

# Washington County

## Budget Committee Meeting

### Fiscal Year 2023-24

May 8, 2023



County Administrative Office / Finance Department



# Welcome

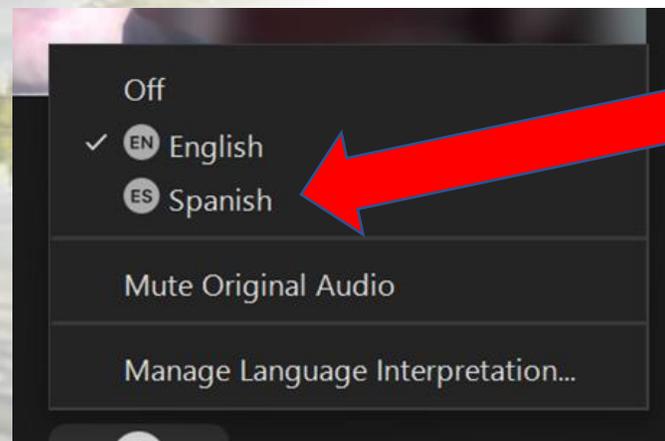
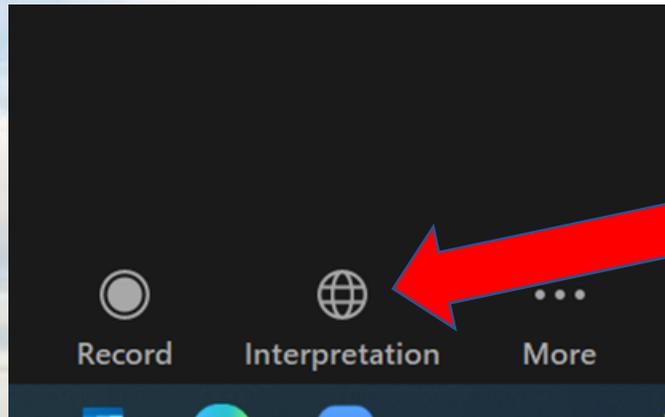


County Administrator

Tanya Ange



# Welcome



## Language Interpretation

For attendees needing Spanish interpretation, please select the globe icon at the bottom of the screen and select Spanish.



# Agenda

1. Welcome and Introductions
2. Committee Actions
  - Election of committee Chair and Vice-chair
  - Review Committee Procedures
3. FY 2023-24 Budget Message
4. FY 2023-24 County Budget Presentation 1 of 2
5. Public Comment
6. Next Steps
7. Close meeting and continue on May 11



# Introductions

- Budget Committee Members
- Presentation Staff
- Department Directors
- Budget Office Staff





# Budget Committee Actions



- Nomination and election of committee Chair and Vice-chair
  - Karen Bolin
  - Joe Everton
  - Paul Lathrop
  - Steve Pitzel
  - Joseph Ross
  - Kathryn Harrington
  - Nafisa Fai
  - Pam Treece
  - Roy Rogers
  - Jerry Willey
- Review committee procedures



# Guidelines for Community Input



Community input will occur toward the end of the meeting so the public can hear and refer to presentations and discussions.

Two minutes per individual, five minutes per organization.



# FY 2023-24 Budget Message

FY 2023-24

Proposed Budget Summary





# Growing and evolving community need



## Emerging post-pandemic reality:

- Surge of one-time capabilities, yet on-going constraints on services
- Addressing inequities, yet many persist
- Hope for the future, yet risks remain

Find the budget message in the Proposed Budget Summary on page 7



# Strategic planning process



- Community-focused
- Board led
- Review mission, One Washington County vision and organizational priorities
- Center equity
- Inputs include:
  - Service-level analysis
  - Capital spending assessments
  - Public input
  - “Design the Future” internal initiative

# Financial Challenges

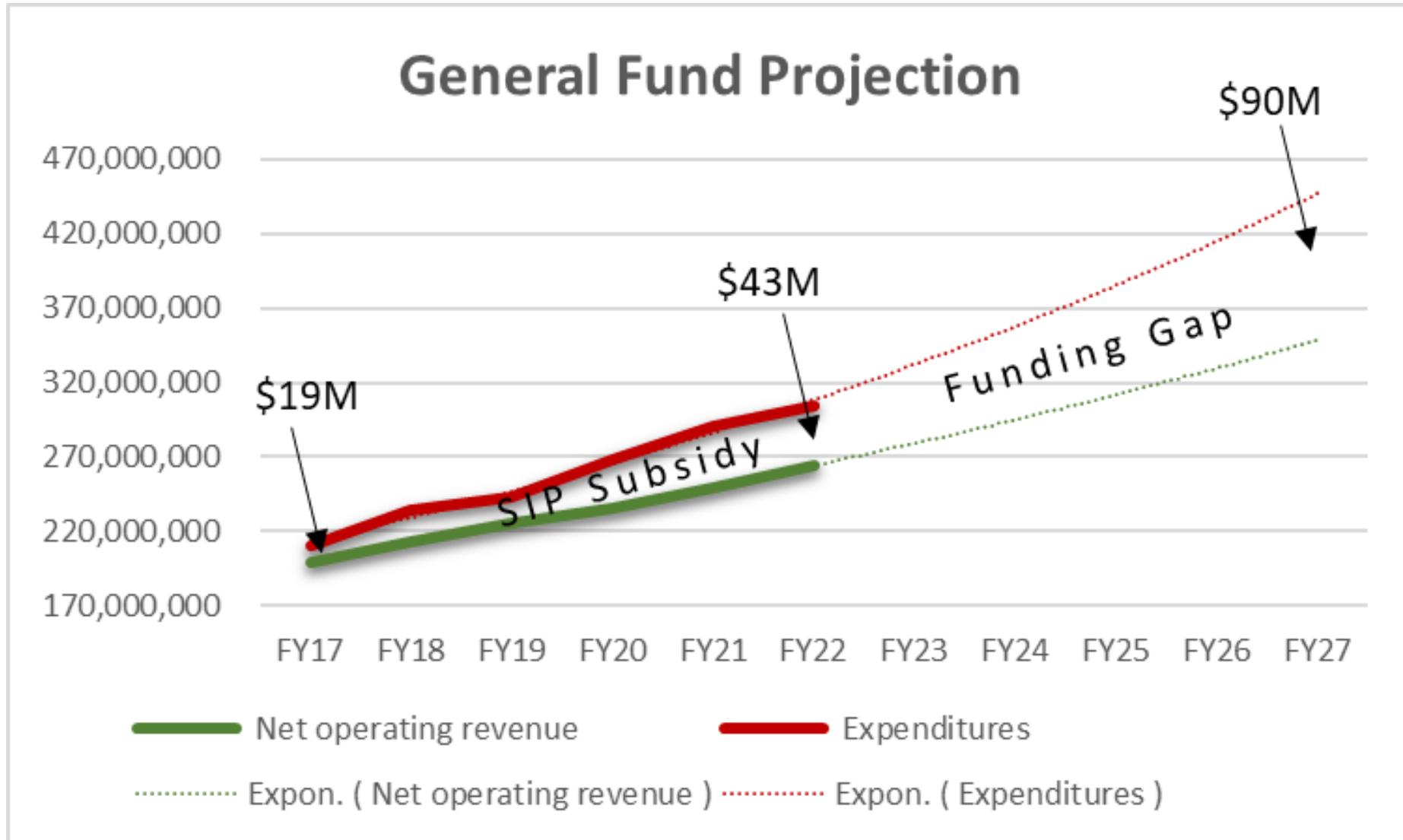




# Cause of the General Fund imbalance

- Expenditures are growing faster than revenue (7.7% vs 5.8%)
- Over-reliance on “one-time” funds
- Health insurance and state retirement system costs
- Unfunded state mandated programs, many of which have important goals but simply lack state dollars to implement
- Key technical systems and facilities that are at or are nearing the end of their useful lives
- A constrained property tax revenue system
- Bottom line: the General Fund is at least 7.1% or \$25 million out of balance for FY 2023-24

# → Growing Gap





# Not all revenue the same

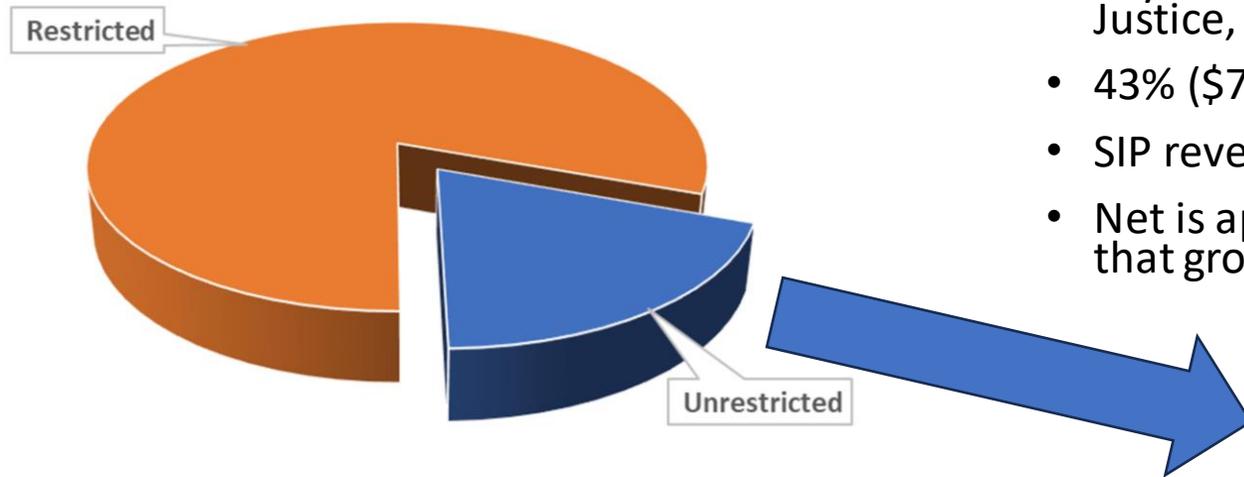
## Unrestricted

- Generally property taxes
- Fund common county gov't activities:
  - Law & justice (SO, Jail, Courts, DA)
  - Assessment & taxation
  - Elections
  - Public health
  - Recording, vet services
- Competitive

## Restricted

- Limited by law or contract for specific use
- Accounted for separately - no sharing of funds
- Separate business activity
- Grants, fee for service, room tax
- Examples: health services, disposal fees, building permits, court fines & fees

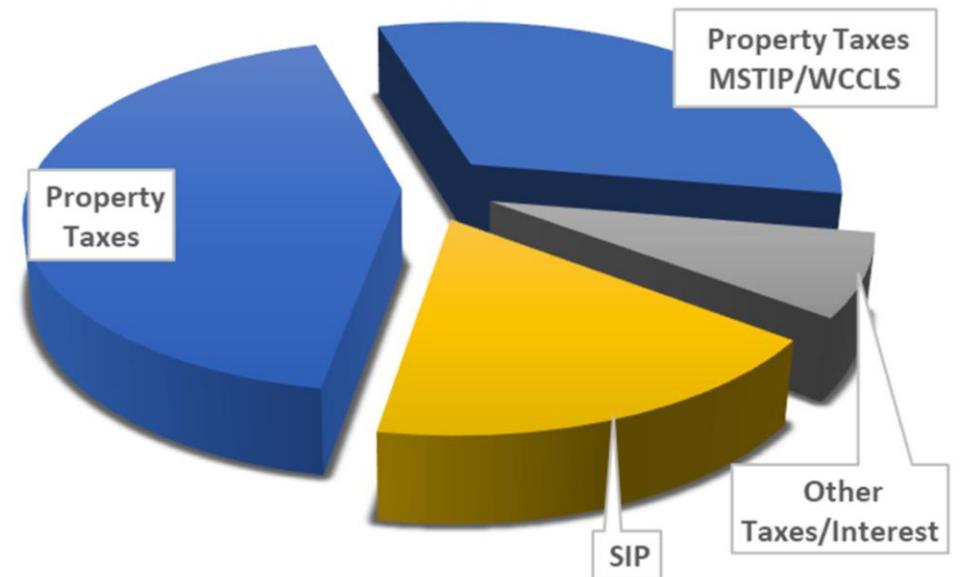
# → Unrestricted Revenue



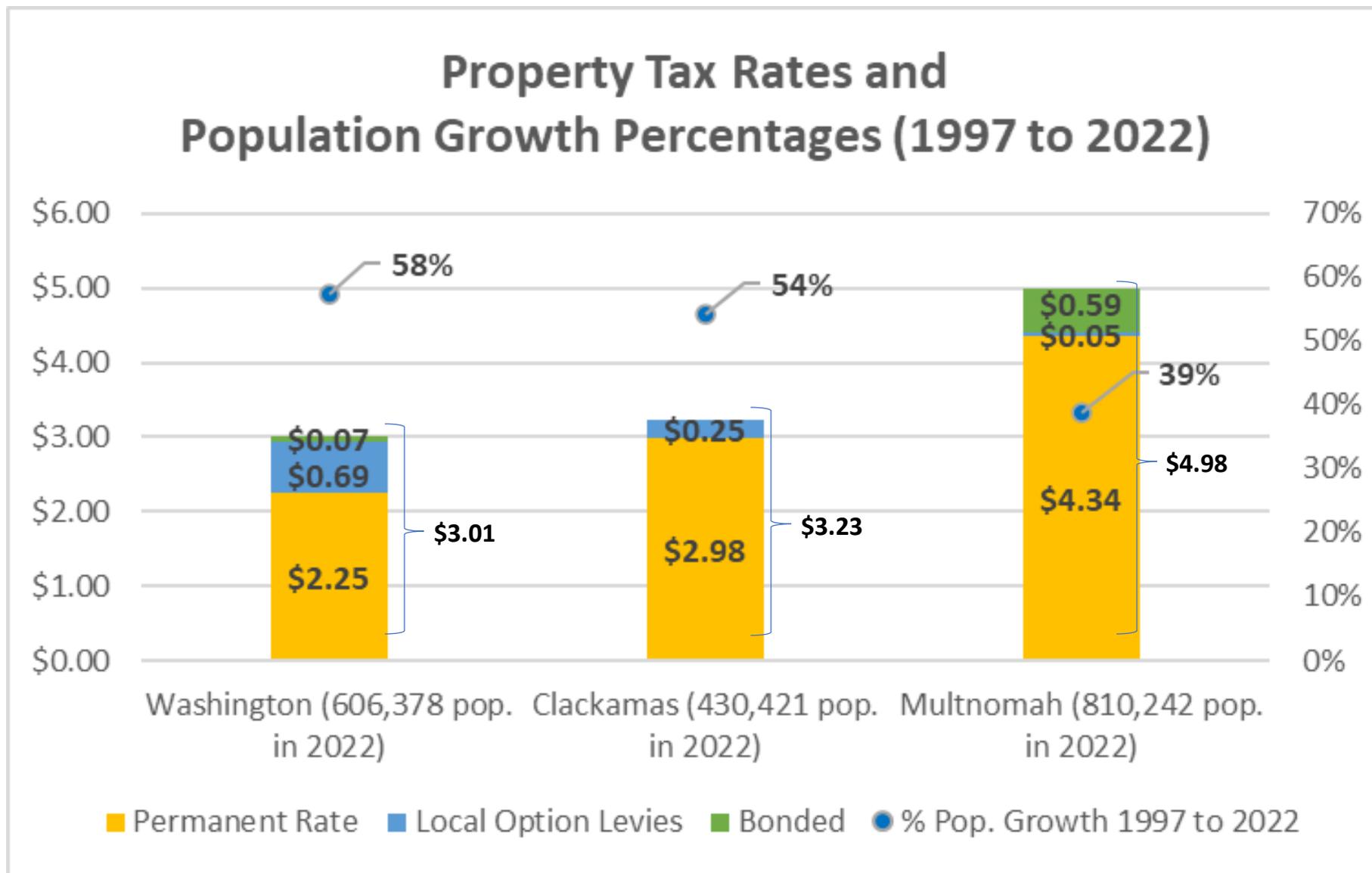
Approximately \$230 million  
or 19% of new annual  
revenue is unrestricted

## Primary funding source in the General Fund

- Pays for Elections, Assessment & Taxation, Public Safety & Justice, Public Health, Long Range Planning
- 43% (\$75M) of property tax revenue is dedicated
- SIP revenue is limited in terms of time and duration
- Net is approximately \$100M in ongoing unrestricted tax revenue that grows at 4-5% per year



# → Constrained Revenue



# Board Guidance





# Board budget principles

- Support Board goals and governance
- Enhance meaningful communication with the public that is transparent and open
- Enhance and evaluate revenue and long-term fiscal sustainability
- Make explicit the investments in equity
- Fund mandated services and objectively evaluate service levels
- Balance long-term capital and operating needs
- Position the organization for the future
- Protect services that impact community members' daily lives
- Balance systems of service and continue to pursue a One Washington County approach



# Board budget priorities

- Address immediate and long-term budget issues
- Fund immediate needs for 24/7 public safety facilities
- Develop the community county strategic plan
- Operationalize Design the Future and One Washington County
- Plan for and respond to emergencies and disasters, including those caused by climate change
- Support a connected multimodal transportation system
- Support equitable economic development through federal Rescue Plan funds
- Partner with the state and community to protect public health
- Support affordable housing and address homelessness
- Deliver public safety and justice services in a way that builds community trust
- Support major systems of County government, including capital improvement planning, finance, information technology and human resources



# Equity, Diversity and Inclusion in the Budget Process

## Early in the process of bringing the Equity Resolution to life



- **Equity in budget process includes:**
  - Data driven decision making
  - Transparency
  - Community engagement
- **Focus investments on equitable**
  - Access
  - Quality
  - Outcomes
- **Equity Initiatives section included in the Budget Summary book**
  - Detailed budget equity reports are published alongside the County Budget.

Find budget equity summary in the Proposed Budget Summary on page 33



# Equity, Diversity and Inclusion in the Budget Process

## Evolution of Washington County Budget Equity Tools



- **FY 2022-23 Budget Equity Tool:**

- One Tool for all Org Units
- Addressed: Civil Rights, data, community engagement, quality of services, and targeted resources.

- **FY 2023-24 Budget Equity – Two Tools**

- Community-facing Org Units:
  - Civil Rights, data, community engagement, equitable services, and equitable organizational development.
- Internally facing Org Units:
  - Civil Rights and equitable organizational development.



# Equity, Diversity and Inclusion in the Budget Process

## FY 2024

## Department-Requested Equity Investments



- **Culturally specific service delivery:** \$4,880,665
- **Community engagement:** \$3,245,034
- **Staff equity diversity and inclusion capacity building:** \$1,945,629
- **Interpretation, translation, and accommodations:** \$ 435,941
- **Bilingual staff receiving pay differential:** 194 full-time equivalent staff

*\*investment requests do not include personnel*

*\*actual investment amounts may shift in the budget process*



# FY 2023-24 Budget Presentation

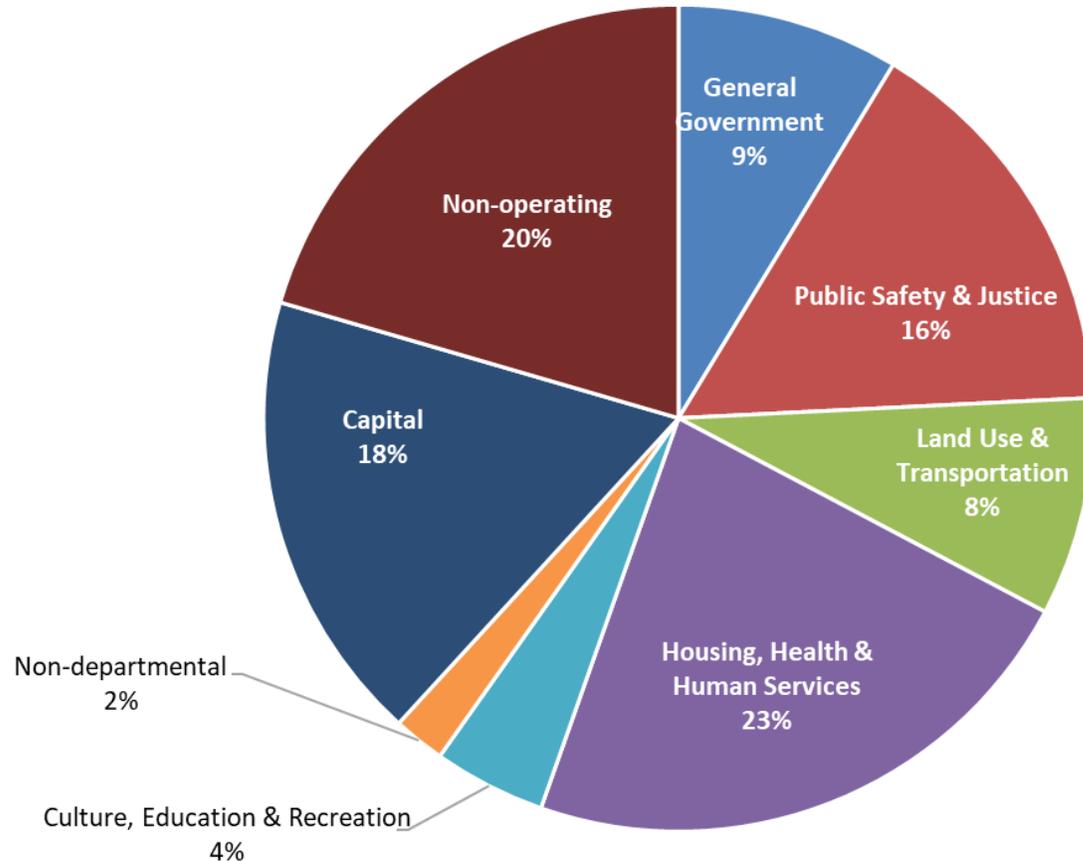
FY 2023-24

Proposed Budget Summary





# FY 2023-24 Budget by Functional Area



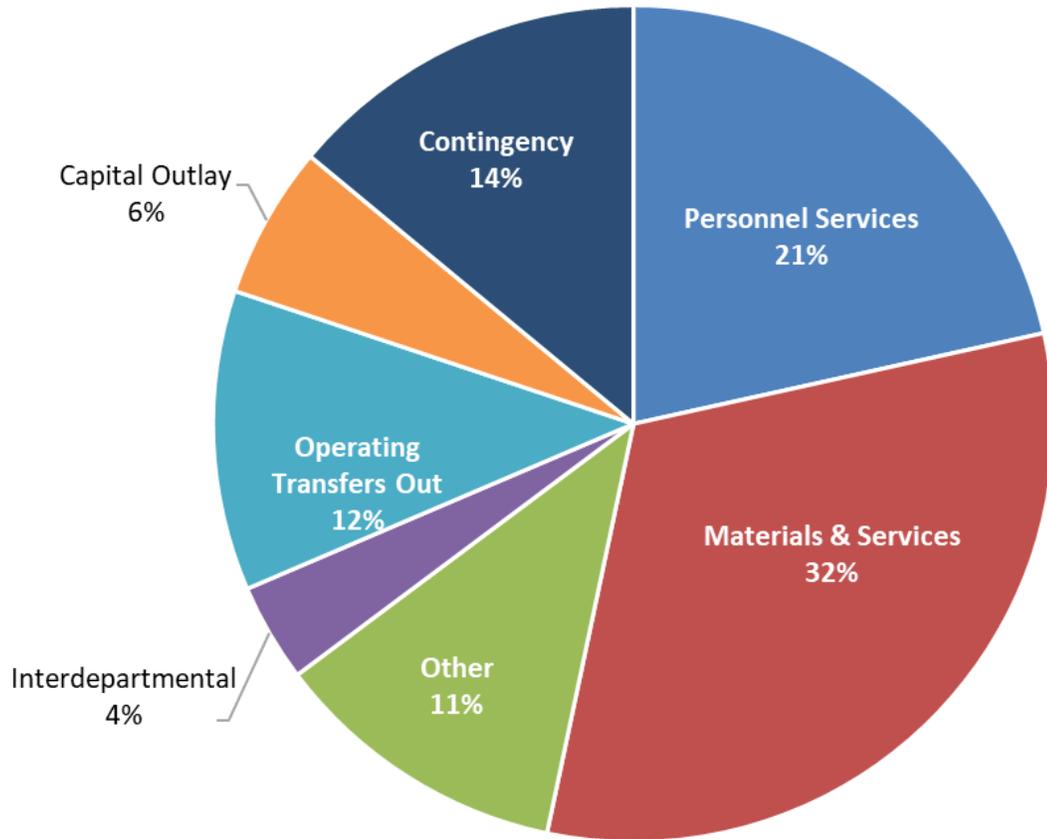
## Expenditures by Function

- \$1,701,385,632
- 4% increase from FY23
- Similar distribution to FY23
  - Slight increase in HHS and PSJ
  - Decrease in Non-operating and Capital

Find the total budget in the Proposed Budget Summary on page 37



# FY 2023-24 Budget by Category

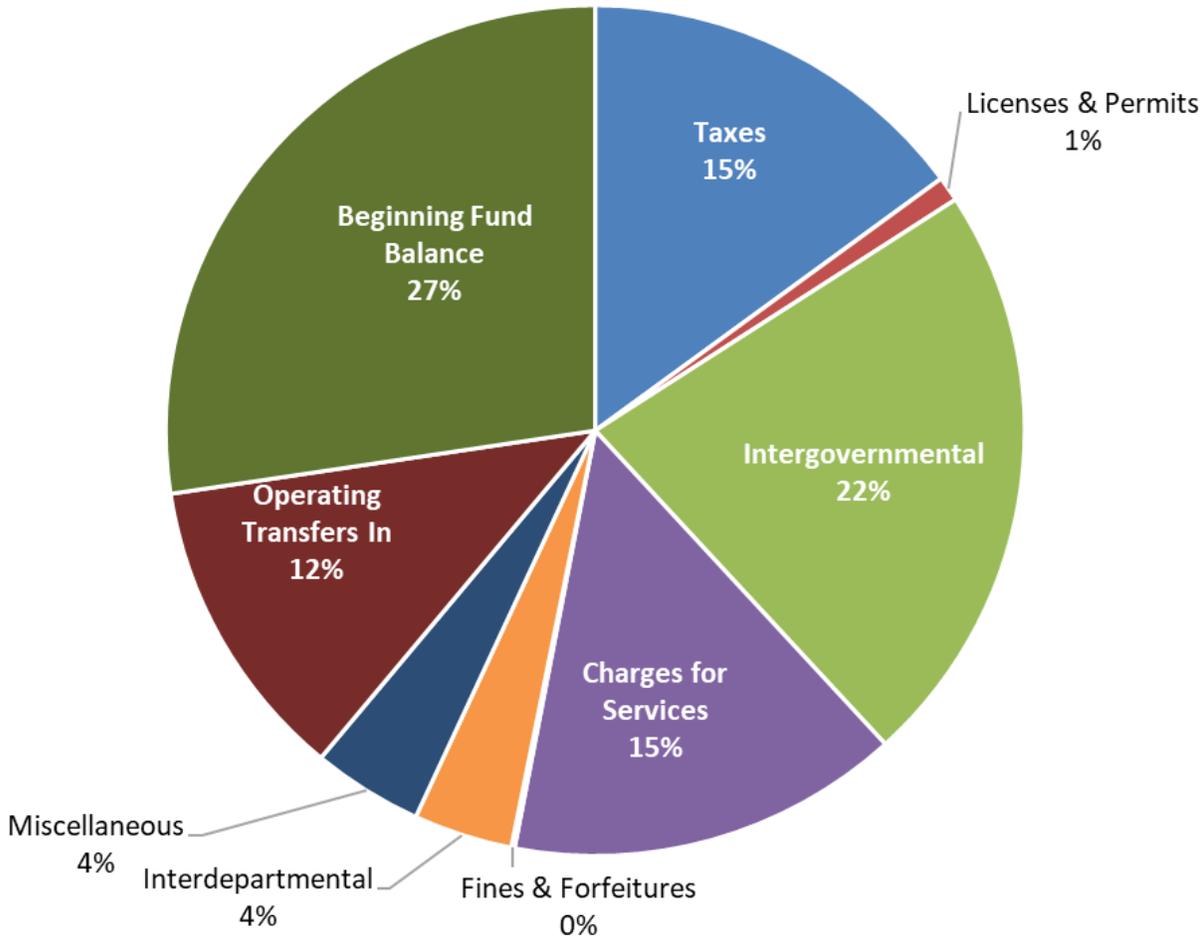


## Expenditures by Category

- \$1,701,385,632
- 4% increase from FY23
- Similar distribution to FY23
  - Increase in contingency
  - Slight decreases in personnel services and materials and services



# FY 2023-24 Revenue

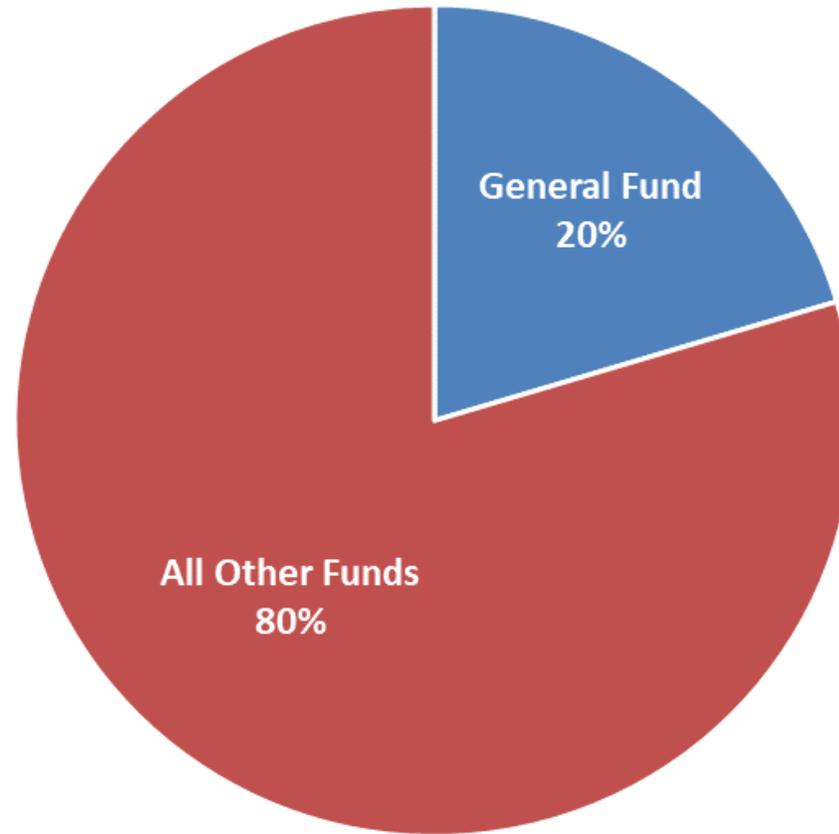


## Revenue

- Total = \$1,701,385,632
- 4% increase from revised FY23
- Similar distribution to FY23
  - Slight changes in fund balance, taxes
  - Decrease in intergovernmental
  - Increase in charges for service



# General Fund

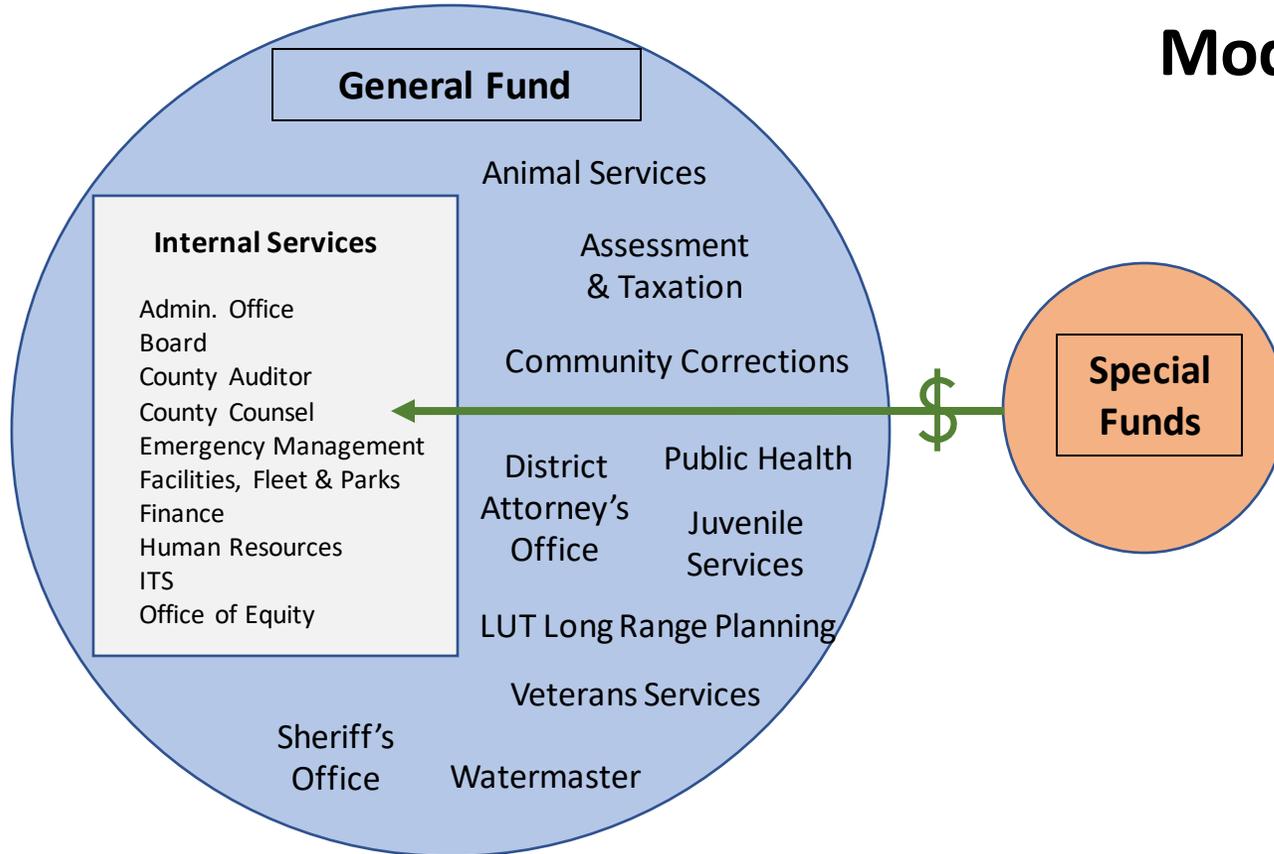




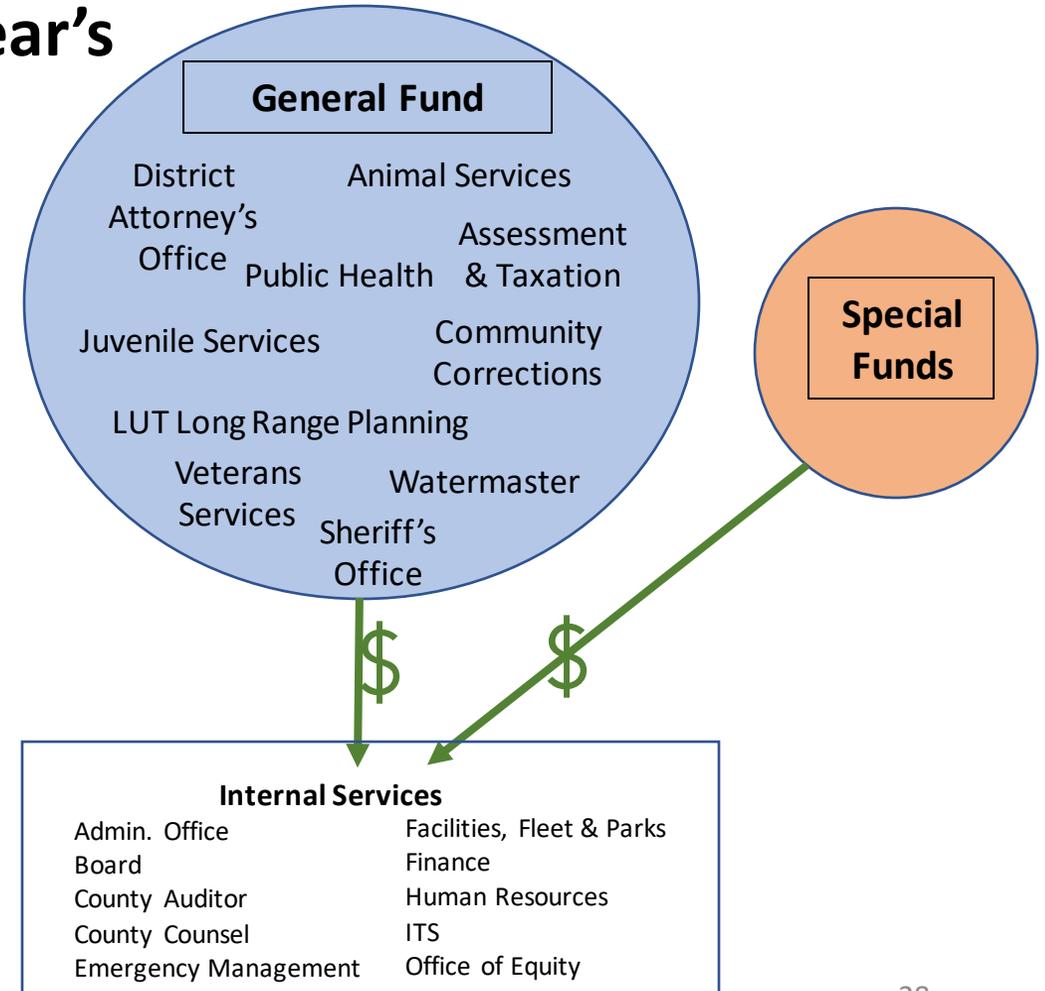
# Internal Service Cost Allocation

Methodology change in FY24

## Current Model



## Next Year's Model





# Internal Service Cost Allocation

Methodology change in FY24

1. Move internal service (IS) functions from the General Fund to individual IS funds
2. Use full cost recovery to allocate IS costs
3. Use forward looking IS costs to establish cost allocation rates

**FY24 impact:** this will reduce the overall GF budget but fully cost (increase) budgets for external service departments in the GF.

Old Fund	New Fund	Fund Description
100	514	Board of Commisioners
100	522	County Administrators Office
100	526	County Counsel
100	528	County Auditor
100	530	OEICE
100	532	County Emergency Management
100	534	Finance
100	536	Human Resources
100	518	ITS Operations
100	520	Facilities Operations



# Proposed FY24 General Fund reductions

**These actions are proposed to fill the projected General Fund gap:**

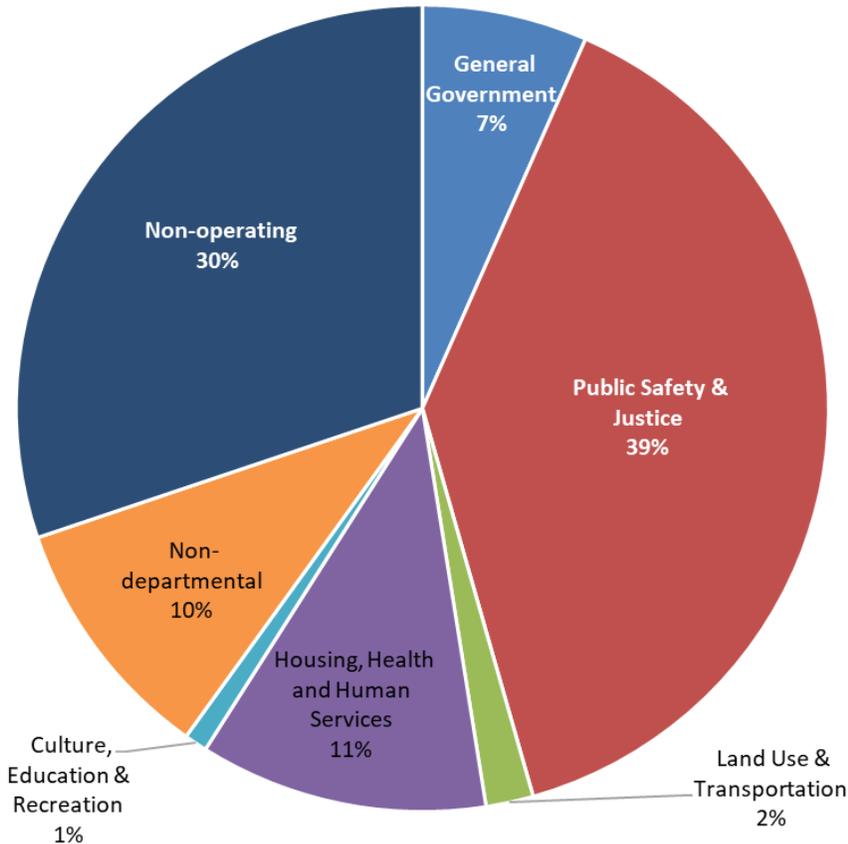
**Pages 9-10 of Budget Message**

- No cost-of-living adjustment (COLA) for executive staff
- Limit COLA increase to 3.5% for non-represented employees
- 5% reduction in health insurance costs
- Using a vacancy management strategy in FY 2023-24 to save \$4 million in the General Fund
- Eliminate 22 current General Fund vacancies
- Reduce General Fund transfers by 7% to libraries and transportation improvements
- Additional reductions are outlined in the Proposed Budget Summary – **Pages 15 -32**



# General Fund by Functional Area

Expenditures by Functional Area

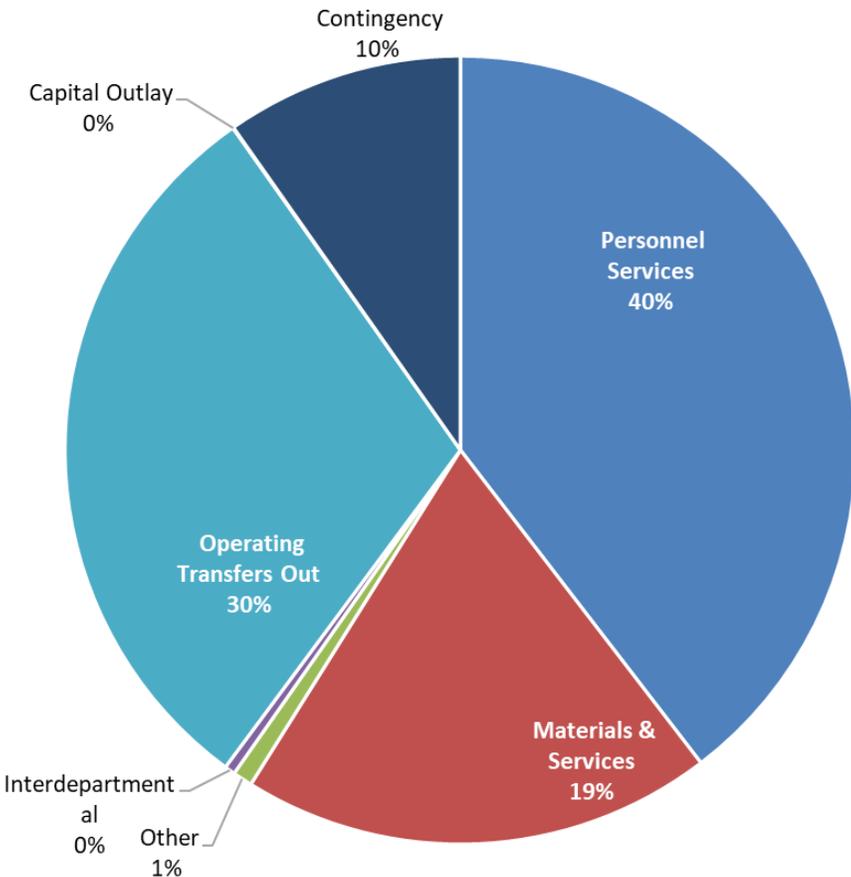


- Proposed budget = \$346,658,558
- 6% decrease from FY23
- Due primarily to transition of internal service budgets to internal service funds

Functional Area	Modified	Proposed	Change w/o ISF		Total Change	
	2022-23	2023-24	\$	%	\$	%
General Government	\$ 83,246,074	22,810,440	5,858,731	7%	(60,435,634)	-73%
Public Safety & Justice	106,608,039	135,276,171	3,555,394	3%	28,668,132	27%
Land Use & Transportation	5,581,770	6,548,803	(123,554)	-2%	967,033	17%
Housing, Health & Human Services	38,378,808	39,785,147	(4,737,471)	-12%	1,406,339	4%
Culture, Education & Recreation	2,391,256	3,174,028	83,488	3%	782,772	33%
Non-departmental	31,106,146	34,407,619	3,289,157	11%	3,301,473	11%
<b>subtotal</b>	<b>267,312,093</b>	<b>242,002,208</b>	<b>7,925,745</b>		<b>(25,309,885)</b>	<b>-9%</b>
Non-operating	102,763,665	104,656,350	1,409,185	1%	1,892,685	2%
<b>Totals \$</b>	<b>370,075,758</b>	<b>346,658,558</b>	<b>9,334,930</b>	<b>3%</b>	<b>(23,417,200)</b>	<b>-6%</b>
<b>FTE's</b>	<b>1,180.98</b>	<b>907.29</b>	<b>5.56</b>	<b>0%</b>	<b>(273.69)</b>	<b>-23%</b>



# General Fund by Category



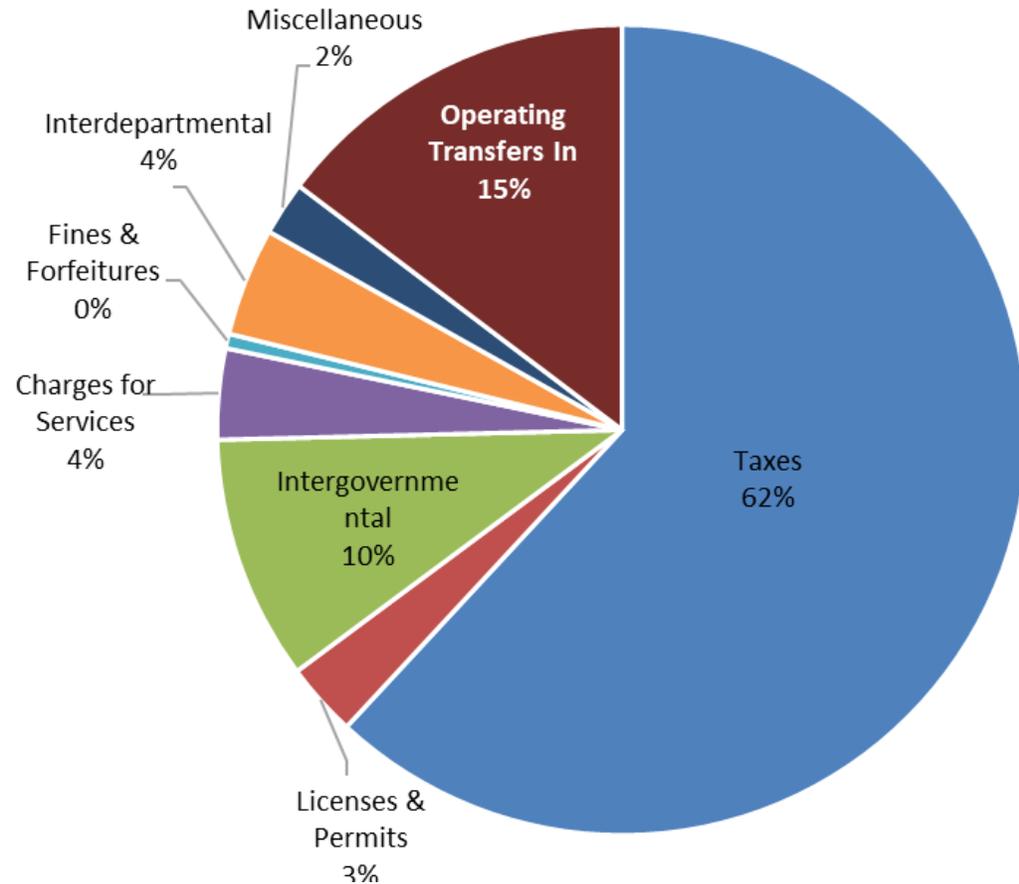
- Decline in personnel services from 50% in FY23
- Due primarily to transition of internal service budgets to internal service funds
- Contingency = 4 months property tax and within current fund balance policy

Category Description	Modified	Proposed	Total Change	
	2022-23	2023-24	\$	%
Personnel Services	179,498,400	137,248,587	(42,249,813)	-24%
Materials & Services	52,865,652	66,909,822	14,044,170	27%
Other	3,543,810	2,784,372	(759,438)	-21%
Interdepartmental	1,229,155	1,501,496	272,341	22%
Operating Transfers Out	91,148,083	104,374,229	13,226,146	15%
Capital Outlay	179,200	103,900	(75,300)	-42%
<b>subtotal</b>	<b>328,464,300</b>	<b>312,922,406</b>	<b>(15,541,894)</b>	<b>-5%</b>
Contingency	41,611,458	33,736,152	(7,875,306)	19%
<b>Total Expenditures</b>	<b>370,075,758</b>	<b>346,658,558</b>	<b>(23,417,200)</b>	<b>-6%</b>



# General Fund Revenue

Reduction in revenue due primarily to transition of internal service budgets to internal service funds



Category Description	Modified	Proposed	Total Change	
	2022-23	2023-24	\$	%
Taxes	186,013,659	186,869,014	855,355	0%
Licenses & Permits	8,208,900	8,858,938	650,038	8%
Intergovernmental	33,825,075	29,481,788	(4,343,287)	-13%
Charges for Services	14,143,732	10,941,992	(3,201,740)	-23%
Fines & Forfeitures	1,948,300	1,755,763	(192,537)	-10%
Interdepartmental	9,128,057	13,044,815	3,916,758	43%
Miscellaneous	5,461,520	6,490,393	1,028,873	19%
Operating Transfers In	65,630,933	44,389,814	(21,241,119)	-32%
<b>Total Revenues</b>	<b>324,360,176</b>	<b>301,832,517</b>	<b>(22,527,659)</b>	<b>-7%</b>



# General Fund Balance

- Current policy = fund balance between 15% and 20% of net General Fund revenue
- FY24 Proposed Budget = 27%
- Future policy proposal to exclude one-time SIP funds and use property tax revenue as basis

	Current Policy Method	
	Including SIP	If SIP Excluded
<b>Budgeted Contingency</b>		
General Fund	33,736,152	33,736,152
SIP Fund	28,159,201	-
<b>Total Contingency/Fund Balance</b>	<b>61,895,353</b>	<b>33,736,152</b>
<b>Policy Calculation</b>		
Revenue	301,832,517	301,832,517
Less Transfers to MSTIP/WCCLS	(70,773,573)	(70,773,573)
<b>Net Revenue</b>	<b>231,058,944</b>	<b>231,058,944</b>
<b>Contingency/End Balance</b>	<b>61,895,353</b>	<b>33,736,152</b>
<b>As a % of Net Revenue</b>	<b>27%</b>	<b>15%</b>
<b>Future Calculation</b>		
Property Taxes		171,903,838
Less Transfers to MSTIP/WCCLS		(70,773,573)
<b>Net Tax Revenue</b>		<b>101,130,265</b>
<b>Contingency - 4 months of net tax revenue</b>		<b>33,710,088</b>



# Intermission

Followed by FY 2023-24 County  
Budget by Functional Area





# FY 2023-24 Budget by Functional Areas



## May 8

- General Government
- Public Safety and Justice
- Land Use and Transportation



## May 11

- Housing, Health and Human Services
- Culture, Education and Recreation
- Non-departmental
- Capital
- Non-operating
- SDL No. 1

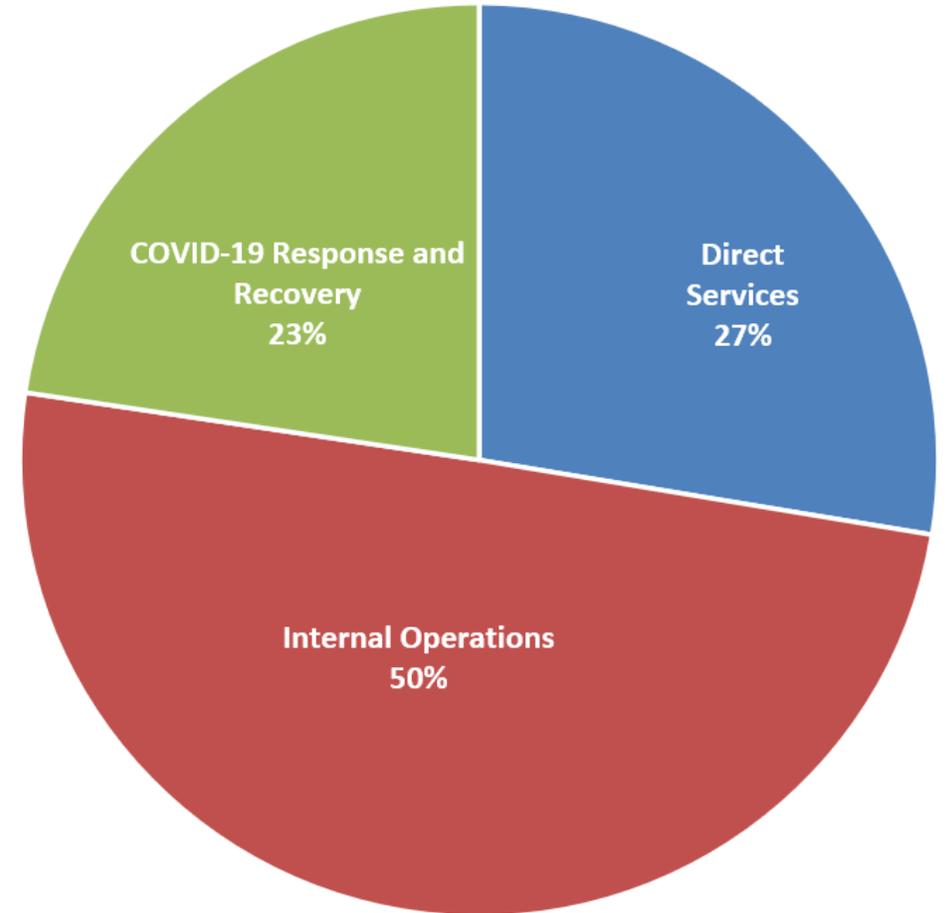




# General Government

Direct Services	Internal Operations
Board of Commissioners	County Emergency Management
Administrative Office	Support Services Administration
County Counsel	Finance
County Auditor	Human Resources
Elections	Information Technology Services
Assessment & Taxation	Procurement
Office of Equity, Inclusion and Community Engagement	Facilities and Parks Services
	Risk Management
	COVID-19 Response and Recovery
	Fleet Services
	Mail and Print Services

	Fiscal Year		Change	
	2022-23	2023-24	\$	%
<b>Direct Services Budget</b>	\$ 30,049,400	40,683,517	10,634,117	35%
<b>Direct Services FTE</b>	176.00	182.50	6.50	4%
<b>Internal Operations Budget</b>	\$ 109,217,334	106,633,913	(2,583,421)	-2%
<b>Internal Operations FTE</b>	314.90	278.60	(36.30)	-12%





# General Government



- Internal infrastructure to support service delivery
- Invest with grant and dedicated funds when appropriate
- Implement reorganization activities
- Organizational sustainability

Find the General Government section in the Proposed Budget Summary on page 51



# General Government



- Cross-departmental board priorities
  - Strategic Planning
  - Economic development
  - Equity, diversity and inclusion
  - Legislative agenda
  - COVID-19 Response & Recovery (Fund 155)



# Budget Committee Questions & Discussion

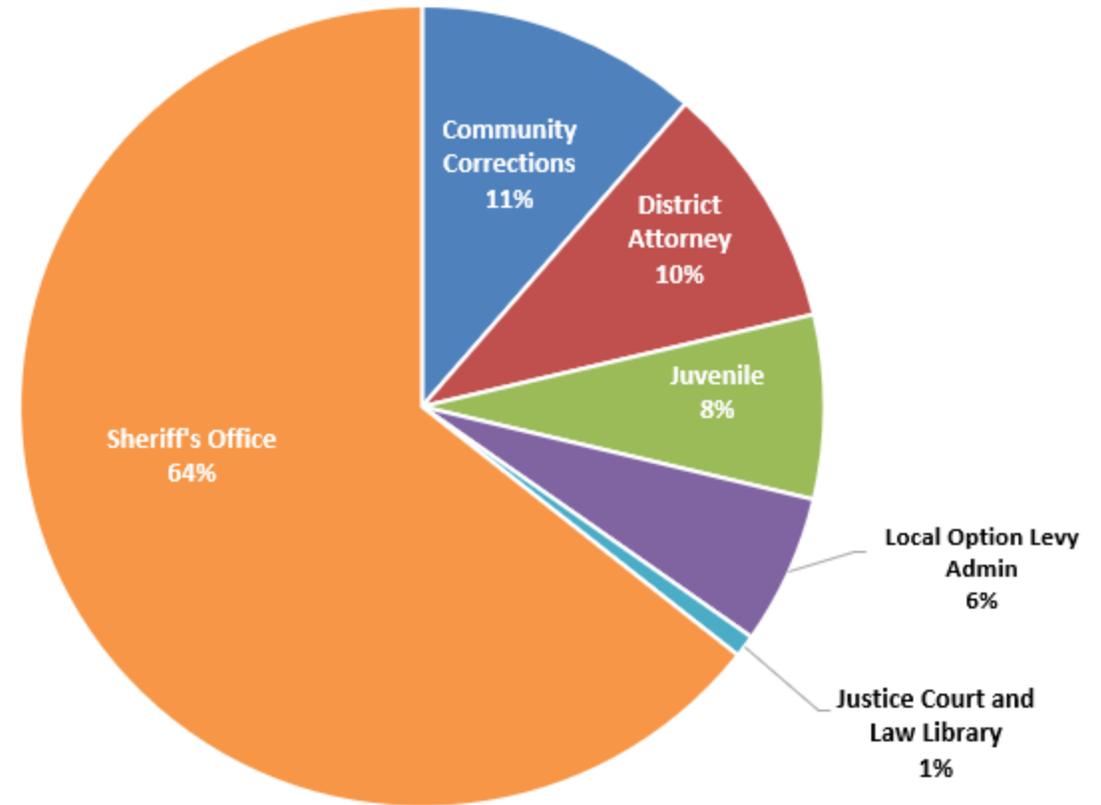




# Public Safety and Justice

Fund	Fiscal Year		Change	
	2022-23	2023-24	\$	%
General Fund	\$ 106,608,039	135,276,171	28,668,132	27%
Local Option Levy	50,340,113	55,207,247	4,867,134	10%
Special Fund	35,482,982	36,303,969	820,987	2%
ESPD	34,205,165	37,873,984	3,668,819	11%
<b>Total</b>	<b>\$ 226,636,299</b>	<b>264,661,371</b>	<b>38,025,072</b>	<b>17%</b>
FTE	993.20	998.80	5.60	1%

Service Areas	Budget
Community Corrections	\$ 30,090,093
District Attorney	\$ 26,297,732
Juvenile	\$ 19,622,188
Local Option Levy Admin	\$ 15,951,309
Justice Court and Law Library	\$ 2,374,485
Sheriff's Office	\$ 170,325,564
<b>Total</b>	<b>\$ 264,661,371</b>





# Public Safety and Justice



## Sheriff's Office

- County-wide public safety services
  - Jail, Law Enforcement, other dedicated funds
  - Measures of effectiveness
- Community Engagement
  - Latino Advisory Commission
  - Enhanced Sheriff's Patrol District (ESPD) Advisory Committee
  - Building Bridges
  - Community events, CPO's, business forums
- Public Safety Training Center – post COVID-19
- Use of Force Review – recommendation of implementation

Find the Public Safety & Justice section in the Proposed Budget Summary on page 98



# Public Safety and Justice



## Sheriff's Office

**Law Enforcement** – General Fund, ESPD, PS Local Option Levy balance service level commensurate with population

- **Special Teams** with dedicated skills
  - Westside Interagency Narcotics (WIN) Team focus on fentanyl & drug trafficking
  - Mental Health Response Teams (MHRT)
  - Houseless Outreach & Programs Engagements (HOPE)
- **Jail**
  - Hiring challenges
  - Reducing recidivism through Jail Programs
  - Strategic investment needs in jail facilities & capacity
  - Jail Health Care



# Public Safety and Justice



## District Attorney's Office

- County-wide service delivery
  - Nine law enforcement agencies in the county
- Statewide leader in use of specialty courts & treatment programs
- Use of federal grants for important initiatives
- New & increasing mandates impacting workload and resources
  - Budget reduction impacts
  - Highest caseloads in Tri-County area
- Partnership, engagement, equity
- Key initiatives continue to support most vulnerable victims



# Public Safety and Justice



## Community Corrections

- State – County funding
  - The State funds supervision, sanctions & services associated with felony cases
  - County General Funds provide supervision, sanctions & services for misdemeanor cases
  - Misdemeanor caseloads increasing
- Maintains prior service reductions & 4% additional
  - Reduction in allocations for evidenced based services
  - Community Corrections Center maintains 96 of 215 beds
    - Bed reduction first established by COVID-19 protocols
    - FTE reductions (vacant)
    - Indirect costs (meals) / Temporary FTE



# Public Safety and Justice



## Community Corrections

- Budget impacts (continued)
  - Probation & Parole
- Collective Bargaining Agreements
  - FOPPO & AFSCME
- Counseling & Victim's Services (CVS) Program
- Review of Data Dashboards on sanctions
  - Culturally specific caseload, mentors & services
- Department EDI Committee
- Employee wellness, Gallup Q12



# Public Safety and Justice



## Juvenile Services

- Reduce secure detention beds (14 –11)
  - Cost per bed increases; plan for next two fiscal years
  - Detention beds utilized for risk to public safety
  - Reduce secure bed "over flow" contract with Yamhill County
- 7% Budget reduction eliminates (vacant) Juvenile Counselor II and Variable Hour Juvenile Counselor I FTE; impact to caseload
- Maintains contracts with agencies that provide culturally specific services to youth/families
  - Family Navigators
  - Mentoring
- Maintains & expands the Diversion Program funded by the Public Safety Local Option Levy
  - Awarded to Latino Network for low-level first-time offenders.
  - Provides assessment & culturally specific risk-based services to prevent further involvement in juvenile justice system.



# Public Safety and Justice



## Conciliation Services

- Funded by the Oregon Judicial Department (OJD)
  - State appropriation has not increased in a decade
  - Staff & program costs continue to increase
- Current staffing & delivery model limitations
- Conciliation Services Advisory Board
- Preserving service level/Impact to decrease
- Recommendations to fee changes/increase



# Public Safety and Justice



## Law Library

- Funded by the Oregon Judicial Department
  - Funding has remained flat or decreased over last decade
  - Staff and program costs continue to increase
- Law Library continues to draw on reserves to maintain current service levels
- Focus on outreach & programs to better serve the community
- Future funding reductions/status quo appropriations impact FTE & service delivery



# Public Safety and Justice



## Justice Court

Provides services in connection with civil and criminal actions. Administered by an elected Justice of the Peace.

- Declining revenue over the past five years
- Decrease in citations filed
- As COVID-19 protocols relax, Small Claims Court filings increase significantly
- Changes to distribution in funds in traffic diversion cases
- Staff providing translation (and some documents) to customers speaking language other than English



# Budget Committee Questions and Discussion

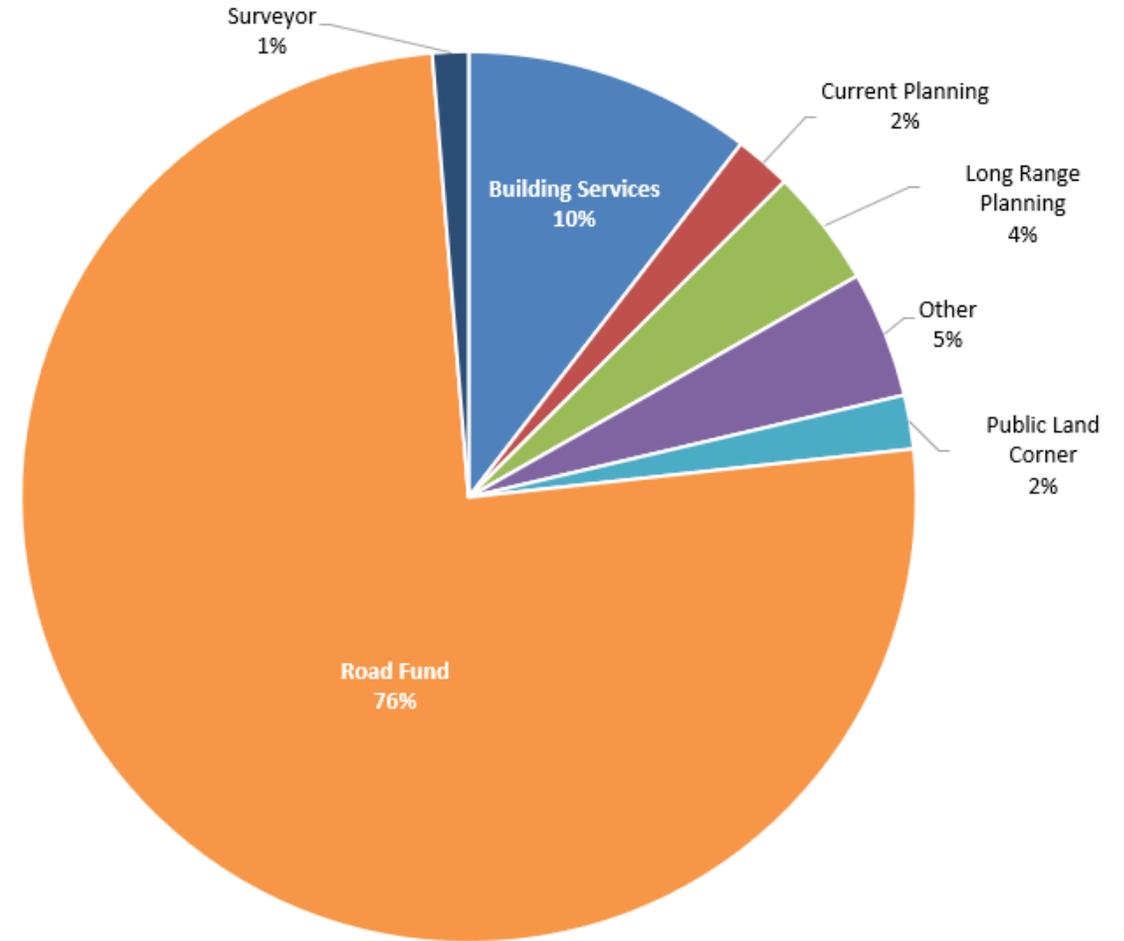




# Land Use and Transportation

	<u>Fiscal Year</u>		<u>Change</u>	
	FY 2022-23	FY 2023-24	\$	%
General Fund	\$ 5,581,770	6,548,803	967,033	17%
Special Funds	\$ 129,325,212	138,889,890	9,564,678	7%
<b>Total</b>	<b>\$ 134,906,982</b>	<b>145,438,693</b>	<b>10,531,711</b>	<b>8%</b>
<b>FTE</b>	<b>339.54</b>	<b>332.50</b>	<b>(7.04)</b>	<b>-2%</b>

<b>Service Areas</b>	<b>Budget</b>
Building Services	\$ 15,151,355
Current Planning	\$ 2,987,392
Long Range Planning	\$ 6,192,286
Other	\$ 6,670,930
Public Land Corner	\$ 2,838,452
Road Fund	\$ 109,712,412
Surveyor	\$ 1,885,866
<b>Total</b>	<b>\$ 145,438,693</b>





# Land Use and Transportation

## Road Fund

- Conservative budget due to future revenue uncertainty and cost escalation
- Decrease in State Highway Fund apportionment and County Vehicle Registration Fee/Gas Tax revenues (-3%); expect flat or declining future revenues
- Asset management system comes online
- Assessing future maintenance needs and revenues as cost escalation continues



Find the Land Use & Transportation section in the Proposed Budget Summary on page 147



# Land Use and Transportation



## Long Range Planning

- Climate Friendly and Equitable Communities rules implementation
- Ongoing revisions to Significant Natural Resource regulations
- Council Creek Trail planning and design
- Countywide transit study
- TV Highway transit study
- Reduced 0.5 FTE due to reorganization



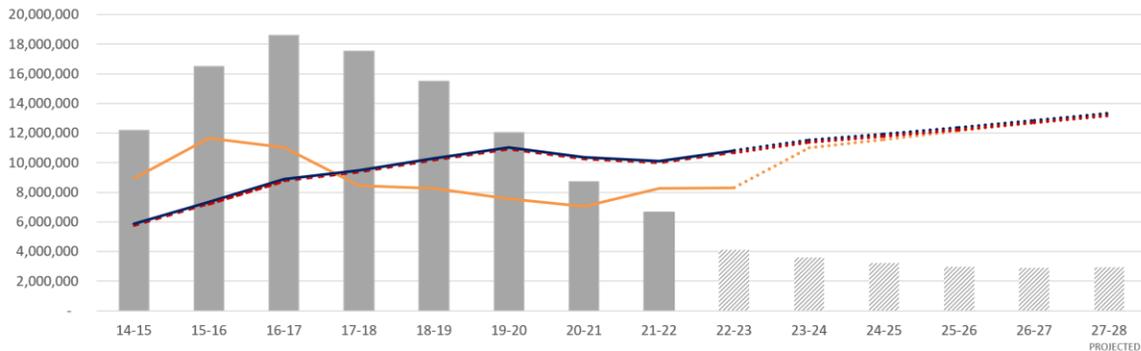
# Land Use and Transportation

## Current Planning & Building Services

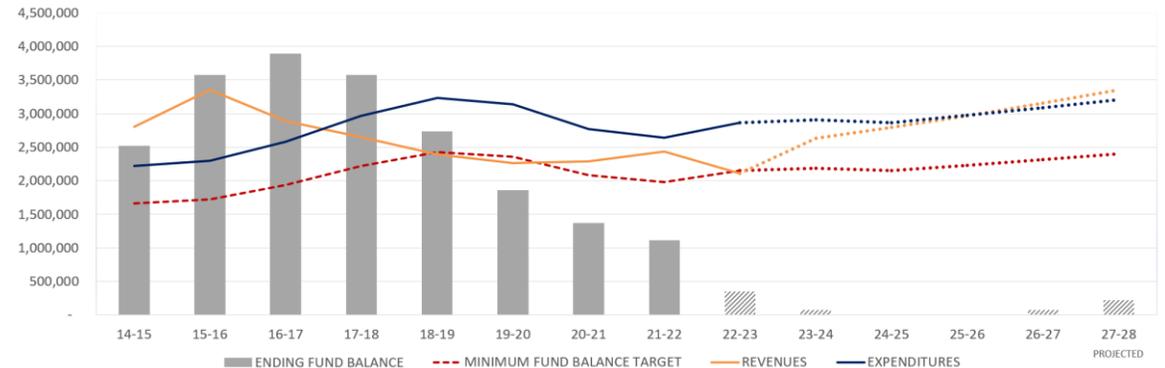
- Consultant assessment recommended cost recovery, process improvements for both sections
- Board approved 50% fee increase to improve cost recovery in both sections; effective July 1

### Projected impact of 50% fee increase (FY 2023-24) + index adjustments in future years

#### Building Services



#### Current Planning



ENDING FUND BALANCE    MINIMUM FUND BALANCE TARGET    REVENUES    EXPENDITURES



# Budget Committee Questions & Discussion





# Guidelines for Community Input



Community input will occur toward the end of the meeting so the public can hear and refer to presentations and discussions.

Two minutes per individual, five minutes per organization.



# Next Steps

Date	Budget Committee	Purpose
May 8, 5:30 p.m.	<ul style="list-style-type: none"><li>Washington County Budget Committee</li></ul>	Public meetings to discuss proposed budget and receive public comment
May 11, 5:30 p.m.	<ul style="list-style-type: none"><li>Washington County &amp;</li><li>Service District for Lighting #1 (SDL #1)</li></ul>	
May 15, 5:30 p.m.	<ul style="list-style-type: none"><li>Enhanced Sheriff's Patrol District (ESPD) &amp;</li><li>Urban Road Maintenance District (URMD)</li></ul>	
May 18, 5:30 p.m.	<ul style="list-style-type: none"><li>North Bethany County Service District for Roads (N. Bethany CSDR)</li></ul>	
May 31, 5:30 p.m.	<ul style="list-style-type: none"><li>N. Bethany CSDR (5:30 p.m.)</li><li>URMD (6:30 p.m.)</li><li>ESPD (7:30 p.m.)</li></ul>	Public Hearings for deliberation and public testimony
June 1, 5:30 p.m.	<ul style="list-style-type: none"><li>Washington County</li><li>SDL #1</li></ul>	
June 20, 10 a.m.	<ul style="list-style-type: none"><li>Board of County Commissioners (<i>vote on adoption of budget</i>)</li></ul>	



Thank you!

