MULTNOMAH COUNTY OREGON

DEPARTMENT OF COUNTY MANAGEMENT
FACILITIES AND PROPERTY MANAGEMENT DIVISION
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TO: DCM Internal Services Customers

FROM: Doug Butler, Facilities Director

DATE: January 9, 2007

SUBJECT: Facilities FY08 Budget

HAPPY NEW YEAR! Facilities and Property Management has completed its FY08 Budget. As we continue to provide you with rates and a system that links budget and performance, we also endeavor to deliver a customer focused and streamlined process that ensures accurate and transparent data. Below is a snapshot of general information regarding Facilities budgeted revenues, service reimbursements and expenditures. Departmental meetings are being arranged to provide and discuss individual programmatic charges.

The FY08 Facilities total budget is $ 38,690,719, a 1% or $302,000 increase over FY07. The primary increases are related to:

Personnel: Costs are up $180,000 due to cost of living increases with no change in FTE.

Contract Svcs: Overall cost have increased $363,000 due to both increased CPI and contract obligations.

Materials & Svcs: Overall costs have decreased $720,000 which includes:

- ⇒ Elimination of $650,000 in GF County indirect passed through to clients.
- ⇒ Utility budget reduction of $308,000
- ⇒ Debt reduction of $838,000 due to accounting changes in Capital Leases and Dispositions
- ⇒ Reduction of facility miscellaneous (internal charges, printing, etc) expenses of $160,000
- ⇒ Lease Increases due to market research reports from CBRE and Grubb and Ellis indicating a CPI increase of 5.5%, as well as, accounting changes for Capital Leases. Leases show an overall increase of $650,000.

AP/CIP: As approved by the Board in the Strategic Plan, there is a **c**ost increase of $490,000 due to an adjustment in both AP and CIP rates increasing $0.10 and $.055 per sq ft, respectively.

Revenues:
External revenues are down $30,000 due to reduced lease revenues. Service reimbursements for FY08 are estimated to be 5% higher than the FY07 budget due to increases in budgeted maintenance and operational expenses. With the exception of shop and warehouse, space rates have remained flat since FY04. Overall, FY08 departmental rates have increased due increases in direct operational expenses, the calibration and analysis of base and administrative expenses, as well as, the elimination of space type subsidies. Each space type will bear the fully loaded rate of its respective space and programmatic need. Rates are based on current levels with the exception of adding 1day of vacuuming weekly and 1 additional carpet shampooing annually to increase carpet life cycles.

In summary:

- ⇒ There were no changes to FTE
- ⇒ Overall revenues have increased by 1%
- ⇒ Overall costs have increased by 5%
- ⇒ Rates were adjusted to reflect true base and administrative expenses and associated departmental costs eliminating departmental subsidies.

Property Managers will be meeting with each department discussing rate details and their respective impacts. .If you have questions, please contact your Property Manager or Colleen Bowles at x 84189.