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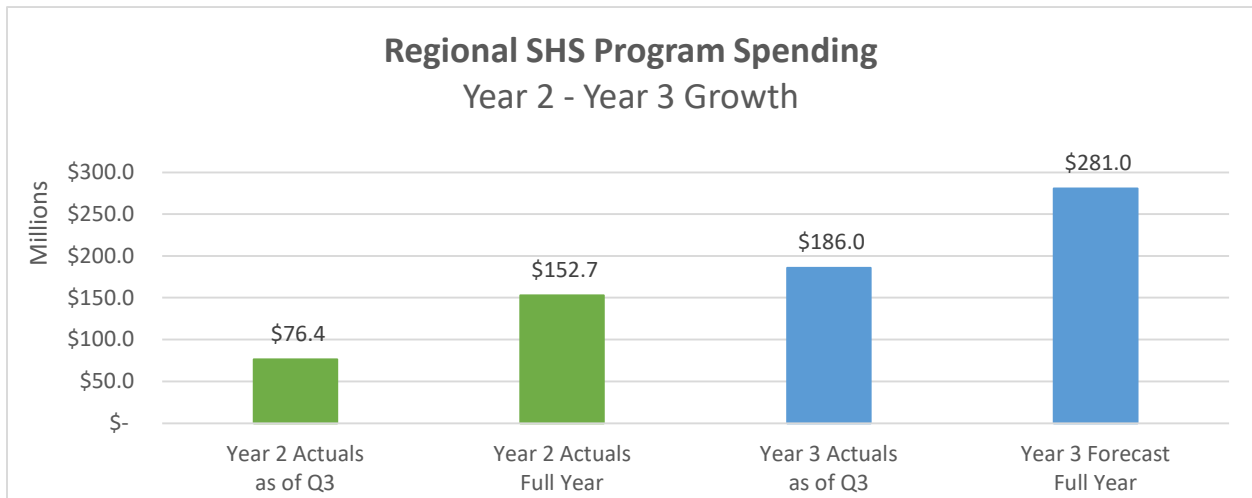
Date: June 24, 2024
 To: Supportive Housing Services Oversight Committee
 From: Rachael Lembo, Finance Manager
 Subject: FY23-24 Q3 (July 2023 – March 2024) Financial Report

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 3 Financial Overview

Metro’s fall 2023 forecast estimated FY24 tax collections will total \$356.7 million, which exceeds the FY24 budget figure by \$122.6 million. As discussed in the May Tax Collection and Disbursement Update, if trends follow the prior year, revenue will be slightly under the forecast.

Spending as of FY24 Q3 was significantly higher than at this point last year, continuing the trend of prior years. In fact, spending in Year 3 has already surpassed the total amount spent in all of Year 2.



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 |
| Tax Revenue | 234,100,000 | 161,320,806 | 69% | 356,700,000 | 152% |
| Tax Collection Costs (Amount retained) | 10,801,686 | 6,256,429 | 58% | 10,801,686 | 100% |
| Net Tax Revenue | 223,298,314 | 155,064,377 | 69% | 345,898,314 | 155% |
| Metro Admin Allowance (5%) | 11,163,314 | 7,753,219 | 69% | 17,294,916 | 155% |
| County Partner Revenue | 212,135,000 | 147,311,159 | 69% | 328,603,398 | 155% |
| Multnomah County | 96,167,867 | 66,781,059 | 69% | 148,966,874 | 155% |
| Washington County | 70,711,667 | 49,103,720 | 69% | 109,534,466 | 155% |
| Clackamas County | 45,255,467 | 31,426,380 | 69% | 70,102,058 | 155% |

| Tax Collection Costs | | | | | |
|-----------------------------|-------------------|------------------|-------------|-------------------|-------------|
| | Budget | YTD Actuals | % of Budget | Year-end Forecast | % of Budget |
| Tax Collection Costs | 10,801,686 | 4,248,628 | 39% | 10,801,686 | 100% |
| Personnel | 5,026,047 | 2,013,436 | 40% | 5,026,047 | 100% |
| Software | 3,602,815 | 1,740,474 | 48% | 3,602,815 | 100% |
| Other M&S | 1,382,414 | 494,718 | 36% | 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 2023 – March 2024. 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 \$22.0 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 \$32.7 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 | 21,999,875 | 149% | 21,999,875 | 149% |
| YTD Admin Allowance (5%) | 11,163,314 | 7,753,219 | 69% | 17,294,916 | 155% |
| Interest Earnings | 300,000 | 583,555 | 195% | 875,332 | 292% |
| Total Resources | 26,241,915 | 30,336,649 | 116% | 40,170,123 | 153% |
| Direct Personnel | 5,416,344 | 1,654,333 | 31% | 2,736,007 | 51% |
| Materials & Services | 3,306,251 | 726,793 | 22% | 1,347,635 | 41% |
| Indirect Costs (Allocation Plan) | 3,370,894 | 2,528,172 | 75% | 3,370,894 | 100% |
| Contingency | - | - | N/A | - | N/A |
| Expense & Contingency | 12,093,489 | 4,909,298 | 41% | 7,454,536 | 62% |
| Carryover to next period | 14,148,426 | 25,427,351 | | 32,715,587 | |

Note: Metro prior year carryover is now reported on an accrual accounting basis, which aligns with tax revenue reported above. This resulted in a minor change from the Q2 report.

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 | 1,223,257 | 1,104,403 | 1,766,392 | 4,094,052 |
| <i>% of SHS program costs</i> | 4% | 1% | 3% | 2% |

County Partner Snapshots

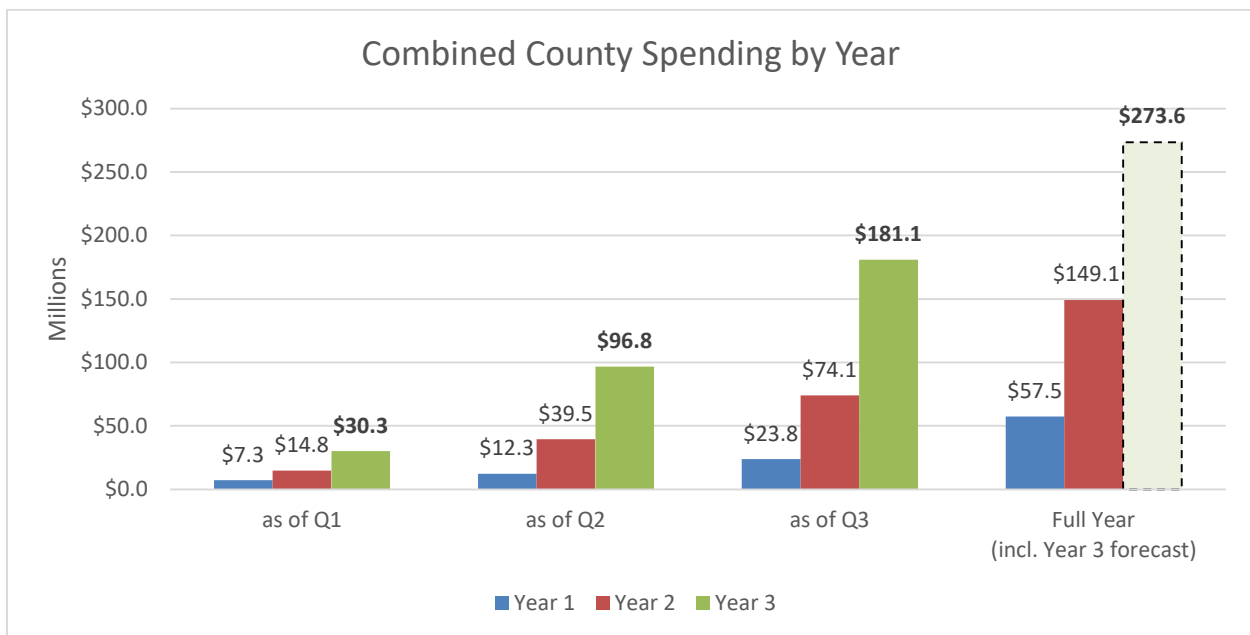
The following pages summarize financial information by county, in both numerical and visual form. This provides a consistent format to compare the similar but unique programs of each county.

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 \$181.1 million on SHS program costs as of the third quarter of Year 3 (July 2023 – March 2024), which is 2.4 times more than the \$74.1 million spent last year at this point.

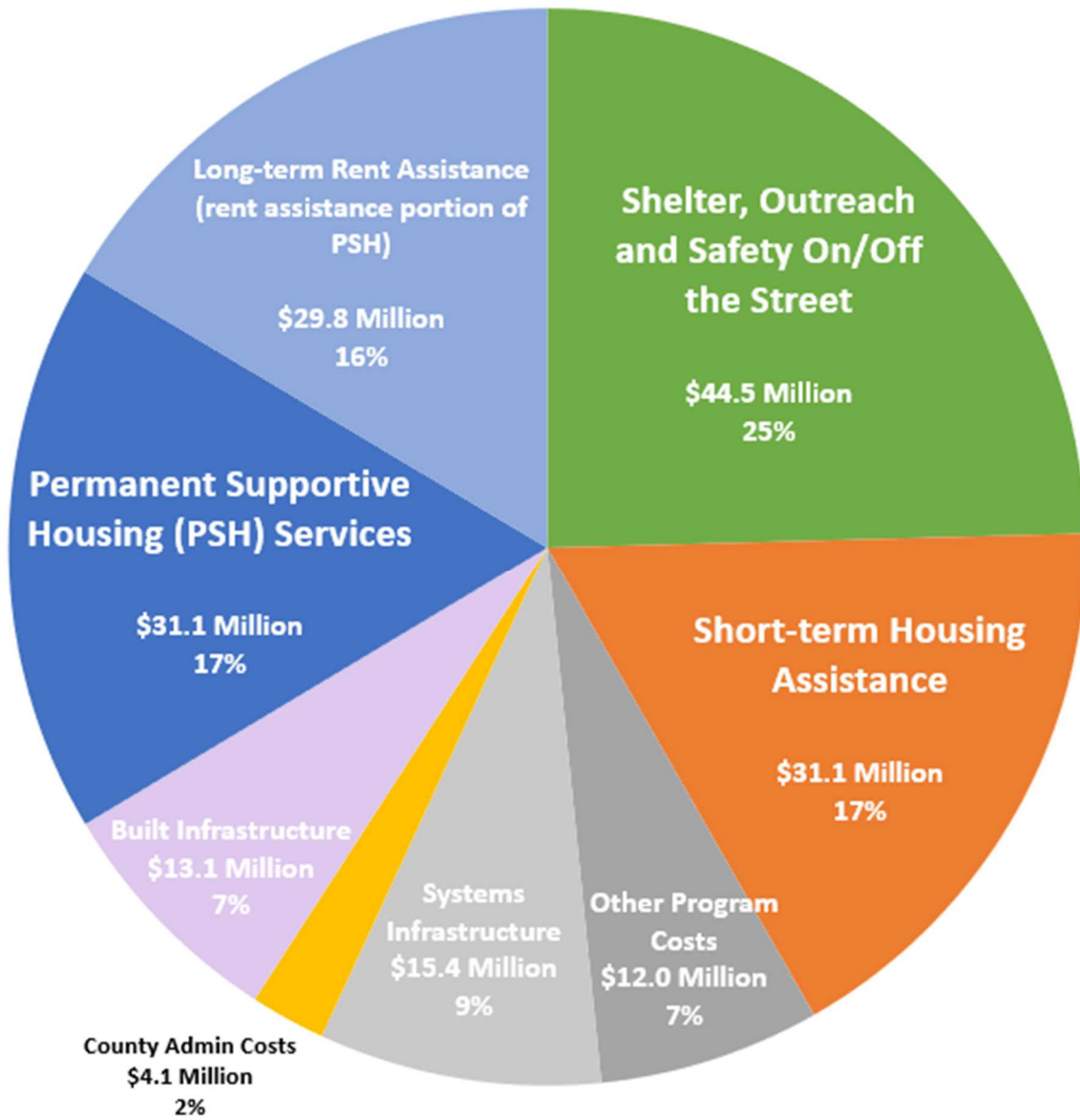
| County Summary (in millions) as of March 2024 | | | | |
|--|---------------------|---------------------|----------------------|----------------|
| | Clackamas County | Multnomah County | Washington County | Total |
| Prior Year Carryover | \$92.7 | \$126.4 | \$115.5 | \$334.6 |
| SHS Program Revenue | \$31.4 | \$70.3 | \$51.7 | \$153.4 |
| Total Resources | \$124.1 | \$196.6 | \$167.2 | \$488.0 |
| Program Costs | \$32.6 | \$90.5 | \$58.0 | \$181.1 |
| Total Expense | \$32.6 | \$90.5 | \$58.0 | \$181.1 |
| Ending Balance | \$91.6 | \$106.1 | \$109.2 | \$306.9 |



Regional SHS Spending by Program Category

\$181.1 million

(Year 3 Q3: July 2023 – March 2024)



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 \$32.6 million in expenses as of FY24 Q3, 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, including \$23.7 million in tax stabilization and Regional Strategy Implementation Fund reserves and \$80.1 million in carryover for future projects.

Carryover Spending

After entering the year with \$92.7 million in carryover, Clackamas County has spent \$11.7 million of these funds as of FY24 Q3, with the majority of spending going towards limited-term investments in service provider capacity building, an expansion of short-term rent assistance, and capital investments as noted in built infrastructure below. An updated spend down plan for carryover will be provided as part of the FY25 budget.

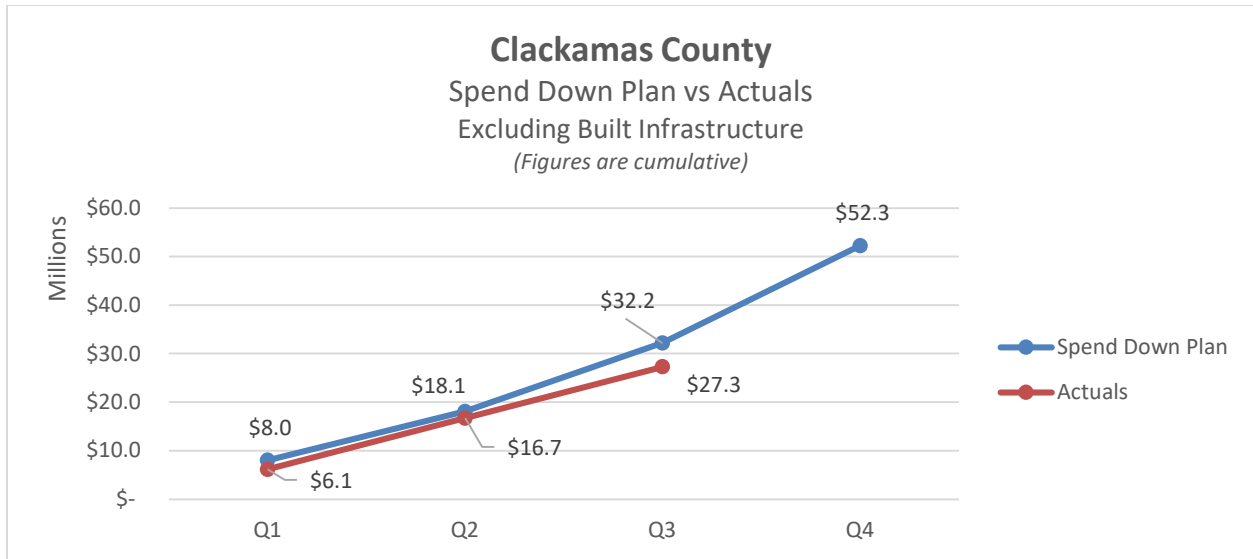
| Clackamas County | | | | | |
|---|--------------------|--------------------|-------------|--------------------|-------------|
| | Budget | YTD Actuals | % of Budget | Year-end Forecast | % of Budget |
| Prior Year Carryover | 58,623,269 | 92,701,878 | 158% | 92,701,878 | 158% |
| SHS Program Revenue | 45,375,392 | 31,426,380 | 69% | 70,102,058 | 154% |
| Total Resources | 103,998,661 | 124,128,258 | 119% | 162,803,936 | 157% |
| Program Costs (excluding Built Infrastructure) | 80,429,813 | 27,314,321 | 34% | 52,279,378 | 65% |
| Built Infrastructure | 12,250,000 | 5,241,990 | 43% | 6,750,000 | 55% |
| Contingency | 2,263,770 | - | 0% | - | 0% |
| Expense & Contingency | 94,943,583 | 32,556,311 | 34% | 59,029,378 | 62% |
| Ending Balance (incl. Reserves) | 9,055,078 | 91,571,948 | | 103,774,558 | |
| <i>Tax Stabilization and RIF Reserves</i> | <i>9,055,078</i> | | | <i>23,671,942</i> | |
| <i>Carryover for future projects/program reserves</i> | <i>-</i> | | | <i>80,102,616</i> | |

Annual Spending

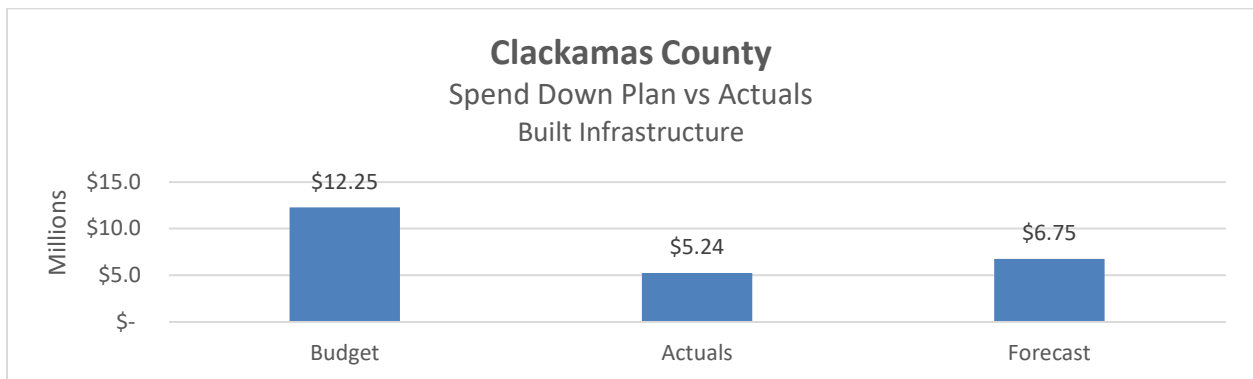
Forecasted annual spending is \$59.0 million, 321% of the prior year amount and 84% of forecasted current year program revenue.

The spend down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below.¹ Clackamas County’s spend down plan projects that it will spend 65% of its annual program budget in FY24, excluding built infrastructure.

¹ Clackamas County uses a soft close, and Q3 actuals will be updated in the Q4 report.

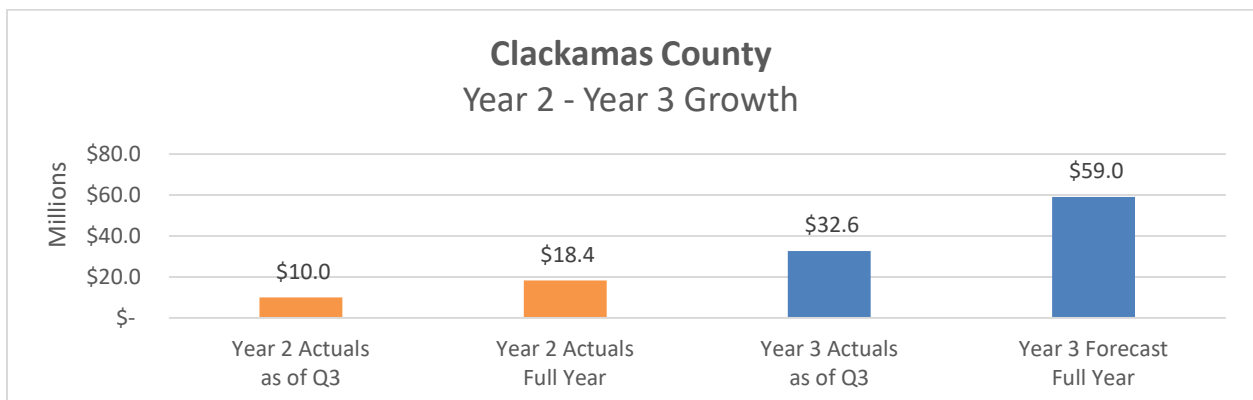


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Clackamas County has begun work on the new Clackamas Village transitional shelter site and distributed funds to support the construction phase of the recently approved service-enriched 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.

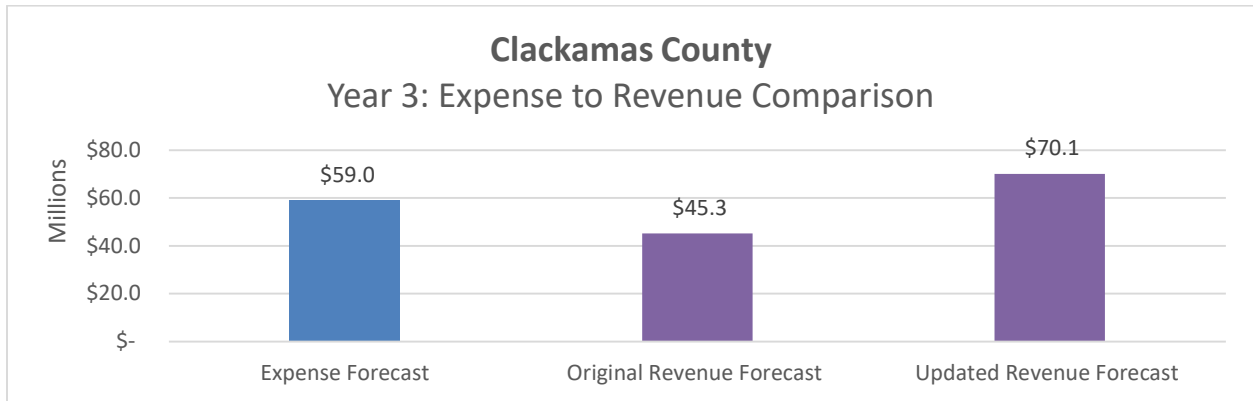


Growth

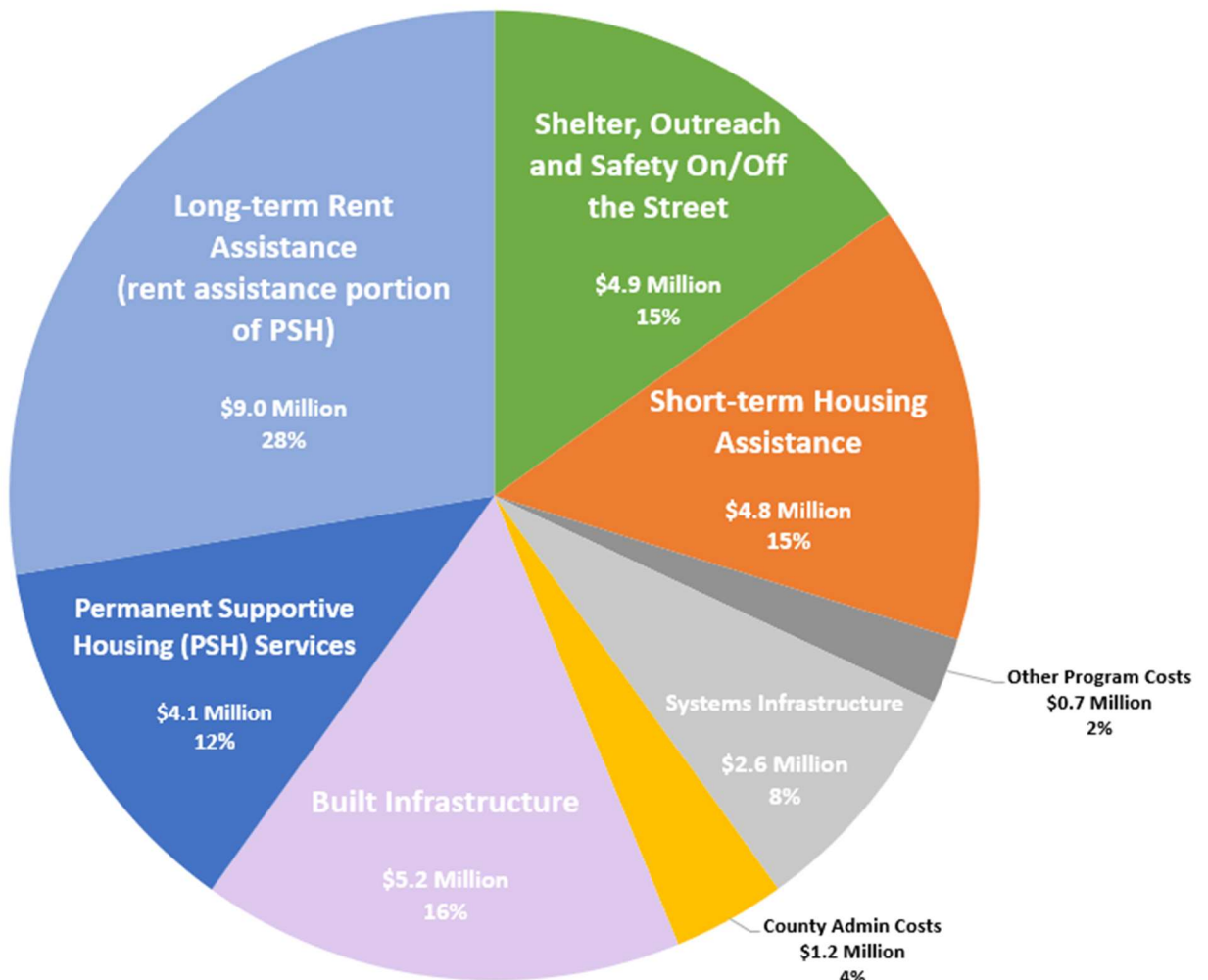
The following chart compares Year 2 spending with Year 3. Clackamas County has spent over 3.2 times more in Year 3 as compared to this time in Year 2. In fact, Clackamas County surpassed its total Year 2 spend in Q2 of Year 3.



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 Q3: July 2023 – March 2024)



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 \$90.5 million in expenses as of FY24 Q3, 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, including \$34.3 million in tax stabilization and Regional Strategy Implementation Fund reserves and \$110.2 million in carryover for future projects.

Carryover Spending

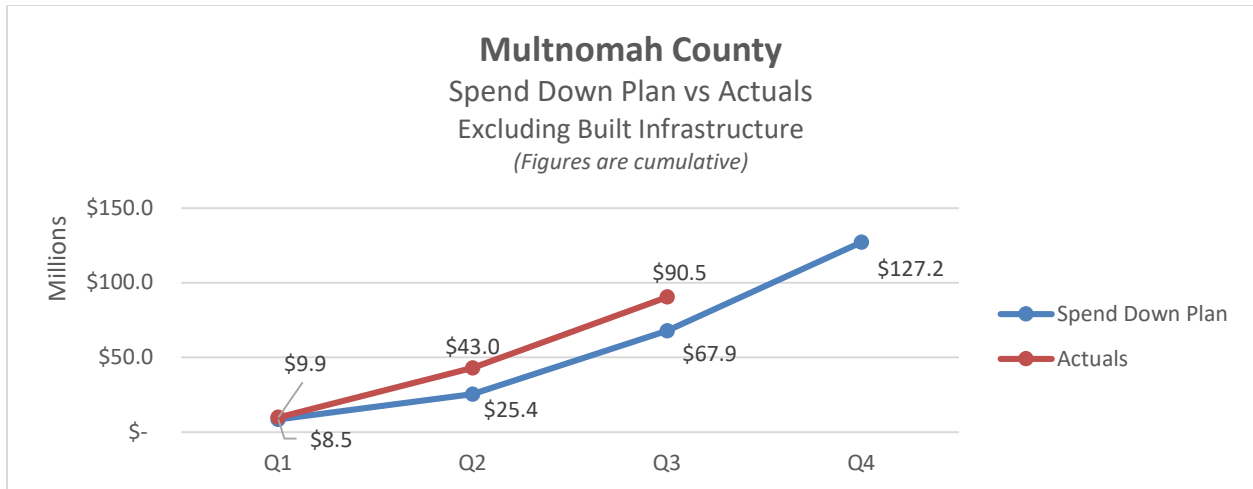
After entering the year with \$126.4 million in carryover, Multnomah County has spent \$41.5 million of these funds as of FY24 Q3, with the majority of spending going towards limited-term investments in Temporary Alternative Shelter Sites, capacity building and organizational health grants to contracted service providers, and short-term housing assistance. An updated spend down plan for carryover will be provided as part of the FY25 budget.

| 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 | 70,259,191 | 73% | 148,966,874 | 155% |
| Total Resources | 204,867,319 | 196,640,986 | 96% | 275,348,669 | 134% |
| Program Costs (excluding Built Infrastructure) | 169,661,460 | 90,542,849 | 53% | 127,246,095 | 75% |
| Built Infrastructure | 20,473,881 | - | 0% | 3,600,000 | 18% |
| Contingency | 4,809,513 | - | 0% | - | 0% |
| Expense & Contingency | 194,944,854 | 90,542,849 | 46% | 130,846,095 | 67% |
| Ending Balance (incl. Reserves) | 9,922,465 | 106,098,137 | | 144,502,574 | |
| <i>Tax Stabilization and RIF Reserves</i> | <i>9,922,465</i> | | | <i>34,325,892</i> | |
| <i>Carryover for future projects/program reserves</i> | <i>-</i> | | | <i>110,176,682</i> | |

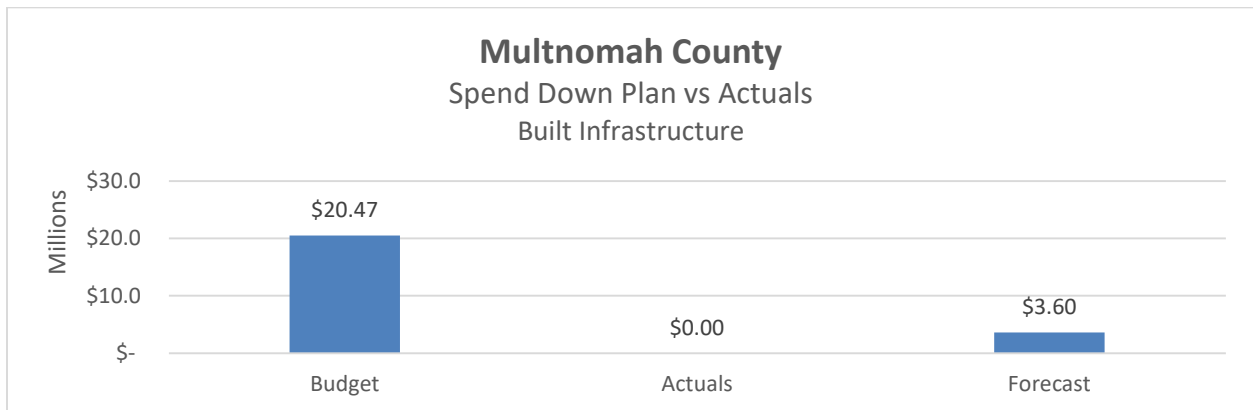
Annual Spending

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. Actual costs have exceeded the spend down plan each quarter this year.

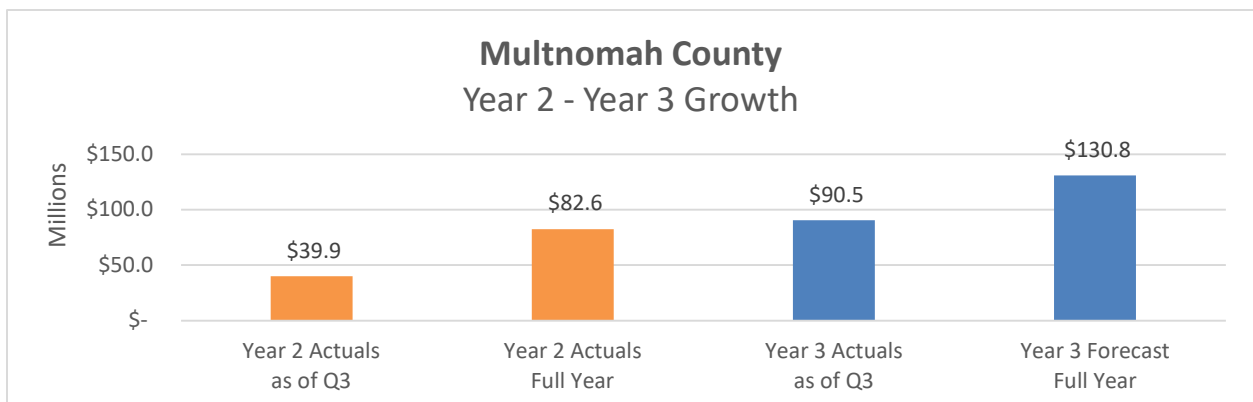


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Multnomah County’s planned infrastructure projects include stabilization and transitional housing, as well as Withdrawal Management and Sobering in collaboration with Multnomah County’s Behavioral Health Division. Additionally, efforts are being made to expand shelter access by adding more beds to new and existing sites. These investments are expected to occur in Q4.

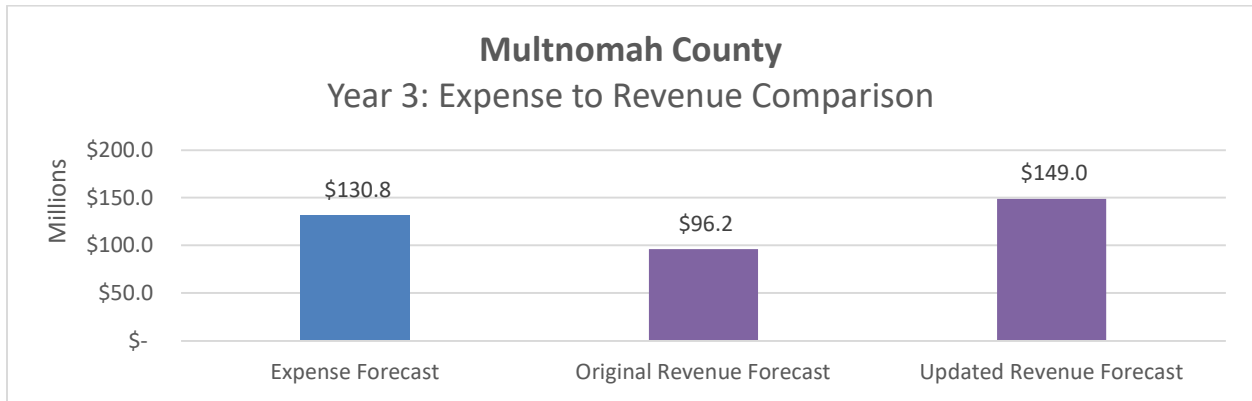


Growth

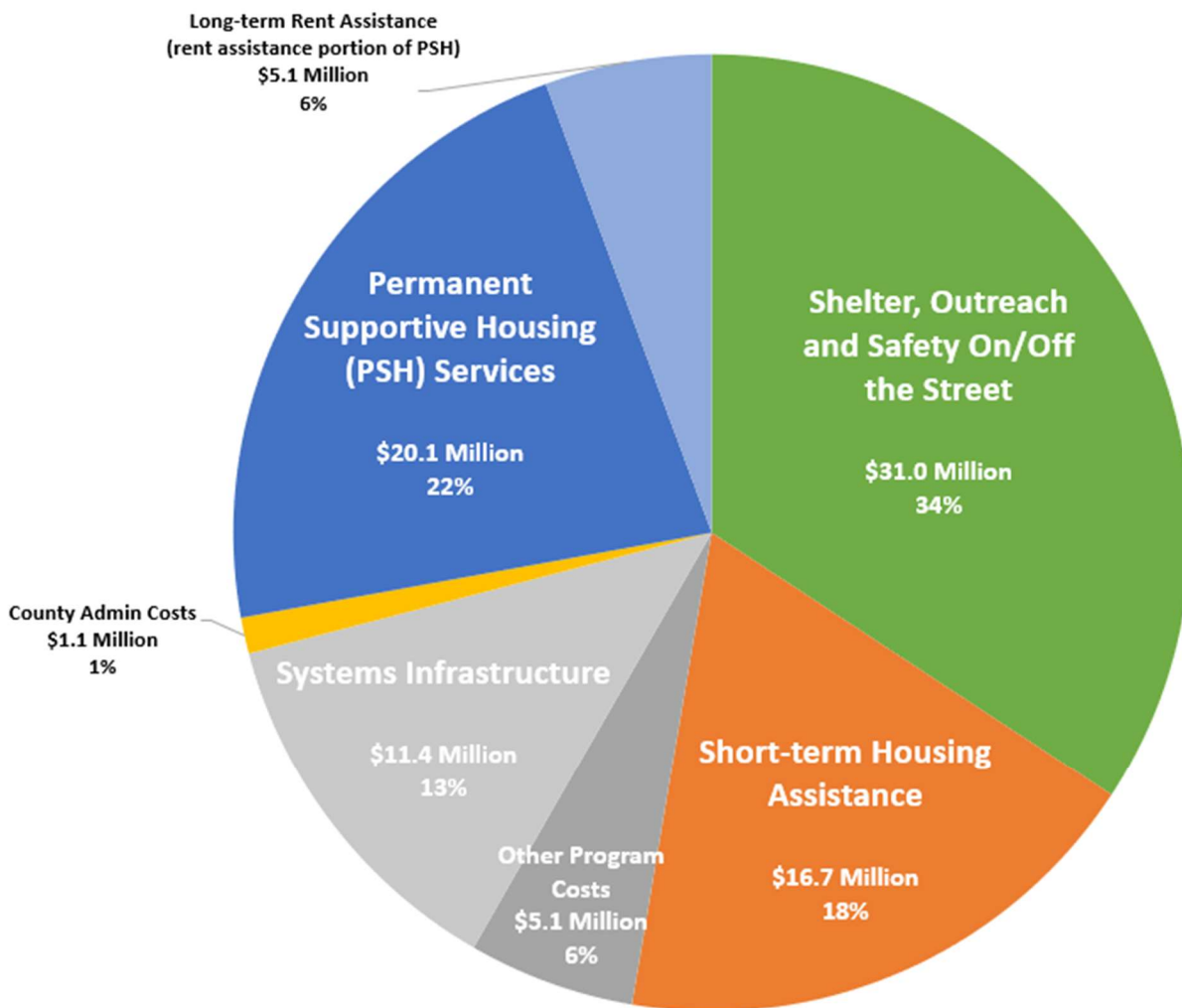
The following chart compares Year 2 spending with Year 3. Multnomah County has spent over 2.2 times more in Year 3 as compared to this time in Year 2, and has already surpassed its total Year 2 spend.



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 Q3: July 2023 – March 2024)



Washington County Snapshot

Overview

Washington County amended its budget in March 2024. This amended budget reflects higher actual carryover and revenue forecasts for FY24. As a result, Washington County’s budget for resources closely aligns with current expectations. Washington County also updated its spend-down plan and built infrastructure forecast.

Washington County reported \$58.0 million in expenses as of FY24 Q3, and based on its updated spend down plan, expects to have \$83.7 million in total expenses this fiscal year. This would result in an ending balance of \$141.3 million for next fiscal year, including \$30.1 million in tax stabilization and Regional Strategy Implementation Fund reserves and \$111.2 million in carryover for future projects.

Carryover Spending

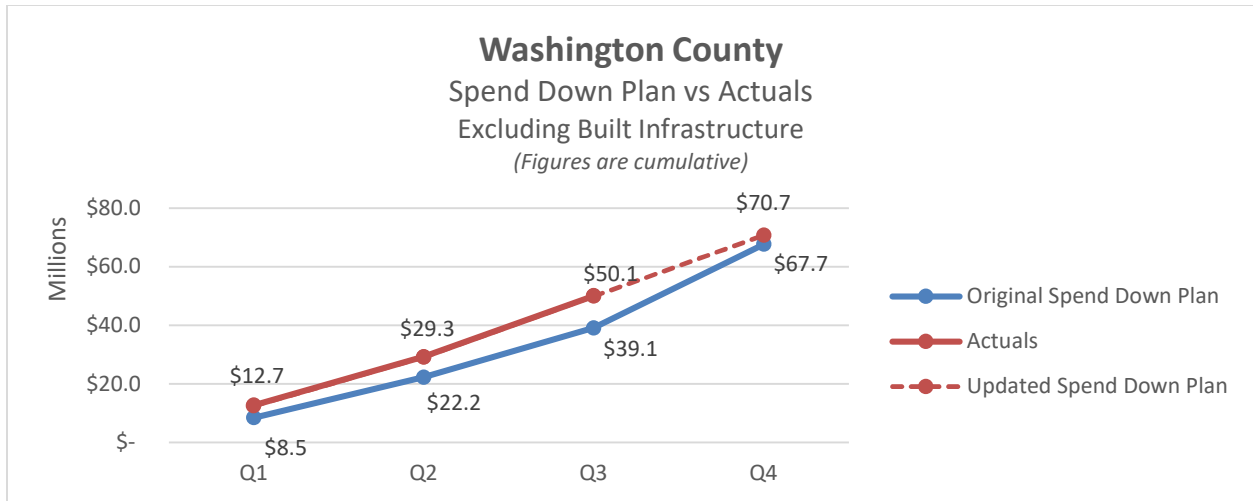
After entering the year with \$115.5 million in carryover, Washington County has spent \$17.3 million of these funds as of FY24 Q3, with the majority of spending going towards limited-term investments in an expansion of short-term rent assistance, as well as built infrastructure for shelters, drop-in centers, and transitional supportive housing. An updated spend down plan for carryover will be provided as part of the FY25 budget.

| Washington County | | | | | |
|---|--------------------|--------------------|-------------|--------------------|-------------|
| | Budget | YTD Actuals | % of Budget | Year-end Forecast | % of Budget |
| Prior Year Carryover | 111,634,198 | 115,473,580 | 103% | 115,473,580 | 103% |
| SHS Program Revenue | 111,000,000 | 51,716,491 | 47% | 109,534,466 | 99% |
| Total Resources | 222,634,198 | 167,190,071 | 75% | 225,008,046 | 101% |
| Program Costs (excluding Built Infrastructure) | 83,228,635 | 50,074,280 | 60% | 70,744,340 | 85% |
| Built Infrastructure | 12,943,088 | 7,906,807 | 61% | 12,943,088 | 100% |
| Contingency | 5,450,000 | - | 0% | - | 0% |
| Expense & Contingency | 101,621,723 | 57,981,087 | 57% | 83,687,428 | 82% |
| Ending Balance (incl. Reserves) | 121,012,475 | 109,208,984 | | 141,320,618 | |
| <i>Tax Stabilization and RIF Reserves</i> | <i>24,578,639</i> | | | <i>30,128,639</i> | |
| <i>Carryover for future projects/program reserves</i> | <i>96,433,836</i> | | | <i>111,191,979</i> | |

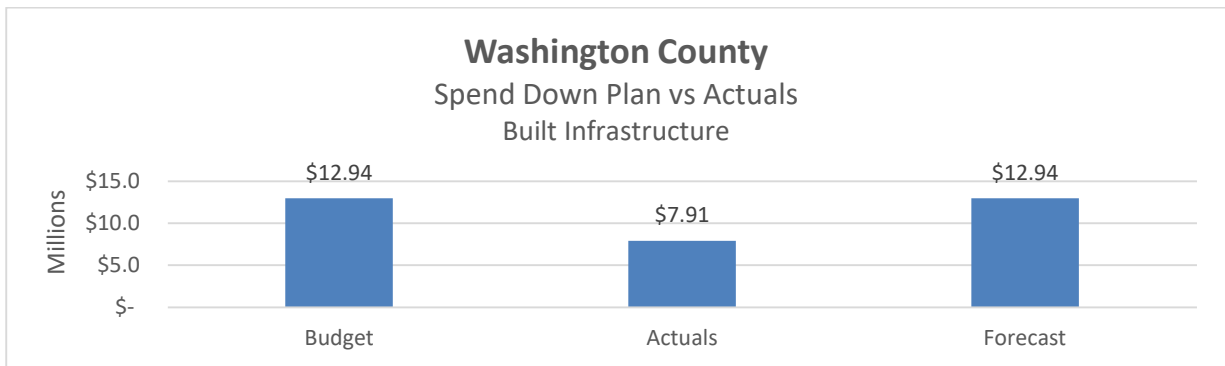
Annual Spending

Forecasted annual spending is \$83.7 million, 174% of the prior year amount and 76% 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 updated spend down plan projects that it will spend 85% of its annual program budget in FY24, excluding built infrastructure.

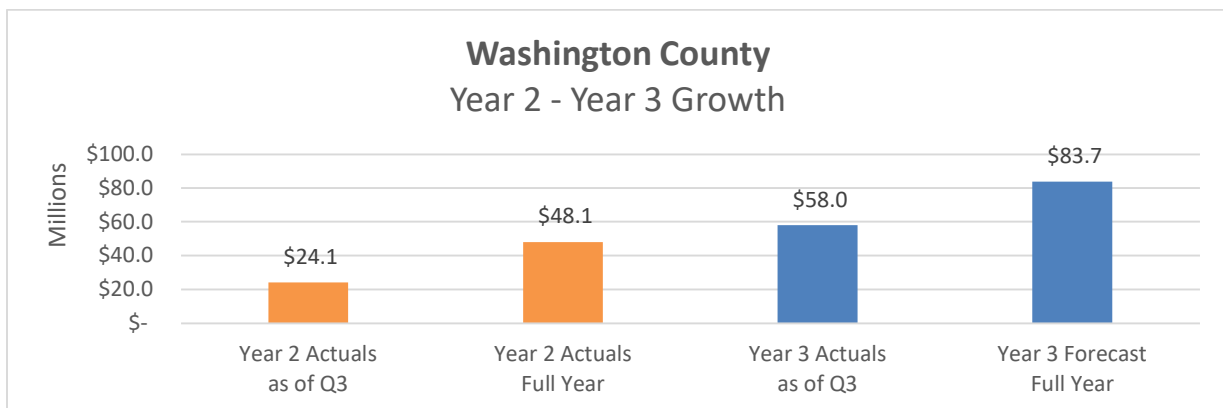


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Washington County’s built infrastructure expenses are currently supporting the Center for Addiction Triage and Treatment, the Elm Street transitional supportive housing acquisition and capital grants for shelters.

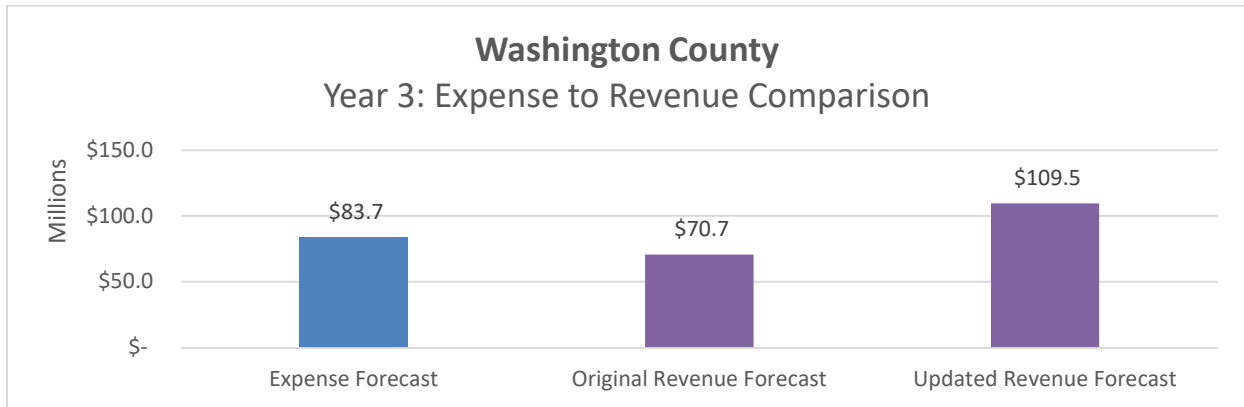


Growth

The following chart compares Year 2 spending with Year 3. Washington County has spent 2.4 times more in Year 3 as compared to this time in Year 2, and has already surpassed its total Year 2 spend.



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 Q3: July 2023 – March 2024)

