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# Memo

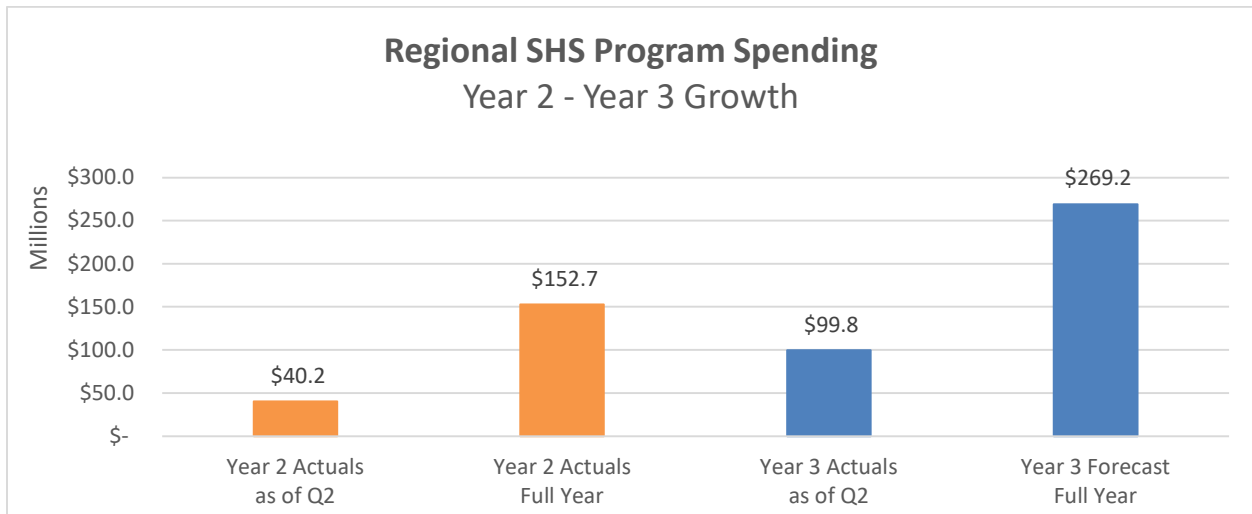
Date: March 25, 2024  
To: Supportive Housing Services Oversight Committee  
From: Rachael Lembo, Finance Manager  
Subject: FY23-24 Q2 (July – December 2023) Financial Report

Metro designed this quarterly financial report to provide the information necessary for the SHS Oversight Committee to monitor financial aspects of program administration. It includes details on tax collections and tax collection costs, administrative costs, and program costs. County financial information comes from the quarterly finance reports provided by the counties as part of their quarterly progress reports, and any updates or additional information received from the counties.

## Year 3 Quarter 2 Financial Overview

Metro’s FY24 forecast estimates tax collections will total \$356.7 million, which exceeds the FY24 budget figure by \$122.6 million. As discussed in the February Tax Collection and Disbursement Update, revenue collections have closely followed the prior year pattern for the last few months, which suggests that the tax base is stabilizing. At this time, we do not expect the tax collection forecast numbers to change significantly.

Spending as of FY24 Q2 was significantly higher than at this point last year, continuing the trend of prior years.



For County specific data, see the “Year 2 – Year 3 Growth” charts in the County Snapshots below.

## Supportive Housing Services Tax Overview

### Key Takeaways:

- As noted above, the tax collection forecast has increased to \$356.7 million, 52% higher than the FY24 budget figure.

Tax Revenue Summary					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
<b>Tax Revenue</b>	<b>234,100,000</b>	<b>97,988,075</b>	<b>42%</b>	<b>356,700,000</b>	<b>152%</b>
Tax Collection Costs (Amount retained)	10,801,686	3,556,429	33%	10,801,686	100%
<b>Net Tax Revenue</b>	<b>223,298,314</b>	<b>94,431,646</b>	<b>42%</b>	<b>345,898,314</b>	<b>155%</b>
Metro Admin Allowance (5%)	11,163,314	4,721,582	42%	17,294,916	155%
<b>County Partner Revenue</b>	<b>212,135,000</b>	<b>89,710,064</b>	<b>42%</b>	<b>328,603,398</b>	<b>155%</b>
Multnomah County	96,167,867	40,668,562	42%	148,966,874	155%
Washington County	70,711,667	29,903,355	42%	109,534,466	155%
Clackamas County	45,255,467	19,138,147	42%	70,102,058	155%

Tax Collection Costs					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
<b>Tax Collection Costs</b>	<b>10,801,686</b>	<b>2,072,961</b>	<b>19%</b>	<b>10,801,686</b>	<b>100%</b>
Personnel	5,026,047	1,028,418	20%	5,026,047	100%
Software	3,602,815	870,237	24%	3,602,815	100%
Other M&S	1,382,414	174,306	13%	1,382,414	100%
Contingency	790,410	-	0%	790,410	100%

*Tax collections above are on an accrual accounting basis and reflect collections received by Metro and disbursed to county partners from September – December 2023. Tax collections by the tax administrator through July 2023, received by Metro and disbursed to county partners in August 2023, are recorded in FY23 since these tax payments are for income earned during that fiscal year.*

*The amount retained by Metro for tax collection costs is based on estimated costs; actual YTD tax collection costs are detailed in the second table.*

### Administration and Oversight Costs

The Supporting Housing Services Measure allows for up to 5% of net tax collections to cover the costs of Metro program administration and oversight. This includes the SHS team, as well as supporting operations like finance, legal, communications, IT, and HR. The costs associated with Metro program administration and oversight are detailed in the table below.

#### Key Takeaways:

- Metro entered this fiscal year with \$21.7 million in carryover from the prior year. As with the ramp up of county programs, Metro is also expecting its own administrative spending to ramp up over the first 3-4 years. From July 2023 to June 2024, the SHS team expects to grow from 12.1 FTE to 34.6 FTE. Metro expects to end this fiscal year with approximately \$31.8 million in carryover.
- Metro will be using carryover funds to fund program growth in FY23-24, including limited duration FTE and other one-time investments to provide necessary capacity for new and growing bodies of work and programmatic opportunities.

Metro Administrative Costs					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	14,778,601	21,692,288	147%	21,692,288	147%
YTD Admin Allowance (5%)	11,163,314	4,721,582	42%	17,294,916	155%
Interest Earnings	300,000	297,977	99%	1,000,000	333%
<b>Total Resources</b>	<b>26,241,915</b>	<b>26,711,847</b>	<b>102%</b>	<b>39,987,203</b>	<b>152%</b>
Direct Personnel	5,416,344	972,813	18%	2,850,414	53%
Materials & Services	3,306,251	272,719	8%	1,925,844	58%
Indirect Costs (Allocation Plan)	3,370,894	1,685,448	50%	3,370,894	100%
Contingency	-	-	N/A	-	N/A
<b>Expense &amp; Contingency</b>	<b>12,093,489</b>	<b>2,930,980</b>	<b>24%</b>	<b>8,147,152</b>	<b>67%</b>
<b>Carryover to next period</b>	<b>14,148,426</b>	<b>23,780,867</b>		<b>31,840,051</b>	

Metro recommends that each county’s program administrative costs do not exceed 5% of SHS program revenue. These costs do not include the administrative costs of service providers or regional long-term rent assistance (RLRA). Due to timing differences in when revenue is recorded, this metric is not monitored on a quarterly basis. It will be reported in the annual report.

For quarterly monitoring, county administrative costs as a percentage of program costs are shown in the table below.

County Administrative Costs				
	Clackamas County	Multnomah County	Washington County	Total
<b>County Administrative Costs</b>	823,298	755,535	687,940	<b>2,266,773</b>
<i>% of SHS program costs</i>	4%	2%	2%	<b>2%</b>

### County Partner Snapshots

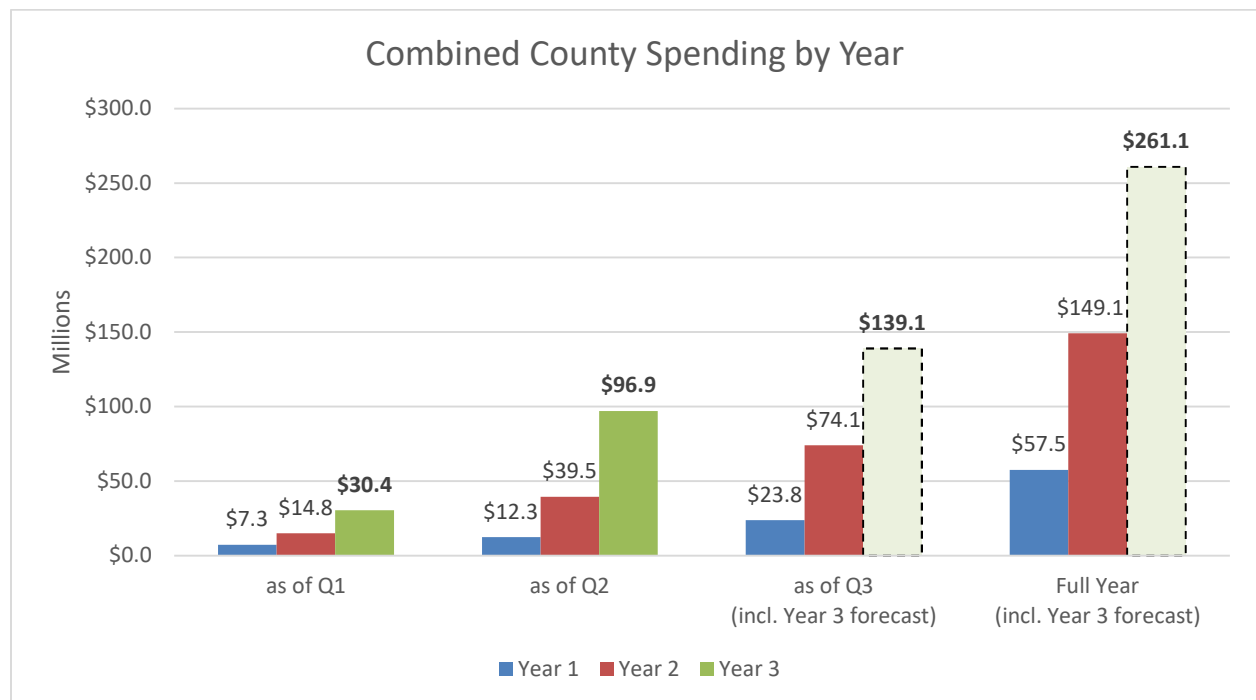
The following pages summarize financial information by county, in both numerical and visual form. This provides a consistent format to compare the similar but unique programs of each county.

Note: SHS Program Revenue reported below is per the counties’ financial reports. It may differ from the revenue reported above due to additional revenue, such as interest earnings, and differences in timing per each county’s accounting policies.

#### Key Takeaways:

- Together, the counties have spent a combined total of \$96.9 million on SHS program costs as of the second quarter of Year 3 (July 2023 – December 2023), which is a significant increase from the \$39.5 million spent last year at this point.

County Summary July-Dec 2023 (in millions)				
	Clackamas County	Multnomah County	Washington County	Total
Prior Year Carryover	\$92.7	\$126.4	\$111.6	\$330.7
SHS Program Revenue	\$19.1	\$38.7 <sup>1</sup>	\$31.6	\$89.5
<b>Total Resources</b>	<b>\$111.8</b>	<b>\$165.1</b>	<b>\$143.2</b>	<b>\$420.2</b>
Program Costs	\$21.2	\$43.0	\$32.7	\$96.9
<b>Total Expense</b>	<b>\$21.2</b>	<b>\$43.0</b>	<b>\$32.7</b>	<b>\$96.9</b>
Budgeted Reserves	\$9.1	\$9.9	\$27.9	\$46.9
<b>Ending Balance (incl. Reserves)</b>	<b>\$90.7</b>	<b>\$122.1</b>	<b>\$110.5</b>	<b>\$323.3</b>

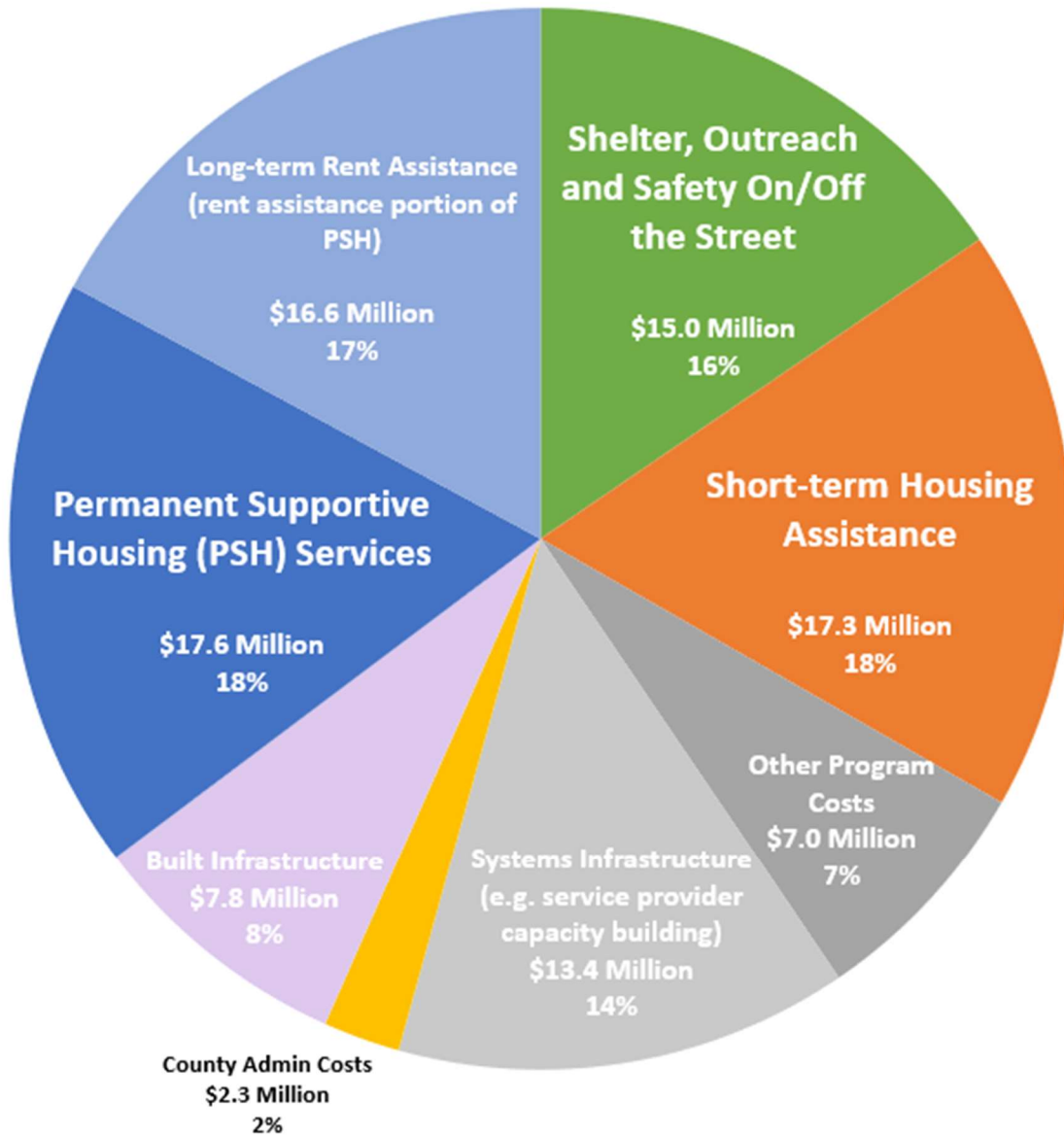


<sup>1</sup> This figure does not reflect the disbursement Multnomah County received in December 2023, which was entered into their accounting system in January 2024.

### Regional SHS Spending by Program Category

**\$96.9 million**

*(Year 3 Q2: July 2023 – December 2023)*



### Clackamas County Snapshot

#### Overview

Clackamas County included estimated carryover in its FY24 budget, however actual carryover was \$34.1 million higher due to higher than anticipated collections in the prior year. Similarly, Clackamas County’s budget for FY24 program revenue reflected Metro’s initial budget, which has since increased by \$24.7 million. As a result, Clackamas County expects to end the year with \$58.8 million more in resources than initially budgeted.

Clackamas County reported \$21.2 million in expenses as of FY24 Q2, and based on its spend down plan, expects to have \$59.0 million in total expenses this fiscal year. This would result in an ending balance of \$103.8 million for next fiscal year, of which \$9.1 million is budgeted as a stabilization reserve.

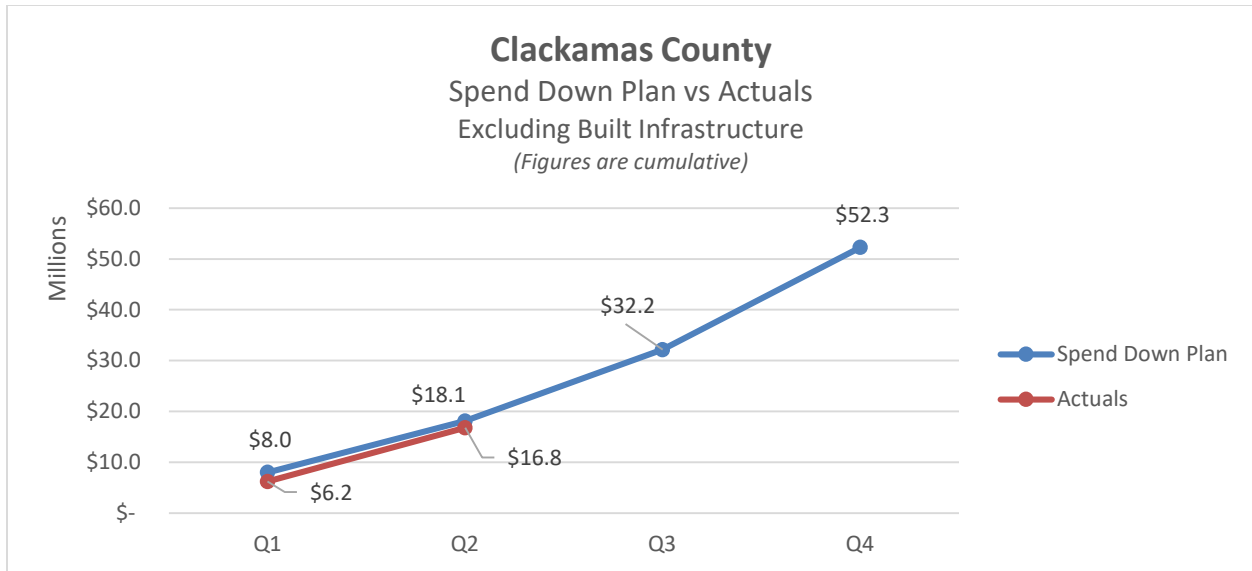
Clackamas County’s FY24 spend down plan for carryover includes limited-term investments in service provider capacity building, an expansion of short-term rent assistance, capital investments in built infrastructure, and pilot programs to test new approaches.

Clackamas County					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	58,623,269	92,701,878	158%	92,701,878	158%
SHS Program Revenue	45,375,392	19,138,147	42%	70,102,058	154%
<b>Total Resources</b>	<b>103,998,661</b>	<b>111,840,025</b>	<b>108%</b>	<b>162,803,936</b>	<b>157%</b>
Program Costs (excluding Built Infrastructure)	80,429,813	16,803,848	21%	52,279,378	65%
Built Infrastructure	12,250,000	4,363,504	36%	6,750,000	55%
Contingency	2,263,770	-	0%	-	0%
<b>Expense &amp; Contingency</b>	<b>94,943,583</b>	<b>21,167,351</b>	<b>22%</b>	<b>59,029,378</b>	<b>62%</b>
Reserves	9,055,078	9,055,078		9,055,078	
<b>Ending Balance (incl. Reserves)</b>	<b>9,055,078</b>	<b>90,672,674</b>		<b>103,774,558</b>	

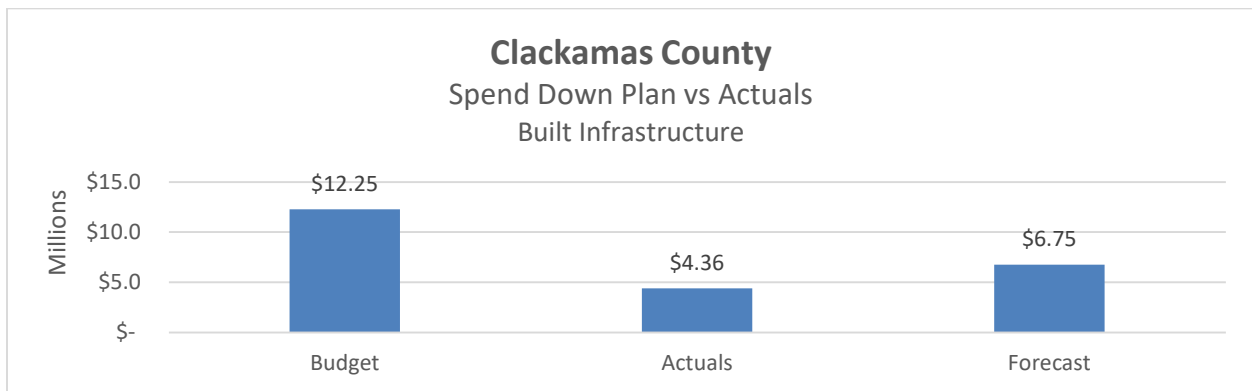
#### Annual Spending

Forecasted annual spending is \$59.0 million, 320% of the prior year amount and 84% of forecasted current year program revenue.

The spend-down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below. Clackamas County’s spend down plan projects that it will spend 65% of its annual program budget in FY24, excluding built infrastructure.

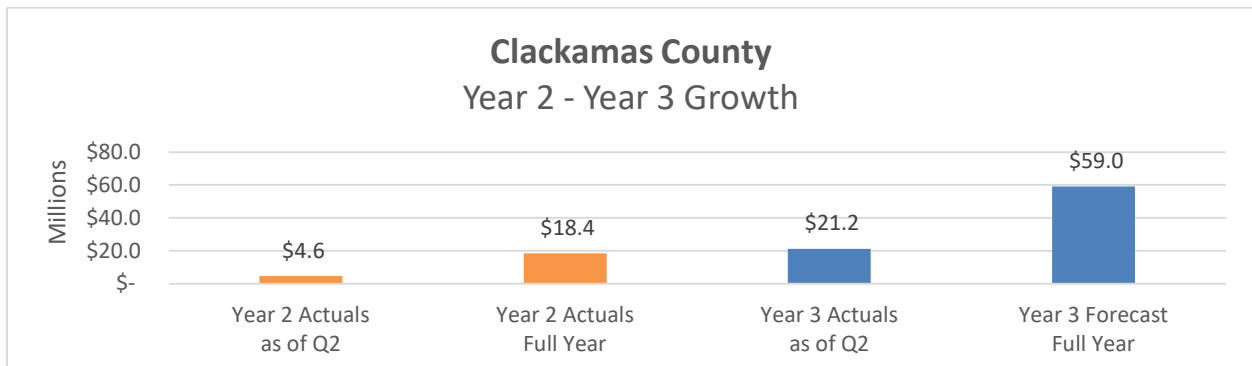


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Clackamas County has begun work on the new Clackamas Village transitional shelter site and distributed funds to support the construction phase of the recently approved service-enriched resource center in downtown Oregon City. The county anticipates spending approximately \$6.75 million on built infrastructure in FY24 and the remaining amount in future years.

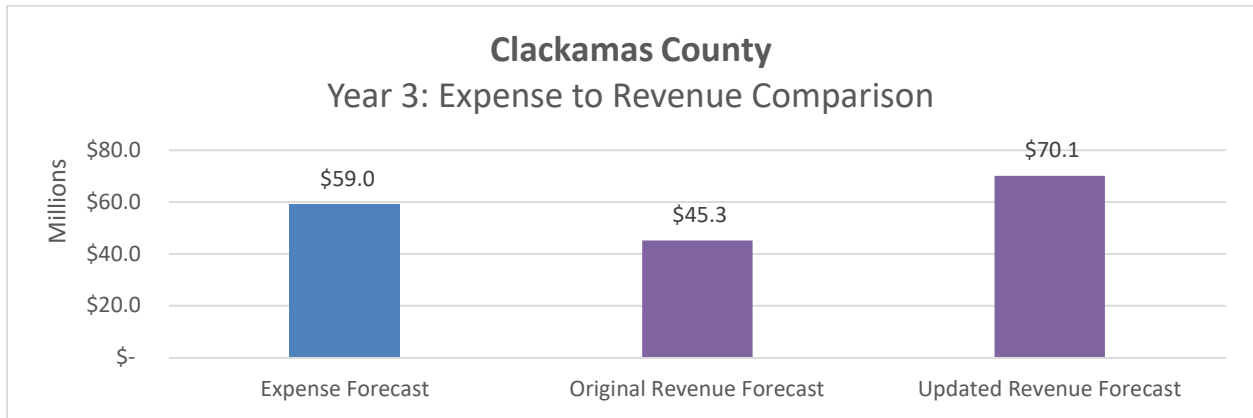


**Growth**

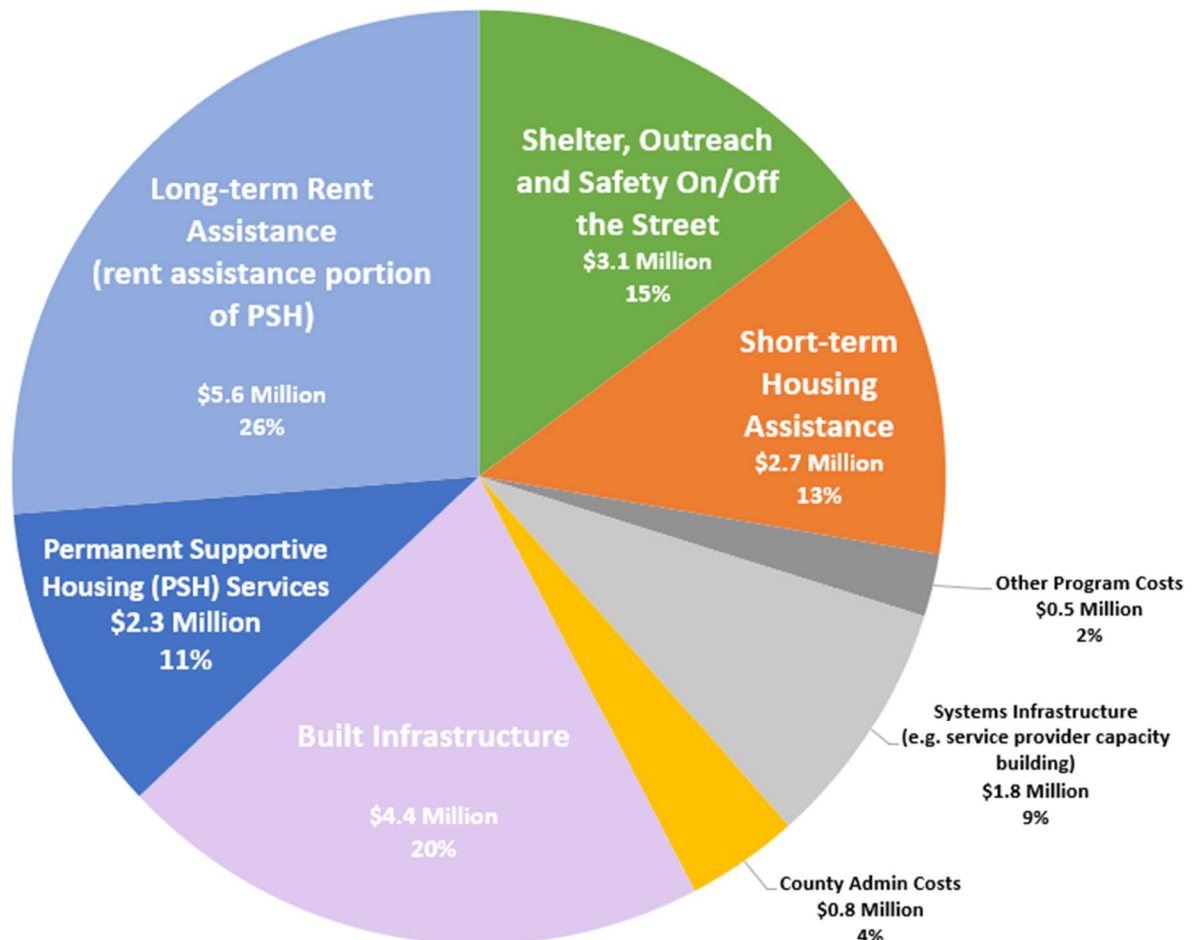
The following chart compares Year 2 spending with Year 3. Clackamas County has spent over 4.5 times more in Year 3 as compared to this time in Year 2. In fact, Clackamas County has already spent more through Q2 of Year 3 than in all of Year 2.



The chart below compares expense and revenue forecasts (original and updated). In year 3, there is still a gap between program expense and revenue, as programs are still ramping up and revenue forecasts are still changing. Over the next 1-2 years, this gap will decrease.



**Clackamas County SHS Spending by Program Category**  
(Year 3 Q2: July 2023 – December 2023)





### Multnomah County Snapshot

#### Overview

Multnomah County included estimated carryover in its FY24 budget, however actual carryover was \$17.7 million higher. Similarly, Multnomah County’s budget for FY24 program revenue reflected Metro’s initial budget, which has since increased by \$52.8 million. As a result, Multnomah County expects to end the year with \$70.5 million more in resources than initially budgeted.

Multnomah County reported \$43.0 million in expenses as of FY24 Q2, and based on its spend down plan, expects to have \$130.8 million in total expenses this fiscal year. This would result in an ending balance of \$144.5 million for next fiscal year, of which \$9.9 million is budgeted as a stabilization reserve.

Multnomah County’s spend down plan for carryover includes limited-term investments in short-term rent assistance, service provider capacity building grants, and capital investments in shelter-related built infrastructure and temporary alternative shelter sites with the City of Portland.

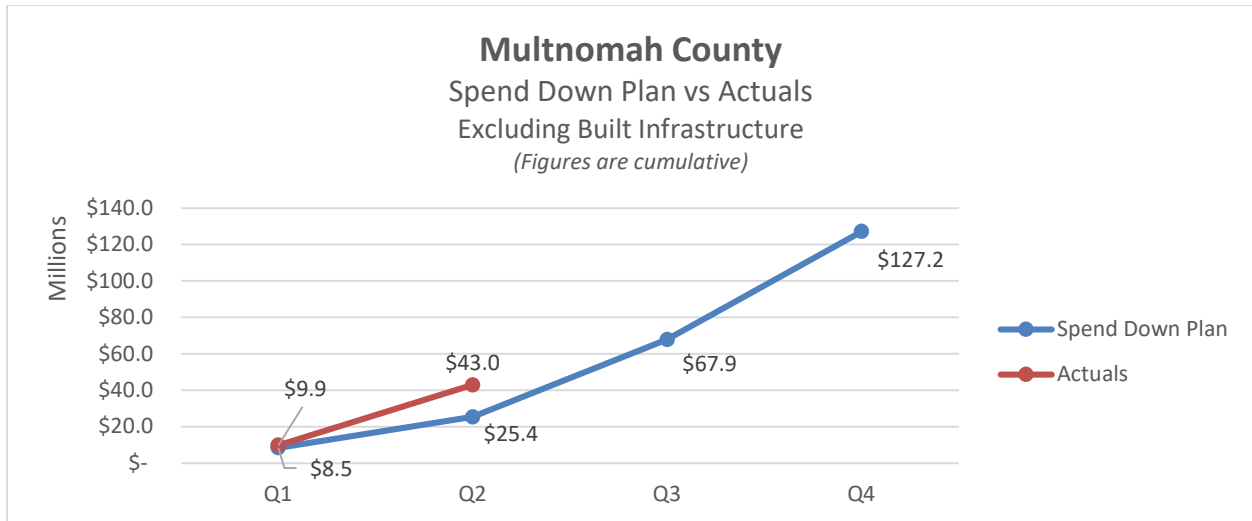
Multnomah County					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	108,677,054	126,381,795	116%	126,381,795	116%
SHS Program Revenue	96,190,265	38,743,630	40%	148,966,874	155%
<b>Total Resources</b>	<b>204,867,319</b>	<b>165,125,425</b>	<b>81%</b>	<b>275,348,669</b>	<b>134%</b>
Program Costs (excluding Built Infrastructure)	169,661,460	42,988,862	25%	127,246,095	75%
Built Infrastructure	20,473,881	-	0%	3,600,000	18%
Contingency	4,809,513	-	0%	-	0%
<b>Expense &amp; Contingency</b>	<b>194,944,854</b>	<b>42,988,862</b>	<b>22%</b>	<b>130,846,095</b>	<b>67%</b>
Reserves	9,922,465	9,922,465		9,922,465	
<b>Ending Balance (incl. Reserves)</b>	<b>9,922,465</b>	<b>122,136,563</b>		<b>144,502,574</b>	

Note: These budget figures are based on Multnomah County’s latest amended budget, which reflects an update from the budget figures presented in the Q1 report. Specifically, budgeted expenses have increased by \$50.5 million and forecasted expenses have increased by \$25.4 million.

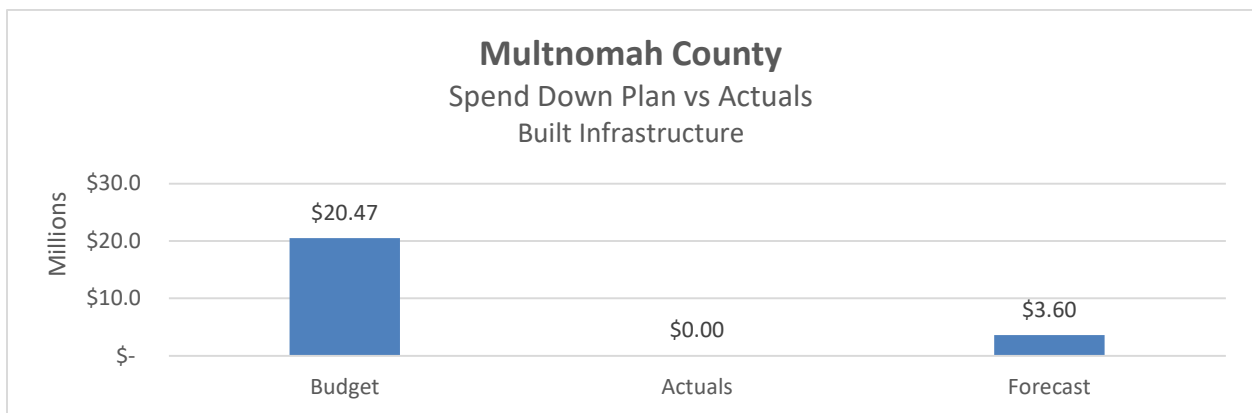
#### Annual Spending

Forecasted annual spending is \$130.8 million, 158% of the prior year amount and 88% of forecasted current year program revenue.

The spend-down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below. Multnomah County’s spend down plan projects that it will spend 75% of its annual program budget in FY24, excluding built infrastructure.

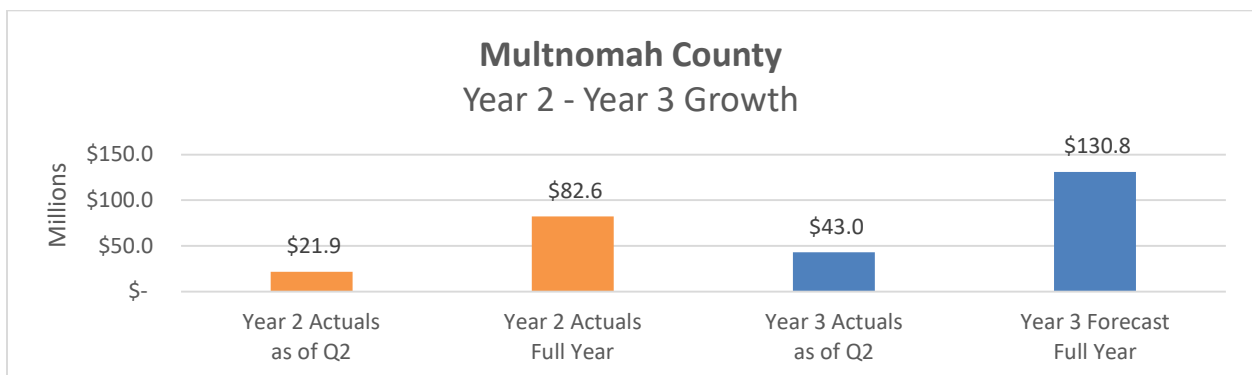


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Multnomah County infrastructure projects include stabilization and transitional housing, as well as Withdrawal Management and Sobering in collaboration with Multnomah County's Behavioral Health Division. Additionally, efforts are being made to expand shelter access by adding more beds to new and existing sites.

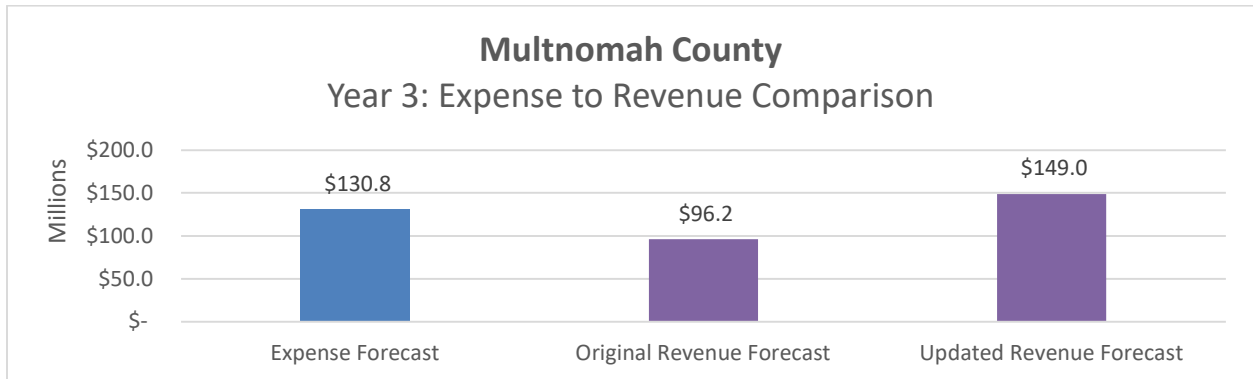


**Growth**

The following chart compares Year 2 spending with Year 3. Multnomah County has spent nearly 2 times more in Year 3 as compared to this time in Year 2.

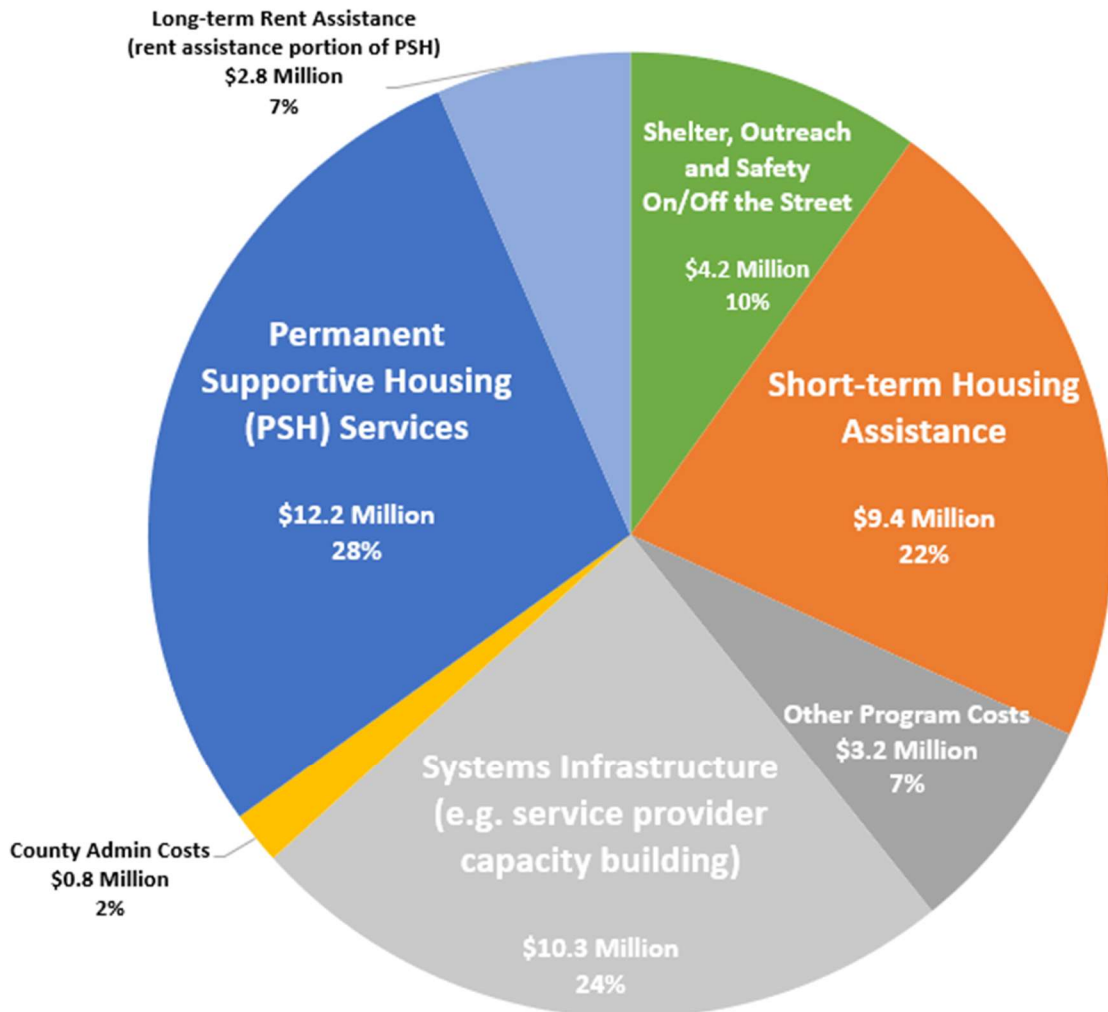


The chart below compares expense and revenue forecasts (original and updated). In year 3, there is still a gap between program expense and revenue, as programs are still ramping up and revenue forecasts are still changing. Over the next 1-2 years, this gap will decrease.



### Multnomah County SHS Spending by Program Category

(Year 3 Q2: July 2023 – December 2023)



### Washington County Snapshot

#### Overview

Washington County included estimated carryover in its FY24 budget, however actual carryover was \$64.6 million higher due to higher than anticipated collections in the prior year. Similarly, Washington County’s budget for FY24 program revenue reflected Metro’s initial budget, which has since increased by \$38.8 million. As a result, Washington County expects to end the year with \$103.5 more in resources than initially budgeted.

Washington County reported \$32.7 million in expenses as of FY24 Q2, and based on its spend down plan, expects to have \$71.2 million in total expenses this fiscal year. This would result in an ending balance of \$150.0 million for next fiscal year.

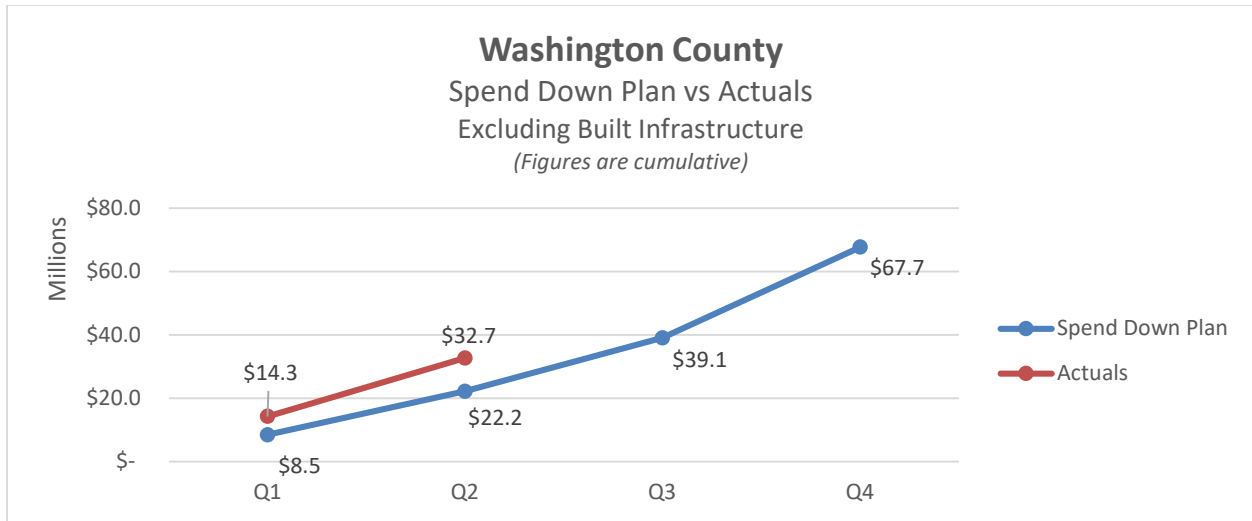
Washington County’s spend down plan for carryover includes significant investments in built infrastructure for shelters, drop-in centers, and permanent supportive housing. It also includes investments in service provider capacity building and an expansion of short-term rent assistance.

Washington County					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	46,999,271	111,634,198	238%	111,634,198	238%
SHS Program Revenue	70,700,000	31,590,800	45%	109,534,466	155%
<b>Total Resources</b>	<b>117,699,271</b>	<b>143,224,998</b>	<b>122%</b>	<b>221,168,664</b>	<b>188%</b>
Program Costs (excluding Built Infrastructure)	84,262,661	29,258,479	35%	67,713,474	80%
Built Infrastructure	2,000,000	3,477,332	174%	3,477,332	174%
Contingency	3,535,000	-	0%	-	0%
<b>Expense &amp; Contingency</b>	<b>89,797,661</b>	<b>32,735,811</b>	<b>36%</b>	<b>71,190,807</b>	<b>79%</b>
Reserves	27,901,610	27,901,610		27,901,610	
<b>Ending Balance (incl. Reserves)</b>	<b>27,901,610</b>	<b>110,489,187</b>		<b>149,977,858</b>	

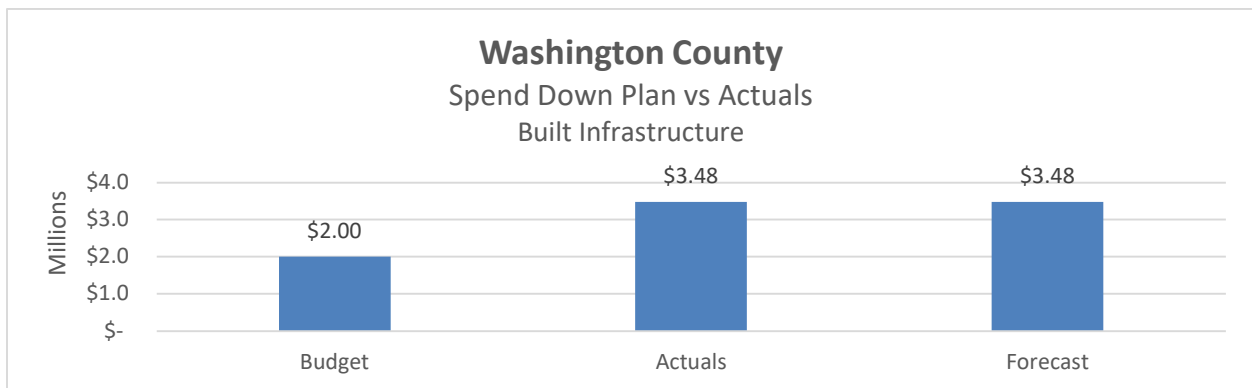
#### Annual Spending

Forecasted annual spending is \$71.2 million, 148% of the prior year amount and 65% of forecasted current year program revenue.

The spend-down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below. Washington County’s spend down plan projects that it will spend 80% of its annual program budget in FY24, excluding built infrastructure.

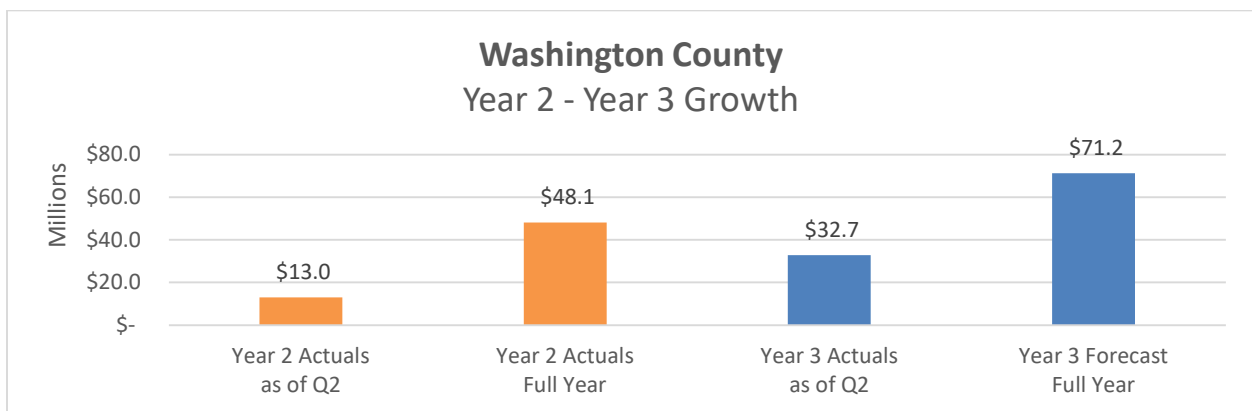


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Washington County has two projects in development: the Center for Addiction Triage & Treatment and the Elm Street Acquisition.

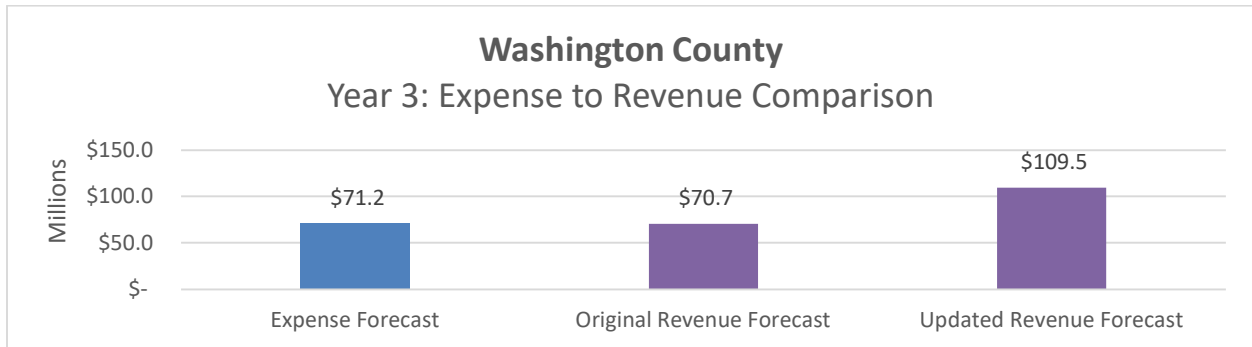


**Growth**

The following chart compares Year 2 spending with Year 3. Washington County has spent 2.5 times more in Year 3 as compared to this time in Year 2.



The chart below compares expense and revenue forecasts (original and updated). In year 3, there is still a gap between program expense and revenue, as programs are still ramping up and revenue forecasts are still changing. Over the next 1-2 years, this gap will decrease.



**Washington County SHS Spending by Program Category**  
(Year 3 Q2: July 2023 – December 2023)

