



FY 2010 General Fund Forecast

*Presentation to the Board of County
Commissioners*

Multnomah County Budget Office

October 23, 2008

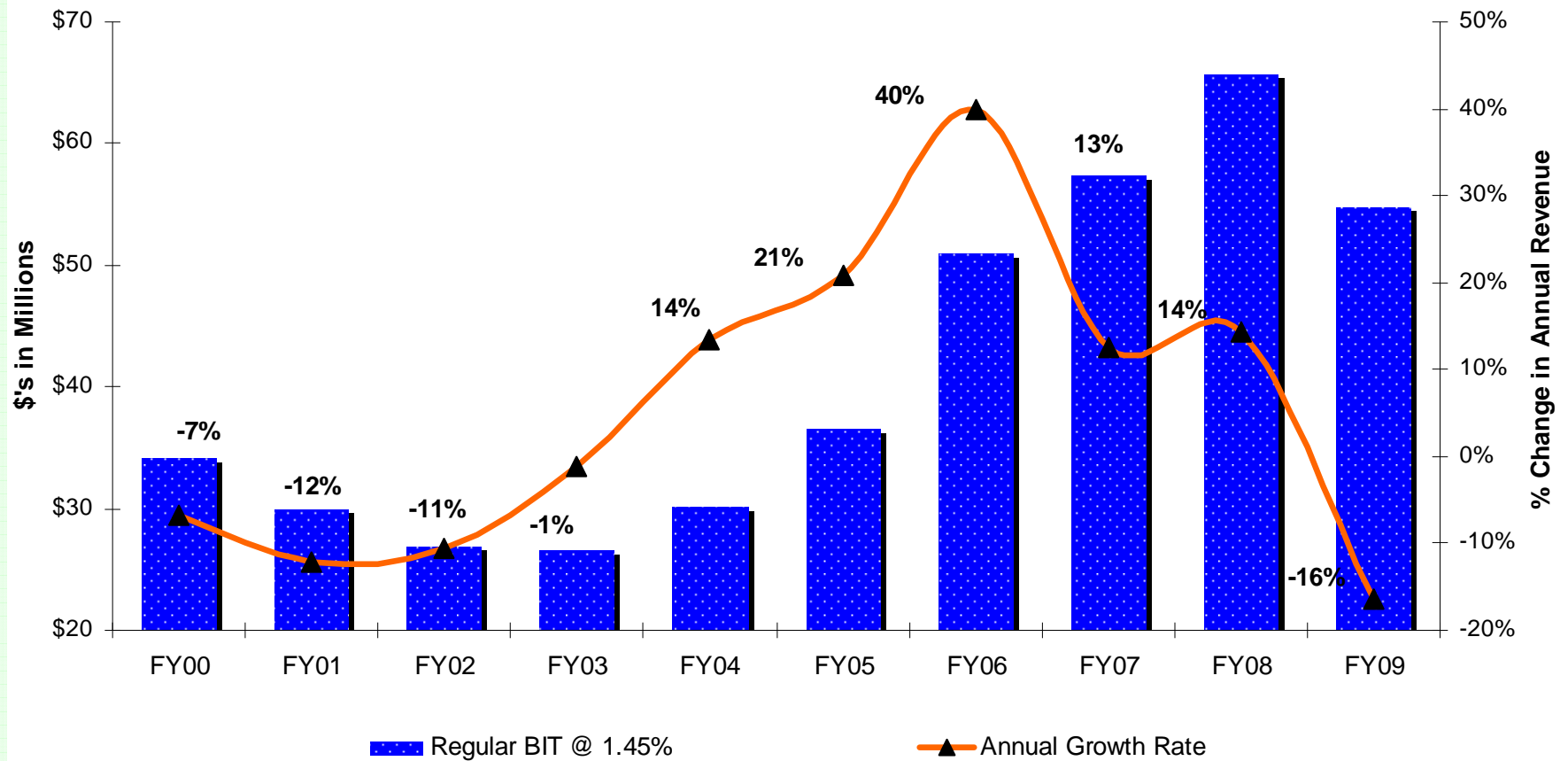
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Some Good News... and Perspective

Annual BIT Collections
 (FY 2000 to FY 2007 Actuals; FY 2008 Estimated; FY 2009 Budget)



FY 2009 Revenues

- BIT
 - ✓ Quarterly (Down 11%)
 - ✓ Refunds (Up 168%)
 - ✓ Overall Thru October 15th (Down 12.8%)
 - ✓ Within FY 2009 Budget
- Property Tax
- Timber/Secure Rural Schools



Economic Overview

- National

- ✓ Credit Markets
- ✓ Weakening economy (Retail sales, industrial production, unemployment, inflation/energy prices)

- State

- ✓ Employment & income taxes

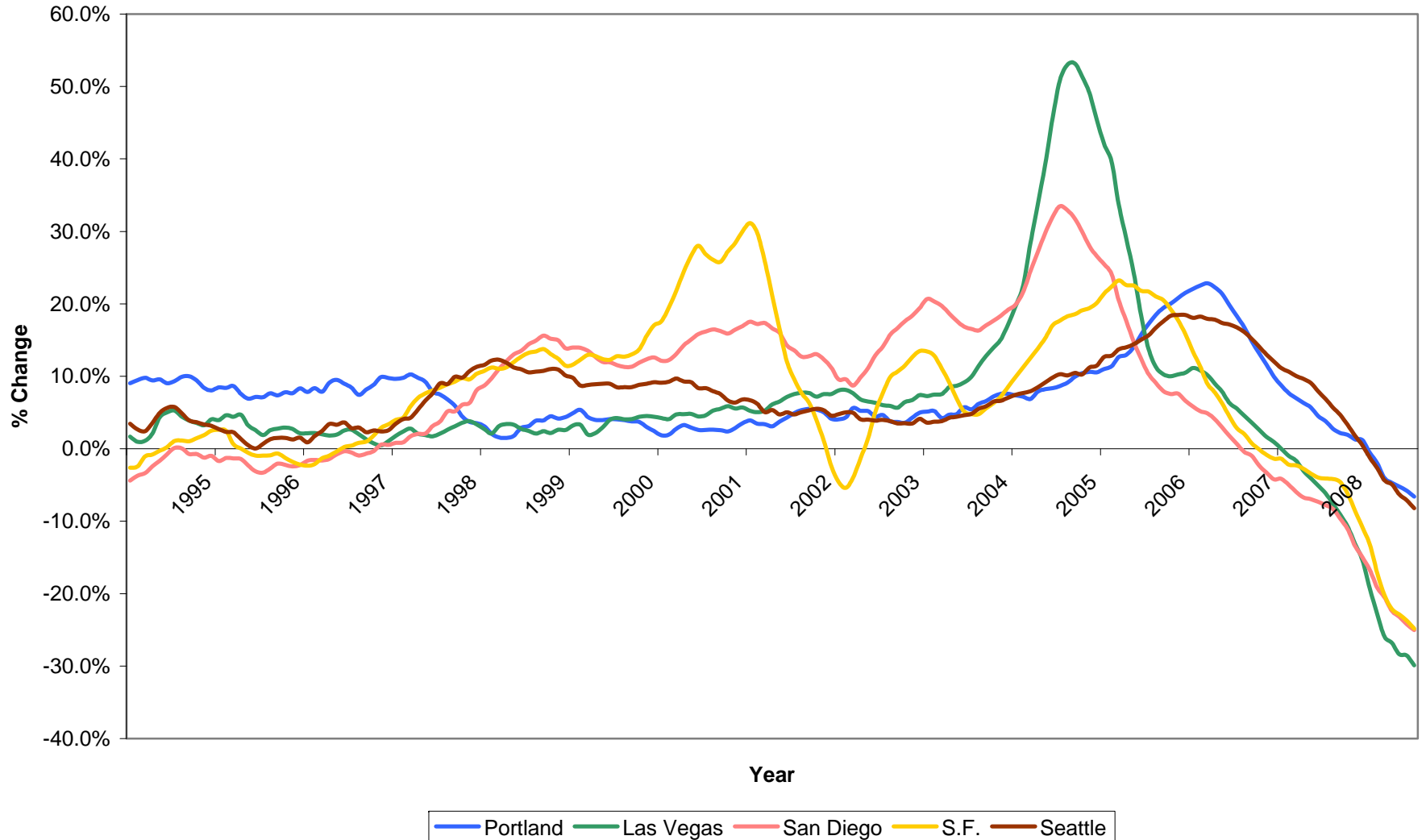
- Local

- ✓ Housing (prices, defaults, recording fees, builder bankruptcy)
- ✓ Unemployment



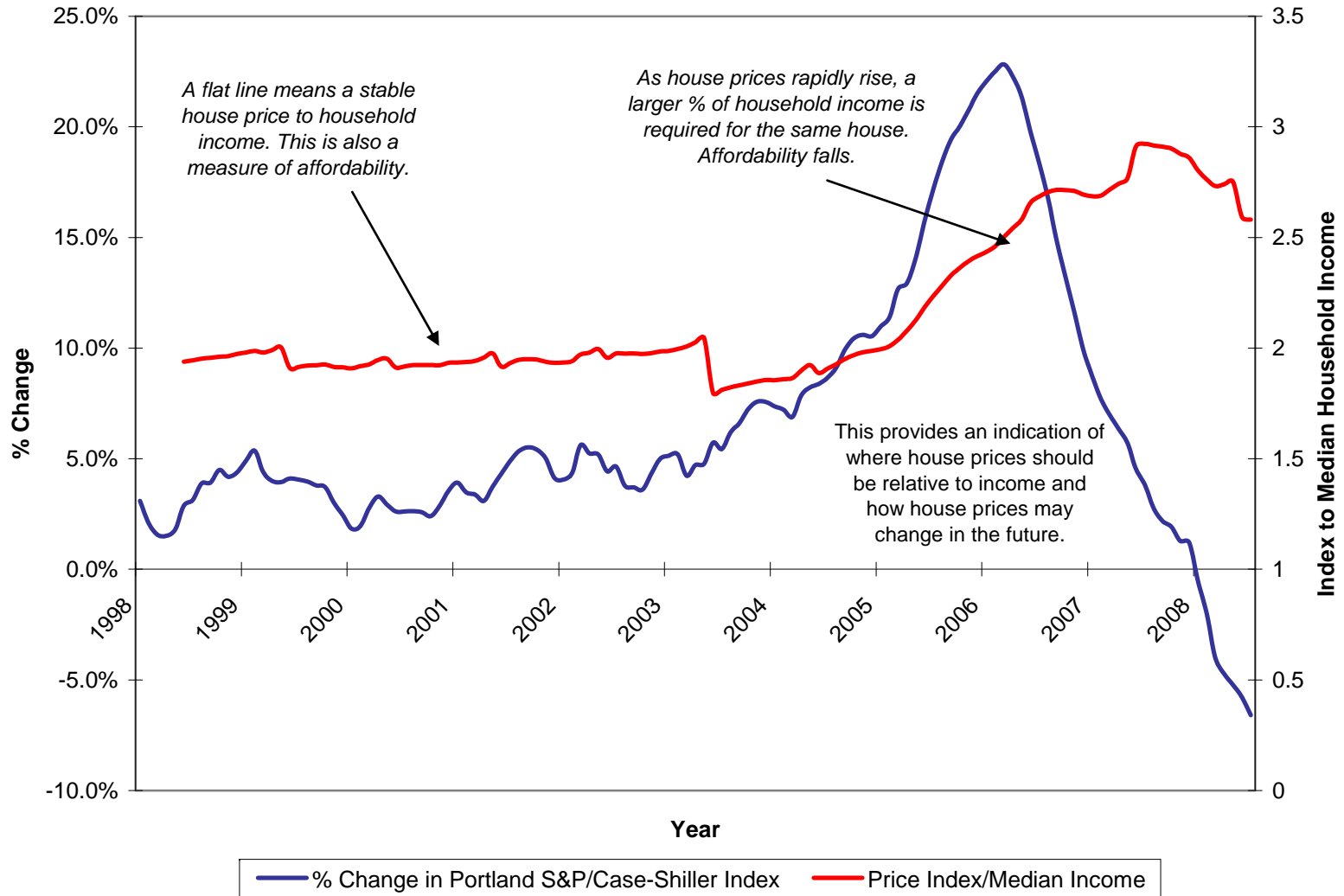
Economic Overview

Monthly Year-Over-Year % Change
Based on S&P/Case-Shiller Home Price Index Thru July 2008



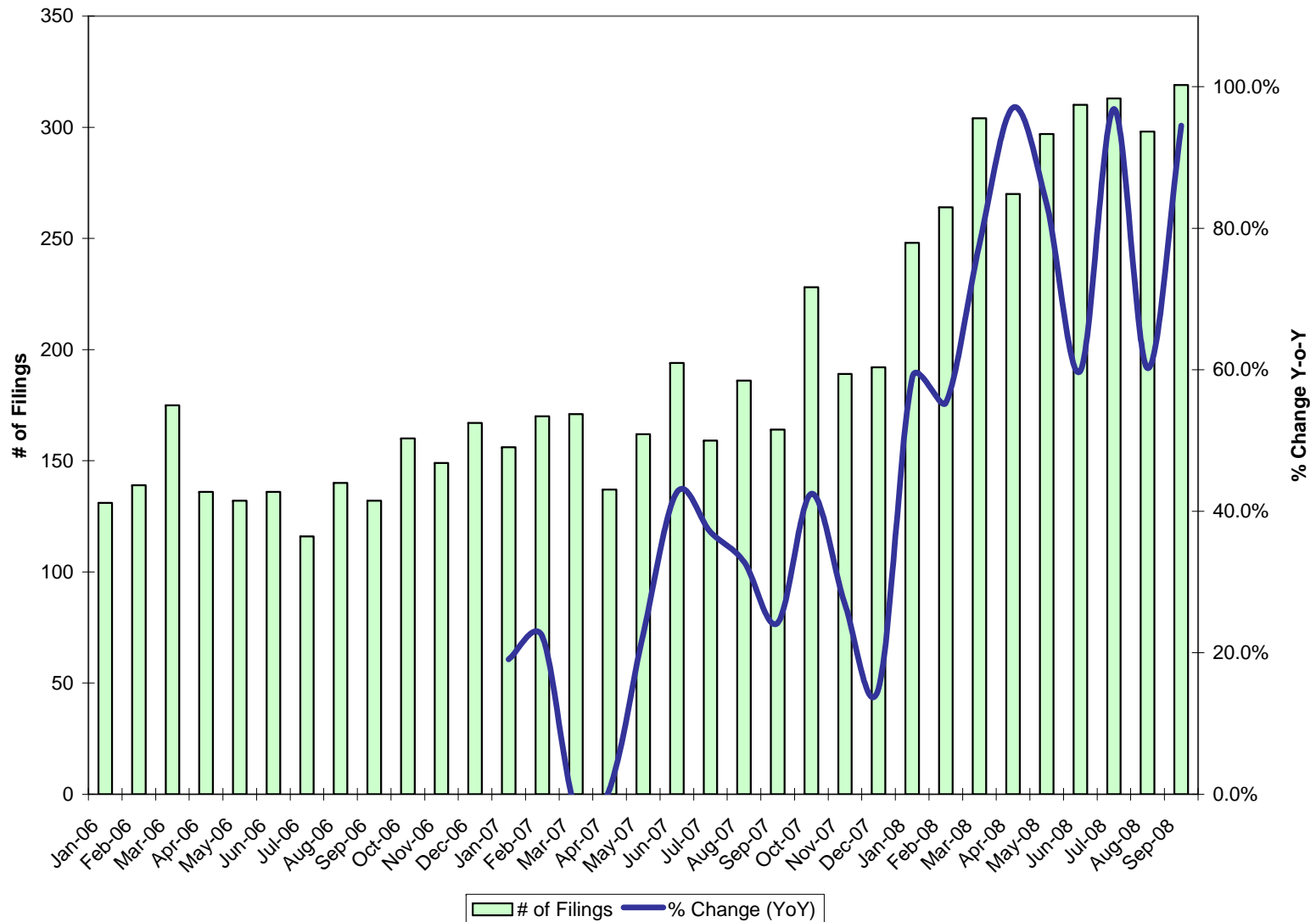
Economic Overview

% Change in Portland S&P/Case-Shiller House Price Index and Index to Median Household Income



Economic Overview

Default Filings in Multnomah County & Year-Over-Year % Change (Thru September)



FY 2010 General Fund Forecast

- Baseline forecast for assumes a *moderate* recession with rising unemployment, tight credit, and falling real estate values.
- Ongoing gap between revenues and expenditures of **\$23.9 million**.
- Explained by:
 - ✓ Reduced Revenues (\$6.4 million)
 - ✓ An ongoing structural deficit (\$5.3 million)
 - ✓ OTO funds in FY 09 supporting ongoing programs (\$4.2 million)
 - ✓ Additional FY 09 spending & annualized program costs (\$4.3 million)
 - ✓ Higher personnel costs (\$3.7 million)



Operating Deficits

- Operating deficit grows to \$30.1 million in FY 2011.
- A more severe recession results in a \$28.9 million deficit in FY 2010 and \$35.3 million in FY 2011.
- Pessimistic case is not worse case.
- Does not include State or Federal Impacts.
- November election impacts.

	Base <i>(Moderate Recession)</i>	Pessimistic <i>(More Severe Recession)</i>
FY 2010 Operating Deficit	23,857,487	28,870,849
FY 2011 Operating Deficit	30,132,862	35,317,799



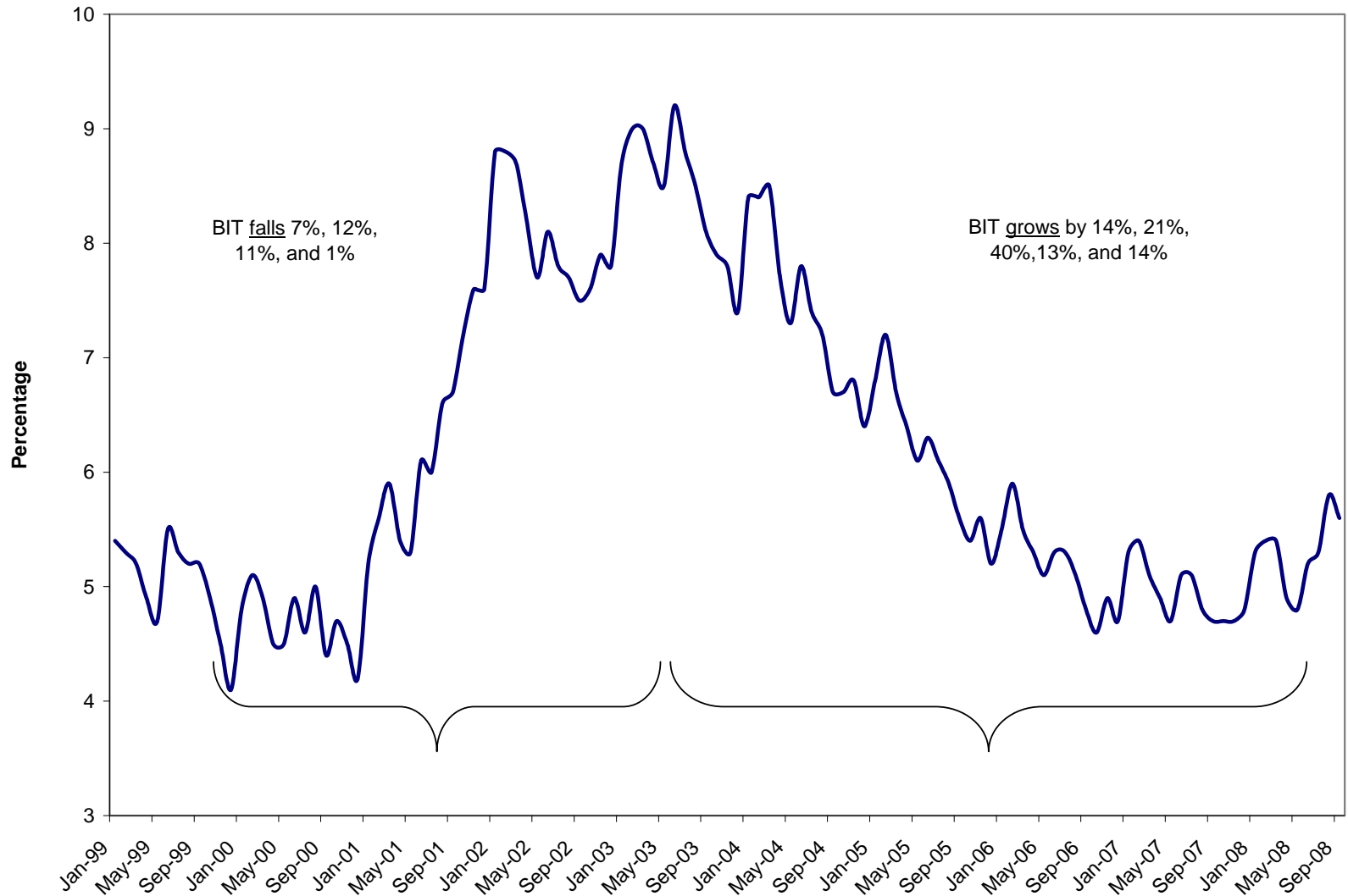
General Fund Revenue Forecast

- Base case, ongoing General Fund Revenues \$346.2 million.
 - ✓ Property Tax (64.1%) - \$221.8 million
 - ✓ BIT (15.4%) - \$53.2 million
 - ✓ Motor Vehicle Rental Tax (3.7%) - \$12.7 million
 - ✓ Video Lottery, Liquor & Cigarette Tax (2.9%) - \$10.1 million
 - ✓ A&T Recording/CAFFA (2.1%) - \$7.3 million
 - ✓ Other – Indirect (\$13.2 million), US Marshal (125 beds), Juvenile Detention, City of Portland Chronic Offender



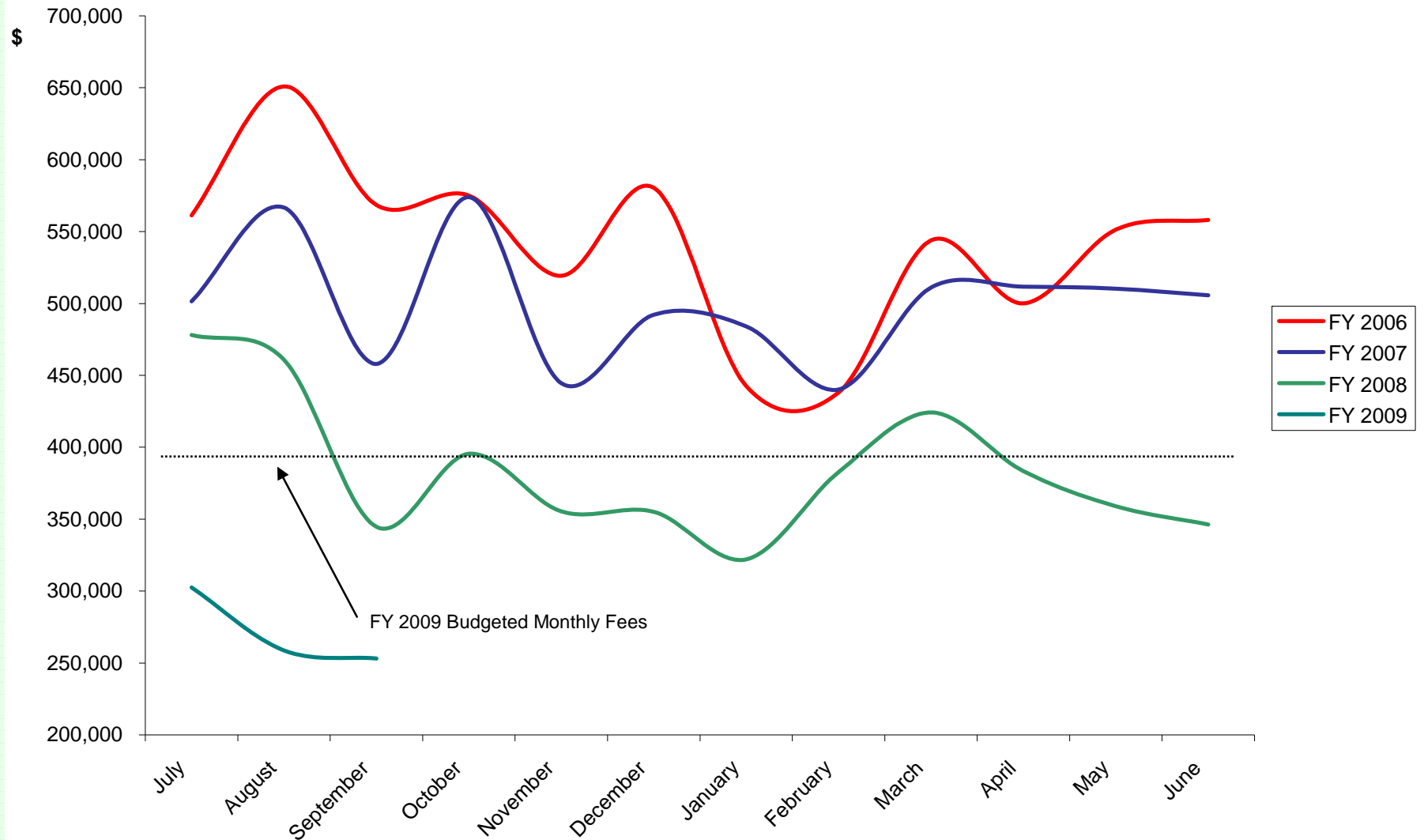
BIT & Unemployment Rate

Unemployment Rate - Multnomah County
(Thru September 2008 - Not Seasonally Adjusted)



Monthly Recording Fees

Monthly Recording Fees



Expenditure Assumptions

- Programs (and cash transfers) funded on a one-time-only basis in FY 2009 are not funded in FY 2010.

OTO & Carry Over

BCC District 1 Carryover	2,500	50035 - King Facility Improv (CA)	33,736
BCC District 1 Transition (OTO)	40,000	50055 - SRTP (OTO)	437,468
BCC District 3 Transition (OTO)	40,000	60010 - FY 08 SCAAP (CA)	200,000
BCC District 4 Transition (OTO)	40,000	60038A - Work Release (OTO)	120,840
Sauvie Island Bridge Opening (OTO)	10,000	60065A - Boat Engine (CA)	93,269
25040D - Safe Spvrd DV Visit (OTO)	30,000	72005 - Public Svcs Pathways (OTO)	50,000
25056A - MH Sub-Acute (OTO)	1,000,000	72069A - Mgmt Class/Comp Stdy (CA)	300,000
25083 - Addictions DUII (OTO)	394,174	91024 - Pres. Election 08 (OTO)	467,150
25114 - Bridges to Housing (OTO)	704,543	Dept Wapato Ramp-Up (OTO)	766,186
25136B - HY Alt Transition (OTO)	108,000		
25141 - Communities of Color (OTO)	100,000	<u>Transfers + Contingencies</u>	
25144 - SUN Cord Council (OTO)	53,427	72057A - Facility Fund Conting (OTO)	1,075,000
40016B - Medicaid Enroll (OTO)	590,434	to Cap Debt Retirement (OTO)	24,200,000
40045A - Census (OTO)	25,000	to Asset Preservation (OTO)	560,000
50023C - 16 Bed Regional (OTO)	610,989	to Fleet Fund (OTO)	299,901
		Wapato in Contingency (OTO)	6,133,814



Expenditure Assumptions

- 'New' FY 2009 programs, annualized program costs, or additional cost to existing programs.
 - ✓ Close Street - \$1,300,000
 - ✓ Detox - \$200,000
 - ✓ Sobering - \$200,000
 - ✓ Columbia Pacific Lease Increase - \$305,000
 - ✓ MCSO UNET - \$400,000
 - ✓ Full year MCDC 7th Floor - \$1.9 million
 - ✓ Wapato Mothball - \$350,000



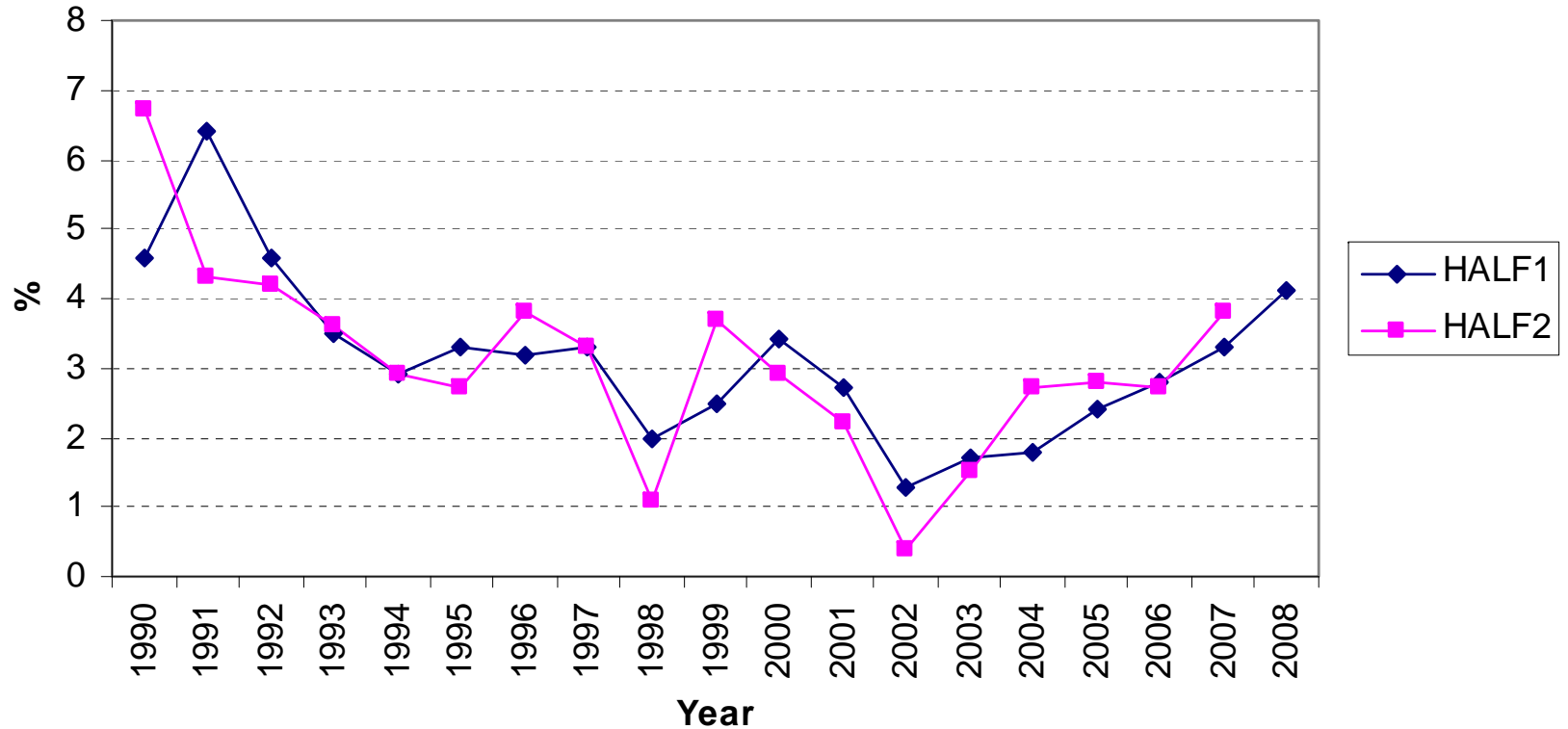
Expenditure Assumptions

- Cost Drivers
 - ✓ Inflation (COLA) – 4.00%
 - ✓ Medical/Dental – 8.00%
 - ✓ Liability Rate – 0.75% of base payroll
 - ✓ Average Personnel Cost Growth – 6.45%
 - ✓ Internal Service Cost Growth – 6.45%



Expenditure Assumptions

CPI - Urban Wage Earners & Clerical Workers
Portland-Salem



Possible OTO Resources for FY 2010

- Limited amount relative to past years
- Partially dependent on Board decisions in FY 2009
- If economy worsens, amount could shrink

	Amount
Additional BWC in FY 09 (from FY 08)	8,750,000
Wapato Contingency (less \$2 million if used to keep MCDC 7th flr. open)	6,133,814
Additional Property Tax & Timber/Secure Schools in FY 09	2,750,000
Total	17,633,814



Forecast Risks & Issues

- Economic conditions continue to worsen
 - ✓ BIT
 - ✓ Length of recession
 - ✓ FY 2009 impacts & OTO resources for FY 2010
- Inflation does not moderate
- State Budget & November Elections
- Internal/Local Issues
 - ✓ A&T IT System Financing
 - ✓ East County Justice Center
 - ✓ Wapato
 - ✓ Bridge Loan Repayment
 - ✓ Retiree Benefits Liability
 - ✓ Others



Summary

- FY 2009 budgeted revenues okay
- FY 2010 operating deficit of \$23.9 million
- Deficit likely to be \$30 million by FY 2011 (or FY 2010 if economy continues to worsen)
- Limited OTO resources for FY 2010
- Downside risk to revenue forecast – economy, state, and elections
- Questions?

