------------|---|
| | | Vacancy Rate | Vacant FTE | | |
| Tourism & Cultural Affairs | 2.0 | 0.0% | - | 2.0 | 2.0 |
| Law Library | 2.4 | 20.9% | 0.5 | 1.9 | 2.4 |
| Treasurer | 6.0 | 0.0% | - | 6.0 | 6.0 |
| Justice Court | 7.0 | 28.6% | 2.0 | 5.0 | 7.0 |
| Resolution Services | 9.1 | 33.1% | 3.0 | 6.1 | 9.1 |
| Disaster Management | 11.0 | 0.0% | - | 11.0 | 11.0 |
| County Counsel | 12.8 | 0.0% | - | 12.8 | 12.8 |
| County Administration | 18.8 | 21.3% | 4.0 | 14.8 | 18.8 |
| Clerk | 19.0 | 10.5% | 2.0 | 17.0 | 19.0 |
| Pub & Govt Affairs | 22.0 | 4.5% | 1.0 | 21.0 | 22.0 |
| Human Resources | 43.0 | 2.3% | 1.0 | 42.0 | 43.0 |
| Finance | 46.5 | 8.6% | 4.0 | 42.5 | 46.5 |
| Juvenile | 47.0 | 10.6% | 5.0 | 42.0 | 47.0 |
| Facilities | 51.0 | 15.7% | 8.0 | 43.0 | 51.0 |
| Technology Services | 53.0 | 3.8% | 2.0 | 51.0 | 53.0 |
| CCOM | 53.8 | 5.6% | 3.0 | 50.8 | 53.8 |
| Assessor | 60.0 | 1.7% | 1.0 | 59.0 | 60.0 |
| BCS | 77.1 | 8.4% | 6.5 | 70.6 | 77.1 |
| District Attorney | 82.7 | 10.5% | 8.7 | 74.0 | 82.7 |
| Corrections | 98.1 | 2.0% | 2.0 | 96.1 | 98.1 |
| WES | 111.8 | 11.6% | 13.0 | 98.8 | 111.8 |
| DTD | 301.5 | 9.6% | 29.0 | 272.5 | 301.5 |
| Sheriff | 456.0 | 2.6% | 12.0 | 444.0 | 456.0 |
| H3S | 581.6 | 9.9% | 57.5 | 526.1 | 583.6 |
| | | | | | 1 temp planner to FT, 1 new clinic manager |
| Grand Total | 2,173.1 | 7.6% | 165.2 | 2,009.9 | 2,175.1 |

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.

OVERTIME USAGE BY DEPARTMENT (IN 1,000'S)



| Dept | 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 | Total |
|---------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|----------|
| H3S | \$ 27 | \$ 8 | \$ 21 | \$ 18 | \$ 18 | \$ 31 | \$ 23 | \$ 16 | \$ 23 | \$ 30 | \$ 40 | \$ 36 | \$ 27 | \$ 317 |
| WES | \$ 30 | \$ 9 | \$ 14 | \$ 19 | \$ 30 | \$ 30 | \$ 13 | \$ 25 | \$ 29 | \$ 12 | \$ 38 | \$ 62 | \$ 13 | \$ 323 |
| DTD | \$ 59 | \$ 114 | \$ 36 | \$ 36 | \$ 26 | \$ 63 | \$ 21 | \$ 13 | \$ 91 | \$ 17 | \$ 12 | \$ 21 | \$ 25 | \$ 533 |
| CCOM | \$ 79 | \$ 39 | \$ 54 | \$ 52 | \$ 49 | \$ 57 | \$ 35 | \$ 39 | \$ 41 | \$ 30 | \$ 40 | \$ 39 | \$ 27 | \$ 582 |
| Sheriff | \$ 743 | \$ 194 | \$ 473 | \$ 487 | \$ 444 | \$ 738 | \$ 440 | \$ 328 | \$ 405 | \$ 434 | \$ 305 | \$ 306 | \$ 309 | \$ 5,605 |

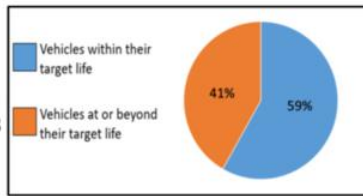
The above 5 department's overtime costs represent approximately 90% of the total of county-wide overtime.

County Vehicle Replacement Status

Includes all currently owned and licensed vehicles (Excluding Vector Control)

Total County Fleet

Total Number of Vehicles: 925
 Vehicles Within Target Life: 543
 Vehicles Beyond Target Life: 382
 Average Years Over Target: 4.4

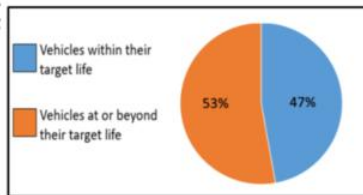


Current Vehicle Service Life Targets

- Light Duty Vehicles – 10 years or 120,000 miles
- Medium Duty Vehicles – 15 years or 200,000 miles
- Heavy Duty Vehicles – 20 years or 250,000 miles

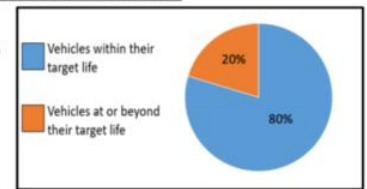
All Other County Fleet

Total Number of Vehicles: 340
 Vehicles Within Target Life: 159
 Vehicles Beyond Target Life: 181
 Average Years Over Target: 5.0



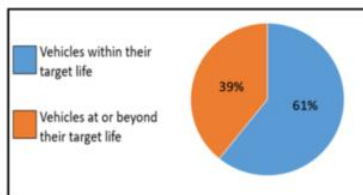
Transportation Maintenance Fleet

Total Number of Vehicles: 123
 Vehicles Within Target Life: 98
 Vehicles Beyond Target Life: 25
 Average Years Over Target: 4.8



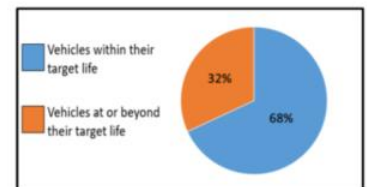
Sheriff Fleet

Total Number of Vehicles: 393
 Vehicles Within Target Life: 239
 Vehicles Beyond Target Life: 154
 Average Years Over Target: 3.4



WES Fleet

Total Number of Vehicles: 69
 Vehicles Within Target Life: 47
 Vehicles Beyond Target Life: 22
 Average Years Over Target: 6.3



Snapshot of vehicle replacement status with breakout of top four user departments.

5 Year General Fund Forecast

7.0% Vacancy Assumption

June-20

| | Actuals | Projected | Adopted Budget | Projected | Forecast Yr 1 | Forecast Yr 2 | Forecast Yr 3 | Forecast Yr 4 | Forecast Yr 5 |
|---|------------------------|------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 18-19 | FY 19-20 | FY 20-21 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 | FY 24-25 | FY 25-26 |
| Beginning Fund Balance | 79,175,296 | 66,422,896 | 49,078,525 | 49,078,525 | 51,116,295 | 51,360,282 | 51,601,316 | 51,926,068 | 52,509,056 |
| Property Tax | 130,855,980 | 133,442,674 | 136,279,011 | 136,279,011 | 140,658,545 | 144,832,901 | 148,993,838 | 154,668,226 | 160,747,284 |
| License and Permits | 2,072,997 | 1,884,527 | 1,963,827 | 1,963,827 | 1,915,160 | 1,868,408 | 1,823,154 | 1,779,538 | 1,737,519 |
| Federal, State and Local Revenue | 9,220,322 | 8,200,275 | 8,133,988 | 8,133,988 | 7,607,164 | 7,783,566 | 7,958,183 | 8,137,932 | 8,322,931 |
| Charge For Services (Recording/Alloc Costs) | 15,111,748 | 16,495,333 | 16,642,748 | 16,642,748 | 17,273,885 | 17,725,072 | 18,424,160 | 18,916,971 | 19,688,890 |
| Agencies Salary Reimbursement | 19,115,389 | 20,763,237 | 23,786,956 | 22,121,869 | 24,112,837 | 25,318,479 | 27,597,142 | 28,976,999 | 31,584,929 |
| All Other Revenue | 3,575,721 | 1,968,921 | 1,426,500 | 1,426,500 | 1,407,729 | 1,390,586 | 1,374,182 | 1,358,929 | 1,344,809 |
| Interfund Transfer In | 1,532,490 | 8,086,558 | 3,521,227 | 3,521,227 | 700,000 | 718,900 | 737,591 | 756,769 | 776,445 |
| Operating Revenue | 181,484,647 | 190,841,525 | 191,754,257 | 190,089,170 | 193,675,320 | 199,637,912 | 206,908,250 | 214,595,364 | 224,202,807 |
| % Change | 5.4% | 5.2% | 0.5% | -0.4% | 1.0% | 3.1% | 3.6% | 3.7% | 4.5% |
| Personnel Services (Does not include EPA) | 24,504,329 | 26,145,861 | 28,185,516 | 26,212,530 | 28,571,658 | 30,000,240 | 32,700,262 | 34,335,275 | 37,425,450 |
| Agencies Salary Expense | 19,115,389 | 20,763,237 | 23,786,956 | 22,121,869 | 24,112,837 | 25,318,479 | 27,597,142 | 28,976,999 | 31,584,929 |
| Material and Services | 8,491,863 | 10,464,551 | 10,153,142 | 10,153,142 | 9,042,204 | 9,277,160 | 9,509,523 | 9,747,927 | 9,992,530 |
| InterFund Loan with WES | 244,303 | 244,303 | 244,303 | 244,303 | 250,655 | 0 | 0 | 0 | 0 |
| Special Payments | 18,891,068 | 21,237,167 | 2,905,258 | 2,905,258 | 472,113 | 484,860 | 497,466 | 510,400 | 523,671 |
| Transfer to Depts | 107,749,518 | 114,137,230 | 110,642,187 | 110,642,187 | 114,000,000 | 117,500,000 | 119,500,000 | 123,500,000 | 126,000,000 |
| Transfer to Debt Service Fund | 5,066,655 | 5,115,403 | 5,202,044 | 5,202,044 | 5,141,008 | 5,067,490 | 5,004,963 | 4,984,568 | 4,964,446 |
| Allocations & Indirect Costs | 9,630,517 | 9,907,105 | 9,239,120 | 9,239,120 | 9,715,859 | 10,067,573 | 10,587,059 | 10,963,959 | 11,529,699 |
| Capital Outlay | 543,401 | 171,039 | 130,947 | 130,947 | 225,000 | 231,075 | 237,083 | 243,247 | 249,572 |
| BELOW - TO BE DETERMINED | | | | | | | | | |
| Library Buildings & Park (Gladstone & Oak Lodge) | | | | | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| ERP (Financial Software) Replacement | | | | | 350,000 | 200,000 | 200,000 | | |
| Equal Pay Cost Adjustments TBD June 2020** | | | | 1,200,000 | 800,000 | 500,000 | | | |
| Debt Service for Courthouse | | | | | | | | | |
| Operating Expense | 194,237,043 | 208,185,896 | 190,489,473 | 188,051,400 | 193,431,333 | 199,396,877 | 206,583,499 | 214,012,376 | 223,020,296 |
| % Change from prior year | 5.9% | 7.2% | -8.5% | -9.7% | 1.5% | 3.1% | 3.6% | 3.6% | 4.2% |
| GO Bond Revenue (Expense) | \$ (18,371,150) | \$ (20,731,784) | \$ (2,445,109) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Revenue (Expense) (Excluding GO Bond) | \$ 5,618,754 | \$ 3,387,413 | \$ 3,709,893 | \$ 2,037,770 | \$ 243,987 | \$ 241,035 | \$ 324,751 | \$ 582,989 | \$ 1,182,511 |
| Total Contingencies & Reserves Requirement | \$ 31,436,379 | \$ 32,373,644 | \$ 31,780,386 | \$ 31,658,483 | \$ 32,360,566 | \$ 33,071,604 | \$ 33,842,503 | \$ 34,777,024 | \$ 35,831,124 |
| Fund Balance NET of Reserve Requirements | \$ 34,986,521 | \$ 16,704,881 | \$ 18,562,923 | \$ 19,457,812 | \$ 18,999,716 | \$ 18,529,713 | \$ 18,083,565 | \$ 17,732,032 | \$ 17,860,443 |

The above 5 year forecast model was built with the goal of a sustainable budget; annual revenues equal or greater than annual expenditures.

The yellow highlight represents the methodology change to Budgeting for Outcomes.

Performance Clackamas County Plan

| Base Budgeting | Zero-Based Budgeting | Priority-Based Budgeting | Budgeting for Outcomes |
|--|---|---|---|
| <ul style="list-style-type: none"> The process of starting with the previous year's budget as the basis for the new budget, with adjustments made to reflect the previous year's spending, inflation, and future projections. | <ul style="list-style-type: none"> Requires starting at zero and justifying each expense as it's added to the budget (rather than using the previous period's budget items as a starting point.) | <ul style="list-style-type: none"> The process of aligning spending with strategic priorities. | <ul style="list-style-type: none"> Involves determining the government's available funding and desired outcomes and allocating funding based on what programs and services will bring about the desired results. |

Budgeting for Outcomes

Historically the County has used the **Base Budgeting** methodology. As forecasts have identified future challenges there was a desire to transition to **Zero-base Budgeting**; however, this methodology has negative perceptions that are difficult to overcome. As a result of **Performance Clackamas**, the goal has been to use budgeting methodology that aligns with priorities, leaving the methodology choices of **Priority-Based Budgeting** and **Budgeting for Outcomes**. **Budgeting for Outcomes** better aligns County priorities and presents measurements in a citizen-focused manner (e.g. public safety response times, higher wages, etc.).

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 |

SOURCE: Baltimore Bureau of the Budget and Management Research

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.

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 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.

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.

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*.

| Lead responsibility | Units | AMI |
|---------------------|-------|---------|
| All County | 700 | 61-110% |
| Mostly H3S | 800 | 0-60% |

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

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

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