

PROPOSED  
**BUDGET  
SUMMARY**

Revised May 3, 2024

FISCAL  
YEAR  
**2024  
2025**

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# Commissioner Districts

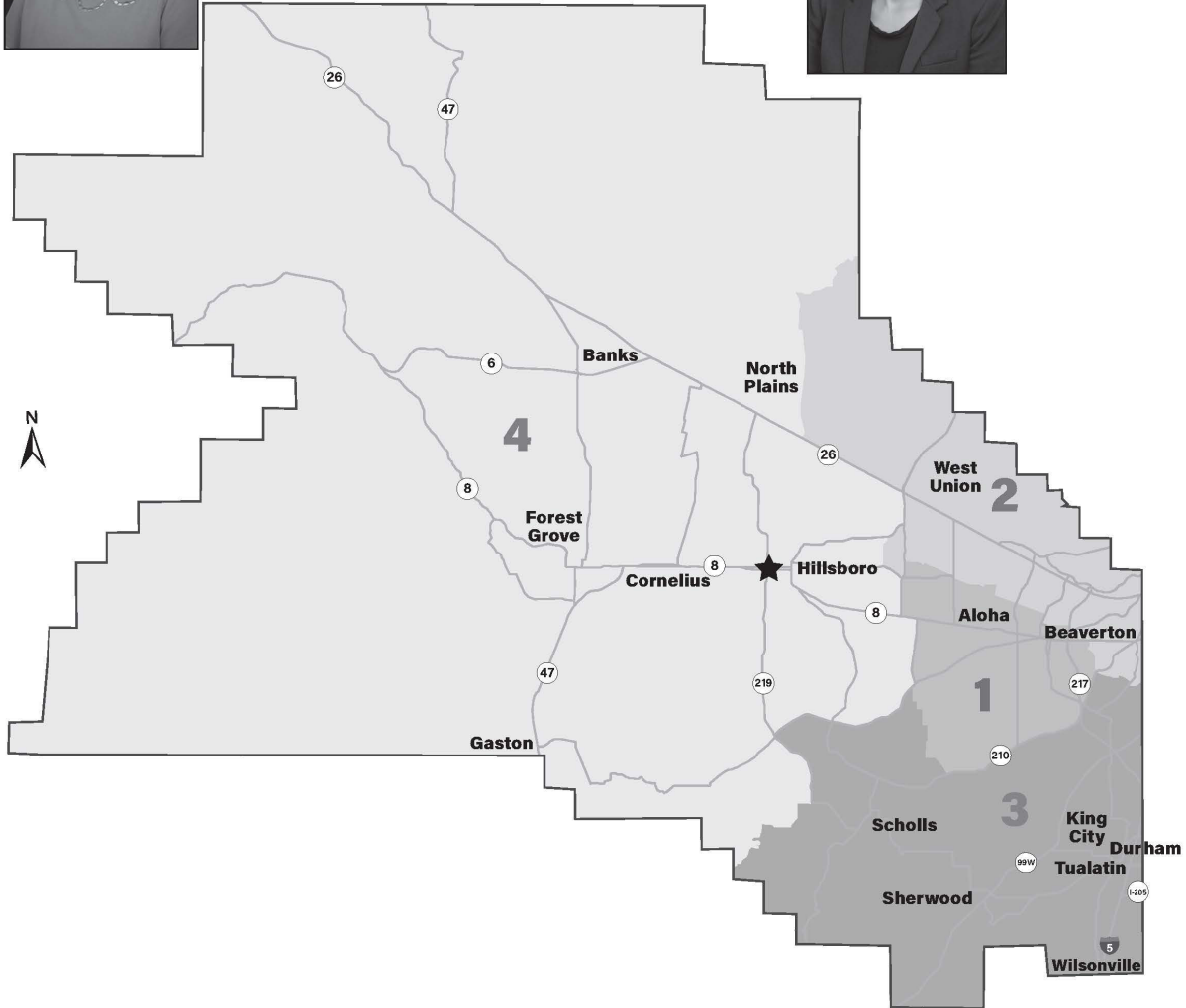
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**Kathryn Harrington**  
Board Chair  
Commissioner at Large



**Nafisa Fai**  
Vice Chair  
District 1



**Pam Treece**  
District 2



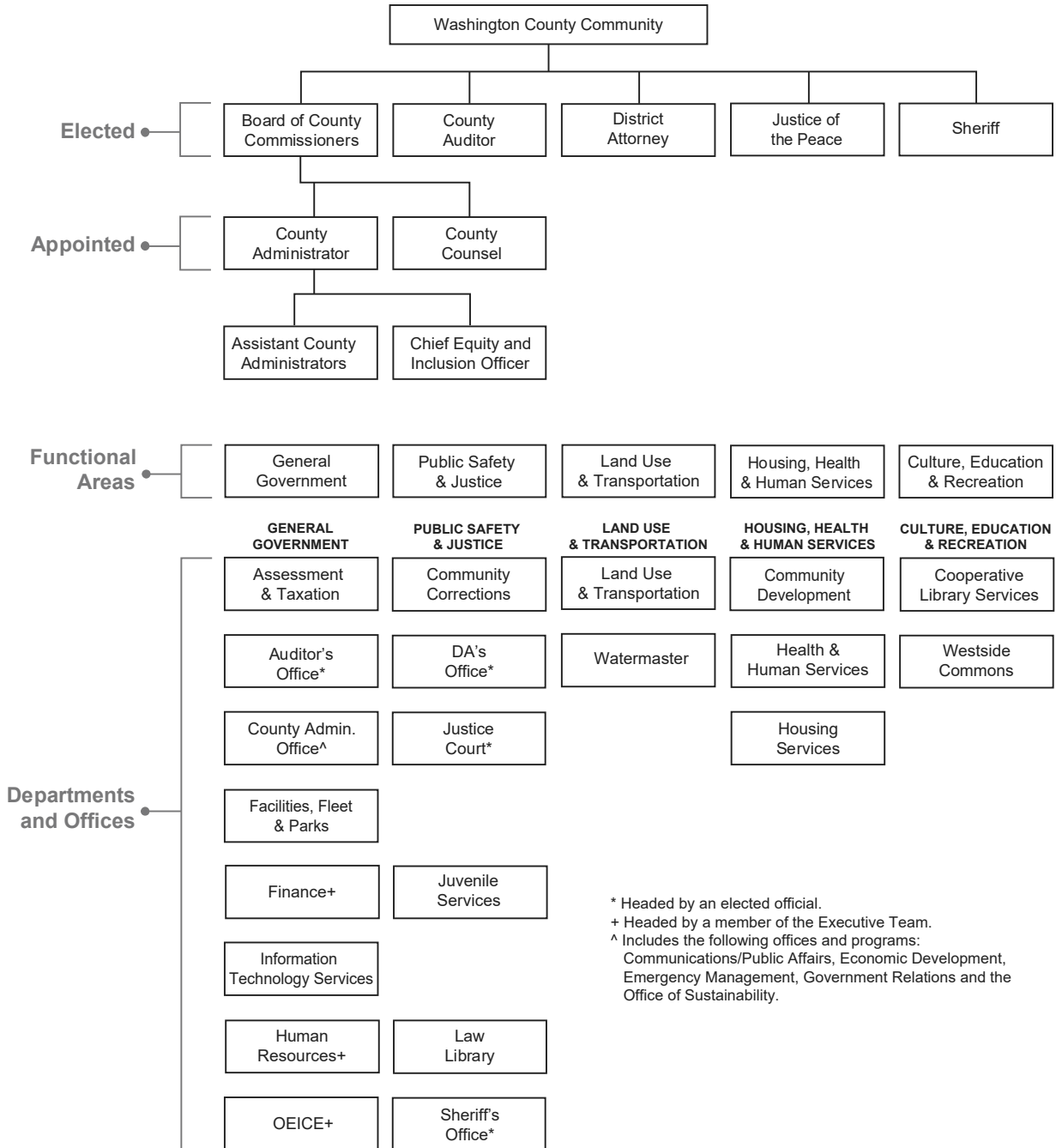
**Roy Rogers**  
District 3



**Jerry Willey**  
District 4



# Functional Area Chart





# Budget Message

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This proposed budget comes at a time of both hope and continued challenge for the Washington County organization. We are grateful for the availability of limited-duration and one-time resources allowing us to better position our organization and the community we serve for the years ahead. We are also challenged by the long-constrained revenue framework within which much of the organization must navigate in order to deliver even basic county services. This “tale of two counties” can be seen throughout the FY 2024-25 proposed budget. On the one hand the proposal supports the expansion of some programs while on the other hand it cuts service levels in the interest of budget balancing and ensuring that – at the very least – state-mandated service requirements are met.

A clear strength in the face of these challenging times can be seen in the enormous talent and dedication of our employees. The services our employees support day in and day out include everything from hosting the County Fair; providing access to recreational opportunities; holding elections; helping older adults access resources; providing public safety services; building and maintaining roads, signals and streetlights; issuing permits and licenses; administering rental assistance; and valuing property and collecting taxes.

Another strength is our ongoing engagement in building capacity in systems and structures to be able to deliver the most effective and impactful services possible to the community. We do this through strategic coordination and organization-wide planning.

## **Guidance from the Strategic Plan Update and Board Budget Principles and Priorities**

This spring the Board of County Commissioners plans to adopt a Strategic Plan Update 2024-2028 that illuminates the current state of Washington County operations and a path forward for five years. With the adoption of the Strategic Plan Update, Washington County is continuing to take steps to operationalize the plan and build and implement foundational systems needed to continuously improve our organization in service to our community. This “One Washington County” approach – together with the Board’s Budget Principles and Priorities – supports responsible and equitable decision making and can be seen throughout the budget proposal. This ongoing work does not take place over a single fiscal year, but instead is achieved over multiple years of commitment, rigor and learning.

The Strategic Plan Update 2024-2028 contains both documentation of our vision, mission, values and approach and a comprehensive listing of goals by the five areas of Washington County’s government. These values show through in the plan’s Guiding Principles and Four Fundamentals, among other places. I’ve included these sections of the plan, and the Board’s Budget Principles and Priorities, below this message.

## **Continuing Challenges to County’s Financial Framework**

In a new section of the proposed budget document called “Budget Summary,” we outline the financial context for the County this year, starting with persistent limitations faced by all local governments in Oregon.

On the revenue side, Oregon’s property tax system continues to restrict this largest, most flexible source of funding for Washington County and many other local governments in Oregon. The effect is a constrained revenue source that does not keep up with service demand costs and has a unique, negative impact on Washington County as our population grows relative to our regional peers.

On the expenditure side, most General Fund-supported services are facing reductions this year in order to close a \$10 million gap between projected revenue and anticipated expenditures. Although Washington County has the benefit of some one-time revenue sources, such as the Strategic Investment Program (SIP), we have made a

# Budget Message

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concerted effort to reduce the County's reliance on such limited revenue when it comes to supporting on-going operations. As a result, the reduced General Fund expenditures in this proposed budget lean towards supporting state and federally mandated services, leaving fewer and fewer discretionary dollars for anything else. Exceptions to this approach to General Fund budget balancing can be found in places like the public safety area – a system facing overlapping and compounding challenges – where limited investments are proposed and reductions avoided. This approach is intended to maintain mandated service requirements, restore public safety system balance and strengthen it for emerging challenges described throughout this proposed budget document.

Beyond the General Fund, one-time American Rescue Plan funding is assisting with foundational systems such as implementing Enterprise Resource Planning modernization to ease access to and use of critical financial and human resources data. Regional Supportive Housing Services dollars are allowing the County to build out a system of care for houseless individuals that has virtually eliminated the existence of large homeless encampments over the last three years and provided a pathway for a more dignified, human-centered future for nearly 2,000 formerly houseless. A prior allocation of Oregon Health Plan dollars, to be combined with other non-General Fund revenue, is dedicated to the development of a new Center for Addictions, Treatment and Triage (CATT) that would centralize access to person-centered health and social services in this vital area. Each of these foundational projects hold the promise of bringing greater effectiveness and supporting better outcomes for the community going forward.

## Conclusion

This year's proposed budget depicts two distinct realities for the organization. Guided by the values and aspiration the Board of County Commissioners has infused into the Strategic Plan Update 2024-2028 and the Board's Budget Priorities and Principles, the proposed budget seeks to support our organization in collaborative problem solving, continuous improvement and strategic decision making. Nonetheless, the proposed budget also challenges the organization as resources – particularly in the General Fund – require reductions for a third year in a row, prompting budget decisions meant to prioritize mandated services, avoid layoffs wherever possible and shore-up a public safety system in crisis.

Despite this “tale of two counties” mixture of realities, I remain cautiously hopeful for our future. By partnering with a dynamic set of partners – including other government jurisdictions, community organizations and businesses – our employees live the guiding principles of integrity, trust, accountability and stewardship. We carry these values as we engage in dialogue about the resources and expenditures required to meet critical community needs. The foundational management systems the County continues to develop and implement will ultimately strengthen decision making and planning. My cautionary message is that more scrutiny and big-picture problem solving will be needed in the years ahead – particularly as it relates to our General Fund – so that we can plan for a more stable financial future.

Thank you to all of the employees and department leaders involved in the development of this proposed budget. Thank you to the steadfast Finance and Budget team who knit together the aspirations of our County with the appropriate resources amidst a maelstrom of challenges and opportunities. Finally, thank you to the various budget committees, including members of our Board of County Commissioners, for the work of reviewing and considering this proposed budget for FY 2024-25.

In partnership,

Tanya Ange  
Budget Officer and County Administrator

## Guiding Principles



### Mission Driven

We commit ourselves to serving the community, providing a wide range of services, including mandated and regulated services while actively engaging others. The County will continue to evolve as a modern, effective and efficient organization. Innovation and calculated risk-taking are essential. We commit ourselves to best practices and professional standards and to continuous improvement and creativity in ways that reduce longer-term costs and mitigate risks.



### Accountability and Stewardship

We will ensure public funds provide priority services. We will strive to get the most benefit from available resources through sound business practices. We will act in accordance with the law, with integrity and in the public interest; ensuring accountability throughout the organization. We commit ourselves to the efficient use of public resources. We will invest in our people, systems and facilities.



### Integrity and Trust

We believe ethical conduct is paramount and it will be a trademark of our organization. We will strive to create and maintain an environment of trust and civility that comes from open, honest and direct interactions with each other and our residents.



### Equity and Inclusion

We are committed to an inclusive culture that values and celebrates the diversity of the county's residents and employees. We are committed to fostering, supporting and strengthening equity and inclusion in Washington County's programs, practices and policies.



### Valued Employees

We will hire and develop employees and provide them with the tools to perform their duties. We will enable employees and teams to manage their work and expect them to be accountable for their decisions and actions. We commit ourselves to employee development and active performance management.



### Collaboration

We will enhance and support teamwork and team building in our organization and with other public organizations. We will strive for a professional and cooperative working relationship with residents, organizations and other public agencies.



## Four Fundamentals

### FUNDAMENTAL 1:

#### **We operate with a collective mindset – One Washington County**

What makes Washington County special is the acknowledgement that our diversity is an asset, and we all need each other. Our community is stronger because we recognize the power and promise of every resident. We value collaboration and cooperation and utilize this approach in all of our relationships amongst other local governments, community-based nonprofits, businesses and civic and faith-based organizations. The County relies on both the participation of these organizations as well as individuals and families to provide the range of services needed in our community.

### FUNDAMENTAL 2:

#### **We build capacity and a positive culture**

To effectively serve Washington County residents, we recognize that the employees of Washington County are key drivers of excellence and customer service. To support employees in these roles, we will continue to invest in the development and empowerment of staff to perform their day-to-day activities while also providing opportunities to learn new skill sets. We will also continue to support organizational work to build a positive culture of inclusion and belonging where employees feel seen, heard and valued. We endeavor to be the employer of choice of mission-oriented employees committed to serving the public in a positive workplace.

### FUNDAMENTAL 3:

#### **Washington County is a dynamic partner**

To better serve our community and meet the needs of the people, the County government will assume various roles as set by the Board of Commissioners. Those roles include provider, partner or supporter. In those roles, the County endeavors to bring integrity, best practices and an equity-diversity-and-inclusion (EDI) lens to ensure the success of our priorities and mission.

### FUNDAMENTAL 4:

#### **We prioritize critical needs**

The County recognizes it must balance its aspirations with its long-term financial sustainability. Policies and services are resourced according to the direction of the Board of Commissioners and their expressed priorities. The County will continue to focus on resourcing countywide services defined by utilization and benefit to a broad range of county residents. Countywide property tax dollars will be primarily expended on countywide services.

# Budget Message

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## **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.
- Proposals for new or expanded services must include new revenue.

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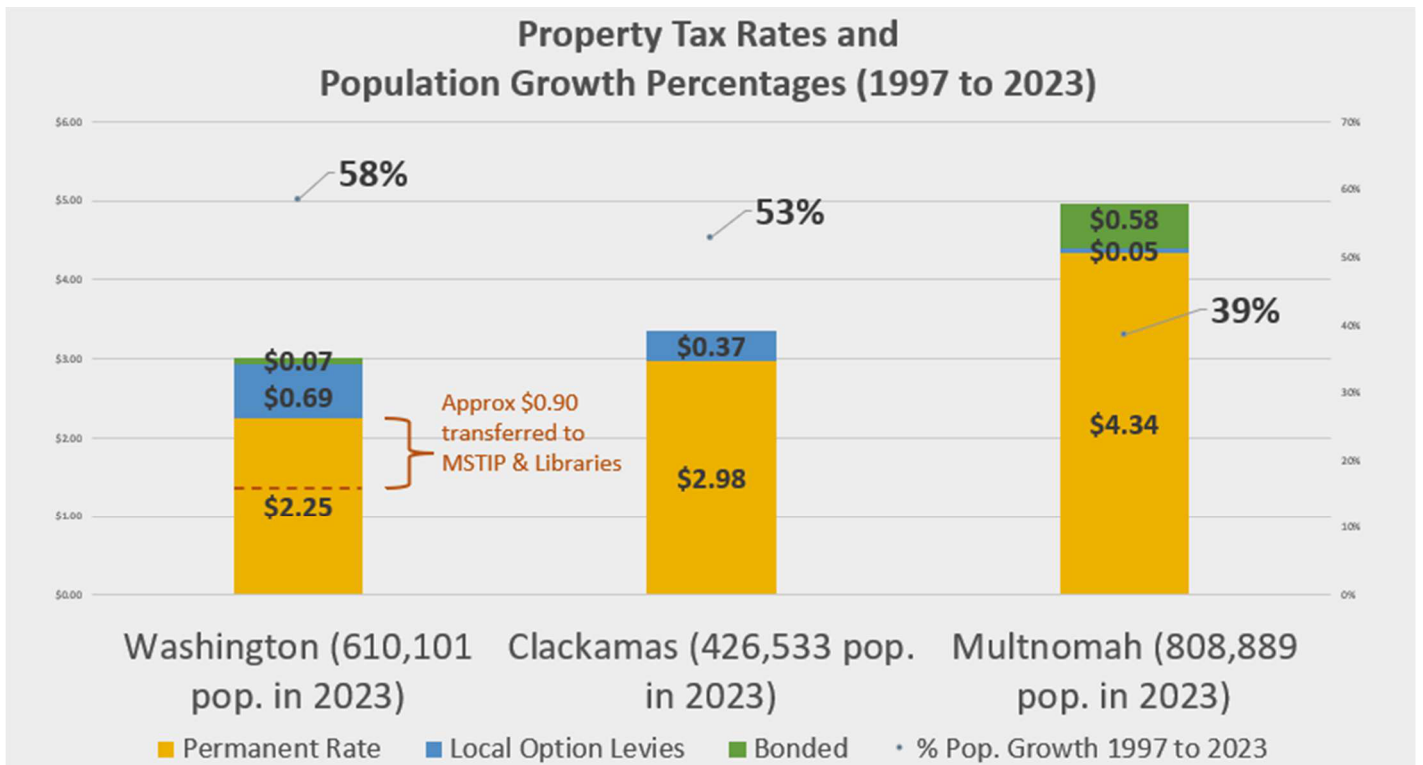


## General Fund Fiscal Sustainability

Property taxes are Washington County’s primary source of revenue, paying for general government programs and services in the General Fund. Under Oregon’s Measures 5 and 50, which reduced taxes and introduced growth limits in the 1990s, increases in assessed values on property from year to year is limited to 3% plus the value of new construction. For Washington County, this has historically resulted in an annual increase in property tax revenue by between 4.2% to 4.8%.

The chart below illustrates how permanent property tax rates in the three-county region compare to one another and to the rate of population growth each county has experienced since permanent rates were established in 1997. As the chart indicates, temporary local option levies have been approved by Washington County voters in recent years to close the gap between community need and service levels, but these levies are limited to five-year increments and they still do not put Washington County on a level playing field with neighboring counties.

An additional limiting factor involves how any serial property tax levy that was in effect prior to Measure 50 was rolled back and made part of each local government’s permanent rate. Washington County voters had approved two such serial levies that were active at that time, one for library services and another for the Major Streets Transportation Improvement Program (MSTIP). Until very recently, the Board of County Commissioners has approved the transfer of property tax revenue out of the General Fund to libraries and MSTIP proportionate to what these original levies raised before becoming part of the permanent rate. Roughly speaking, the two levies represent about 90 cents of the County’s \$2.25 permanent rate per \$1,000 in assessed value.



Additionally, Washington County’s limited revenue growth has not kept pace with the increasing cost of services. As a result, the long-term General Fund forecast shows expenditures exceeding revenue in the short-term and differences in projected growth rates between long-term revenue and expenditures are causing the gap between the two to widen in the future.

The principal reason for this is that property tax revenue, the primary source of revenue in the General Fund, is statutorily capped while expenditure growth is driven by market factors (labor market, inflation, and so forth) with no cap. As a result, the initial General Fund forecast for FY 2024-25 showed a \$10 million short fall.

## General Fund Balancing

This is the third budget cycle in a row the County has been challenged with a significant imbalance between revenue and expenditures in the General Fund; in FY 2022-23, the gap was \$31 million and in FY 2023-24, the difference was \$25 million.

To close the gap, and to provide a balanced forecast, each department receiving General Fund support developed three budget requests for FY 2024-25: 1) a flat budget including growth for payroll roll-up costs and previously committed contract increases only, 2) a 3% reduction and 3) a 5% reduction.

Using a combination of these three levels of General Fund support, the proposed FY 2024-25 General Fund budget is balanced with a variety of permanent and one-time expenditure reductions and one-time revenues. The proposal includes resources to provide a 4.1% cost-of-living increase and emphasizes avoiding staff layoffs or furloughs as much as possible. The plan also uses several one-time revenue and expenditure adjustments, including:

- A \$3.1 million savings from eliminating and temporarily freezing 25 General Fund-supported positions.
- Reducing nominal General Fund transfers by 5% to MSTIP (\$2.5 million savings) and by 7% to Cooperative Library Services (\$1.6 million). It is important to note that these reductions are taken after the assessed value growth rate for all property in Washington County is applied to the prior year transfer amount. This means the *actual* year-over-year reductions for FY 2024-25 are 0.5% (\$258,955) for MSTIP and 2.6% (\$588,126) for WCCLS.
- A transfer of \$1.9 million in support for facilities capital projects from the General Fund to the Strategic Investment Program fund.
- Transfer the \$1.1 million limited-duration support for the Housing Production Opportunity Fund (HPOF) from the General Fund to the Strategic Investment Program fund.

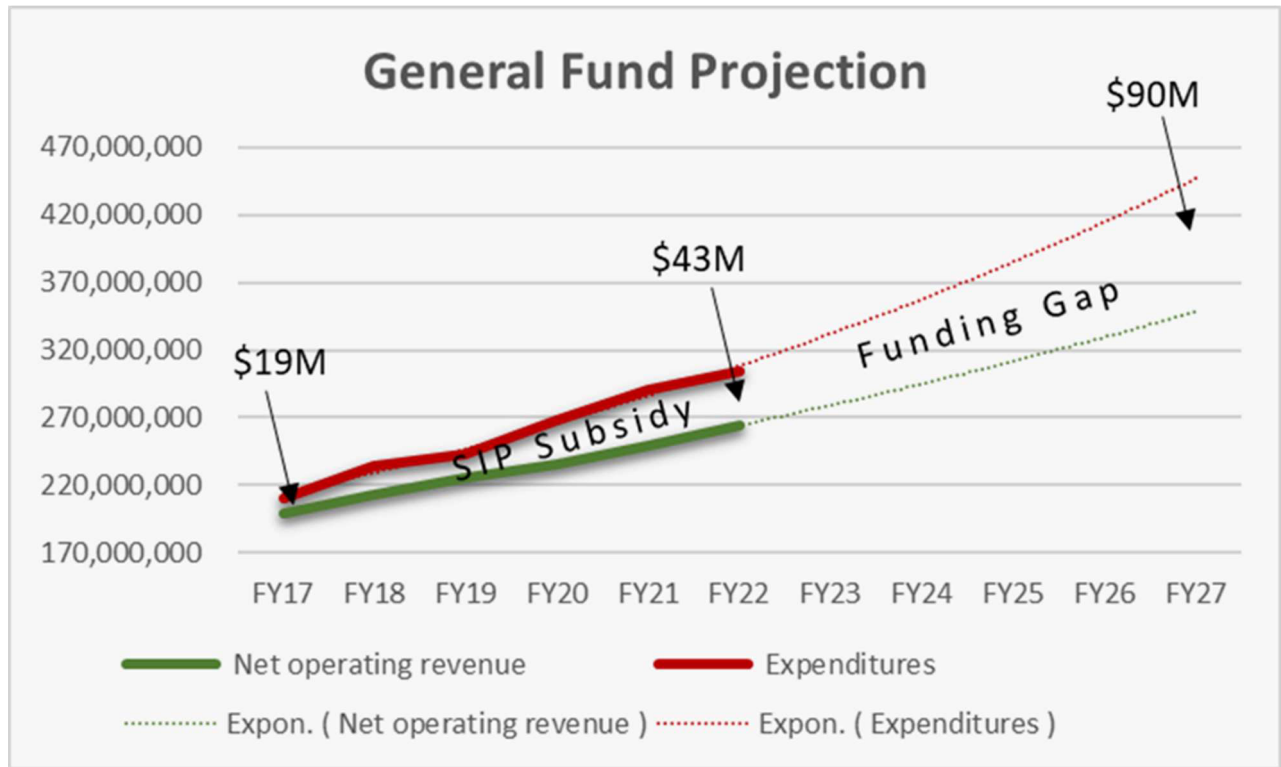
With limited exceptions, this budget-balancing is continuing a trend of focusing General Fund support for ongoing County services primarily on those that are mandated by state or federal requirements. Discretionary spending for operations beyond these mandated services is becoming increasingly challenging. Details and context about how this trend shows up in this proposed budget can be found in the Trends and Initiatives section.

## Use of One-time Funds

In addition to property tax dollars, the County receives other discretionary sources of revenue. These sources, which are limited in either term or amount and are “one-time” in nature compared to property tax revenue and have been used to pay for both one-time expenditures and to backfill ongoing operating costs not funded by property tax revenue in the General Fund. The following is an explanation of these funds and how they are used in the development of the budget.

**Strategic Investment Program** – The primary source of the County’s one-time funds used to balance the General Fund stems from Strategic Investment Program (SIP) agreements. SIP revenue is considered “in lieu of” property taxes because the agreements abate some property taxes as an economic incentive to encourage large-scale investments and job creation by private companies. As the tax abatement allowed by these agreements is

temporary, the revenue is also limited in duration, amount and ability to keep pace with inflation. As the projected future gap between revenue and expenditures widens in the General Fund, shown in the chart below, SIP funds will not be able to make up the difference.



In March 2024, the Board of County Commissioners adopted a policy that provides guidelines for fund balance and utilization of SIP funds.

Gain Share – The Gain Share program was created by the state Legislature in 2007 to provide local governments a share of the state income tax revenue generated from new jobs created by investments made under Strategic Investment Program (SIP) agreements. This amount is capped at \$16 million annually and distributed to eligible local governments whose property taxes are affected by a SIP agreement. Washington County receives approximately \$9 million annually in Gain Share funds and has used these dollars to pay for a variety of capital projects including facility, technology and transportation improvements. These funds are not used to subsidize ongoing operating costs in the General Fund.

American Rescue Plan Act (ARPA) – This federal legislation passed in 2021 to provide local governments one-time revenue to support pandemic-related response and recovery operations. Washington County received a total of \$117 million. These funds must be obligated by the end of 2024 and spent by the end of 2026.

### Limited General Fund Investments to Address Public Safety System

Following the Board’s direction from the Strategic Plan Update and Budget Principles and Priorities, the proposed budget includes some investments, especially related to delivering balanced public safety and justice services that build community trust. These investments come within the context of a system-wide crisis as outlined in a staff analysis provided to the Board in the fall of 2023. The white paper explains how, despite Washington County crime rates remaining low relative to the region or the state, the system is nonetheless under considerable strain. This



stress is particularly felt in those parts of the system that the County is responsible for operating. The analysis explores the depth and implications of the system, including:

Aging and outdated facilities, changes in the law that add unfunded mandates year after year, a decrease in state funding to accomplish those changes, a General Fund unable to keep up with the rising costs of service delivery and complex changes in workload.<sup>1</sup>

Critical needs across the full spectrum of this system – much of which is mandated by state law – are addressed with targeted General Fund allocations, including:

- A proposed allocation of \$700,000 together with \$1.4 million additional state funding to bring the Community Corrections Center from its current 96-bed usage to full capacity at 215 beds. This vital alternative to incarceration within the Public Safety system of service ensures a structured residential environment for justice involved individuals and enables them to integrate back into the community with support strategies such as employment, housing, education, mentoring and counseling.
- In the 2024 legislative short-session, one circuit court judicial position was added to Washington County, effective July 1, 2024. Per Oregon statute, the county in which a circuit court is located shall provide “suitable and sufficient” courtrooms. This proposed budget invests \$3 million to build one additional courtroom in the Law Enforcement Center (LEC) and provide for the subsequent moves required of Sheriff’s Office personnel currently located in that space.
- A total investment of \$360,289 to the Sheriff’s Office, including 1) \$209,200 to the state-mandated Court Security fund to sustain its solvency; 2) a General Fund contribution of \$30,249 for a new position, partially paid for with Public Safety Local Option Levy funds, to help certified personnel maintain mandated training; and 3) a \$20,840 allocation to assist with a re-classification for a Management Analyst position supporting the Data, Analytics and Technology Assistance (D.A.T.A.) Unit handling this growing category of criminal evidence. Each of these additions would preserve important aspects of the public safety system, particularly in how they provide stability and value for agencies beyond the Sheriff’s Office.<sup>2</sup>
- Replacement funds amounting to \$336,000 to support the upfit costs (outfitting vehicles with equipment) and purchases for multiple Sheriff’s Office vehicles.
- Support totaling \$169,000 for a campus-wide Facilities Security Coordinator position in the Facilities, Fleet and Parks Services Department to improve safety for employees and the public whenever they work in-person or visit County buildings. Incidents involving potentially dangerous behavior or suspicious activity in and around County buildings have been increasing in recent years, just as in-person service has become more frequent in the post-pandemic era.
- Washington County’s investment in specialty courts as effective alternative programming, produce good outcomes (low recidivism) and avoids potential prison costs. However, specialty courts are not mandated, and with the exception of some grant funding provided to the court and several County departments, many of the costs needed to operate the multiple specialty courts are absorbed by the General Fund. With caseloads increasing to unsustainable levels for the District Attorney’s Office, many of the current specialty courts were at risk of elimination. This would have a significant negative impact on several County departments, staff and programming as well as the ability of individuals to participate in the program. This

<sup>1</sup> Washington County Administrative Office “Public Safety and Justice Briefing Paper” November 2023  
<https://washingtoncounty.civicweb.net/document/285539/Public%20Safety%20%20Justice%20Briefing%20Paper%20Version%20.pdf?handle=4B288FFBB06462CB785FC3320C82D7A>

<sup>2</sup> It is important to note that, when viewed together with reductions at the 5% level, the net effect of General Fund dollars proposed for the Sheriff’s Office would be a \$526,661 reduction, largely involving freezing vacant patrol positions while nonetheless maintaining staffing commensurate with current population estimates.

proposed budget invests in additional positions in the District Attorney’s Office to balance the workload which includes the ability to operate specialty courts.

These immediate investments are intended to meet state mandates and address acute aspects of the crisis, but a longer-term, One Washington County approach is needed for the years ahead. The continuing fentanyl crisis, workforce shortages throughout the system, implementation of recent legislation regarding drug possession (Measure 110/HB 4002), court rulings such as the “aid and assist” decision regarding criminal defendants in the Oregon State Hospital and other topics will require future discussions around policy and resource decisions.

## Capital Investments

The capital expenditure portion of the proposed budget is the result of a new, comprehensive capital improvement planning process. A Capital Improvement Plan (CIP) is a best practice in local government and reflects sound financial management and benefit to the public by identifying infrastructure, technology, facilities and large equipment needs for the organization into the future. The CIP enables the Board to prioritize and identify funding sources for each project over a five-year planning horizon. The first CIP was approved by the Board of Commissioners in June 2023 and an expanded and updated CIP is scheduled for approval in April 2024. Highlights from this planning process include the following:

- Critical Facilities Maintenance – Nearly \$66 million in critical maintenance is needed in buildings that serve community members and employees, including the Jail, Community Corrections Center, Harkins House Juvenile Shelter and the Justice Services Building. The Board has allocated \$33.4 million in ARPA dollars to fund a portion of the projects with the balance to come from Gain Share, Strategic Investment Program or other sources.
- Multi-modal Transportation Improvements – Delays and inflationary impacts on legacy Major Streets and Transportation Improvement Program (MSTIP) 3d and 3e projects and the commitment to fund high-growth bonding cost share program projects will require funding levels beyond what can be supported by current annual property tax allocation cash flows. Total cost to complete the work is estimated at \$150 million over the next several years. The Board approved debt financing for this work and funding future debt service payments with a portion of property tax currently committed to transportation improvements.
- Enterprise Resource Planning System – This multi-year project will replace the County’s legacy business management system that provides core business functions including payroll, human resources, procurement, accounting and financial reporting. By replacing the existing 23-year-old system, the new enterprise resource planning tool will improve the efficiency and effectiveness of organization-wide operations. The initial cost estimate for the project is \$19.7 million of which the Board has partially funded using \$11 million in ARPA funds. The balance of \$8.7 million would come from a combination of Gain Share and Strategic Investment Program funds. Implementation of the new system is planned to begin in early FY 2024-25 and be completed in FY 2025-26.
- Center for Addiction Triage and Treatment – A total of \$31.6 million is budgeted for this project, largely from a prior allocation of Oregon Health Plan dollars for local mental health services that has been set aside to be combined with new revenue, including statewide funds for addiction treatment and opioid settlement funds. These dollars are being consolidated in the Prevention, Treatment and Recovery (formally the Tri-county Risk Reserve) fund. These funds are initially dedicated to the development of the Center for Addictions, Treatment and Triage (CATT). This new service will provide a comprehensive Substance Use Disorder (SUD) program offering assessment, sobering, withdrawal support, residential treatment, stabilization services, peer mentoring and outpatient services. The model is centered on the values of rapid access, racial equity, family

inclusion, mental health support and person-centered services. The CATT will bring together systems to provide a central access point into various social services, including supported housing and health services.

Although not yet part of the Capital Improvement Plan, considerable effort will begin soon on a Jail Capacity and Expansion Study. The Board of County Commissioners has directed staff to undertake this examination of current and future needs, revisiting the Washington County Corrections Master Plan which was published in 2007. The new study will take into consideration population growth estimates and projected future capacity needs. The project will also evaluate community and justice system factors in determining both Jail and Community Corrections Center bed space requirements through 2055. The proposed budget dedicates \$200,000 to begin Jail Expansion Schematic Design to incorporate best practices and recommendations identified in the Jail Capacity and Expansion Study.

## **Additional Milestones**

Financial Policies – In January 2024, Kristine Adams-Wannberg, the elected County Auditor, presented findings and recommendations of her office’s audit of the County’s financial policies. The scope of the audit was to review and compare existing County financial policies to those identified as best practice policies by the Government Finance Officers Association (GFOA) and make recommendations to improve existing or develop new policies that reflect GFOA recommended criteria.

The audit found that only one current County financial policy compared well to the 13 basic GFOA policies, while five needed improvement and seven didn’t exist. Staff agreed with the findings and recommendations and are on track to have the new and updated policies in place within the Auditor’s suggested timeframe.

The first two policy improvements, regarding budget contingencies and reserves, were approved by the Board of Commissioners in February 2024.

# Trends and Initiatives

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## General Topics

### Economic Conditions

Washington County's economy continues to see improvement and growth in the gradual post-pandemic recovery. Over the past year, the County's unemployment rate has hovered around 3 to 4 percent; a level that is near historic lows and a promising sign of recovery.<sup>1</sup> The county's manufacturing base, which makes up over 16% of local employment,<sup>2</sup> continues to grow with several prominent companies announcing substantial expansion plans. These include LAM Research in Sherwood, Analog Devices in the Beaverton area and Intel in Hillsboro.

In fact, with the recent passing of the federal and state CHIPS Acts, Washington County could be poised for even more substantial growth in the coming years. These bills, combined with local and state incentives like the Strategic Investment Program (SIP)<sup>3</sup> are designed to propel investment in the domestic semiconductor industry. Should Washington County companies receive these awards and incentives, the region could see billions of dollars of new investment and the creation of thousands of new jobs, including industries with lower-barrier career pathways such as construction and manufacturing. These investments are poised to generate new economic opportunities for community members and businesses for years to come.

In their latest report, the State's Office of Economic Analysis describes how the economy has started to settle and rebalance. The report discusses how inflation has cooled and productivity is looking up. In the longer-term, population growth is looking to slow.<sup>4</sup> However, as other recent studies have shown,<sup>5</sup> our region and Washington County in particular, are estimated to continue to see population growth as a result of in-migration. As a foundation for economic expansion, continued population growth is a positive sign for Washington County's economy for the years ahead.

### Maintaining Competitive Compensation for Employees

The proposed budget includes funding for a 4.1% cost-of-living adjustment (COLA) in step with the consumer price index-West Coast (CPI-W) measure of inflation.

In addition, although not in this proposed budget, the Human Resources and Finance departments will examine options to address the 6% "pick up" of employee retirement contributions for all employees. Oregon Public Employees Retirement System (PERS) requires that 6% of the wages of each employee be paid into the system by the employee, but PERS provides employers the option of paying this amount on behalf of employees, a practice referred to as the "PERS pick up." Washington County provides the PERS pickup for Sheriff's Office deputies who are members of the Washington County Police Officers' Association as negotiated in their collective bargaining agreement. All other County employees pay their 6% required personal contribution through payroll deductions.

The Human Resources Department is expected to conduct a full classification and compensation study for all County classifications. The study and implementation of the recommendations that come out of the study are expected to span multiple years from start to completion. The study will review internal equity between positions as well as external competitiveness to the relevant market of comparable agencies. The first step will be to select a consultant to support the

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<sup>1</sup> Washington County, Economic Indicators, March 2024. Oregon Employment Department, LAUS Data.

<sup>2</sup> U.S. Census Bureau. Longitudinal Employment-Household Dynamics data, 2020.

<sup>3</sup> More information available at <https://www.washingtoncountyor.gov/cao/strategic-investment-program-agreements>

<sup>4</sup> Oregon Economic and Revenue Forecast. Department of Administrative Services. March 2024.

<sup>5</sup> Portland State University, "PSU's Population Research Center Releases Certified Oregon Population Estimates," December 2023.

# Trends and Initiatives

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County in this initiative through a competitive procurement process. The Request for Proposal is expected to be issued in May. The \$250,000 budget for this project is part of this proposal.

Maintaining Washington County's competitive posture in the labor market is critical to our human-centered approach toward supporting our employees.

## General Fund Transfers

Since the passage of Measure 50 in 1997, Washington County has transferred property tax revenue to Washington County Cooperative Library Services (WCCLS) and to the Major Streets Transportation Improvement Program (MSTIP) based on the pre-Measure 50 levy amounts. Generally, these transfers were increased annually at the same rate as countywide assessed value and property tax revenue increased.

In FY 2023-24 over \$24 million in reductions were made to balance the General Fund budget including a 7% or \$3.6 million reduction in the transfer to MSTIP and 7% or \$1.7 million reduction in the transfer to WCCLS. For FY 2024-25 the reductions are 5% or \$2.5 million for MSTIP and 7% or \$1.6 million for WCCLS. The reductions are taken after the assessed value growth rate is applied to the prior year transfer amount. This means the *actual* year-over-year reductions for FY 2024-25 are 0.5% (\$258,955) for MSTIP and 2.6% (\$588,126) for WCCLS.

Although this reduces the incoming General Fund revenue for the MSTIP for the next fiscal year, cost escalation continues to be an even more impactful challenge to the delivery of current transportation project commitments. As part of the transition to an organization-wide Capital Improvement Plan (CIP), capital projects, including transportation, will need to be balanced and prioritized given funding constraints and escalating costs. Land Use & Transportation, Finance and the County Administrative Office are looking to the future and working collaboratively to identify a sustainable long-term strategy for funding transportation capital improvement needs that may rely on a combination of funding methods, rather than solely on General Fund transfers. This work will be done in keeping with the Board of County Commissioners' budget principle to balance long-term capital and operating needs.

For the Washington County Cooperative Library Services (WCCLS), the 7% reduction amounts to \$1.6 million, but once again the year-over-year actual reduction would be 2.6% (\$588,126) given the assessed value growth that is taken into account before to these General Fund reductions are applied. The majority of public library operating funds come from this reduced amount of the County General Fund, but a significant percentage (44%) comes from a five-year local option levy approved for renewal by the voters in May of 2020 at a rate of \$0.22 per \$1,000 of assessed value. The fiscal year 2023-24 budget reflects the third year of the renewed levy which ends June 2026. WCCLS is leading a structured process with partner agencies in preparation for the next levy cycle (FY 2026-27 to FY 2030-31). This strategic process includes evaluating library service levels, performing data analysis, including community indicators, and assessing which library service delivery methods best meet community needs in Washington County. The Cooperative would evaluate governance structures to support those needs, explore sustainable funding mechanisms, and agree upon equitable funding distribution models. The process will support the collective exploration of important policy questions, including the role of the County, cities, and nonprofits in public library service delivery, how WCCLS can distribute funding to partner agencies to create more equitable outcomes for our community, and how WCCLS supports accountability for the effective use of taxpayer funds supporting our public library system. The goal of this collaborative effort is to chart a path to long-term sustainability for our public library system with important policy questions being brought to the Board of County Commissioners in FY 2024-25 and coming years.

## **OPERATING BUDGET**

### **General Government**

#### Direct Services

The departments and offices within this category of direct services to the community are nearly 100% funded by the General Fund, including Assessment and Taxation, the Board of County Commissioners, County Administrative Office, County Counsel,



# Trends and Initiatives

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County Auditor and the Office of Equity, Inclusion and Community Engagement. To arrive at a balanced General Fund in this proposed budget, a combination of cuts has been made using options offered at both the 3% and 5% reduction levels for most organization units in this category, totaling an estimated \$546,000 in savings to be realized over the course of FY 2024-25 across all County funds including the General Fund. The dynamics of internal cost recovery, first established in FY 2023-24, provides the context for how these savings will be generated.<sup>6</sup>

A common theme across each organization units' reduced General Fund allocations involves cuts to contracted professional services, thereby reducing programmatic capacity. Support for litigation defense, contracted auditing capacity, equity-related training and culturally specific consulting to support standing up Employee Resource Groups are all significantly reduced in this proposed budget. An exception to this trend involves the sustained base budgets for Assessment and Taxation, including positions facilitating property assessment and tax collection as well as interpretation and translation services supporting access to the services of the Elections Division. The Board of County Commissioners organization unit are funded at the base level, i.e., without reductions, in this proposed budget.

## Indirect Services

Several of the departments and offices within this category of indirect services supporting the County organization are also largely funded by the General Fund through internal cost recovery including, Facilities, Fleet and Parks Services; Information Technology Services; County Emergency Management; Finance and Human Resources. Achieving a balanced General Fund budget for these organization units involved a combination of cuts at both the 3% and 5% reduction levels totaling \$748,000 in savings across all County funds including the General Fund. Once again, internal cost recovery will produce these savings during FY 2024-25.

The common thread for each of these organization units involves a drawing back of current levels of service, strategically eliminating vacant positions and cutting contracted support. Exceptions include County Emergency Management which would receive General Fund resources commensurate with the base budget for FY 2024-25.

The COVID-19 Response and Recovery fund would not be affected by General Fund reductions, but this clearing house of federal and some state grants is facing challenges of its own. The American Rescue Plan Act (ARPA) and other state and federal grants have provided necessary funding to meet the needs of the organization and the community as a result of the COVID-19 pandemic. ARPA funds in this proposed budget are appropriated to meet minimum compliance with public health mandates for outbreaks, making vaccines available and so forth. Parallel to continued response, the Board of County Commissioners allocated funds toward resilience efforts in the 2023-2026 ARPA Workplan. Major projects include efforts to mitigate disease transmission within County 24/7/365 congregate care facilities through heating, ventilation and air conditioning improvements, as well as economic development projects in workforce development small business support, and broadband infrastructure.

Even with significant progress in the design and implementation of these projects, there will be a need for the County to make additional determinations on funding allocation and re-allocation for ARPA. As of the January 2024 quarterly report data, the County has obligated 54% of all ARPA funds. Especially among projects newly adopted in 2023, staff are working expediently to obligate as fast as possible; however, ARPA allocation plans may evolve in the spring and summer of 2024 to ensure full obligation. To allow for appropriate time to solicit and finalize contracts and agreements with external partners in advance of the federal December 2024 obligation deadline, the County will need to finalize reallocation plans summer 2024 and plan to set an internal obligation deadline in late summer.

## **Public Safety & Justice**

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<sup>6</sup> See the description of internal cost recovery provided in the Trends and Initiatives section of the FY 2023-24 adopted budget. <https://www.washingtoncountyor.gov/finance/budget>

# Trends and Initiatives

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As mentioned in this fiscal year's Budget Message, the entire Public Safety and Justice system continues to experience challenges even as overall crime rates remain low when compared regionally or statewide. Despite this overall trend, changes in the rates of particular categories of crime are cause for alarm. As described in Washington County's white paper on the status of the criminal justice system:

Washington County's Major Crimes team responds to and investigates murders committed in the County and maintains historical data. From 2013 to 2020, there were a total of 50 murder cases. In the last two years (2021 and 2022), that number is 35—more than the last five years combined.

For overall person crimes, the most recent National Incident-Based Reporting System (NIBRS) data shows the County below the state and national average, but the rate rose 98% from 2013 to 2022, and 30% in the most recent five-year period. For the 10-year period ending in 2022, the county person crime rate grew 30% compared to the Oregon average of 18%.<sup>7</sup>

The paper goes on to show alarming trends in the juvenile system as well:

Since the onset of the pandemic, the Juvenile Department has seen an increase in the volume of middle-school-aged youth committing crimes that are more violent than in the past. According to the Oregon Youth Authority Juvenile Justice Information System (JJIS) Report, in 2022, 14.4% of criminal referrals were for youth 12 and younger. This number is up from 10.5% in 2021....Anecdotally, the referrals coming from middle schools are more violent than in the past. Additionally, the number of assaults and violent offenses have risen each year since 2020.<sup>8</sup>

Additionally, adults being booked into the Washington County Jail and juveniles being referred to the juvenile justice system are disproportionately Black or Hispanic, according to County data. As the briefing paper states,

These trends raise critical questions about the factors influencing law enforcement practices and potential systemic issues contributing to the observed disparities. Addressing these concerns requires a comprehensive approach, encompassing community engagement, police training, and broader societal efforts to promote equity in the criminal justice system.<sup>9</sup>

Strain on the system from the influx of fentanyl and other addictive substances, an underfunded mental health care system, workforce shortages and a pattern of unfunded mandates being handed down from both legislation and judicial rulings are having a combined negative effect. Some of the challenges this proposed budget is attempting to face include:

## Operating Critical Facilities

Washington County operates three 24/7 residential facilities and detention capabilities supporting different aspects of the criminal justice system: the Jail and Community Corrections Center on the adult side and Harkins House on the juvenile side, with critical juvenile detention beds being leased from both Multnomah and Yamhill counties.

In the post-pandemic era, both the Jail and Community Corrections Center have faced critical labor shortages resulting in both facilities having to operate at less than full capacity. A significant driver of the problem involves the challenge of recruiting, training and retaining personnel needed to keep each facility operating.

*Jail* – This facility was designed to hold 572 adults in custody, but since the onset of the pandemic has had to close three of its nine housing units, called “pods,” for a total of 388 available beds. This draw-down in capacity is largely due to the struggle to recruit, train and retain the staff needed for full operations. Shutting down pods is a temporary solution to the workforce and

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<sup>7</sup> Washington County Administrative Office “Public Safety and Justice Briefing Paper” November 2023  
<https://washingtoncounty.civicweb.net/document/285539/Public%20Safety%20%20Justice%20Briefing%20Paper%20Version%20.pdf?handle=4B288FFBBB06462CB785FC3320C82D7A>

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

## Trends and Initiatives

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financial struggle but undermines the effectiveness of the entire public safety system and undermines trust in the system when those facing assault, domestic violence and other serious offenses are “force released” due to lack of capacity. Budgeted positions have gone unfilled for multiple fiscal years, putting strain on existing personnel, producing expensive overtime costs and causing other unsustainable outcomes. The proposed budget includes funding for these same vacant positions and shields the Jail organization unit from reduction scenarios needed to balance the overall General Fund.

*Community Corrections Center* – With a different mission than that of a jail, this facility was designed to house up to 215 justice involved individuals as part of their transition out of the criminal justice system and back into the community. By following evidenced-based practices, the Community Corrections Department, including the staff and programs at this transitional residential facility, has succeeded year after year in reducing recurring offenses, called “recidivism,” through a secure, structured living environment focusing on accountability, employment, treatment and skill building. With the onset of the pandemic, capacity at the Community Corrections Center dropped from 215 beds to just 96, largely due to implementation of disease-preventing protocols. The staffing needed to safely manage residents at this lower capacity level has remained the same over the last three years, however. With the proposed budget for FY 2024-25, including new revenue from the State of Oregon, the Community Corrections Center may now a return to pre-pandemic capacity while also relieving cost pressure on the General fund.

From a longer-term perspective, the future of these two facilities, with a combined physical capacity of 787 beds, and the costs of operating them are fundamentally linked. A recent report by the Oregon Public Safety Taskforce shows Washington County with one of the lowest number of jail beds per capita in Oregon.<sup>10</sup> When taking Washington County’s growing population and other factors into account, the last significant prediction of Washington County’s in-custody and residential capacity called for 1,453 to 2,047 beds by 2030.<sup>11</sup> Although population growth has been slower than this 2007 master plan report anticipated, the trends suggest an on-going need for expansion of both forms of facilities and annual operational costs now and into the decades ahead.

*Juvenile System Detention Capacity* – The last of the critical detention and residential components to the County’s public safety system of service includes strained capacity managed by the Juvenile Services Department. This capability involves leased detention beds with partner counties and the 14-bed, lower-security residential capacity provided by the Harkins House Juvenile Shelter. As the primary provider of detention beds in the region, Multnomah County has historically contracted with Washington County for 14 such secured beds. Due to higher costs being charged by Multnomah County, a new intergovernmental agreement has drawn this bed-count down to 11. An add package to the proposed budget reflects the increased costs for dedicated overflow bed space with Yamhill County in addition to the existing Multnomah County contract. Looking at the long-term situation, the Juvenile Services Department has begun implementing promising prevention and diversion programs aimed at reducing crime and other forms of harm, particularly that experienced in historically underserved parts of the community. The department began the diversion program (RAICES) within the 2021-22 fiscal year, and continues to operate through a contract with our community partner, Latino Network. This program is for low-level first-time offenders, ages 11-17, who have been charged by law enforcement with misdemeanor and violation offenses. The goal of the diversion program is for youth referred to receive a response that will support them to take responsibility for their actions and to refrain from further referrals or deeper involvement in the juvenile justice system. Due to the ongoing success of this program, Public Safety Local Option Levy funding is planned to continue this service into its fourth year.

### District Attorney’s Office Caseload Burden

Another critical component in the public safety and justice system includes the prosecutorial function and victim services support provided by the Washington County District Attorney’s Office. In a typical year, this office reviews and processes over 10,000 cases and obtains court orders for more than \$5 million in victim restitution. In 2023, the office served 16,252 crime

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<sup>10</sup> Oregon Criminal Justice Commission, “Oregon Public Safety Task Force Report,” December 4, 2020. <https://digital.osl.state.or.us/islandora/object/osl%3A960700/datastream/OBJ/view>

<sup>11</sup> Washington County and Bennett Consulting, “Washington County Corrections Master Plan,” 2007.

# Trends and Initiatives

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victims, including 3,160 victims of domestic violence, 1,996 child abuse victims, 471 sexual assault victims, and 177 elder abuse victims. This represents increases in all categories compared to the previous year, 2022.<sup>12</sup>

This budget reflects efficient use of limited county resources, creative use of alternate funding sources, and collaborative partnerships that maximize efficiency while meeting the needs of the community. Grant funding is used to help operate initiatives such as the Bias and Hate Crimes Multidisciplinary Team, the Veterans Treatment Court, Justice Reinvestment Program specialty and treatment courts, and the District Attorney's Cold Case Unit. These are important initiatives that have been implemented when additional county funding was not available.

## Support for Specialty Courts

The Washington County District Attorney's Office is a statewide leader in the use of specialty courts and treatment programs using General Fund contributions included in this proposed budget. These evidence-based programs are designed to promote rehabilitation and community safety by focusing on accountability and addressing root causes of criminal behavior, such as mental health, addiction, and trauma. Depending on the particular specialty court, the programs function in partnership among the courts, Health & Human Services, Community Corrections, the District Attorney's Office and the Sheriff's Office, and include several community-based providers. These specialty courts include the Integrative Re-Entry Intensive Supervision Services (IRISS) Program, Family Sentencing Alternative Pilot (FSAP) Program, Adult Recovery Court (drug court), Juvenile Drug Court, Mental Health Court, Rapid Fitness to Proceed Program, Veteran's Treatment Court, Domestic Violence Deferred Sentencing Program, Early Case Resolution Court, Mental Health Diversion Pilot Program and a variety of court diversion programs for lower-level offenses.

## Public Safety Local Option Levy

A critical part of Washington County's strategy to meet growing community needs within Oregon's constrained property tax system has been the use of five-year, voter-approved local option levies. This limited-duration revenue source has grown over time to support approximately 16% of the public safety system, easing the financial burden on the General Fund. With the current local option levy due to expire in June of 2026, the Board of County Commissioners has given direction to begin planning for a new five-year levy proposal for Board consideration and eventual placement before the voters participating in November 2025 election.

## **Land Use & Transportation**

### Community Planning

This program is responsible for the preparation, maintenance and periodic update of the County Comprehensive Plan. For the past few years, this program's staff resources have been devoted primarily to addressing a series of legal challenges to the County's development regulations for urban wildlife habitat areas and significant changes to state rules related to housing, climate and other topics. Work to implement new state rules is expected to continue for the next several years. Though the program is experiencing a 5% reduction in General Fund support, staffing will essentially remain flat. Land Use & Transportation and Government Relations staff have been actively advocating for additional state funding to help local agencies pay for the significant staff and consultant costs incurred to update local plan and code documents as well as implement these state mandates.

### Development Review/Current Planning and Building Services

The Development Review-Current Planning program provides land use planning review in accordance with state, regional and local codes and requirements for proposed development activities. The Building Services program provides permitting and

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<sup>12</sup> 2022 numbers were: 15,731 crime victims including 2,754 victims of domestic violence, 1,901 child abuse victims, 426 sexual assault victims, and 118 elder abuse victims.

## Trends and Initiatives

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inspection of construction to ensure compliance with building safety codes. These programs are fee-supported. In FY 2023-24, fees for both programs were increased by 50% in order to achieve full cost recovery because revenue had not kept up with increasing costs since FY 2017-18. Due to increasing personnel and other costs, an 8.5% fee increase with the continued goal of achieving full cost recovery is included in the FY 2024-25 budget. Development activity has decreased over the last few years and the budget has been prepared based on an assumption that this trend will continue. Both programs will continue to manage expenditures diligently and fill essential positions only as needed to continue meeting target service levels.

### Road Fund

*Road Fund Administration* – The long-term forecast of Road fund revenues, which come from a share of state and County gas taxes, state and County vehicle registration fees and state road usage fees, does not keep pace with anticipated growth in expenditures. Yearly average costs for materials, personnel, internal services and professional services are growing at a higher rate than the revenue sources. Land Use & Transportation and Government Relations staff are actively seeking and advocating for additional state and federal funding for a variety of transportation needs.

*Capital Project Services* – This workgroup is currently managing about 80 transportation capital improvement projects funded by MSTIP, Transportation Development Tax, Road fund, grants and other sources. Overall staffing remains flat, though future project delivery needs may require additional personnel. The program expects to achieve Local Public Agency certification from the Oregon Department of Transportation this year, which is needed to support our efforts to seek and manage federal transportation grants.

*Operations & Maintenance* – Costs for materials, personnel, professional services and supplies continue to outpace the growth rate of Road fund revenue. Pavement Condition Index projections for County-managed roads over the next 10 years show the potential for a significant decline without large increases in spending. As the department continues to advocate for additional state and federal transportation funding, this team continues to expand its asset management capabilities and to explore and utilize cost-effective preventive maintenance treatments to extend pavement life and stretch limited funding as far as possible.

*Transportation Planning* – This service is funded primarily by the Road fund. For that reason, beginning this fiscal year, the Transportation Planning program shifts from being housed within the General Fund (Fund 100) to the Road fund (Fund 168). Staffing remains essentially flat. Compared to last fiscal year, there is a significant decrease in external revenue due to the end of the planning phase of a grant-funded trail project. There is an increase in Road fund support.

## **Housing, Health & Human Services**

### Developmental Disabilities

The Developmental Disability Services program has grown dramatically over the past few years due to changes in eligibility requirements by the State Legislature, which significantly increased the number of individuals eligible to be served.

Alongside several years of dramatic growth due to client eligibility expansion by the Oregon State Legislature, state funding levels are below that needed to effectively serve residents. Carryforward funds will allow the County to maintain state-mandated services in the short-term. However, current spending and staffing levels are unsustainable. Funding decisions at the state level will be key to continued financial stability for these services. If funding remains flat, the program will be forced to reduce staff in subsequent fiscal years.

### Behavioral Health

Behavioral Health is a collective fund that provides division administration, operations and management. This organizational unit houses several activities including adult and child mental health programs and addictions programs. The division is also

# Trends and Initiatives

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investing in developing new supports for unhoused individuals with mental health and addiction disorders, utilizing unrestricted carryforward revenue.

## Mental Health Crisis Services

Hawthorn Walk-in Center is fully funded and revenue from multiple funding sources is stable at this time. Any unanticipated changes in state funding could result in less funds available to support crisis services. This uncertainty has led to conservative management of funds with reserves available to mitigate any unanticipated decreases in funding.

## Tri-County Risk Reserve

On December 31, 2019, the contract for Washington County to provide administrative management of the behavioral health benefit for Health Share of Oregon (HSO) was ended and this function transitioned to another organization. In early 2020, Washington County entered into an agreement with the new administrative manager of the behavioral health benefit. This new agreement transferred certain assets and liabilities to the new organization, CareOregon. As a result, funds are no longer needed to cover risk associated with claims incurred but not received.

This organization unit will now be utilized for Prevention, Treatment and Recovery and appropriations available will be invested in new behavioral health programs and infrastructure prioritized with community input that aligns with the original intent of these funds.

## Housing Services

Housing Services envisions a Washington County where everyone has an affordable home with the supports and opportunities they need to thrive. Housing aims to continue providing equitable access to housing opportunities through affordable housing development, preservation, rent assistance, supportive services and solutions to homelessness. The department plans to expand operations by employing a Homeless Services Business Operations Program Specialist for improved invoice processing, Landlord Liaison Senior Program Coordinator for increased landlord recruitment and retention, and Case Conferencing Senior Program Coordinator to effectively monitor and manage enrollments.

## Metro Affordable Housing Bond

The Metro Affordable Housing Bond is focused on rapidly increasing the number of affordable housing units in the tri-county region. Washington County has continued to exceed the milestones set forth by the Local Implementation Strategy and our Unit Production Goals. The County is on track to build 339 homes for the extremely low income, 464 family homes and 136 permanent supportive housing. As the Metro Affordable Housing bond matures, the development process is winding down and Washington County is budgeting \$11,515,000 in development for FY 2024-25. Additionally, the department aims to partner with other agencies and funding sources to purchase a hotel for conversion to low-income affordable housing units.

## HOME

Office of Community Development manages the HOME program on behalf of the County and its twelve city HOME consortium members. HOME funds are used throughout the County to finance the development of affordable housing including rental housing new construction, acquisition and/or rehabilitation or homeownership. In FY 2024-25 two large development projects will be funded although the projects. The office also manages additional HUD funds received for HOME-ARP activities.

## Supportive Housing Services

FY 2024-25 represents year four of implementing the Supportive Housing and Services (SHS) measure approved by regional voters in 2020. The proposed budget would combine deeper infrastructure investment in the homeless system of care with stabilizing operations of previous commitments in housing and shelter strategies.



# Trends and Initiatives

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While state and national trends show upticks in homelessness, the number of people experiencing homelessness in Washington County is trending downward, and most importantly, declined 22% among people experiencing chronic homelessness.

The coordinated community response to the problem includes 10 coordinated outreach teams with “by-name lists” to connect people to immediate shelter and housing services; 440 shelter beds with specific programs for families, youth, couples, individuals and their pets; homes for more than 2,000 formerly homeless households with wrap-around services and rent assistance; and immediate housing solutions with funds to prevent eviction, cover deposits and provide housing search supports.

Over the next two years, the system is planned to grow to include four access centers open seven days a week for the unsheltered across Washington County; hundreds of transitional housing units with onsite recovery and behavioral health care; capacity-building for the network of 25 community-based providers who create livable wage jobs; and support to help hundreds graduate from programs and make room for others in need.

The proposed budget reflects the expansion of regional long-term rent assistance (RLRA) by \$19,910,342 to maintain housing for the over-1,000 households currently housed and expand the capacity to serve 1,650 households annually. The department is also exploring to offer Shelter Only and Shallow Subsidy programs to service a wider variety of underserved population with varying levels of rental assistance needs. Additionally, the budget expands funding for the 25 community-based service providing organizations by \$15,459,889, many of which provide culturally specific services throughout our community.

## Housing Production Opportunity Fund

The Housing Production Opportunity Fund (HPOF) was approved by the Board of County Commissioners prior to the passage of regional affordable housing and supportive housing services tax measures in 2018 and 2020, respectively. The County created the HPOF in FY 2016-17 with General Fund resources. A recent plan for HPOF resources was formally approved by the Board on February 2, 2021. Three affordable housing programs are eligible for funding through HPOF: Rental Housing, Homeownership and Special Needs projects. A total commitment of \$20 million in strategic investment was made for a five-year period. The program operated with carryforward funds from program start up for FY 2022-23 and FY 2023-24 when a \$4 million General Fund transfer for these two fiscal years was suspended. There are two years remaining to be funded under a revised plan for a total of \$8 million. This year's request has been reduced to \$1.1 million and proposed to be funded from Strategic Investment Program funds.

## **Culture, Education & Recreation**

### Parks

Parks revenues are funded primarily by sales of parking passes, facility rentals, permit fees, state revenue share of Recreation Vehicle license fees, and a matching grant from the Bureau of Reclamation. These sources of income are perpetually unstable due to external forces such as weather and the economy (including the annual number of licenses purchased for recreational vehicles). Without a starting contingency, Parks may operate in a deficit at the beginning of FY 2024-25 until revenues stabilize.

### Cooperative Library Services

Washington County Cooperative Library Services (WCCLS) is a partnership between the County, nine cities and three nonprofit organizations. The majority of public library operating funds come from the County general fund, but a significant percentage (44%) comes from a five-year local option levy approved for renewal by the voters in May of 2020 at a rate of \$0.22 per \$1,000 of assessed value. The fiscal year 2023-24 budget reflects the third year of the renewed levy which ends June 2026.

WCCLS is leading a structured process with partner agencies in preparation for the next levy cycle (FY 2026-27 to FY 2030-31). This strategic process includes evaluating library service levels, performing data analysis, including community indicators, and

# Trends and Initiatives

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assessing which library service delivery methods best meet community needs in Washington County. The cooperative would evaluate governance structures to support those needs, explore sustainable funding mechanisms and agree upon equitable funding distribution models.

The process will support the collective exploration of important policy questions, including the role of the County, cities, and nonprofits in public library service delivery, how WCCLS can distribute funding to partner agencies to create more equitable outcomes for our community, and how WCCLS supports accountability for the effective use of taxpayer funds supporting our public library system. Staff intends for this collaborative effort with partners to chart the path to long-term sustainability for the public library system as guided by answers to important policy questions from the Board of County Commissioners in FY 2024-25 and coming years.

## County Fair Complex/Westside Commons

The findings from the recent business and operations review for the Wingspan Event and Conference Center (Wingspan) identified several key areas to improve Wingspan's financial and operational sustainability. Implementing funding mechanisms remain critical to supplement Wingspan's operations, including sales and marketing, and to fund future capital improvements.

The updated Fairgrounds Master Plan, completed and approved by the Washington County Board of Commissioners in 2019, envisions a regional event destination complementing the new Wingspan Event and Conference Center and the annual County Fair. Funding/financing has not yet been identified to complete any part of the three-phase project.

In FY 2024-25, staff will continue to work on Wingspan financial and operational sustainability and options for funding/financing the Fairgrounds Master Plan. This work will include bringing policy options to the Board of County Commissioners.

## West Slope Library

A request for proposals (RFP) was issued to select a consultant to plan and execute the transition plan for West Slope Library, pending Board of County Commissioners' approval. In addition, the West Slope Library is contracting with the Garden Home Community Library Association for subject matter expert staff support for the transition project. These expenses are funded by using an equivalent amount from contingency.

## **Non-departmental**

### Non-departmental

Expenditures decrease, membership dues to the Government Alliance on Race and Equity (GARE) have been transferred to the Office of Equity, Inclusion and Community Engagement (OEICE) fund 530-311003. In addition, a program concludes that had been receiving one-time, unsolicited allocations to nonprofit organizations in Washington County as directed by each member of the Board of County Commissioners. No such allocation is budgeted for FY 2024-25.

### Community Network

This program had provided facilities maintenance and other support to nonprofit organizations in past years. Most of these allocations have been reduced, eliminated or moved to relevant departmental budgets. Support for the remaining nonprofit, 211info, continues in this program for the FY 2024-25 proposed budget. A plan will be developed after FY 2024-25 for this remaining allocation.

## **CAPITAL BUDGET**

### **Capital Projects**

# Trends and Initiatives

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## ITS Capital Projects and System Replacement

Fund 354 historically received \$1 million in Gain Share revenue, \$1 million in ITS Systems Replacement program interfund transfer revenue, \$2 million General Fund and varying special fund revenues to support a wide array of IT capital projects.

Fund 354 received an ongoing General Fund revenue cut of 73% in FY2023-24, in part due to implementation of internal cost allocation, leaving a remaining fund source of \$545,729 available for IT capital projects. The proposed FY 2024-25 ongoing reduction eliminates an additional \$306,605 in General Fund revenue, which leaves \$239,124 in ongoing General Fund resources to support all County requests for capital technology projects.

Due to the ongoing reductions from FY 2023-24 and proposed reductions for FY 2024-25, ITS will need to work quickly to revise its funding model to ensure longevity for investments in technology capital projects. In the interim, Contingency will support immediate approved needs. In the future a new process for vetting requests will need a robust review for necessity, urgency and sustainability.

A related story is underway with the ITS Systems Replacement Program fund 242, in the Non-operating section of the proposed budget. With the 94% reduction to revenue for this replacement fund, a new funding model needs to be considered to meet the unfunded replacement needs for IT systems infrastructure. ITS estimates having a minimum of \$3 million worth of IT systems assets to be included in a replacement lifecycle model, of which ITS could address perhaps \$1.5 million annually. With the proposed FY 2024-25 reduction, ITS does not have sufficient funds to support future replacement needs. This also impacts fund 354 Capital Projects, mentioned above, given that fund 242 Systems Replacement would transfer funds to support replacement projects as expensed in the Capital Fund. Once again, ITS will need to use Contingency within fund 354 to backfill this gap as an interim approach until a new funding model for organization-wide IT infrastructure is operationalized.

## Transportation Capital Projects

While beginning to abate, the collective impact of changing regulatory requirements and escalating material, personnel, right-of-way and contractor costs continues to increase the total cost of each project. This is driving the need to seek additional and more diversified sources of funding and to become a certified Local Public Agency by the Oregon Department of Transportation in order to deliver federally funded grant projects.

The MSTIP budget reflects a 5% (\$2.5 million) General Fund transfer reduction, but includes \$150 million in one-time revenue from issuing bonds to fund completion of MSTIP 3d, 3e and Bonding Cost-sharing projects.

For the past two years, Land Use & Transportation staff have been working with the Board of County Commissioners, our cities (through the Washington County Coordinating Committee) and the public in shaping a proposed MSTIP 3f package of projects and programs. Board approval of the MSTIP 3f package is needed to move forward with new MSTIP projects.

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## Eliminated or Frozen Positions

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*Positions listed below have been eliminated as a result of FY 2024-25 reductions to the General Fund, as outlined in the Budget Message.*

### **Eliminated Positions**

<b>Position #</b>	<b>Position Name</b>	<b>Department</b>	<b>Annual Cost</b>	<b>FTE</b>
13571	Human Resources Analyst II	Human Resources	\$ 169,373	1.00
15004	Intern	Human Resources	56,742	1.00
13746	Disability and Aging Services Coordinator	Health and Human Services	133,564	1.00
11033	Senior Project Manager	Land Use and Transportation	202,584	1.00
13783	Engineering Technician II	Land Use and Transportation	132,513	1.00
11020	Administrative Specialist II	Land Use and Transportation	105,771	1.00
14303	Administrative Specialist II	Sheriff's Office	39,122	0.50
10460	Administrative Specialist II	Sheriff's Office	86,087	0.75
15011	Administrative Specialist II	Sheriff's Office	39,122	0.50
14497	Administrative Specialist II	Sheriff's Office	39,122	0.50
13890	Library Program Supervisor	Cooperative Library	157,400	1.00
14755	Delivery Clerk I	Cooperative Library	37,002	0.50
14754	Library Clerk	Cooperative Library	36,741	0.50
14609	Delivery Clerk I	Cooperative Library	44,114	0.60
14610	Delivery Clerk I	Cooperative Library	44,114	0.60
11642	Librarian II	Cooperative Library	142,286	1.00
11368	Paralegal	County Counsel	129,256	1.00
12945	Residential Mental Health Specialist	Community Corrections	43,295	0.40
13681	Safety Specialist	Community Corrections	18,611	0.20
13554	Probation and Parole Office II	Community Corrections	146,504	1.00
13672	Community Corrections Case Monitor	Community Corrections	46,289	0.60
13362	Probation and Parole Office I	Community Corrections	52,642	0.50
12849	Probation and Parole Office II	Community Corrections	48,651	0.40
14891	Management Analyst II	Justice Court	63,806	0.50
14972	Juvenile Residential Manager	Juvenile	98,216	0.60
14730	Mental Health Specialist, Senior	Juvenile	141,705	1.00
<b>Total Positions Eliminated</b>			<b>\$ 2,254,632</b>	<b>18.65</b>

*A hiring freeze has been initiated for the positions listed below. If attrition should occur in other positions, these positions may be filled at the direction of County Administration.*

### **Frozen Positions**

<b>Position #</b>	<b>Position Name</b>	<b>Department</b>	<b>Annual Cost</b>	<b>FTE</b>
10135	Deputy	Sheriff's Office	\$ 154,367	1.00
10222	Deputy	Sheriff's Office	181,779	1.00
10158	Deputy	Sheriff's Office	148,131	1.00
10170	Deputy	Sheriff's Office	174,904	1.00
10156	Criminal Records Specialist II	Sheriff's Office	105,453	1.00
13986	Program Specialist	County Administrative Office	120,314	1.00
<b>Total Positions Frozen</b>			<b>\$ 884,948</b>	<b>6.00</b>

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# TOTAL BUDGET

FISCAL  
YEAR  
**2024**  
**2025**

## TOTAL REQUIREMENTS &amp; FTE

	Actuals	Actuals	Modified	Proposed	Change	% of	
	2021-22	2022-23	2023-24	2024-25	\$	%	Total
<b>FUNCTIONAL AREA</b>							
General Government	\$ 134,293,369	\$ 115,762,988	147,433,986	177,564,453	30,130,467	20%	8%
Public Safety & Justice	190,824,815	198,219,817	266,032,850	283,888,330	17,855,480	7%	13%
Land Use & Transportation	80,403,844	84,969,972	145,438,693	155,046,090	9,607,397	7%	7%
Housing, Health & Human Services	146,344,041	232,528,957	507,889,284	535,831,369	27,942,085	6%	25%
Culture, Education & Recreation	48,695,072	50,844,341	85,751,668	88,000,688	2,249,020	3%	4%
Non-Departmental	1,631,131	1,003,174	32,311,557	37,118,968	4,807,411	15%	2%
<b>Subtotal Requirements</b>	<b>602,192,272</b>	<b>683,329,249</b>	<b>1,184,858,038</b>	<b>1,277,449,898</b>	<b>92,591,860</b>	<b>8%</b>	<b>60%</b>
Capital	86,088,443	146,125,995	302,285,321	461,547,341	159,262,020	53%	22%
Non-operating	257,853,843	245,851,928	347,693,785	403,864,572	56,170,787	16%	19%
<b>Total Requirements</b>	<b>946,134,558</b>	<b>1,075,307,172</b>	<b>1,834,837,144</b>	<b>2,142,861,811</b>	<b>308,024,667</b>	<b>17%</b>	<b>100%</b>
<b>Total by Fund Type</b>							
General Fund	303,898,819	308,256,400	348,587,221	326,667,186	(21,920,035)	-6%	15%
Special Funds	642,235,740	767,050,774	1,486,249,923	1,816,194,625	329,944,702	22%	85%
<b>Total Requirements by Fund Type</b>	<b>\$ 946,134,559</b>	<b>\$ 1,075,307,174</b>	<b>1,834,837,144</b>	<b>2,142,861,811</b>	<b>308,024,667</b>	<b>17%</b>	<b>100%</b>
<b>Budgeted FTE's</b>							
General Fund	909.09	909.09	909.09	863.95	(45.14)	-5%	34%
Special Funds	1,485.88	1,485.88	1,485.88	1,714.34	228.46	15%	66%
<b>Total Budgeted FTE's</b>	<b>2,394.97</b>	<b>2,394.97</b>	<b>2,394.97</b>	<b>2,570.29</b>	<b>183.32</b>	<b>8%</b>	<b>100.00%</b>

**TOTAL RESOURCES & REQUIREMENTS**  
with *ENDING FUND BALANCE*  
by *FUNCTIONAL AREA*

	Actuals	Actuals	Modified	Proposed	Change		% of
	2021-22	2022-23	2023-24	2024-25	\$	%	Total
<b>FUNCTIONAL AREA</b>							
General Government	\$ 68,090,417	\$ 47,917,004	125,425,287	148,870,236	23,444,949	19%	10%
Public Safety & Justice	107,614,674	114,378,789	126,499,797	133,884,266	7,384,469	6%	9%
Land Use & Transportation	85,948,118	86,688,446	92,274,215	94,265,091	1,990,876	2%	6%
Housing, Health & Human Services	188,081,751	284,450,026	345,095,870	364,944,194	19,848,324	6%	23%
Culture, Education & Recreation	47,954,403	52,357,341	62,324,451	67,330,977	5,006,526	8%	4%
Capital	72,375,413	127,115,716	157,390,201	317,908,800	160,518,599	102%	20%
Non-operating	425,430,544	448,204,602	395,109,751	431,844,141	36,734,390	9%	28%
<b>Total Resources</b>	<b>995,495,320</b>	<b>1,161,111,924</b>	<b>1,304,119,572</b>	<b>1,559,047,705</b>	<b>254,928,133</b>	<b>20%</b>	<b>100%</b>
<b>Requirements</b>							
General Government	134,293,369	115,762,988	147,433,986	177,564,453	30,130,467	20%	8%
Public Safety & Justice	190,824,815	198,219,817	266,032,850	283,888,330	17,855,480	7%	13%
Land Use & Transportation	80,403,844	84,969,972	145,438,693	155,046,090	9,607,397	7%	7%
Housing, Health & Human Services	146,344,041	232,528,957	507,889,284	535,831,369	27,942,085	6%	25%
Culture, Education & Recreation	48,695,072	50,844,341	85,751,668	88,000,688	2,249,020	3%	4%
Non-departmental	1,631,131	1,003,174	32,311,557	37,118,968	4,807,411	15%	2%
Capital	86,088,443	146,125,995	302,285,321	461,547,341	159,262,020	53%	22%
Non-operating	257,853,843	245,851,928	347,693,785	403,864,572	56,170,787	16%	19%
<b>Total Requirements</b>	<b>946,134,558</b>	<b>1,075,307,172</b>	<b>1,834,837,144</b>	<b>2,142,861,811</b>	<b>308,024,667</b>	<b>17%</b>	<b>100%</b>
<b>Resources over / (under) Requirements</b>	<b>49,360,762</b>	<b>85,804,752</b>	<b>(530,717,572)</b>	<b>(583,814,106)</b>	<b>(53,096,534)</b>		<b>10%</b>
Beginning Fund Balances	478,987,544	561,475,167	530,717,572	582,745,139	52,027,567		10%
<b>Ending Fund Balances</b>	<b>\$ 528,348,306</b>	<b>\$ 647,279,919</b>	<b>-</b>	<b>(1,068,967)</b>	<b>(1,068,967)</b>		

*TOTAL RESOURCES & REQUIREMENTS with ENDING FUND BALANCE  
by CATEGORY*

	Actuals 2021-22	Actuals 2022-23	Modified 2023-24	Proposed 2024-25	Change \$	%	% of Total
<b>Resources</b>							
Taxes	\$ 236,555,206	\$ 246,698,007	264,847,671	269,790,241	4,942,570	2%	17%
Licenses and permits	13,939,111	16,071,720	16,196,897	17,487,652	1,290,755	8%	1%
Intergovernmental	299,020,924	404,901,523	430,630,059	454,664,211	24,034,152	6%	29%
Charges for Services	146,395,557	149,492,162	251,015,253	278,487,924	27,472,671	11%	18%
Fines & Forfeitures	2,262,757	1,898,524	2,158,763	2,027,000	(131,763)	-6%	0%
Interdepartmental	54,322,540	70,043,246	63,256,272	64,177,134	920,862	1%	4%
Miscellaneous	31,285,179	72,998,608	76,363,158	239,206,766	162,843,608	213%	15%
Operating Transfers In	211,714,046	199,008,133	199,651,499	233,206,777	33,555,278	17%	15%
<b>Total Resources</b>	<b>995,495,320</b>	<b>1,161,111,923</b>	<b>1,304,119,572</b>	<b>1,559,047,705</b>	<b>254,928,133</b>	<b>20%</b>	<b>100%</b>
<b>Requirements</b>							
Personnel Services	299,655,768	313,207,673	367,451,210	396,461,757	29,010,547	8%	19%
Materials & Services	256,508,440	331,948,538	549,589,485	489,633,093	(59,956,392)	-11%	23%
Other	103,531,896	140,284,344	217,241,961	221,051,831	3,809,870	2%	10%
Interdepartmental	52,973,309	68,639,506	66,184,862	57,634,378	(8,550,484)	-13%	3%
Operating Transfers Out	214,864,553	201,221,243	210,652,508	233,460,975	22,808,467	11%	11%
Capital Outlay	18,600,592	20,005,869	101,166,469	134,145,128	32,978,659	33%	6%
<b>Subtotal Requirements</b>	<b>946,134,558</b>	<b>1,075,307,173</b>	<b>1,512,286,495</b>	<b>1,532,387,162</b>	<b>20,100,667</b>	<b>1%</b>	<b>72%</b>
Contingency	-	-	322,550,649	610,474,649	287,924,000	89%	28%
<b>Total Requirements</b>	<b>946,134,558</b>	<b>1,075,307,173</b>	<b>1,834,837,144</b>	<b>2,142,861,811</b>	<b>308,024,667</b>	<b>17%</b>	<b>100%</b>
Resources over / (under) Requirements	49,360,762	85,804,750	(530,717,572)	(583,814,106)	(53,096,534)	10%	
Beginning Fund Balances	478,987,544	561,475,167	530,717,572	582,745,139	52,027,567	10%	
<b>Ending Fund Balances</b>	<b>\$ 528,348,306</b>	<b>\$ 647,279,917</b>	<b>-</b>	<b>(1,068,967)</b>	<b>(1,068,967)</b>		