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Memo

Date: January 8, 2024
To: Supportive Housing Services Oversight Committee
From: Rachael Lembo, Finance Manager
Subject: FY23-24 Q1 (July – September 2023) Financial Report

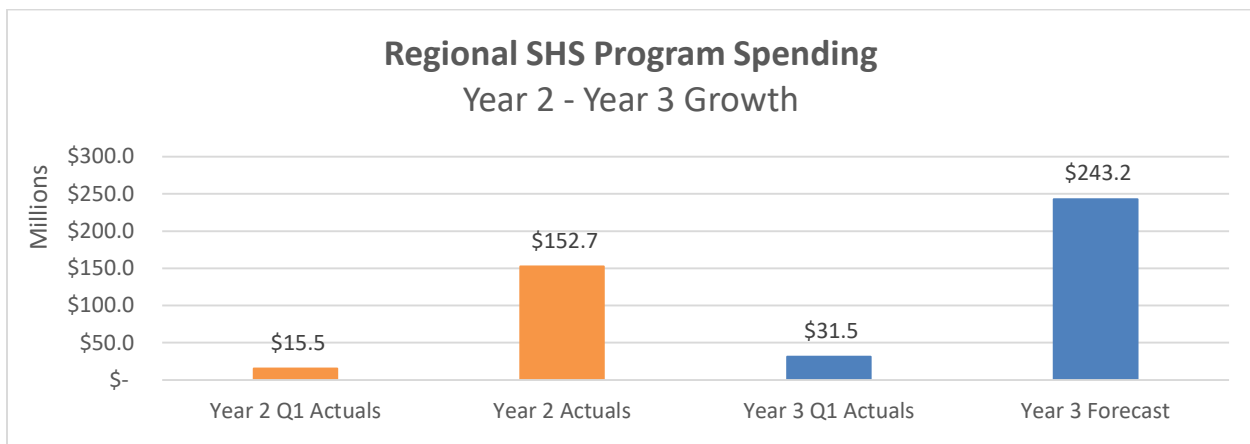
Metro designed this quarterly financial report to provide the information necessary for the SHS Oversight Committee to monitor financial aspects of program administration. It includes details on tax collections and tax collection costs, administrative costs, and program costs. County financial information 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 1 Financial Overview

In FY23-24, Metro’s current forecast estimates tax collections will total \$356.7 million. This exceeds the FY23-24 budget figure by \$122.6 million. As discussed previously, a record runup in household income and corporate profits helped push the underlying taxbase significantly higher than prior estimates.

As discussed in the most recent 5-year forecast, this increased revenue will allow counties to build larger programs that serve more people, but that will take more time than previously forecasted. During the ramp-up period, counties will continue to generate carryover funds for investments and increases in scalable programs. The forecast assumes carryover investments will be made over four years, beginning in the current year and complete by FY26-27. Spend down plans specific to carryover funds were provided by the counties as part of their FY23-24 budget submission and are discussed in the County Snapshots below.

Thus far in FY24, spending in Q1 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 FY23-24 budget figure.

Tax Revenue Summary					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Tax Revenue	234,100,000	19,083,079	8%	356,700,000	152%
Tax Collection Costs (Amount retained)	10,801,686	900,000	8%	10,801,686	100%
Net Tax Revenue	223,298,314	18,183,079	8%	345,898,314	155%
Metro Admin Allowance (5%)	11,163,314	909,154	8%	17,294,916	155%
County Partner Revenue	212,135,000	17,273,925	8%	328,603,398	155%
Multnomah County	96,167,867	7,830,846	8%	148,966,874	155%
Washington County	70,711,667	5,757,975	8%	109,534,466	155%
Clackamas County	45,255,467	3,685,104	8%	70,102,058	155%

Tax Collection Costs					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Tax Collection Costs	10,801,686	621,440	6%	10,801,686	100%
Personnel	5,026,047	324,735	6%	5,026,047	100%
Software	3,602,815	290,079	8%	3,602,815	100%
Other M&S	1,382,414	6,625	0%	1,382,414	100%
Contingency	790,410	-	0%	790,410	100%

Tax collections above are on an accrual accounting basis and only reflect collections received by Metro and disbursed to county partners in September 2023. Tax collections by the tax administrator through July 2023, received by Metro and disbursed to county partners in August 2023, are recorded in FY22-23 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 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	909,154	8%	17,294,916	155%
Interest Earnings	300,000	47,553	16%	1,000,000	333%
Total Resources	26,241,915	22,648,995	86%	39,987,203	152%
Direct Personnel	5,416,344	404,857	7%	3,037,771	56%
Indirect Costs (Allocation Plan)	3,370,894	842,724	25%	3,370,894	100%
Materials & Services	3,306,251	67,782	2%	2,547,470	77%
Contingency	-	-	N/A	-	N/A
Expense & Contingency	12,093,489	1,315,363	11%	8,956,135	74%
Carryover to next period	14,148,426	21,333,632		31,031,068	

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
County Administrative Costs	307,103	411,834	542,220	1,261,157
<i>% of SHS program costs</i>	5%	4%	4%	4%

County Partner Snapshots

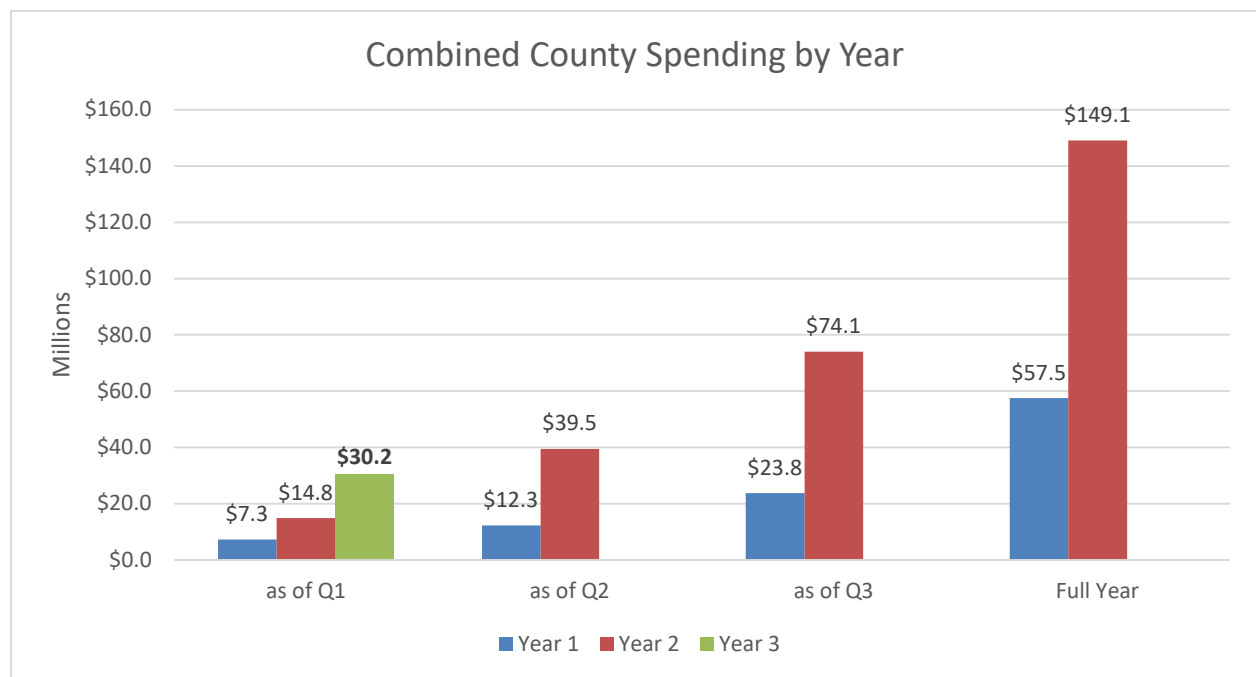
The following pages summarize financial information by county, in both numerical and visual form. This provides a consistent format to compare the similar but unique programs of each county.

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 \$30.2 million on SHS program costs in the first quarter of Year 3 (July 2023 – September 2023), which is a significant increase from the \$14.8 million spent last year at this point.

County Summary (in millions)				
	Clackamas County	Multnomah County	Washington County	Total
Prior Year Carryover	\$92.7	\$126.4	\$111.6	\$330.7
SHS Program Revenue	\$3.7	\$1.9 ¹	\$6.6	\$12.2
Total Resources	\$96.4	\$128.3	\$118.2	\$342.9
Program Costs	\$6.1	\$9.9	\$14.3	\$30.2
Total Expense	\$6.1	\$9.9	\$14.3	\$30.2
Reserves	\$0.0	\$9.9	\$0.0	\$9.9
Ending Balance (incl. Reserves)	\$90.3	\$118.4	\$104.0	\$312.7

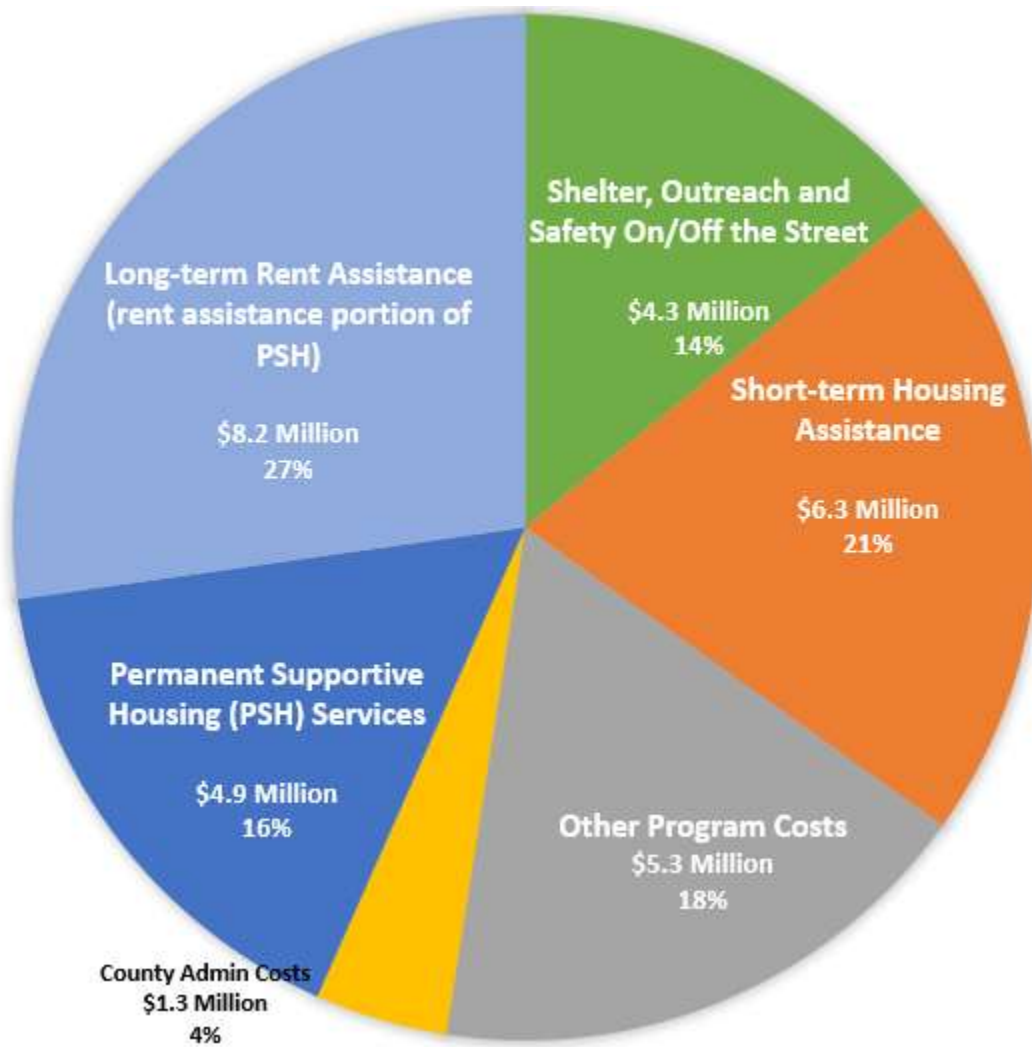


¹ This figure does not reflect the disbursement Multnomah County received in September 2023, which was entered into their accounting system in October 2023.

Regional SHS Spending by Program Category

\$30.2 million

(Year 3 Q1: July 2023 – September 2023)



Clackamas County Snapshot

Clackamas County included estimated carryover in its FY23-24 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 \$6.1 million in FY24 Q1 expenses, and based on its spend down plan, expects to have \$59 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.

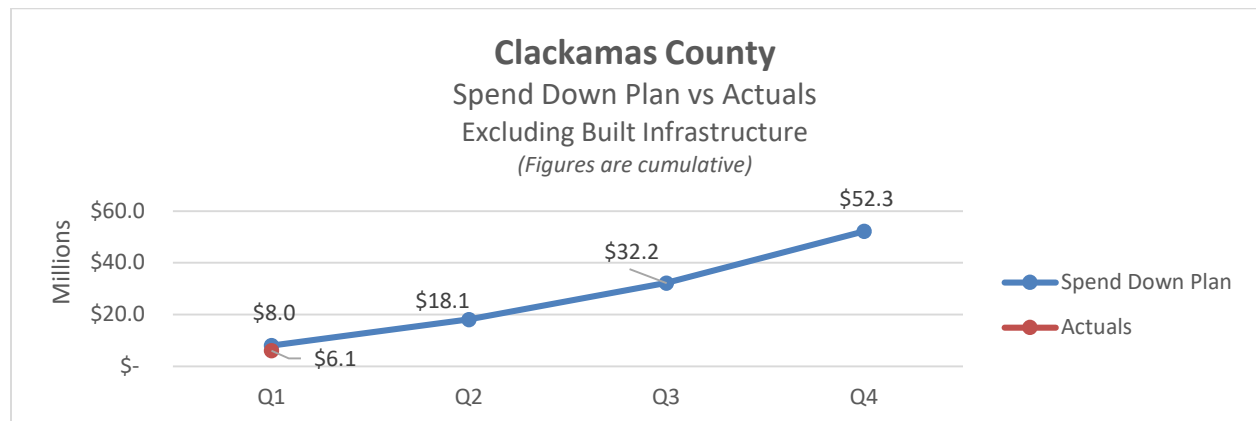
Clackamas County					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	58,623,269	92,701,878	158%	92,701,878	158%
SHS Program Revenue	45,375,392	3,685,104	8%	70,102,058	154%
Total Resources	103,998,661	96,386,982	93%	162,803,936	157%
Program Costs	92,679,813	6,068,306	7%	59,029,378	64%
Contingency	2,263,770	-	0%	-	0%
Expense & Contingency	94,943,583	6,068,306	6%	59,029,378	62%
Reserves	9,055,078	-		9,055,078	
Ending Balance (incl. Reserves)	9,055,078	90,318,676		103,774,558	

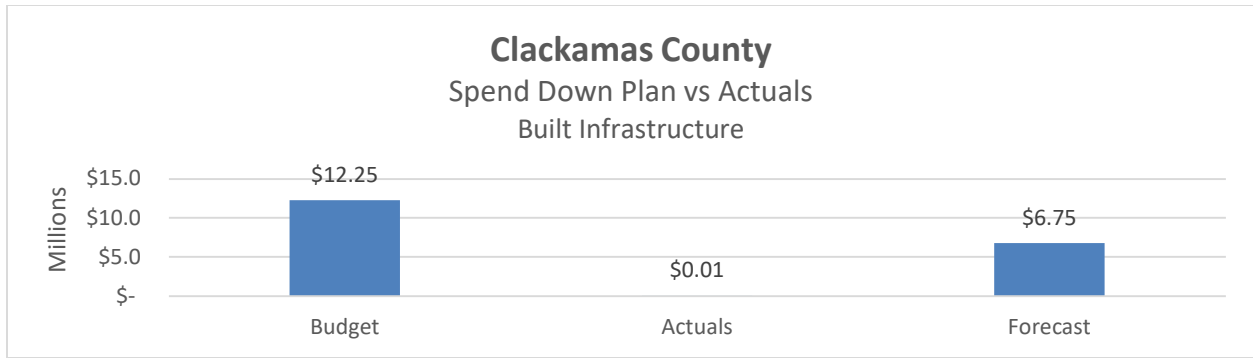
Spending Plans for Carryover Funds

Clackamas County’s 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. For example, in Q1 carryover funds were used for a new eviction prevention pilot program that provides mediation services between landlords and tenants.

Charts

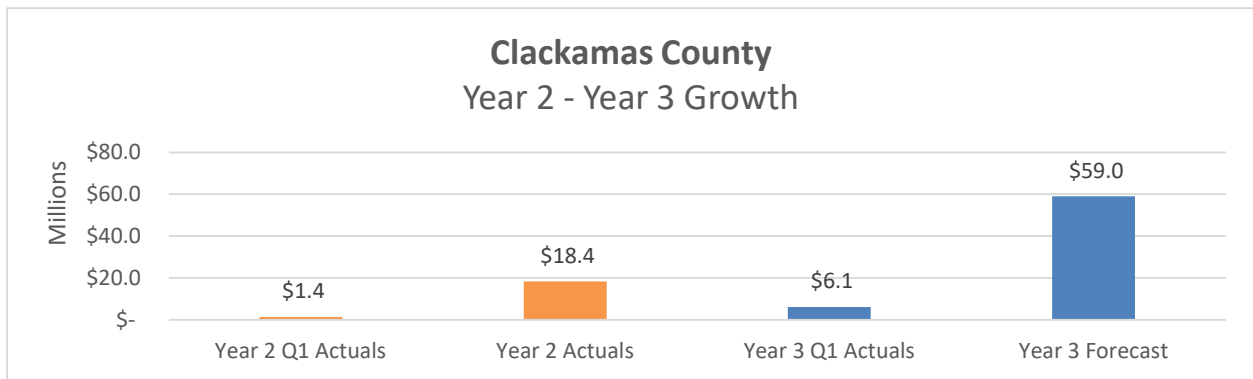
The charts below compare Clackamas County’s spend down plan with its actual expenses to date. Clackamas County’s spend down plan projects that it will spend 65% of its annual program budget in FY23-24, not including built infrastructure. Built infrastructure is forecasted separately (in the second chart) as these expenses tend to occur in large tranches as opposed to gradually over time.



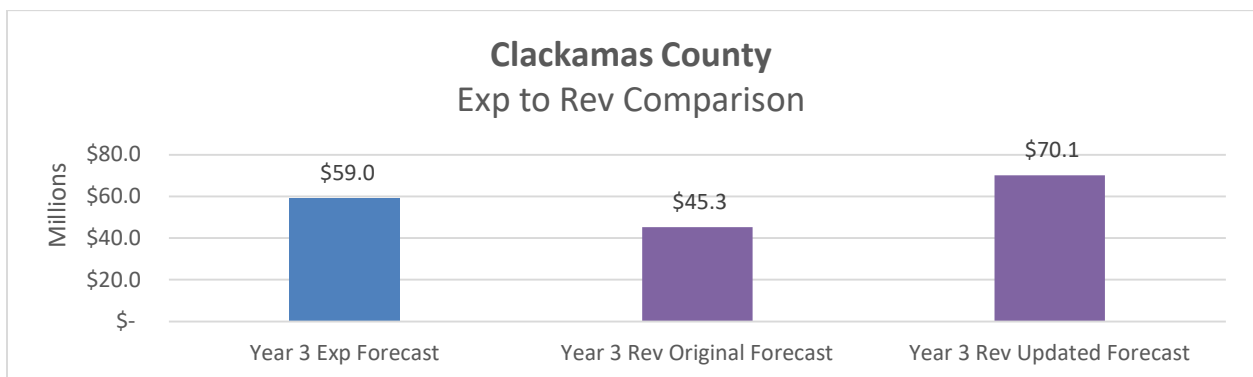


Built Infrastructure: Clackamas County has two projects in development (a crisis stabilization center and a transitional housing village), a solicitation out for resource/navigation center infrastructure, and plans for additional solicitations over the course of the fiscal year. The county anticipates spending approximately \$6.75 million on built infrastructure in FY 2023-24 and the remaining amount in future years.

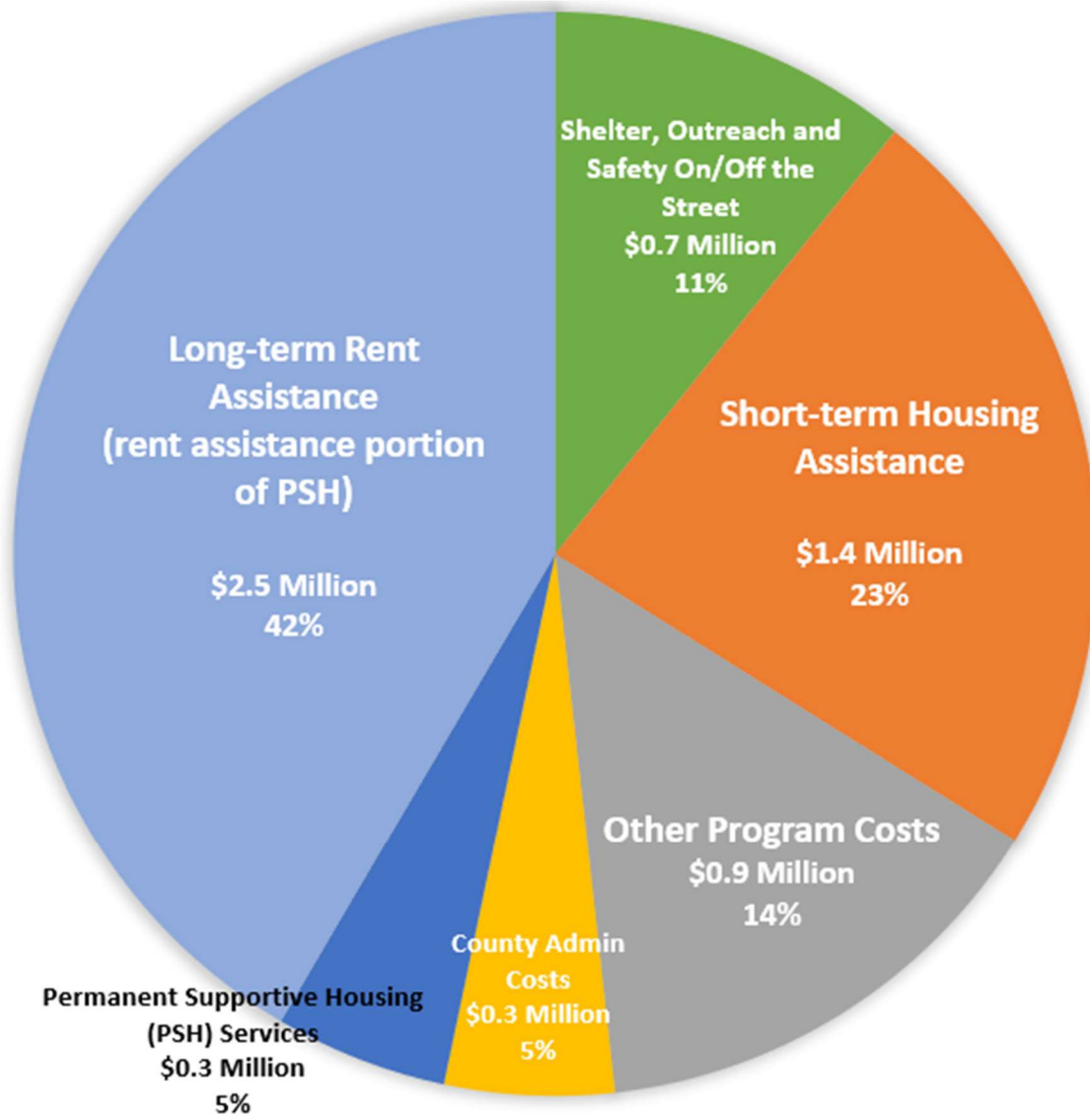
The following chart compares Year 2 spending with Year 3. Clackamas County has spent over 4 times more in Year 3 as compared to this time in Year 2.



The chart below compares expense and revenue forecasts (original and updated).



Clackamas County SHS Spending by Program Category
(Year 3 Q1: July 2023 – September 2023)



Multnomah County Snapshot

Multnomah County included estimated carryover in its FY23-24 budget, however actual carryover was \$68.2 million higher due to higher than anticipated collections in the prior year. Similarly, Multnomah County’s budget for FY23-24 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 \$121.0 million more in resources than initially budgeted.

Multnomah County reported \$9.9 million in FY24 Q1 expenses, and based on its spend down plan, expects to have \$105.5 million in total expenses this fiscal year. This would result in an ending balance of \$169.9 million for next fiscal year, of which \$9.9 million is budgeted as a stabilization reserve.

Multnomah County					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	58,146,092	126,381,795	217%	126,381,795	217%
SHS Program Revenue	96,190,265	1,911,716	2%	148,966,874	155%
Total Resources	154,336,357	128,293,511	83%	275,348,669	178%
Program Costs	139,604,379	9,878,858	7%	105,423,284	76%
Contingency	4,809,513	-	0%	-	0%
Expense & Contingency	144,413,892	9,878,858	7%	105,423,284	73%
Reserves	9,922,465	9,922,465		9,922,465	
Ending Balance (incl. Reserves)	9,922,465	118,414,653		169,925,385	

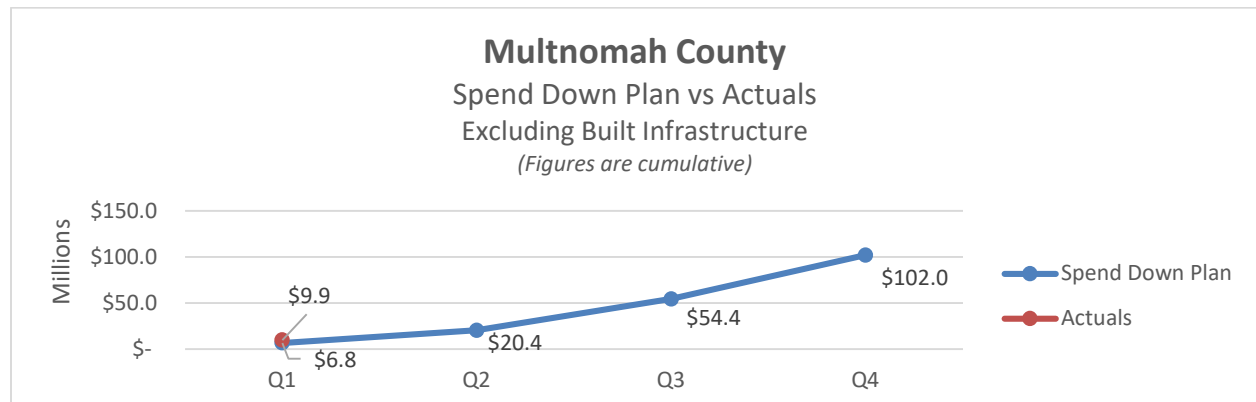
Note: These budget figures are based on Multnomah County’s amended budget as of September 7, 2023. Multnomah County has since amended its budget again, however this amended budget was not due to Metro until after the submission of their Q1 report. As such, it will be reflected in future reports.

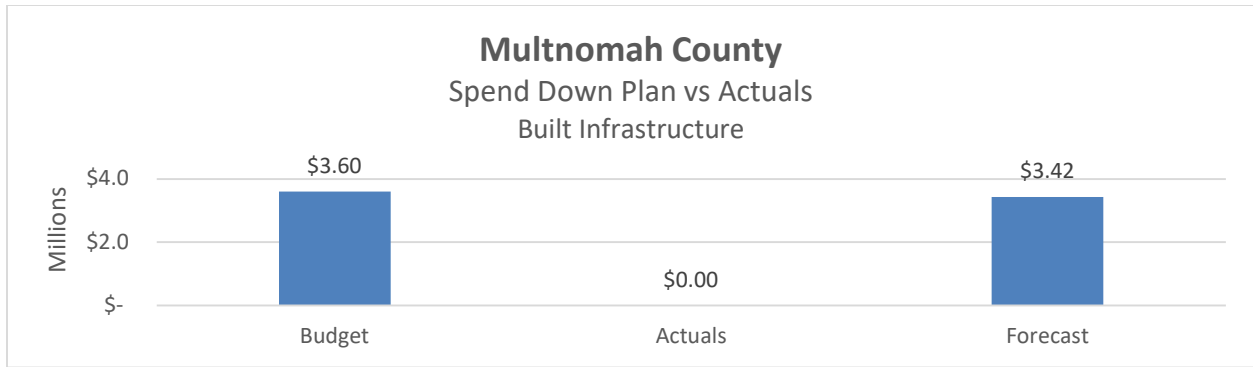
Spending Plans for Carryover Funds

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.

Charts

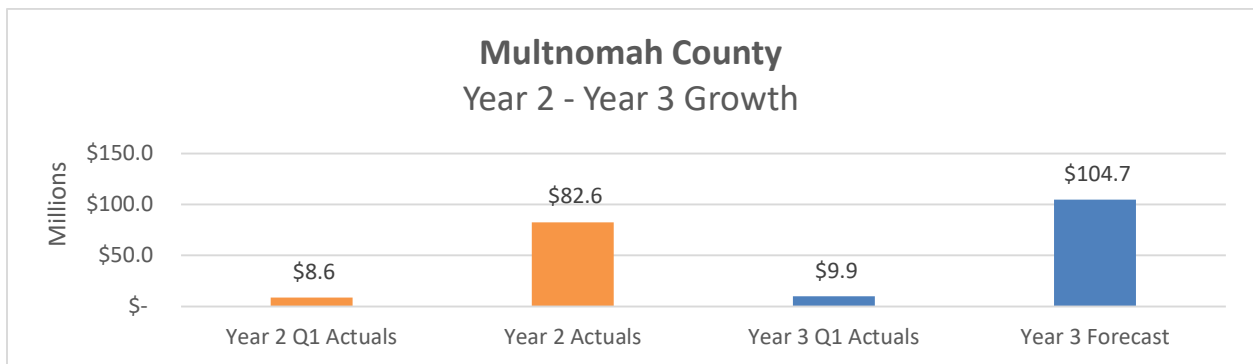
The charts below compare Multnomah County’s spend down plan with its actual expenses to date. Multnomah County’s spend down plan projects that it will spend 75% of its annual program budget in FY23-24, not including built infrastructure. Built infrastructure is forecasted separately (in the second chart) as these expenses tend to occur in large tranches as opposed to gradually over time.



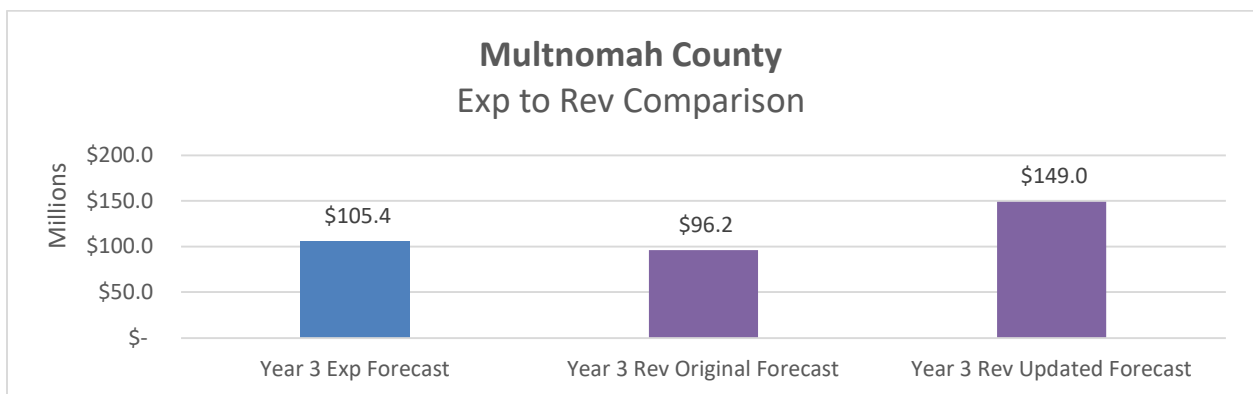


Built Infrastructure: Multnomah County infrastructure projects include stabilization and transitional housing, as well as Withdrawal Management and Sobering in collaboration with Multnomah County’s Behavioral Health Division. Additionally, efforts are being made to expand shelter access by adding more beds to new and existing sites.

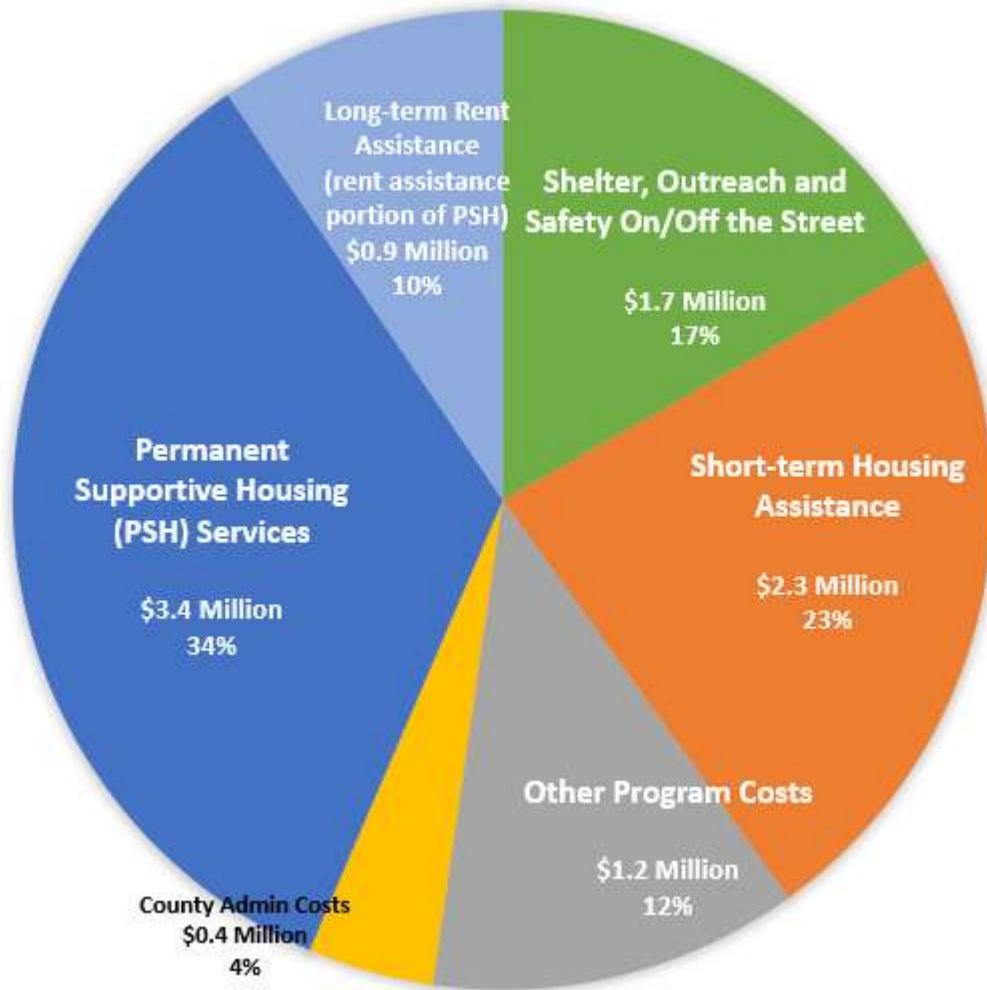
The following chart compares Year 2 spending with Year 3. Multnomah County expects to exceed Year 2 spending by approximately 25%.



The chart below compares expense and revenue forecasts (original and updated).



Multnomah County SHS Spending by Program Category
(Year 3 Q1: July 2023 – September 2023)



Washington County Snapshot

Washington County included estimated carryover in its FY23-24 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 FY23-24 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 \$14.3 million in FY24 Q1 expenses, and based on its spend down plan, expects to have \$69.7 million in total expenses this fiscal year. This would result in an ending balance of \$151.5 million for next fiscal year.

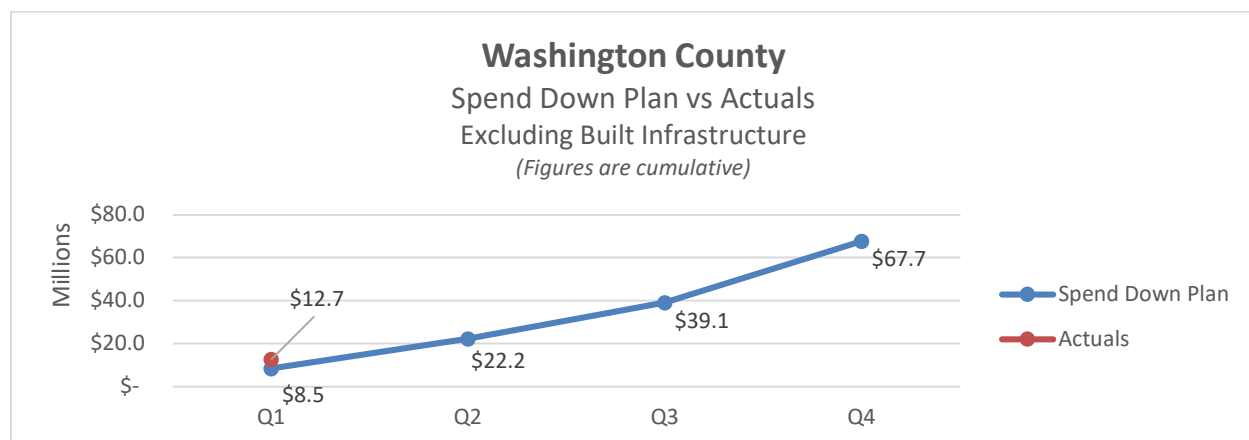
Washington County					
	Budget	YTD Actuals	% of Budget	Year-end Forecast	% of Budget
Prior Year Carryover	46,999,271	111,634,685	238%	111,634,685	238%
SHS Program Revenue	70,700,000	6,593,494	9%	109,534,466	155%
Total Resources	117,699,271	118,228,179	100%	221,169,151	188%
Program Costs	86,262,661	14,264,249	17%	69,713,474	81%
Contingency	3,535,000	-	0%	-	0%
Expense & Contingency	89,797,661	14,264,249	16%	69,713,474	78%
Reserves	27,901,610	-		-	
Ending Balance (incl. Reserves)	27,901,610	103,963,930		151,455,677	

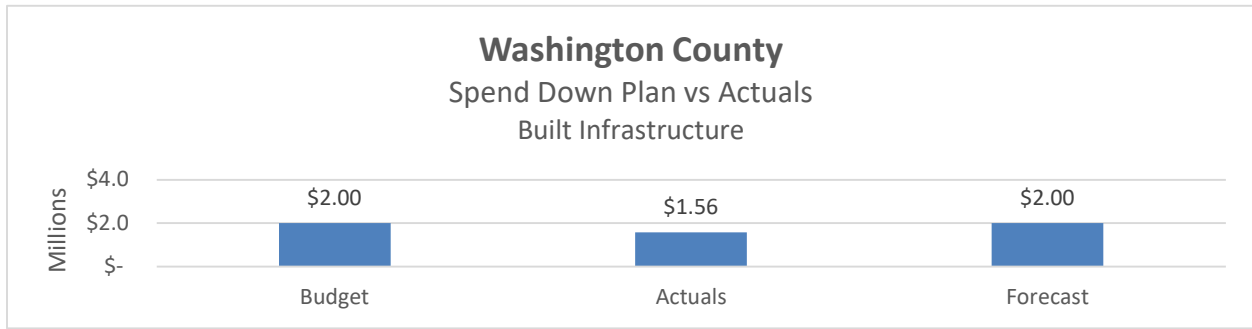
Spending Plans for Carryover Funds

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.

Charts

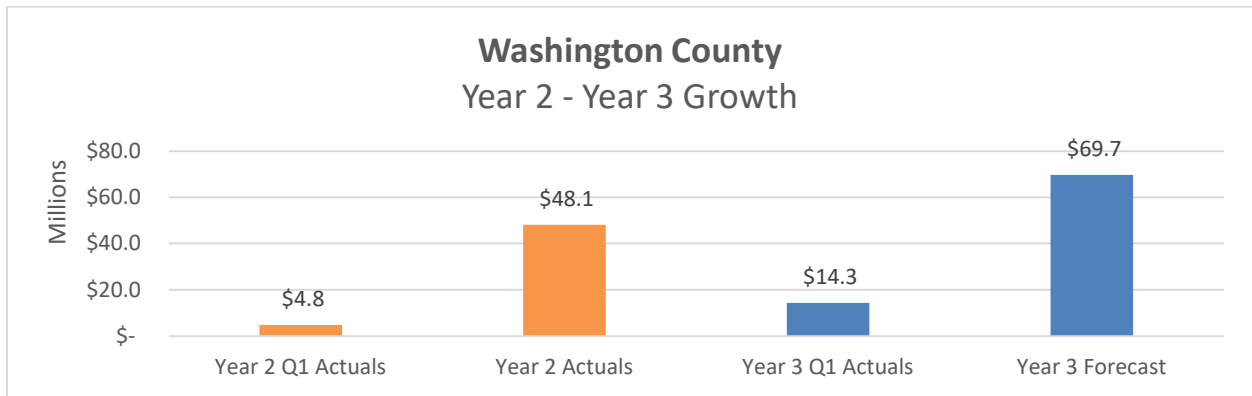
The charts below compare Washington County’s spend down plan with its actual expenses to date. Washington County’s spend down plan projects that it will spend 80% of its annual program budget in FY23-24, not including built infrastructure. Built infrastructure is forecasted separately (in the second chart) as these expenses tend to occur in large tranches as opposed to gradually over time.



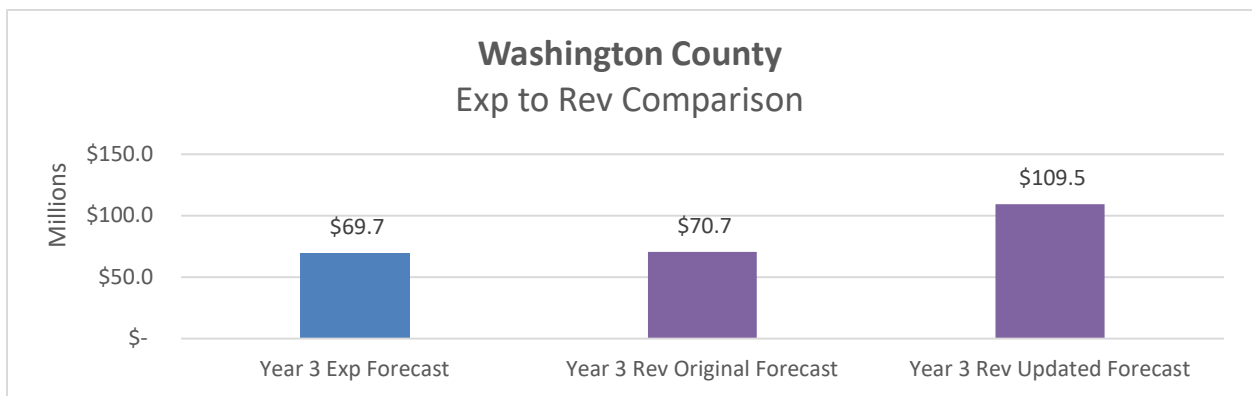


Built Infrastructure: Washington County has two projects in development: the Center for Addiction Triage & Treatment and the Elm Street Acquisition.

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



The chart below compares expense and revenue forecasts (original and updated).



Washington County SHS Spending by Program Category
(Year 3 Q1: July 2023 – September 2023)

