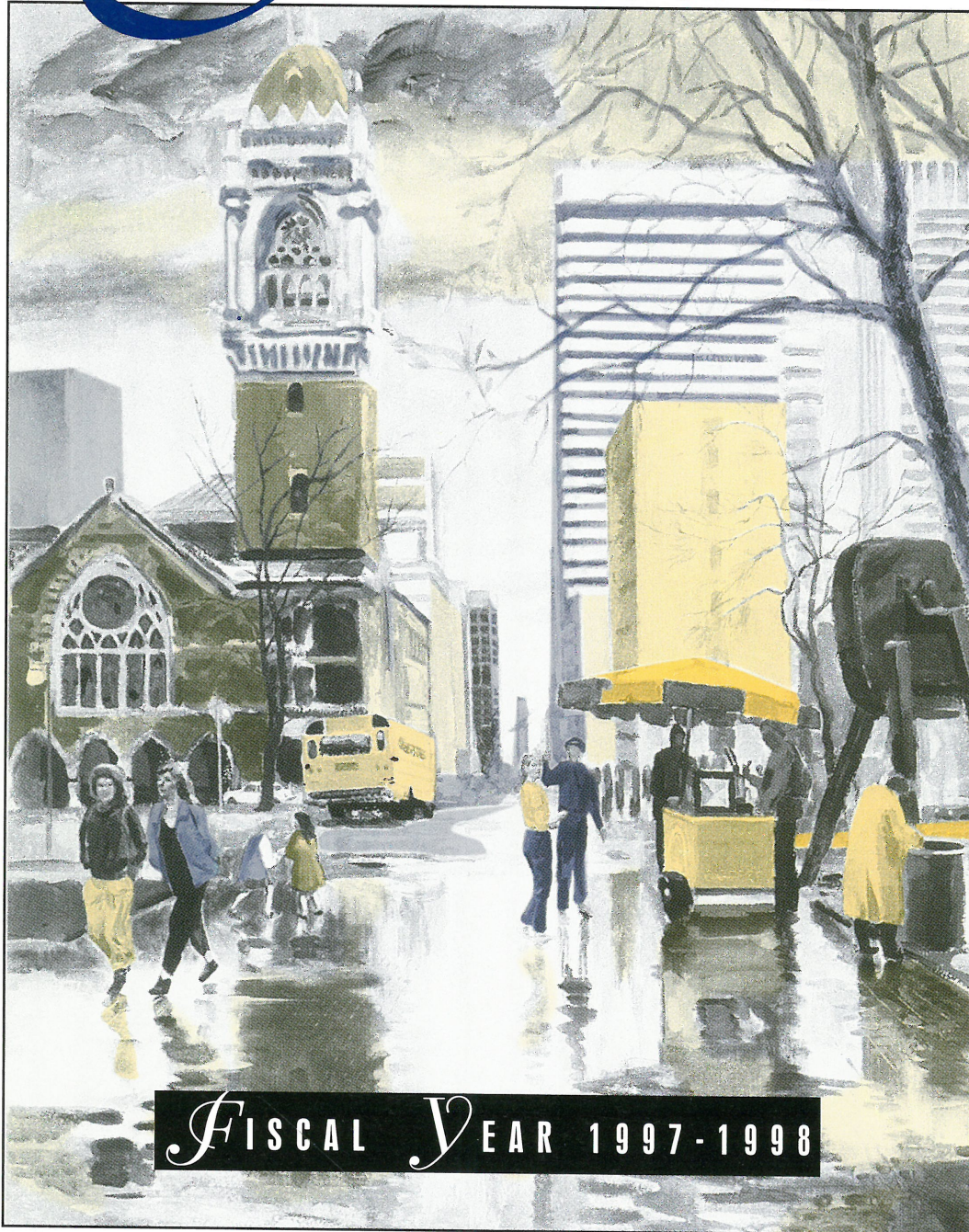


The City Of
Portland

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FY 97-98
Budget Summary



ADOPTED SUMMARY
BUDGET

Summary Adopted Budget
City of Portland, Oregon
Fiscal Year 1997-98



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This budget document is dedicated in loving memory of Mindy Feely an esteemed colleague, a cherished friend, a ready wit. We will miss you all the days of our lives.

TO THE
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Summary Budget

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This document is a brief examination of the Adopted Budget for Fiscal Year 1997-98, divided by distinct program areas. It also provides information on financial, population, and service trends and comparisons, as well as outlining the major budget decision included in the Adopted Budget. For more information, contact the Office of Finance and Administration at (503) 823-5288.

Mayor's Message

FY 1997-98 Adopted Budget

INTRODUCTION

I present to you the FY 1997-98 Adopted Budget for the City of Portland. The Adopted Budget totals \$1.2 billion which is a decrease of 5.8% from the FY 1996-97 Revised Budget. The General Fund totals \$292.7 million which is a decrease of 6% from the FY 1996-97 Revised Budget.

Due to the passage of Measure 47, a property tax limitation measure, our original estimates indicated we would have to reduce up to a total of \$30 million from ongoing programs this year if we are to maintain a balanced budget over the next five years. With the passage of Ballot Measure 50 (BM 50), the estimate is now \$26.1 million. Property tax revenues support General Fund programs. As a result, our budget reductions must come from discretionary General Fund programs. Of the total General Fund, about 70% goes to support police, fire, and parks and recreation services.

The reduction in revenue available to the city represents the financial impact of Measure 50 on our operating revenues. The challenge we faced as we developed this budget is how, with reduced resources, we will best meet the needs of our growing community, maintain a safe and livable environment, and be responsive to both opportunities and obstacles.

In preparing this budget, I worked closely with my council colleagues, other local government leaders, city bureau managers and staff, and with you, the citizens of our community. Together we have taken a problem, rolled up our sleeves and made possibilities.

We are implementing Measure 50 to the best of our ability, but there is still a great deal of uncertainty surrounding the language, intent, and implementation of the measure. Much of the needed clarification is not expected until after the Legislature adjourns in July. In preparing this budget many assumptions had to be made in order to meet the fiscal time lines imposed by the State of Oregon.

Quoting his high school teacher, Jimmy Carter said, "We must adjust to changing times and still hold to unchanging principles." My principles for guiding the development of this year's budget are consistent with Council Goals, the Future Focus Strategic Plan, and our urgent benchmarks. Under the new reality of working with less resources, we crafted this budget using the following principles:

- Minimize the impact on public safety services;
- Continue to invest in our future livability; and
- Maintain our financial stability.

Mayor's Message

FY 1997-98 Adopted Budget

While not everything we wanted to achieve was achievable with the limited resources available to us, I am happy to report today that the Adopted Budget successfully honors these strategies.

Very early on in the budget process the City launched an extensive public involvement effort which was designed to gather information from citizens about where they believed council should look first for budget reductions. Information was gathered by using both a scientific telephone survey and a mailer sent to every Portland household containing a survey providing valuable information to guide our budget decisions. Complementing that effort eight community meetings were held jointly with Multnomah County to gather citizen input on where to cut the budget. A record 1,100 people attended these workshops - double the number at any other budget meeting.

Citizens told us they wanted their basic services protected as well as the services that support lower-income families. Interestingly, those who participated in the workshops believed police and fire services could not be held harmless once they understood that these bureaus made up 58% of the general fund.

Economic development, the arts, administration and support, planning, and citizen and neighborhood services were all areas in both the workshops and the survey that citizens thought could be cut.

Two other themes strongly emerged through the citizen involvement process. Citizens asked for a more equitable tax system and suggested the city look for new revenue sources. Many respondents indicated they did not vote for Measure 47 and did not want to see any local government services cut. Fees for specific services as well as an override of Measure 47 were strongly supported by Portland residents.

Participants also recommended consolidation of City and County services to eliminate the duplication and overlap between our two local governments and realize efficiencies through consolidation.

The process also yielded thousands of suggestions, ideas, and comments. I want to thank everyone who participated in this budget process.

We pursued three tracks to respond to measures 47 and 50. We worked with the community in responding to measure 47 to insure that this budget is consistent with maintaining Portland's livability. Although passage of the measure 50, the replacement for measure 47 restored some revenues, it did not restore all revenues. We worked with the Legislature to determine how

Mayor's Message

FY 1997-98 Adopted Budget

Measure 50 will be implemented and we are implementing Measure 50 through efficiencies and service reductions.

EFFICIENCIES

This budget changes the way we do business at the City. Prior to making any reductions in service levels, each bureau manager, with the help of city staff and direction from Council, found efficiencies to minimize actual service cuts. Creative thinking, consolidation of functions, reduction in management, and negotiations with outside sources has resulted in savings of several million dollars through government efficiencies.

Many of the ideas generated will create some discomfort in the short term. Over the long term the changes Council has adopted will help protect our communities, preserve our quality of life, and prepare us for the challenges ahead.

We made significant reductions City-wide in three administrative areas. Administration has been reduced in each bureau. Management positions were cut before any front-line workers. Span of control has increased as the layers of management have decreased.

Every bureau looked hard at the number of cellular phones and the amount of air time used. City-wide we were able to reduce cellular phone use by 40%.

Travel budgets in each of the bureaus have been dramatically cut. With the exception of specialized training, travel to conference and other work-related out-of-town trips have been reduced by 23% in the General Fund bureaus, 11% city wide.

Finally, the hiring "chill" imposed following the passage of Measure 47 yielded additional savings of \$5.3 million. These one-time savings helped alleviate the immediate need to cut services and personnel.

This process of finding efficiencies is on-going. The work is never complete. It has been a priority in the past and will provide us with the tools in the future to adjust to our changing reality. Even with these efficiency savings, we still had to make reductions of 10% in many General Fund bureaus in order to balance the city's budget. The Police Bureau was required to reduce its budget by 4.3% while the Fire Bureau cut 3.2% from its on-going operating budget. I believe by giving this preferential treatment to Police and Fire we honored the intent of Measure 50 which stated priority must be given to public safety.

Mayor's Message

FY 1997-98 Adopted Budget

RESERVES

The City of Portland is considered to be one of the top three best financially-managed cities in America. Our sound financial management has maintained our Aaa bond rating. This rating allows us to borrow money for capital projects at a much lower interest rate, saving valuable tax dollars.

We have clear council adopted policies to guide our financial decisions. One of those policies is our rainy-day reserve policy, 10% of our operating revenues, which provides for downturns in the economy and major emergencies that are not unlike the challenge we are facing under Measure 47 and Measure 50.

Originally, the reduction in our overall operating revenues due to Measure 47 reduced the amount necessary to comply with our reserve policy. We proposed using the amount freed up to "bridge" fund certain services. These one-time reserves bought us valuable time, provided some stability over the short term, and preserved our investment as we made decisions for the future of our City.

I recommended in the Proposed Budget the use of a portion of the rainy-day reserve funds, a total of \$9.06 million for two years, to bridge to the future. Since that time, the City Council has approved making these bridge funds permanent. This is possible with the additional funds provided by Oregon voters with the passage of Ballot Measure 50. BM 50 allowed adding over \$6 million to the annual budget. The FY 1997-98 Adopted Budget makes the temporary "bridge" funding permanent in specified amounts to assist Police, Fire, and Parks and Recreation. Bridge funding for the Bureau of Planning remains a one time appropriation.

PUBLIC SAFETY

A peaceful and safe community is one of my top priorities. The City Council sought in this budget to minimize the impact of budget reductions on public safety. Let's look at the specific budget actions.

Mayor's Message

FY 1997-98 Adopted Budget

POLICE

The Police Bureau achieved savings of over \$1.44 million through efficiencies and reductions in interagency agreements and external materials and services. Cellular phones have been disconnected in 185 patrol cars. A reduction in fleet costs was made possible by the decision to increase the replacement life cycle of vehicles.

Nevertheless, even with these efficiencies, this Adopted Budget includes a reduction of 63 positions in the police bureau -- 47 sworn officers, and 16 non-sworn positions. Command staff, divisions, and speciality units were eliminated or reduced to allow the transfer of officers back out onto the streets. Management staff was reduced by 27% compared to the 10.5% average cut at the supervisor and officer level. The good news is that through reorganization, actual staffing at precincts will increase as officers move from specialty units back into the precincts.

Ballot Measure 50 allowed for the retention of the Gang Enforcement Team, which was originally proposed to be cut. The Neighborhood Response Team will lose four lieutenants. In addition, personnel will be shifted from speciality units like the Tactical Operations and Traffic to the precincts to maintain patrol staffing levels. Four other major service areas will be impacted by these personnel reductions: Crime Interdiction Services, Investigative Services, Neighborhood Policing Services, and Support Services.

A federal grant from the COPS program provided nearly \$1 million to allow the Bureau to return 42 desk officers to patrol duties. This transfer should be complete by fall 1997. I give great credit to our men and women in blue for managing their resources well enough to provide the financial match to allow this efficient use of personnel.

I want to point out that although we are authorized at two police officers per 1,000 citizens for FY 1996-97, we are currently staffed at only 1.88 officers per 1,000. Under this Adopted Budget we will have an authorized strength of 1.9 officers per 1,000 citizens. Patrol officers in precincts will look a little better. In FY 1996-97 we were authorized at 1.0 officer per 1,000 and are currently staffed at .85 per 1,000. This budget will increase patrol officers to .93 per 1,000.

Even with more police officers on the street working directly with the public, I would not be satisfied with the loss of highly trained officers particularly when those officers last hired would be the first to be laid off. Many of these officers who are required to go through over two years of training are minorities or women who enhance the diversity of the bureau and definitely are a true reflection of the community which they serve.

Mayor's Message

FY 1997-98 Adopted Budget

This is why the Council made the temporary \$2.3 million "bridge" financing permanent for the Police Bureau to prevent laying off approximately 59 officers. With this action, and higher than expected retirements, 41 sworn positions will be restored since the introduction of the budget, assuring that we will not lose our investment in training and experience so valuable to public safety work.

I am also committed to providing one year of funding for the mounted patrol unit as they explore options for relocating the unit.

I also have made the commitment to keep the North Precinct open. I understand how important this precinct is to the residents of North Portland in contributing to making their community peaceful and safe.

Even with the "bridge" funding made permanent we remain lower than the recommended two officers per 1,000 citizens. Nonetheless, I am pleased that we will see more officers on the street working directly with citizens and strengthening our commitment to community policing.

FIRE

The Bureau of Fire, Rescue and Emergency Services reduced its budget by 5.45%. As is true in the Police Bureau, the majority of the Fire Bureau's budget supports sworn staff positions. A 6.35% reduction in general fund support will result in the loss of 42 positions and significant service reductions in every area of the organization.

Of those personnel reductions, command staff positions were reduced by 17% including three battalion chiefs, civilian staff by 12.1%, sworn staff positions by 23.9%, but only a 3.0% reduction of sworn personnel at fire stations.

This is achieved by implementing a station-based fire prevention program in which each fire company will be responsible for a level of code-enforcement inspections each month. Inspector positions will also be transferred from the main office to fire stations over the next six months. With the elimination of training staff, certain training functions will also be transferred to the fire stations. A total of three public education positions have also been eliminated. Cellular phones, fleet, and other materials and services have been reduced.

The Fire Bureau has been directed to aggressively pursue increasing fees to support prevention activities. The bureau is already exploring an occupancy fee which would cover the cost of building inspections. The bureau will also pursue cost recovery for the Advanced Life Support

Mayor's Message

FY 1997-98 Adopted Budget

First Response Service. The budget includes \$574,000 in revenue for this service, and a reserve in the same amount as a contingency in case the revenue is not fully realized.

For the same reasons cited for the Police Bureau, the Council made "bridge" funding of \$1 million permanent to prevent layoffs of up to 30 line firefighters at stations. This will add an estimated 18 sworn Firefighter positions over the Proposed Budget.

INVESTMENT IN THE FUTURE

Portland is well known and internationally regarded as one of the best places to live. Its natural beauty, close proximity to recreational opportunities, small town atmosphere, characteristic neighborhoods, rich artistic community, and choices of how to get around make it the number one choice to live for many people. In fact 700,000 people are expected to choose the Portland area as home within the next couple of decades.

That is why even under Measure 50 that I am committed to continuing our investment in our future livability. We have too much to lose that I believe could never be regained if we do not continue to be good stewards of Portland's precious jewels.

PARKS AND RECREATION

Considered the crown jewel is Portland's park system. Nearly 10,000 acres of parks, gardens, natural areas, ballfields, and vistas provide Portlanders and all who visit a respite from the stressful urban life. Recreational offerings challenge, educate, and entertain our children giving them inspiration, attention, and most important, constructive activities for their idle time.

Portland Parks and Recreation is the third largest general fund bureau. With Measure 50 requiring local governments to give priority to public safety, the Council required the Park Bureau to reduce its on-going general fund support by 9.0% or \$2.2 million of its operating budget.

Priority was given to maintaining the investment citizens have made over the years in park infrastructure. Priority also will be given to recreational programs for children.

I want to commend the Park Bureau for the way they tackled the difficult situation imposed by the deep cuts in revenue. The bureau is reorganizing its management and achieving greater

Mayor's Message

FY 1997-98 Adopted Budget

operating efficiency. This budget reduces the number of top managers by one-third and consolidates several middle management positions creating a total savings of \$649,000.

Other efficiencies include reduced cellular phone use, a voluntary admission charge to the Washington Park Rose Garden, and increased revenues from aquatics, community gardens, team sports, the Pittock Mansion, and the Children's Museum.

However, even with reductions and efficiencies direct service cuts are deep and substantial. Ballot Measure 50 prevented the closure of three of the six community schools originally scheduled for closure and serious reductions to basic park maintenance. Some trash removal for the larger parks has been restored to the budget. Closure of 12 satellite programs, 8 summer playgrounds, substantial reduction of plant bed maintenance at neighborhood parks, and conversion of 230 park acres to high grass will still occur. Some parks will go longer without mowing while others will not be watered as frequently.

"Bridge" funding for Parks in the amount of \$1.1 million has been made permanent. This restored three of the community school programs, four district gardeners, support for community arts and turf care. In addition, Council supports the FY 1998-99 opening of the new East Portland Community center - an area under served which is currently being constructed with bond funds. This center will be supported with a combination of user fees and some General Fund support.

PLANNING

Growth can either destroy communities or become a tool to revitalize neighborhoods. To achieve the former, cities just need to sit back and let it happen. To assure vital communities requires commitment, vision, public investment, and community planning.

Under Measure 50 our efforts will be hampered. Understanding what is on the line the Bureau of Planning has risen to the challenge of finding different ways to accomplish the same ends. The bureau made a 14.5% reduction in its general fund support while still continuing the council's commitment to a well-planned livable city.

The budget reduces spending for City and Neighborhood Planning by \$435,000 a 20% reduction. This budget implements a new approach in City and Neighborhood Planning that better facilitates compliance with Metro's region 2040 requirements due within two years. The bureau will take a new approach to city planning by focusing on 2040 "design elements" across the city. These "design elements" are Town Centers, Main Streets, and Transit Corridors identified in the

Mayor's Message

FY 1997-98 Adopted Budget

2040 Functional Plan. This will result in the discontinuation of the East Portland Plan using the existing community planning process and replacing it with this more efficient approach.

Development Review continues to be a priority. There must be adequate resources to support an efficient, timely land-use review and permitting process. The Council approved funding for one year only in the amount of \$188,522 for development review programs. The bureau will pursue planning fee increases to increase cost recovery for the development review.

The Bureau also identified work saving regulatory changes and identified substantial administrative efficiencies. Over the next six months the bureau will develop a proposal to change its management structure to better reflect the changes in its planning approach.

DEVELOPMENT, HOUSING, AND JOBS

Another key investment in the future is the promotion of a healthy, growing economy where everyone has access to jobs and opportunity. Despite the years we have enjoyed a strong economy in Portland, any economist will warn of downturns. It is important to me that we invest in promoting economic diversity that sustains our economic health when times are not as good.

The Portland Development Commission(PDC) has played a vital role in capitalizing on opportunities that have made Portland grow in a desirable way. Passage of Measure 50 and its significant changes to Oregon's property tax system affects the availability of public funds to carry out the important work of housing development, business development, neighborhood revitalization, and support of quality jobs. PDC has reduced its General Fund support by 17.8% and have scaled back our tax increment funded projects by 40% over their original five year plan to match current resources.

PDC will focus its efforts in three critical areas:

- Housing that enhances the community.
- Quality redevelopment to revitalize neighborhoods and areas.
- Quality jobs and access to employment.

Since the passage of Measure 5, PDC has significantly transformed its service and delivery. Although the effects of implementing legislation on urban renewal are still unknown, Measure 50 is requiring even more of this agency. They will actively strengthen their partnerships with the public and private sector to achieve the greatest possible leverage of the City's resources.

Mayor's Message

FY 1997-98 Adopted Budget

To reduce costs and achieve efficiencies internally PDC has reduced staff by 22% in all departments. This will increase the amount of direct funding available for programs. They will continue to base compensation on performance and keep salaries in line with the market. PDC will continue to further refine their organization as a part of their continuous improvement efforts.

Measure 50 will have an impact on the Housing Investment Fund. This fund established by council last year set aside approximately \$30 million to offset the loss of federal assistance and provide housing opportunities for low and moderate income families. Accelerated commitments were made with the development community to leverage the city's investment resources. The Council will honor these commitments by continuing their support for the Housing Investment Fund. I have identified some alternative sources of revenue to offset some of the general fund support, but, overall, this fund has realized a reduction of only \$1 million or a 4% cut. We have reprogrammed funds from the Community Development Block Grant fund and have used \$1 million in PDC program income, which includes the repayment of loans on previous affordable housing projects. This allows us to recycle these funds to keep projects moving.

Despite the current challenges, our robust economy will continue to provide opportunities to create a city in which economic prosperity, quality housing, and employment opportunities are available to everyone.

TRANSPORTATION

The foundation for our growth and development is transportation planning and investment. Four years without an increase in the state gas tax has severely hampered our ability to maintain our existing system, much less accommodate growth. Most recently we have had to subsidize the loss of transportation revenue with General Fund resources. This is simply not possible anymore under Measure 50.

The Office of Transportation responded by exceeding the 14.5% reduction requirement through efficiencies totaling \$1.2 million. These savings range from large dollar items such as negotiating with PGE for lower street light power costs to small dollar items such as pooling cellular phones for shared use.

Transportation also responded by withdrawing their general fund requests for certain development projects. The Jenne Road Local Improvement Project and the Lovejoy Ramp removal will use transportation reserves to pay local portions of these leveraged projects. The \$4.5 million in reserves will need to be replaced sometime in the near future.

Mayor's Message **FY 1997-98 Adopted Budget**

Transportation continues to identify new tools to move people, goods, and services. The Central City Streetcar which supports housing and jobs throughout the central city will be developed with city, federal and private resources. Broadway/Wiedler in Northeast Portland is being developed as a "main street" with wider sidewalks, street lights, and safe crossings. Planning for the South North Light Rail line as well as the airport connection continues to be a top priority for me.

The budget continues support of the street lighting program and downtown street cleaning through the use of General Fund resources. Although the Oregon Legislature failed to approve a gas tax increase, I urge them Oregon Legislature to reconvene and pass a transportation funding proposal that will provide the much needed resources for maintenance of our existing transportation system.

CAPITAL IMPROVEMENTS

The city faces many critical challenges in preserving and expanding its capital assets. Maintaining and adding to our infrastructure is absolutely vital if we are to meet our 2040 goals. In recognition of this, the budget includes a total of \$199.8 million in capital projects. Major projects include \$34.5 million in combined sewer overflow, \$15.1 million for street improvements, \$4.4 million for the Central City Streetcar, \$19.4 million in parks projects supported by the voter approved Parks bond measure, and \$10.2 million for the renovation of City Hall.

This budget does not sacrifice the future for our children or grandchildren to deal with the crisis of the moment. We will continue to invest in the Portland we cherish today and preserve its best for tomorrow.

FINANCIAL STABILITY

Year after year Portland has been considered one of the best financially managed cities in the nation. The accolade is not easily attained. It has required us to balance a budget over five years, service our water and sewer bond debts responsibly, set aside reserves to address unforeseen challenges, maintain clear, written council adopted financial policies, and invest in sound projects that directly contribute to the economic health of the city. These good financial policies have awarded the City of Portland with an Aaa bond rating - the only major west cost city to hold the rating. This has saved the taxpayers millions through reduced interest costs on bonds sold.

Mayor's Message

FY 1997-98 Adopted Budget

This budget reflects what it will take to stay in balance over the next five years. The amount of revenue lost, approximately \$26.1 million each year, is averaged over a five year period. This will protect us from having to cut programs and services year after year as Measure 50 reaches its full impact on our revenue flow.

One of the biggest changes we face over the next few years is how we will finance the city's Fire and Police Disability Fund(FPD&R). Portland has the unique responsibility to fund pensions and disability payments of our police and fire personnel with a property tax levy. Measure 50 restores our ability to collect sufficient property tax dollars from the FPD&R levy. The pension obligation bonds we sold to temporarily support this fund as a result of Measure 47 have been refunded. In the long term, we will need to assure funding for FPD&R is at an adequate level in order to keep our commitment to our public safety retirees.

Not only have we produced sound financial management for our general fund but also our other funds. The Water Bureau and Environmental Services have solid credit ratings due to good financial management.

WATER AND ENVIRONMENTAL SERVICES

Although not required under the restrictions of Measure 50, the Council supported additional efficiencies and cost savings within our rate funded bureaus, Environmental Services and Water.

The budget provides for a reduction in the proposed rate increase for the Bureau of Environmental Services from 12.1% to 11% for FY 1997-2001. The rate increase primarily funds the capital costs associated with the Combined Sewer Overflow program we are required by the State of Oregon to construct. The increase also includes operating costs associated with the Mid-County Sewer Project, operation of the new treatment plant headworks facility, and a new customer billing system.

Environmental Services will reduce its staff by 9 positions and reducing contract personnel by 8 positions, saving \$1.1 million and its capital improvement program by \$113 million over the next five years to mitigate planned rate increases.

The Bureau of Water Works was planning an increase in rates of between 1.2 and 2.3%. Council recommended no rate increase for water customers next year. The Bureau will reduce its capital budget by \$1.8 million to realize this savings in water costs.

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This budget will provide assistance to eligible low-income citizens equal to 25% of the average water/sewer bill. The Low Income Assistance Program is being enhanced to increase the number of participants, expand the amount of fixture and in-wall plumbing repair, target conservation, and address accessibility concerns. This enhancement will increase low-assistance costs from \$75,000 last fiscal year to \$1.5 million in this budget with participation in the program increasing from 3,600 customers today to 10,000 within the next two years. This program is funded out of water and sewer rates.

SUPPORT SERVICES

Both the Bureau of General Services (BGS) and the Office of Finance and Administration (OFA) have made significant reductions which translate into cost savings city-wide. General Services which provides communication, fleet, printing services, and facilities management has reduced its operating budget by 5%. Council has directed BGS to further lower rates for services, and these changes will be reflected in the first quarter of the new fiscal year.

The Office of Finance and Administration reduced costs to general fund and enterprise bureaus by \$2.77 million. Risk Management's Loss Reduction Incentive Program will generate an additional \$500,000 of which 43% benefits Police, Fire, and Parks. This creative program provides an up front reduction based upon bureau pledges to reduce their losses by 15% in the coming year. Computer Services was reduced by 12%; Risk Management by 9% and the Debt Treasury was reduced by 14% overall. OFA eliminated 11 positions.

The Council added \$450,000 to implement the Fair Contracting and Employment Strategy. This will greatly enhance the ability of women, minority and emerging small businesses to successfully compete for city contracts. Additionally, the Council approved \$80,000 to assist in the analysis of the proposed consolidation of Multnomah County and the City of Portland.

NEW DIRECTIONS

Crafting this budget has not been an easy task. Reducing services that citizens depend on is difficult. I believe we have made the best with a very dismal situation. I am proud to submit this budget on behalf of the Council to the people, though I am not pleased with the circumstances that have driven these hard decisions.

Mayor's Message

FY 1997-98 Adopted Budget

We are responding to the changing reality through some bold and innovative ideas. We are responding to citizens' concerns about duplication in government by pursuing consolidation of local governments. The process is directed by State law and takes up to two years. Consolidation will, if feasible, be decided by a vote of the people.

I have also launched a city-wide reorganization process that will hopefully produce program improvements, efficiencies, and a city government that is more accessible to citizens. These reorganization proposals will also align us to merge successfully with the county if consolidation is approved. Either way, the reorganization over the next three years will allow us to be more responsive to the changing reality of today.

Reorganization concepts I propose for implementation in the next year include:

- Reorganizing Housing services;
- Merging City facilities maintenance functions in Parks and Fire into General Services and pursuing competitive market testing to consolidate functions;
- Competitive market testing of fleet management services;
- Reorganizing crime prevention functions in the Office of Neighborhood Associations and the Bureau of Police;
- Restructuring administrative support service systems;
- Creation of a Bureau of Development Services;
- Merging selected Mayor/City Council support services;
- Merging the functions of the Metropolitan Human Rights Commission with the Office of Neighborhood Associations; changing the status of the 15 member Commission.

"Problems are only opportunities in work clothes," said Henry Kaiser. The Council respectfully submits this budget to the Citizenry and ask you to work with us to keep Portland a place of which we can be proud.

With warm regards,

Vera Katz
Mayor
City of Portland

Budget Overview

Introduction

This second year of the biennial budget, the City of Portland faced many challenges due to the passage of both Ballot Measures 47 and 50 similar to the challenges of Measure 5. When the first property tax relief measure passed in 1990, the City faced a shortfall of nearly \$28 million. Improved revenue forecasts, an improved economy, increased user fees and assessed value growth averaging 11.7 percent per year since FY 1991-92 mitigated most of the reduction to the budget.

As a result of Measure 47, approved in November of 1996, the City's General Fund faced a similar shortfall, but had few mitigating circumstances to alleviate the impact of lost revenue. The projected shortfall for FY 1997-98 stood at \$20.4 million, rising to \$33.3 million by FY 2001-02. Projected reductions in the General Fund would have been significant because it is from this fund that basic services such as police and fire are paid. Several key differences in Measure 47 prevented any change in this number in the foreseeable future. These differences included:

- Property tax revenue reduced by ten percent from FY 1995-96 levels.
- Property tax estimates based on prior year bills, not current assessed values.
- Fire and Police pension fund levy reduced by 10 percent raising the possibility of increased cash requirements coming from the General Fund.
- Requirement for voter approval to shift any expense to any user fee or tax to replace property taxes.
- Expenditure reductions must prioritize "public safety" funding.

On May 20, 1997, the voters of Oregon approved yet another property tax reform submitted to the voters by the Oregon Legislature which essentially re-wrote Measure 47. The new measure, Measure 50, mitigated some of the revenue loss, clarified ambiguous language in Measure 47, and kept several key components of Measure 47 intact. The major changes due to Measure 50 are summarized below.

- Property tax revenue reduced by 17 percent from the projected pre-Measure 50 levy for FY 1997-98. The previous reduction was from the FY 1995-96 revenue.
- Assessed values are rolled back on a property by property basis to 90 percent of the FY 1995-96 values.

Budget Overview

- The new Measure 50 levies and rolled back assessed values determines a new permanent tax rate for local governments.
- Property tax revenue growth is now capped at 3 percent from the prior year base plus new construction not to exceed the new higher rate.
- Fire and Police pension levies are now exempt from the reductions, restoring the \$2.80/\$1,000 levy authority providing full funding on a cash basis for the foreseeable future.

The biennial budget process would have resulted in only small changes to the two-year budget adopted last year. Because of the large impact of Ballot Measures 47 and 50, the Mayor set out three criteria to follow in the budget deliberations: preserve public safety, continue to invest in the future, and maintain the financial integrity of the City. As stated in the Mayor's Budget Message, these criteria have been followed. In addition, the Mayor, with the Council, sought to ensure that Council Vision and Goals, established last year, still be adhered to, particularly with new revenue made available with the passage of Measure 50. These goals are: Build a Liveable City Through Good Planning and Well-managed Growth; Build a Sense of Community by promoting participation, connectedness and partnerships; Continuously Improve the Delivery of Quality Public Services; Ensure a Safe Peaceful Community; Ensure Decent, Affordable Housing; Promote Economic Vitality and Access to Quality Jobs for all Citizens; and Support Quality Education to Produce Well Educated Citizens.

Because of the large reduction of funds facing the City with little or no replacement opportunities, the City Council built on prior efforts to seek input into where the budget should be cut. Surveys, flyers, and eight public forums, as well as letters and calls from the public have been used as input to this budget. Additionally, the hearings were held jointly with Multnomah County which is also facing a large reduction in revenue.

The Mayor and Council also required thorough reviews of all funds within the City, not just those supported by property taxes. Largely as a result of this effort, there will be no increase in water rates next year and the planned sewer rate increase has been cut by about 1.5 percent. Additional General Fund support to the primarily gas tax supported Transportation Fund is also unnecessary; however, the Transportation Fund will have significantly lower reserves, setting the stage for a re-write of the reserve policy, replacement revenues from the General Fund or additional assistance from the State.

As a result of Measure 47, all bureaus within the City were asked in December to submit budgets with General Fund expenditures reduced by 14.5 percent. In addition, in the spirit of collaboration, each bureau was asked to reduce their budget with the meaningful input of their employees, management and most importantly, their customers.

Budget Overview

Bureaus within the City accepted this challenge and did an outstanding job of finding efficiencies within their budgets. Although these efficiencies totaled several million dollars, it was insufficient to completely offset the forecasted shortfall. To accomplish a balanced budget, services to the citizen would have had to be drastically reduced or changed to achieve the mandated reduction. Some important examples that were proposed included:

- Reductions in the entire command structure of the Police Bureau and the elimination of 110 positions. Temporary “bridge funding” (that is, one-time use of reserves) will prevent the layoff of up to 59 police officers next year, maintaining patrols in the community.
- Merging fire inspections into the neighborhood stations, significant reductions in management and the elimination of 70 sworn firefighting positions. Temporary “bridge funding” will prevent layoffs of approximately 30 line firefighters.
- Large scale reductions of maintenance at all but four City parks, reduced park garbage pick-up, and less flower planting. Fewer community schools, less staffing at community centers, and fewer summer playground programs.
- Elimination of individual community plans in the Planning Bureau replaced with a City-wide planning approach focusing on main streets, “town centers,” and transit corridors.
- Substantial service reductions to City bureaus, such as reduced janitorial services and extensions of replacement cycles for most City vehicles and equipment.
- Appropriations to address general growth issues associated with the region’s 2040 growth management goals have been largely eliminated.
- Planned increases to the General Fund capital allocation are proposed to be temporarily eliminated.

Due to prudent financial planning and clear financial policies over the last decade, the City of Portland was in an excellent position to meet the challenges of Measure 47. Financial reserves exist for most funds in the City, many at 10 percent of operating revenues. These reserves, as well as additional one-time resources freed up due to smaller operating revenues in the General Fund allowed the City to propose “bridging” especially difficult reductions as mentioned in the Mayor’s Budget Message. This bridge was in addition to the 10 percent General Fund reserve, which is preserved in this budget. Bridge funding was designated by the Council to buy time for future revenue opportunities, protect the investment made in recent hires, and avoid further program reductions in order to prioritize public safety.

Reserves and one-time funds totaling \$9.1 million over two years were proposed to be used to prevent the layoff of sworn police and firefighters, keep basic maintenance at City parks, allow

Budget Overview

community schools to stay open and finish the Southwest Community plan. It was recognized that this bridge was finite. Unless additional property tax authority or a favorable implementation of Measure 47 occurred, the items would have been eliminated from the budget within two years.

Additional resources that resulted from Measure 50 and the recent hiring freeze have allowed the City Council to prevent some of the most harmful cuts from occurring. The FY 1997-98 revenue loss for the City now stands at \$26.4 million, \$4 million less than under Measure 47. Since the most difficult reductions were made in the Police, Fire and Park bureaus, the Council focused on those bureaus for reduction restorations. The major restorations from the Proposed Budget are as follows:

- Making the Police bridge permanent, affording \$2.3 million in on-going revenue to maintain 41 sworn positions.
- Retaining the Gang Enforcement Team at a cost of \$600,000.
- Making permanent the Fire bridge in the amount of \$1 million to retain 17 sworn positions.
- Providing \$300,000 in additional funds to maintain an emergency rescue presence at Station 45, which was scheduled to be closed.
- Placing \$570,000 in reserves to ensure sufficient resources in case the Fire Bureau is unable to realize new revenues required of it by Council.

While there is bad news for many of the services that Portland's citizens have come to expect from their government, the City must still respond to growth and move forward to the best of its ability. Funds are provided for the opening of the newly renovated North Precinct, as well as an economized crime prevention program that will merge neighborhood efforts with those at the Police Bureau. With the significant reductions in management positions, patrol and beat officer levels have been maintained, staving off initial threats to Portland's highly successful Community Policing program.

Although there is some reduction to housing funds, the large increase available for affordable housing has largely been kept intact. Next year, the budget will increase \$4.6 million for this high Council priority. In addition, Community Centers that will be constructed in the near future will be opened as planned, albeit with higher than expected user fees. Funds have also been allocated to begin engineering and construction of the long anticipated Central City Streetcar. With the voter rejection of North/South light rail matching funds, the streetcar project has become even more important to the vitality of Portland's downtown.

Budget Overview

In a normal budget cycle, the presentation of the Adopted Budget would be very close, if not exact, in the amount of funds that are available for appropriation. This is not the case in the coming year. In trying to implement language from Ballot Measure 50, the Oregon Legislature

set about the arduous task of crafting legislation detailing how the new measure should be implemented. Key provisions still allow for uncertainty in the City's revenue forecast. Because the measure requires that the 17 percent reduction occur statewide, the counties of Oregon must now submit their proposed assessments to the State. Reduced levies will be validated or reduced if the full reduction is not achieved. It is for this reason that the Portland City Council prudently decided to not spend \$2.8 million in on-going revenue until the actual property tax revenue collections are assured.

Finally, issues facing most governments are as apt to affect Portland's budget as anywhere else. Revenue impacts of energy deregulation, property tax appeals and possible economic downturns must be monitored closely and the budget adjusted accordingly.

City Financial Planning Process

This document represents a completely revised second year of a two year budget. Voter approval of property tax limitation Measure 47 during the Fall of 1996 adversely changed the second year, FY 1997-98, resource forecast. This was further complicated by the Legislature's subsequent referral of Measure 50 to the voters last May, and approval of a substitute property tax limitation measure. The legislature has yet (as of June 19, 1997) to complete implementing legislation for Measure 50.

Normally, the first step in the budget process involves preparation for publication of an updated five year financial forecast for each major service area. These plans, which forecast revenues and requirements by fund over a minimum of five years, identify long-term service and financial issues requiring attention during the budget process. Council reviews these plans during work sessions early in the budget preparation process. At that time, bureau managers are given direction on identified issues which provide guidance for preparing and finalizing budgets. The plans aid the Council by placing decisions in a long-range financial context for purposes of developing the budget. In addition to the General Fund, specific financial plans are prepared for each of the City's other major funds, including Transportation, Environmental Services, and Water. A summary of these plans is included in the following section. Due to its significance to the City's annual budget, the General Fund financial plan is described in greater detail below.

Budget Overview

General Fund Financial Forecast

The Bureau of Financial Planning regularly generates five year estimates of General Fund discretionary resources and requirements for Council. Discretionary resources are those that the Council can allocate to support any service area. In other words, these resources are allocated by Council without restriction, in accordance with Council priorities. Discretionary resources exclude grants, contract revenues, service reimbursements and other revenues that are dedicated for a specific purpose. Discretionary resources include property taxes, utility license fees, business license fees, and lodging tax revenues.

The Council's financial planning process starts with the preparation of a five year revenue forecast that is reviewed by the City's "Economic Conditions Panel," composed of experts from both the public and private sectors. This group reviews the underlying assumptions that generate the 5-year revenue forecast. The Bureau of Financial Planning issues a five-year revenue forecast document at the conclusion of this process.

The five year revenue forecast is used to develop the five year financial forecast. This forecast compares estimated resources (revenues plus beginning balance) with the projected costs of maintaining current service levels. The initial forecast was published December 19, 1996, and formally reviewed by Council. The December forecast was updated during March, April, and June in conjunction with preparation of the Mayor's Proposed Budget and Council's Adopted FY 1997-98 Budget.

The beginning balance estimate, a key resource of the General Fund, is updated at the conclusion of each accounting period and published in the Financial Outlook. This report is broadly distributed and provides current information on the General Fund's financial condition. The forecast is used by Council in formulating Approved and Adopted Budgets.

Budget Overview

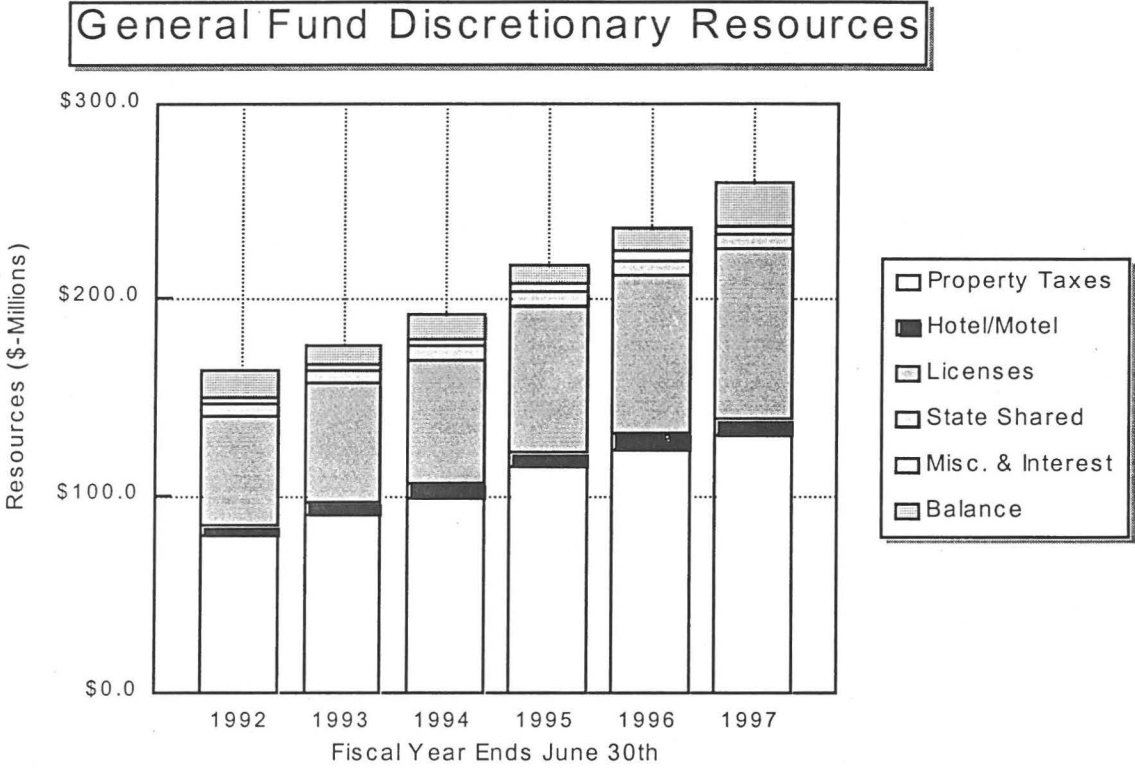


Figure 1

As indicated in Figure 1, the City’s General Fund has enjoyed steady revenue growth over the past several years due in large measure to a very strong regional economy. General Fund revenues increased at a compound annual growth rate of 9.7% between FY 1991-92 and estimated year-end FY 1996-97. Strong assessed value growth averaging 11.7% per year since FY 1991-92 resulted in property tax revenue growth averaging 10.4% per year. Business licenses and utility license/franchise fees have grown at a 9.7% annual rate since FY 1991-92. Transient lodging tax revenues have grown at a 9% clip since FY 1991-92 and interest income continues to benefit from a strong fund cash position and firm interest rates. Strong assessed value growth combined with strong non-property tax revenue growth mitigated the impact of Measure 5 property tax limitation on local governments. Measure 5 was approved by voters during the fall of 1990 and phased in over the five year period beginning FY 1991-92. Beginning FY 1995-96 the local government tax rate fell slightly below the \$10 per \$1,000 local government Measure 5 tax rate limit and for the last two years the General Fund realized “normal” property tax revenue flows equal to statute levy authority less delinquency and discounts.

Budget Overview

Measure 47 Property Tax Limitation

On November 5, 1996 voters approved another property tax limitation measure dubbed “Cut and Cap” and shown on the ballot as Ballot Measure 47. Voter approval of this measure adds yet another layer of property tax limitation to the Oregon Constitution. The salient features of Measure 47 (M47) are:

- A roll back of individual property tax bills for the year beginning July 1, 1997 to the lesser of a property’s FY 1995-96 bills less 10% or the FY 1994-95 tax bill. This is the so-called “Cut” feature of M47.
- In subsequent fiscal years an individual property’s tax bill growth is limited to 3%. This is the so-called “Cap” feature of M47.

The language of the Measure exempted bonded indebtedness from the “Cut & Cap” and allowed extension of “similar” tax bills to new construction and property’s that are rezoned at the owner’s request. The measure is silent on how “Cut and Capped” FY 1997-98 tax bills were to be allocated among local governments and schools.

Subsequent to passage of Measure 47, the Oregon Legislature started the process of passing implementing language for Measure 47. Midway through this process the Legislature decided to refer a substitute tax limitation to the voters and scheduled a May 20, 1997 election on a new property tax limitation measure, Measure 50 (M50). Measure 50 was subsequently approved by voters and replaces Measure 47. Measure 50 aims to deliver roughly the same level of state-wide property tax reduction but works differently than Measure 47. The basic outlines of Measure 50 are:

- Certification of “normal” pre-Measure 50 levy authority amounts by local governments and schools to local county assessors and certification of assessed values as real market values, as defined under pre-Measure 50 law. In other words, the City will certify levy authority to county assessors exactly as it would have in the absence of M50 property tax limitation. This levy authority will be adjusted for general obligation bonded debt service levies, newly approved serial levies, urban renewal debt levies, and other levy authority that is exempted from limitation such as the City’s Fire and Police, Disability and Retirement tax levy and hospital levies. The assessors will then do a Measure 47-like “cut and cap” property tax bill estimate on a property by property basis and generate a second levy estimate for each local government agency and schools. Within this process county assessors will roll back assessed value on a property by property basis to 90% of FY 1995-96 real market value and make adjustments for new construction, rezoning, lot line adjustments, and other technical changes. This assessed value, as opposed to real market value will then be allowed to grow by up to three percent per year. New construction will be put onto the tax rolls as a Measure 50

Budget Overview

assessed value which will be derived from the ratio of assessed value to real market value of properties already on the tax rolls.

- Both the pre-Measure 50 levy authority and the estimated Measure 47-like reduced levy authority for all agencies across all counties as certified by local assessors will then be sent to Salem to the Department of Revenue (DOR). There, DOR staff will adjust the certified Measure 47-like levy authority to achieve an overall state-wide 17% reduction in levy authority compared to pre-Measure 50 levy authority. For example, if the overall Measure 47-like levy authority comes in at only 15% below pre-Measure 50 levy authority, then Measure 47 like levy authority by agency will be proportionately reduced to achieve the 17% reduction.
- DOR will then certify Measure 50 local government and school levy authority back to local assessors. The levy authority will be extended to properties using Measure 50 rolled back assessed values (not real market values) net of urban renewal increment values. The result will be a fixed tax rate for the City's General Fund. Revenue growth in the future results from extending this fixed tax rate to Measure 50 assessed values as adjusted annually for new construction, rezoning, and other adjustments allowed under Measure 50. This will restrict future General Fund property tax revenue growth to about 3% plus somewhere from 0% to 2% annually for new construction.
- Fire, Police Disability and Retirement (FPD&R) is, for the most part exempted from Measure 50 tax limitation. The FPD&R tax rate will float from year-to year depending on actual levy authority and assessed values but is still subject to the existing \$2.80 per thousand of real market value rate limit in the City's charter.

Voter approval of Measure 47 adversely impacted the General Fund in two ways. First, passage of this measure was expected to reduce General Fund property tax revenues. Second, the City's property tax funded public safety retirement system, FPD&R, would have also experienced a Measure 47 first year multi-million dollar shortfall. The public safety retirement system is a "pay-as-you-go" system that is funded by a continuing levy approved by voters in the late 1940s and subject to a \$2.80 per \$1,000 of real market assessed value tax rate within the 1990 Measure 5 \$10 tax rate limit. Both of these shortfalls would have fallen onto the General Fund, exacerbating the fiscal impact of Measure 47 on the City's General Fund. Measure 50 tax limitation extends "only" to the General Fund tax base levy.

The current, June 1997, Measure 50 property tax revenue forecast has been generated using the following key assumptions and elements:

- The property tax revenue forecast assumes, like current implementing legislation, that pre-Measure 50 local government FY 1997-98 levy authority allocates rolled back Measure 50 property tax bills.

Budget Overview

- On May 16, 1997, the Legislative Revenue Office issued estimated Measure 50 levy amounts for local governments using then current versions of Measure 50 related implementing legislation (House Bill (HB)-3710). This levy estimate is used in the updated financial forecast to generate an FY 1997-98 General Fund property tax revenue estimate of \$106.840 million.
- The estimated impact of new construction has been inferred using regularly published construction and permit data as well as data derived from analysis of property tax records. Thus, about 2.8% of FY 1996-97 assessed value growth is assumed to be new construction and about 1.2% of FY 1997-98 assessed value growth is similarly assumed as new construction. Properties with new construction have been given tax bills using average tax rates implicit in tax bills for existing properties. This calculation in effect increases the General Fund property tax revenue forecast in the four out-years of the forecast by about \$1 to \$2 million per year.

The key economic outlook assumption that underpins the forecast calls for moderate regional economic growth at the national, state, and local levels. Several other key assumptions were made during the course of developing the Adopted Budget General Fund 5-year resource forecast:

- Year-to-year Measure 50 assessed value growth of about 3% on existing values for the four year period beginning FY 1998-99 is assumed. New construction assessed value growth is assumed to average about 1.3% per year and should generate additional property tax revenues of \$1 to \$2 million per year and increase property tax revenue growth from 3% a year to about 4% per year.
- County serial levies (Jails and Library) continue, totaling \$71.6 million.
- Continuation of State liquor and cigarette tax distributions to cities at present levels under existing distribution formulas. These revenues are projected to average about \$7.6 million per year over the next five years.
- Continued trend growth of 6% to 8% in business license fees.
- Transient lodging tax revenues are expected to continue to show above trend growth for at least the next two years. Vacancy rates continue to decline and room rates appear to be firm to rising. In addition, at least two new 250 room hotels are expected to be built and in operation sometime during FY 1998-99.
- The water and sewer license fee tax rate is assumed to remain at the 8% level throughout the 5-year financial forecast. Energy related franchise fees and privilege taxes are expected to

Budget Overview

show little or no growth. Both Northwest Natural Gas and Portland General Electric reduced rates December 1, 1996. In addition, the approval of the PGE/Enron merger may result in another large energy rate reduction or series of rate reductions that will affect the out-year forecast adversely.

The June General Fund resource forecast upon which the Adopted Budget is based identifies FY 1997-98 discretionary resources totaling \$232 million versus an FY 1996-97 Adopted Budget of \$249.089 million. This estimate is composed of \$218.67 million of revenues and a beginning fund discretionary balance of \$14.33 million. Figure 2, below, summarizes the five year discretionary resource forecast.

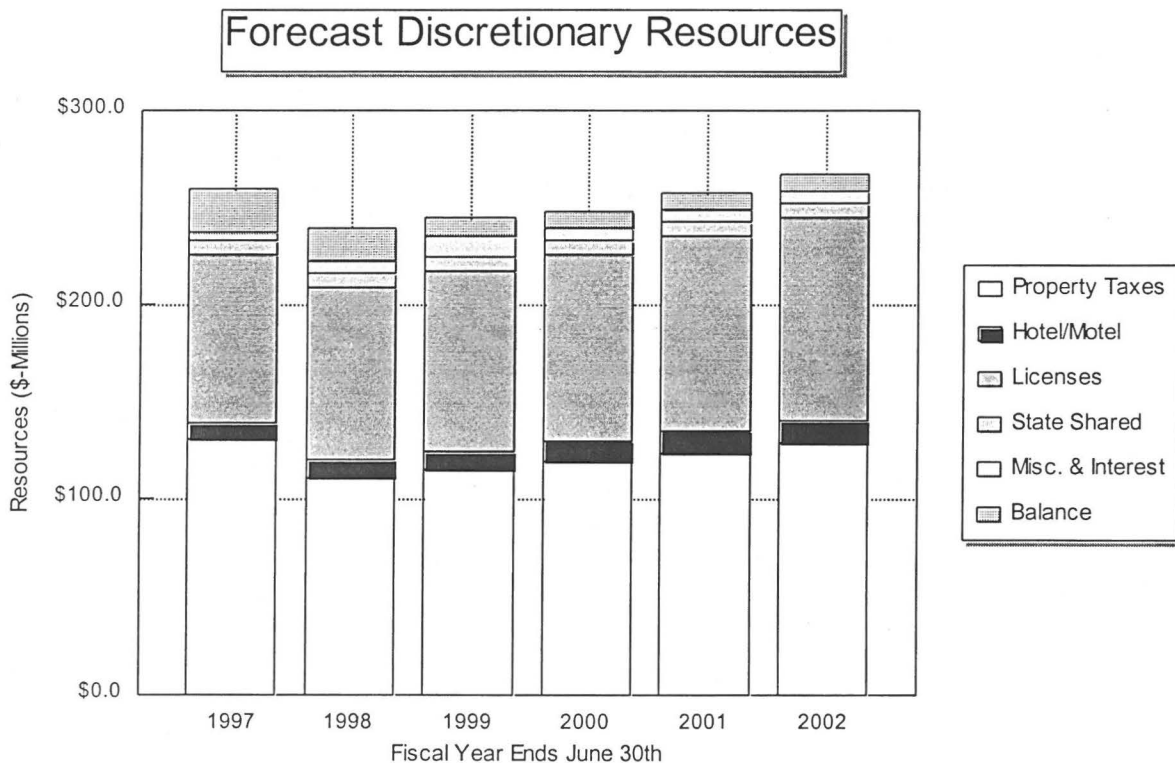


Figure 2

Five Year General Fund Financial Plan

The Council takes a five year approach to devising each budget so that the budget itself is always the first year of a five year financial plan. This ensures that the long range impact of major decisions is considered in developing the budget.

The December financial forecast indicated that Council was facing a first year Measure 47 gap of \$27.5 million: estimated current service level requirements of \$255.83 million exceeded forecast

Budget Overview

General Fund resources of \$229.38 million. The initial gap of \$27.46 million steadily increased so that by the fifth year of the forecast, FY 2001-02, the gap was estimated at \$48.8 million. The December forecast showed that balancing over the five-year forecast period required \$32.49 million in on-going program reductions, but that FY 1997-98 one-time resources could increase to \$5.02 million. This would have closed the \$27.46 million first year gap and balanced the General Fund over the five year planning horizon.

The June forecast shows improvement because it reflects expected, but still very tentative, Measure 50 property tax revenues. A five year gap, however, still exists between estimated current service level requirements and forecast available resources. Figure 3 below graphically depicts the estimated gap over the five year planning period. The first year gap is now estimated at \$5.24 million versus \$27.46 million estimated last December. The initial gap rises to about \$22.3 million by the fifth year of the forecast, the gap averages about \$16.1 million per year. The size of the program reductions required to balance is reduced.

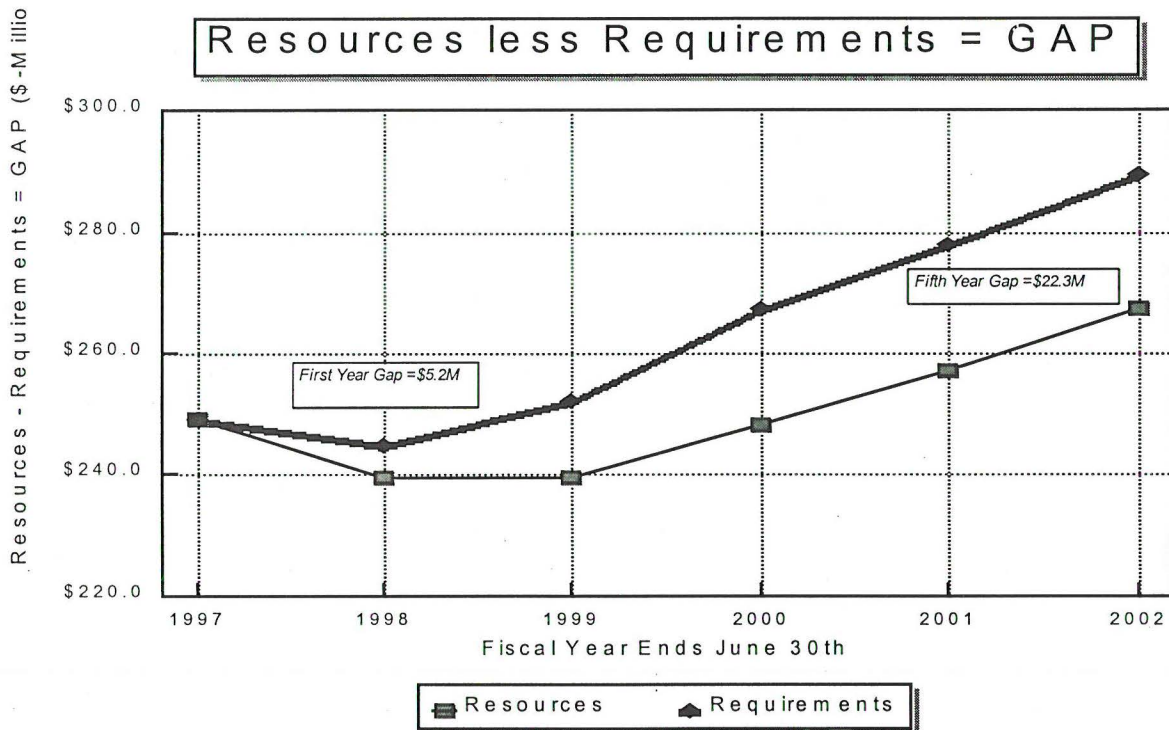


Figure 3

The June forecast estimates that program reductions of \$16 million are required to balance the fund over the five year planning period. A relatively large 5-year average gap results from Council's current financial plan. Last spring's Adopted Budget and 5-year financial plan includes set-aside schedules for the Housing Investment Fund, capital improvements, and River District/2040 spending that steeply increase over the five year planning horizon, with most of the increases starting in FY 1998-99:

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- The Housing Investment Fund (HIF), under Council's existing financial plan, is scheduled at \$1.5 million FY 1997-98 and increases to over \$6 million FY 1998-99 and then continues at about \$6 million per year through FY 2001-02.
- Each year a certain amount of General Fund discretionary monies are set aside for capital improvements. This capital set-aside, under Council's existing financial plan, is scheduled at \$3 million for FY 1997-98 and then increases by \$1 million per year, rising to \$7 million per year by FY 2001-02.
- The River District/2040 Reserve set-aside under the Council's current financial plan schedule increases from about \$1.5 million FY 1997-98 to \$3 million per year starting FY 1998-99.

The three set-asides discussed above are planned to increase expenditures by about \$7 million between FY 1997-98 and FY 1998-99. Total forecast discretionary revenue growth at only 4.1% amounts to about "\$9 plus" million in total on a \$222 million revenue base.

The considerations above show that serious reductions in programs are required if Council wants to maintain planned set-aside schedules. Alternatively, large reductions in planned set-aside schedules translate into smaller bureau program reductions. Figure 4 shows the adopted five year financial plan the balances set-asides and programs to the lower Measure 50 revenue growth line.

| Item | Forecast | Out-Year Of Forecast | | | |
|--|--------------------|----------------------|---------------|---------------|---------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Total Resources..... | \$239,527,904 | \$239,452,881 | \$248,067,977 | \$256,915,808 | \$266,029,649 |
| Transfer In From General Reserve..... | \$0 | \$4,773,118 | \$0 | \$145,226 | \$1,159,968 |
| Bureaus-Programs..... | \$195,017,722 | \$204,322,356 | \$212,496,665 | \$220,852,235 | \$230,200,383 |
| <i>Est. New On-Going.....</i> | \$2,820,647 | \$2,955,225 | \$3,073,455 | \$3,194,306 | \$3,329,513 |
| <i>One-Time Projects</i> | \$6,537,153 | \$3,722,189 | \$535,547 | \$0 | \$0 |
| <i>Council Set-Asides.....</i> | \$35,152,382 | \$33,226,228 | \$31,962,310 | \$33,014,493 | \$33,659,72 |
| Total Requirements | \$239,527,905 | \$244,225,998 | \$248,067,977 | \$257,061,033 | \$267,189,617 |
| Difference | (S0) | \$0 | \$0 | \$0 | \$0 |
| <i>Reserve Fund as a</i> | | | | | |
| <i>Percent of Net Revenues</i> | 12.0% | 10.4% | 10.7% | 10.7% | 10.5% |
| <i>Transfer To FPD&R</i> | \$0 | \$0 | \$0 | \$0 | \$0 |

Figure 4

Balancing the Adopted Budget and financial plan is achieved as follows:

- Bureau programs budgets are reduced from estimated current service levels totaling about \$210.6 million to about \$195.03 million shown above. This represents \$15.6 million of reductions representing about 7.3% of estimated current service level FY 1997-98 budgets.

Budget Overview

The Police Bureau's operating budget is reduced 4.9%, Fire is reduced 7.7%, Parks is reduced 8.3%, Planning is reduced 10.9% and all other bureaus have been reduced on average about 10.7%.

- The capital set-aside's current \$1 million per year increase is eliminated in the financial plan. The financial plan schedule is \$3 million per year over the next five years. Funding for "Master Lease" or large equipment remains at current levels of between \$2 to \$3 million per year.
- The 2040 Reserve set-aside has been used as a "balancer." Instead of a \$10.5 million set-aside over 5-years, the adopted plan calls for a total of \$2.1 million over the next five year with \$1.1 million available in FY 1998-99.
- About \$6.1 million of General Fund reserves have been fed into the forecast as shown in the table above. The bulk of this, about \$4.77 million will be used during FY 1998-99 with smaller amounts fed into the forecast the last two years of the five year planning period.

These adjustments taken together, along with the use of about \$6.1 million of reserves, balances the General Fund over the coming five year period. Reserve levels are planned to remain at or slightly above 10% throughout the five year period. Only reserves freed up by the lower Measure 50 revenue line are used as part of the five year funding plan. Moreover, in budgeting Measure 50 property tax revenues, Council has taken a conservative, prudent approach. Council has opted to budget only a portion of the expected increase in property tax revenues associated with Measure 50 and will wait until sometime next fall to appropriate additional property tax revenues pending completion of Measure 50 implementing legislation and receipt of actual Measure 50 property tax revenue numbers. As of late June the financial forecast shows that:

- Council may have as much as \$2.8 million of additional on-going revenues that could be appropriated next fall or during the budget process for FY 1998-99 depending on actual Measure 50 outcomes.
- Council may have as much \$4.44 million of additional one-time resources that could be appropriated next fall or during the budget process for FY 1998-99. As shown in Figure 4 above about \$6.35 million of one-time resources may be ultimately be available under Measure 50. At present Council's Adopted Budget includes about \$1.91 million of one-time budget appropriations, leaving \$4.44 available pending final first year Measure 50 outcomes. Council has chosen to reserve these dollars until the fall of 1997. Once further information is received on actual property tax receipts, Council may appropriate revenue to support priority programs.

Financial Outlook - Other Funds

Like the General Fund, five year financial plans are prepared for each of the City's major service bureaus. These financial plans provide a multi-year framework within which revenues, expenditures, and capital financing options are planned. This multi-year process allows the City to test the potential impact of policy, operational and system changes, and to avoid subjecting customers to wide or irregular swings in rates and fees. This budget is based upon financial plans developed using information available through December 1996. The plans were reviewed and adjustments incorporated into the budget.

The following is a brief overview of the updated financial outlook for those funds:

- **Bureau of Environmental Services.** The five year financial plan forecasts annual rate increases of 12.1% from FY 1997-98 through FY 2000-01. The forecast for FY 2001-02 is for an 8.7% rate increase. As a result of the budget preparation process, the average sewer rate increase has been revised downward to 11.0% for the four-year period beginning FY 1997-98.

The BES budget contains certain operating cost increases, such as the Mid-County sewer project (which is shifted from capital to operating expenditures because of nearing the end of the construction program), costs for operations of the new treatment plant head works facility, and the initial BES share of the costs of the new customer billing system. These increases offset cost reductions in personal services and materials and services. Capital costs continue to be the prime driver behind the level of forecast rate increases.

The largest category of capital costs will be the Combined Sewer Overflow (CSO) program, followed by sewage treatment systems and maintenance and reliability projects. The CSO program will continue to be the largest capital program throughout the time horizon of the financial plan. The operating programs reflect an expanding emphasis on water quality through efforts at pollution prevention, water quality analytical services, drainage system maintenance, watershed improvement programs, and the capital funding mix.

The BES budget includes a net reduction of 9 positions. The five-year CIP has been reduced \$113 million compared to the previous five-year plan.

- **Bureau of Water Works:** The latest financial plan projects a rate increase of 1.2% to 2.3% in FY 1997-98, depending on decisions regarding Add Packages: US Forest Service Roads, Low Income Assistance, and Disparity work. However, during the budget process decisions on these add packages and other modifications resulted in no rate changes for FY 1997-98. The plan forecasts rate increases of 5.2% annually from FY 1998-99 through FY 2001-02, but on a lower base.

Budget Overview

The capital budget is \$1.8 million lower than in the FY 1996-97 Revised Budget. The operating budget is about \$300,000 higher than the FY 1996-97 Revised Budget, but still represents a decrease in per capita costs.

- **Office of Transportation:** The Portland Office of Transportation Financial Plan for FY 1997-98 to FY 2002-2003 shows a continued and increasing gap between costs to maintain current service levels and anticipated revenues. This gap is primarily the result of gas tax receipts failing to keep pace with inflation in combination with declining federal funds and increasing operational and maintenance costs.

The Transportation budget includes a reduction of \$2.0 million in the General Fund transfer, resulting in a 27.1% reduction, exceeding the 14.5% reductions required. Those reductions were made bureau wide through efficiencies and new ways of doing business. Because of Measure 47 reductions, the General Fund is unable to continue to support Transportation for current service level (CSL) and capital requirements as it has done in the past few years. The General Fund continues to support Street Lighting operations and maintenance, as well as enhanced Downtown Street Cleaning for a total of \$5.5 Million (approximately a 14.5% reduction from CSL). Transportation initially sought support from the General Fund for a number of critical capital projects, including the removal of the Lovejoy Ramp in the River District, a match payment for the Downtown Street Car, and economic development related infrastructure improvements.

In the absence of available General Fund dollars, funding for expanded programs and new projects has been provided from a combination of sources. The reduction was offset by a corresponding increase in the transfer from the Parking Facilities Fund to Transportation. Transportation Reserve funds totaling \$4.5 million are utilized to finance transportation capital projects and current service level requirements.

Budget Overview

Major City Achievements

The FY 1997-98 Budget builds upon a strong record of prior service improvements which in many cases directly address the Council's priority goals. Foremost amongst these achievements have been the following:

Community Policing

- Police desk clerks are replacing police officers at the front desk of the precincts through a federal COPS MORE grant. This will return 42 officers to active patrol.
- Construction and remodeling plans for North Precinct structural upgrades will be completed in 1997.
- The Auto Theft Task Force has continued to put increased emphasis upon reducing the rate of auto theft in Portland. Results to date show a more than 28% decrease in auto theft from prior year levels.
- Citizens rating police services good or very good has increased 11% since 1991. Citizens who report feeling safe at night has increased 5% since 1991.
- Calls dispatched per precinct officer have decreased 10% since 1991. This has resulted in more time for self-initiated officer activity. In fact, self-initiated "calls for service" increased by 10% compared to prior year levels.
- 90 officers have received specialized training to improve response to persons in crisis. The Crisis Intervention Team is composed of one coordinator and 90 patrol officers and supervisors. The program has resulted in a reduction in the number of injuries to citizens and officers.
- Photo radar program maintains a partnership with Office of Transportation and Multnomah County Courts. This program provides police with an additional speed enforcement tool in an effort to increase neighborhood livability and reduce traffic accidents.

Community Planning and Development

- Improved permit center customer service through the addition of staff, homeowner brochures, residential permit nights, appointments for residential permits, established one week turnaround time for residential plan checks and earlier opening hours.

Budget Overview

- Convenient on-line access to zoning code and zoning maps provided through the Internet. Customers and citizens can now research land use questions from their homes or offices.
- Completed the Environmental Handbook, which implements one of the major recommendations of the E-Zone Streamlining Project task force. The Handbook provides a citizen's explanation of the environmental process. It provides criteria for, as well as many examples of, alternative means to comply with the regulations.
- Adoption of the Transportation Planning Rule by the Planning Commission and City Council has provided for encouragement of more pedestrian-friendly development along transit streets as well as alternatives to automobile use.
- Implementation of Geographic Information System for property and zoning information in the Permit Center (Garth).
- Creation, publication and distribution of a planning toolkit for Portland neighborhoods.
- Adoption of Historic Resources Amendments to Planning Code.
- Completion of current land use inventory for Northwest and inner East Portland.
- Responded to 91% of requests for residential inspection and 97% of requests for commercial inspection within 24 hours.
- Made housing inspections and worked with property owners to bring 2,700 substandard housing units back to safe and habitable conditions.
- Provided weatherization training and materials to 540 low income households through 45 weatherization workshops. Installed weatherization materials in an additional 200 homes for the elderly and disabled.
- Purchased a homeless shelter site in the winter of 1996-97, and scheduled construction to begin on a permanent men's homeless shelter by June 30, 1997. This shelter is being built as part of the Shelter Reconfiguration Plan.
- In FY 1996-97, the City assisted low income residents in the purchase or rehabilitation of 301 homes.
- Completed a Memorandum of Understanding with private developers to begin the rehabilitation of the River District, which will include commercial and mixed income housing development.

Budget Overview

- The Housing Investment Fund, managed by PDC, will close or commit \$7,258,000 in loans toward the production of affordable housing units. The goal is to facilitate the development of 2,500 housing units per year in a variety of income levels and to meet the 2040 housing projections.

Fire Service

- Responded to 71% of fire and 75% of medical emergencies in less than four minutes.
- Implemented a community based program aimed at increasing neighborhood awareness of emergency prevention and response in the event of a major disaster, such as an earthquake.
- Decreased fire loss per capita by 40% since 1991.
- Improved fire prevention services which resulted in a 34% decrease in identified fire code violations.
- The percentage of citizens rating fire service good or very good grew from 88% to 90% in the past year.

Emergency Communications

- Emergency operators at the 911 Center receive emergency and non-emergency calls and dispatch police, fire and emergency medical service calls for the Multnomah County area. The User Agency Agreement states several performance objectives for call taking and dispatch. The volume of calls appears to be stabilizing at approximately 830,000 calls per year. Currently 93.2% of calls are answered within 20 seconds, compared to the objective of 94.5%.
- A management reorganization was implemented in November 1995 that has resulted in improvements in the Bureau's effectiveness and efficiency. Recent planned additions to the training staff are expected to further improve the quality of the training program and improve recruiting, certification, and performance success while reducing turnover.
- BOEC has entered the final phase of capital equipment improvements funded by the Public Safety Levy. The primary improvement was a new computer aided dispatch system. Enhancements to be in place soon include the installation of a digital recording system that will improve research retrieval, analysis, training, and archival activities.

Budget Overview

Financial Management & Quality Improvement

- Maintains a Moody's Aaa bond rating, the highest designated by rating agencies, which results in lower capital improvement costs.
- Revised the second year of the Comprehensive Organization Review and Evaluation (CORE) effort to focus on individual components which meet bureaus' priority needs. In that effort, Transportation developed a Strategic Plan, and the Police and Parks bureaus underwent operational reviews. The entire CORE process for these three bureaus will be completed in FY 1997-98.
- The City's new Information Technology Strategic Planning (ITSP) process, formally started in FY 1996-97, has resulted in the establishment of a multi-bureau collaborative effort to develop a city-wide strategic plan and identify an appropriate structure which can implement that plan. In the course of so doing, the ITSP effort identified and addressed immediate challenges including an analysis of the year 2000 problems, establishing policies for Internet and e-mail use and developing a system wide inventory.
- The Service Improvement Initiative (SII) team was established to assist City bureaus in developing an organizational culture that promotes high performance, excellent customer service, and a workplace that values its employees.
- The Technology Learning Center, which provides City employees an opportunity to enhance skills in PC software and City-specific systems, marked its first successful year of operation. A state of the art network connecting all City offices is nearly complete.

Parks and Cultural Services

- In November 1995 voters approved a \$58.8 million General Obligation Bond measure to fund 114 capital improvement projects throughout the parks system over a five-year period. At the halfway point, this capital program is on time and within budget. Dozens of small park renovations have either been completed or are underway this summer. Construction is underway for the East Portland Community Center, which is scheduled to open December 1997. The proposed Southwest Community Center awaits land use approvals and is scheduled to be built during FY 1997-98 and open the following year. Work is also underway on a new softball complex in Delta Park, additional soccer fields, several swimming pool renovations, and more neighborhood park renovations.
- Approximately 81% of citizens surveyed rate park quality as "good or very good," and 74% rate the quality of recreation programs at that level. Park grounds maintenance was rated "good or very good" by 82% of the citizens.

Budget Overview

- Volunteers for park and recreation programs contributed an estimated 468,000 hours of their time last year, which is equivalent to 225 full-time workers. Between volunteer time, in-kind donations, and the direct financial support of Friends groups, approximately \$5.9 million was donated to Park facilities or programs.
- Recreation programs generated a total attendance of approximately 5 million in the most recent year, of which over half were youth.
- Portland Parks has taken the lead role in restoring trails, docks, turf areas, and other park features damaged by the flood and landslides of February 1996 and the windstorms of December 1995 and December 1996. The February 1996 flood and slides alone caused an estimated \$4.9 million in damage to park property.

Transportation, Sewer and Water

- Using hundreds of volunteers and city workers, the Maintenance Bureau led the construction of a temporary plywood flood wall for the protection of downtown during the February 1996 floods. In addition, over 200 landslides along city streets were cleaned up and over \$2 million in federal funding was secured to assist repair of the landslides
- Federal funds were secured for building necessary infrastructure in the River District. The Lovejoy Ramp Removal Project received \$3 million, and the Central City Streetcar received \$5 million. This funding will help ensure the River District will meet development goals, including 5,000 new housing units and 10,000 new jobs.
- In partnership with the Port of Portland, ODOT and the Burlington Northern Railroad, construction was completed on the \$5.5 million Columbia Slough Intermodal Rail Bridge Project in Rivergate. This Rivergate project leveraged \$30 million in private investment with an expectation of creating 3,000 new jobs in Rivergate over the next five years.
- Ten streamlined speed bump projects were completed this past year, as well as planning, design, and construction completed for two elementary school traffic safety projects. In addition, 32 Neighborhood Speed Watch projects were completed, and warning beacons were installed on school speed zone signs at 10 schools.
- As part of an ongoing project to improve street lighting on arterial streets, new lights were installed and/or the wattage of existing lights was increased at 700 locations throughout the city.
- Continued the residential recycling program with 80% of households recycling in January 1996 compared to 39% prior to franchising in February 1992.

Budget Overview

- Completed the 5 year evaluation of the residential solid waste collection franchise system, culminating in the renewal of the franchise agreement for the next 10 years. This will ensure continuation of the residential solid waste recycling system, which has achieved high recycling participation, high customer satisfaction, and stable rates.
- Received an award from the American Forestry and Paper Association as the Best Curbside Recycling Program in the Nation for Cities over 100,000 population.
- Won a national EPA award for the BES storm water program, highlighting stewardship opportunities and community involvement.
- The Portland Utilities Review Board (PURB) continued its review and oversight of the City utilities' financial and operating environments. The committee presented Council an annual report at the end of its second year. Major issues addressed included a review of the Regional Water Supply Plan, recommendations to lower the Utility License Fee, recommendation to use franchise fee revenue for illegal dumping/nuisance abatement, elimination of commercial/industrial drainage discounts, support for changes in the service charges for water customers, and consideration of budget and rate proposals.
- Completed construction and opened the BES Water Pollution Control Laboratory in St. Johns, improving the Bureau's ability to provide lab services in support of water quality program and pollution prevention activities.
- Completed the design and scheduled to begin construction of the Columbia Slough consolidation conduit, which will eventually eliminate all combined sewer overflows to the Columbia Slough.
- There is NO water rate increase for FY 1997-98. (Over 90% of the water customers in the Metropolitan area pay more for water service than do Water Bureau customers.)
- The Water Bureau continues to be assigned a Aa1 Revenue Bond Credit Rating. This rating, from Moody's Investor Service, is the highest level attainable.
- In the past year, 92% of the Water Bureau's customers rated water services as satisfactory or better.
- The Water Bureau's per capita operating costs (in constant FY 1995-96 dollars) were lower in FY 1995-96 than in FY 1991-92, even though the population served has increased by 10%.
- Limited Water Bureau staff growth over the last 25 years to a 4% increase, while service area has grown by one-third and the number of retail customers increased by 24%.

Budget Overview

- The Water Bureau and the Bureau of Environmental Services addressed needs of low income customers through a variety of programs, including utility bill discounts to more than 3,000 low income customers, monthly (rather than quarterly) billings, crisis assistance, and conservation assistance.

Budget Overview

Major Budget Decisions

Early in the prior year budget process, the City Council held a planning session to establish goals and priorities for the biennium budget. Following an extensive public outreach process which included a survey and a series of seven community meetings, as well as a series of four Mayor's Critical Issues Forums, the Council reconvened and finalized these goals. Building upon the Mayor's Proposed Budget this year which highlighted the Mayor's three critical challenges, the City Council adopted a budget that stays true to these goals and priorities. Key decisions made in the budget relative to most of the goals set by the City Council follow.

GOAL: Ensure a Safe, Peaceful Community.

- **Police positions.** The Adopted Budget eliminates 47 sworn and 16 non-sworn positions. To prevent the layoff of recently hired police officers, \$2.3 million in one time bridge funding is made permanent to retain these positions. This will not only maximize the large amount of resources spent on training these valuable employees, but will prevent a reversal of recent gains in the area of women and minority hires. One-time funding totaling \$180,000 is also provided to maintain the Mounted Patrol unit for one more year. The additional \$2.3 million is ongoing and will allow for the retention of 41 sworn positions recently targeted for reduction.
- **Gang Enforcement Team (GET).** Originally proposed to be cut, the GET will be maintained on a permanent basis. The positions necessary to support the coordinated approach to fight gang crime related activity will remain at Northeast precinct.
- **Community Policing.** The Portland Police Bureau was successful in obtaining a Federal *COPS MORE* grant in the amount of \$970,000 which will fund 42 civilian desk positions and thereby allow 42 additional officers to return to patrol functions throughout next year. The \$323,000 match for this grant is provided from savings generated in the FY 1996-97 Police budget. In addition, the Bureau was successful in focusing position reductions in management protecting the current level of police officers on patrol.
- **North Precinct.** The newly refurbished North precinct will open as planned this year. Reductions in staffing are not recommended to ensure that this vital precinct is opened and fully operational.
- **Crime Prevention.** Crime prevention services, which had previously been contracted out to the neighborhood coalitions, will now be centralized in the ONA downtown office, but staff will actually be located in the neighborhood coalition offices. Centralization provides the Coalitions, neighborhood associations, and the Police Bureau the opportunity to develop a consistent, public safety organizing strategy with the flexibility to respond to City-wide crime

Budget Overview

prevention needs. The Crime Prevention staff will strive to maintain integral ties between the Coalitions, neighborhood offices and the Police Bureau.

- **Traffic Division.** The Traffic Division within Police will be moved from its current Front and Davis location to the Northeast Precinct. This move will save approximately \$181,000.
- **Vehicle Replacement.** The Police Bureau, along with the Bureau of General Services, is planning to extend the life of police vehicle from three to three and a half years. This will yield a net savings of \$610,000.
- **Fire Positions.** The Fire Bureau budget proposed the elimination of 70 positions, 47 of which are sworn. Similar to the Police Bureau, bridge funds are made permanent to prevent the layoff of sworn firefighters. This funding will maintain required strength levels at each fire station and retain recent successes in women and minority hiring. The additional funding from M50 will allow for the retention of 17 vacancies resulting from future retirements that would have been cut under a M47 budget.
- **Station 45 Closure.** Station 45 was recommended for closure. An additional \$300,000 has been restored to the budget for one limited advanced rescue team. Negotiations with the City of Gresham are underway concerning the future services provided by this station.
- **Station Based Inspections.** Fire prevention inspections are currently performed from the central Fire Command Center. During next year, fire inspection activities will be transferred to neighborhood stations saving approximately \$220,000.
- **Fire Management Districts.** Portland's four Fire Management Districts will be reduced to three with the coming budget. This will effectively eliminate an entire management line within the Fire bureau, saving approximately \$240,000.
- **Bureau of Emergency Communications.** The BOEC budget will remain at the current service level preventing major reductions in service. Small efficiencies, where possible, have been realized. The annual capital replacement increase of \$350,000 has been temporarily removed.
- **New Revenue.** The Fire Bureau has budgeted \$570,000 in new revenue from several sources including a new building occupancy fee and charges for Advanced Life support response, among others. In case this revenue is not realized, \$500,000 has been placed in contingency to cover any potential shortfall.

Budget Overview

GOAL: Ensure Decent, Affordable Housing

- **Housing Investment Fund.** Within this budget, the City of Portland will maintain its high priority on investing in housing for persons of low to moderate incomes. This commitment is shown by allocating the planned increase in the FY 1997-98 budget. Found in Special Appropriations, total General Fund support next year is \$1.6 million. Over a five-year period, the previously planned total project expenditures of \$30 million will now be \$29 million, a reduction of only \$1 million over this period.

- **River District.** Funding from the General Fund for development of the River district has been reduced by 17.8 percent to \$1.2 million. The FY 1997-98 amount is the last year of a three year commitment to spur development in the area expected to create 5,000 housing units, and generate up to 20,000 jobs.

- **Low Income Assistance Program.** In order to mitigate the impacts of increasing water and sewer rates on low income households, the Bureau of Water Works and Environmental Services, assisted by the Office of Finance and Administration and citizen volunteers, proposed enhancements to the City's existing low income assistance programs. In addition, monthly billing will be offered to all customers without extra charge in order to facilitate customer cash flow and bill payment. The City Council approved the enhanced low income assistance program during FY 1996-97, and implementation is planned during FY 1997-98.

GOAL: Build a Livable City Through Good Planning and Well-managed Growth

- **Planning Refocus.** To reduce its budget and accelerate an effort focused on region wide 2040 goals, the Planning Bureau will end community specific planning efforts once the Southwest Community Plan is completed. Future planning will focus on City-wide design types such as main streets, town centers, and transit corridors. This planning will help address the 2040 Functional Plan requirements as well as address the most critical neighborhood planning needs. \$188,522 in one-time bridge funding is provided to support development review activities until such time that higher cost recovery rates can be achieved.

- **Neighborhood Redevelopment.** Just prior to the implementation date of Measure 47, the Portland Development Commission, in conjunction the Office of Finance and Administration sold approximately \$47 million in tax increment finance (TIF) bonds to help redevelop several Portland neighborhoods. Projects targeted for funding include the commercial revitalization and median strip removal of Martin Luther King Boulevard, numerous housing projects, additional waterfront improvements, and several pedestrian way enhancements. The City Council is in the process of prioritizing and determining exact projects and funding amounts for these TIF funds.

Budget Overview

- **2040 Implementation.** Because of the explosive growth that Portland and the region have experienced over the last decade, the Council approved an allocation of up to \$3 million every year, beginning in FY 1998-99, to fund projects necessary to mitigate the negative effects of growth on the quality of life here. Because of the severe budget constraints imposed by Ballot Measure 47, funding for this item has been reduced to \$1.2 million for FY 1997-98 and \$1.1 million for FY 1998-99. If additional funds become available in the future, funding may be restored to the budget. Regardless, sizeable funds to address growth such as the Central City Street Car and the River District are included throughout the budget.

- **Transportation Funding.** Due to efficiencies found by the employees in the Office of Transportation, the General Fund will not have to provide approximately \$2 million in support to this largely gas tax supported fund. In addition, by using reserves, the Office of Transportation's budget will not only be balanced, but such critical projects as the removal of the Lovejoy ramp, signalization projects on Foster Road and Stark Street and improved pedestrian corridors on Broadway/Weidler are all funded. The Broadway/Weidler project is funded in part through the Portland Development Commission with Tax Increment funds.

- **Central City Streetcar.** The long awaited Central City Streetcar Project will begin planning and engineering during this fiscal year. The reserves of the Smart Park system will provide a \$1 million match to the already obtained federal transportation grant of \$5 million. The Office of Transportation is currently exploring a matrix of funding to complete this \$42 million project. Funding sources being considered are an increase in downtown parking rates, use of local improvement district financing, and contributions from local utilities. Project managers are still investigating options for funding an expected operating shortfall without using General Fund resources.

- **Housing and Nuisance Enforcement.** A 14.5% reduction in General fund support for neighborhood nuisance abatement activities is planned for the next fiscal year. This reduction will force most neighborhood nuisance inspection activity of vacant lots and unkept yards to the critical summer months. The reduction will be monitored for its effect on the quality of neighborhoods and considered for restoration if the effects are too harmful to sustain. Additional code enforcement fees will allow the hiring of nine positions to respond to workload increases in commercial and residential permit inspections.

GOAL: Support Quality Education to Produce Well Educated Citizens

- **School Funding.** Last year, the City of Portland contributed \$10.3 million to Portland area schools. Portland schools remains a top priority of the Council as demonstrated by their participation in efforts to ensure that the Oregon legislature provides adequate funding. This funding was on a one-time basis only, to be used at their discretion over the biennial budget.

Budget Overview

- **School Resource Officers.** Police. The second year of the \$83,000 school resource officers committed last year is allocated in the FY 1997-98 Police budget.

GOAL: Promote Economic Vitality and Access to Quality Jobs for All

- **Disparity Study Implementation.** The recommendations from the study of gender and racial disparities in the City of Portland's construction contracts are now complete. Included in this budget is \$470,000 which adds two positions and helps develop potential contractors, creates regional mentoring and loan programs for qualified applicants, and establishes a "technology pool" which will provide information and assistance to women, minority, and emerging small businesses.
- **Quality Jobs Initiative.** The Portland Development Commission will begin this initiative with \$106,000 in funding during the coming year. This initiative seeks to identify resource needs and funding gaps within specific targeted industries. Neighborhood residents will be matched with neighborhood jobs, and the appropriate training will be identified.
- **Northeast Workforce Center.** A total of \$95,000 will be provided to a neighborhood organization to match northeast residents with employers in the City of Portland. This activity will complement major efforts to revitalize the inner-northeast.
- **Outer Southeast Redevelopment.** Approximately \$476,000 is provided for outer Southeast neighborhoods to provide a combination of quality jobs and resources to stimulate business growth. This redevelopment will provide additional employment opportunities, as well as focus on new affordable housing.

GOAL: Build a Sense of Community by promoting participation, connectedness, and partnerships.

- **Neighborhood Coalitions.** In response to the recommendations by the Task Force on Neighborhood Involvement, the City has changed the distribution formula for funding the coalitions in order to provide core staffing and equitable funding at all of the neighborhood coalition offices. This redistribution is a 5.25% increase in contract payments received by the coalitions during FY 1996-97 less payments for crime prevention services. While crime prevention is still a priority for the neighborhood coalitions, the new distribution will allow coalition staff to refocus more of their efforts to issues not related to crime prevention. This will serve to maintain strong and effective relationships between the neighborhoods, crime prevention, and community policing initiatives in general.

Budget Overview

GOAL: Maintain a Financially Stable City

- **Reserves.** The FY 1997-98 budget preserves the General Fund 10% reserve requirement. This reserve is projected to be at this level over the next five years
- **Bridge Funding.** One-time reserve funds in excess of the 10% reserve requirement became available in the Proposed Budget due to the elimination of several one-time expenditures and the reduction of the total General Fund which required a smaller than expected reserve. Approximately \$8.9 million was originally made available to provide bridge funding to the City’s most critical programs. As stated earlier, this bridge funding was made permanent for all the recipients except the Planning Bureau. The specific permanent bridge amounts over two years are displayed in Figure 5:

| Bridge Funding (in millions) | | |
|-------------------------------------|-------------------|-------------------|
| <u>Bureau</u> | <u>FY 1997-98</u> | <u>FY 1998-99</u> |
| Police | \$2.30 | \$2.30 |
| Fire | \$1.00 | \$1.00 |
| Parks | \$1.00 | \$1.00 |

Figure 5

- **Utility License Fee.** The Council opted to forego a planned reduction of the utility license fee in light of anticipated deterioration in the City’s financial position. This decision left approximately \$13.7 million on a five-year basis (an average of \$2.7 million per year) in the General Fund financial forecast.
- **Water and Sewer Fees.** Although the Water and Environmental Service bureaus are not property tax funded, the Council agreed that these bureaus should also look for additional efficiencies. As a result, there will be no water rate increase next year and the planned sewer increase of 12.1% will now be 11%.
- **Capital funding.** For several years, the budget has included \$3 million in additional, non-debt related funding for all purpose infrastructure programs funded by the General Fund in the City. Plans made last year called for this source to increase by \$1 million in each of the next five years. These future increases are not included in the financial plan for this budget; however, the current allocation of \$3 million remains unchanged to prevent erosion of this necessary expense. City-wide, the budget includes a total of \$196.8 million for capital improvement projects.

Budget Overview

GOAL: Continuously Improve the Delivery of Quality Public Services

- **Service Improvement Initiative (SII).** Last year, the Council approved a quality initiative, the SII, for the entire city. This initiative would extend the success enjoyed by many bureaus to all bureaus citywide and would empower teams to review options for improving productivity, service efficiency, and quality customer service. Although this budget request was reduced by 50 percent, this initiative will still receive top priority from the Council and City managers.

- **Information Technology Strategic Planning (ITSP).** Funding for the ITSP is now included within the budget of the Bureau of Information Services. This was absorbed by the Bureau while at the same time reducing the rate charged to its customers by 12 percent. The ITSP was established by Council to establish a collaborative information planning process, address the needs of the year 2000 problem, and develop a comprehensive inventory of information equipment.

- **Comprehensive Organizational Review and Evaluation (CORE) program.** The CORE program was conceived and started three years ago to improve service delivery by asking participating bureaus to rethink their organizations and develop new strategic, operating and financial plans. New and additional funding for private consultants to aid the CORE program is not funded in this budget. Instead, a smaller amount of money will be used from the prior year to train City budget analysts to provide the necessary consultation to the affected bureaus, as originally planned.

Budget Overview

Budget Summary

Total and Net Budgets

As indicated in Figure 6 below, the City of Portland's total budget can be reviewed in several different ways.

| 1997-98 PRIOR YEAR COMPARISON | 1996-97 Revised | 1997-98 Adopted | Dollar Change | Percent Change |
|--|--------------------|--------------------|------------------|-------------------|
| <u>ALL FUNDS</u> | | | | |
| Total Budget | 1,743,154,759 | 1,642,444,532 | (100,710,227) | -5.78% |
| Less:Tax Anticipation Notes & Interfund Transfers | (433,418,564) | (408,170,131) | 25,248,433 | -5.83% |
| Net Budget | 1,309,736,195 | 1,234,274,401 | (75,461,794) | -5.76% |
| <u>GENERAL FUND</u> | | | | |
| Total Budget | 311,340,460 | 292,700,403 | (18,640,057) | -5.99% |
| Less:Tax Anticipation Notes | 0 | 0 | 0 | |
| Net Budget | 311,340,460 | 292,700,403 | (18,640,057) | -5.99% |

Figure 6

Total Legal Budget - State budget law requires the reporting of the "total budget," which includes total operating costs and internal transactions between funds. The Adopted Budget for FY 1997-98 totals \$1.642 billion representing a decrease of 5.7% from the prior year's Revised Budget.

The City's total budget amount overstates actual program expenditures due to double counting of internal transactions. Internal transactions between funds are typically the result of one City bureau providing a service to another City bureau. Because this technically inflates the budget, in publicly discussing the budget, the City often refers to the Net Budget total.

Total Net Budget. Eliminating the double counting resulting from internal transfers, the City's net operating requirements total \$1,234,274,401. This "Net Budget" amount represents a 5.76% or \$75.5 million decrease over the prior year's budget.

In terms of resources, this decrease primarily reflects a reduction of \$118.5 million in debt proceeds from the Revised Budget. The FY 1996-97 budget included a \$120 million debt sale by

Budget Overview

the Bureau of Environmental Services which covered capital construction needs for a multi-year period and which raised the total debt proceeds that year to an extremely high level. Intergovernmental revenue dropped by \$5.8 million, reflecting decreased dollars from Housing and Community Development and HOME block grant funds.

In addition, property taxes dropped by \$2.5 million, which reflects the complex net impact of Measure 47 and Measure 50 property tax adjustments, as well as changes in collections for bonded debt. Property tax revenues to the General Fund decreased by \$24.7 million due to Measure 50 while property tax collections for the Bonded Debt Interest Fund declined by \$3.4 million due to a larger scheduled 1996-97 principal payment for the Performing Arts Center debt.

Offsetting these decreases, the Adopted Budget includes \$19.2 million increase in property tax revenue to cover debt payment for Fire and Police pension bonds which were issued in December 1996. These bonds were issued prior to the implementation of Measure 47 with bond proceeds to be used to fill FPD&R's Measure 47 revenue shortfall. Given the passage of Measure 50, the pension obligation bonds will not be needed and will be removed from the budget as soon as possible after the beginning of the new fiscal year. Once the \$19.2 million is backed out, the "real" drop in property tax revenues from revised FY 1996-97 to adopted FY 1996-98 becomes \$21.7 million.

These resource reductions are partially offset by an increase of \$7.1 million in business license fees, and an \$19.7 million increase in service charges and fees, which primarily represents increases in utility service charges collected by the Bureau of Environmental Services (\$13 million) and the Water Bureau (\$1.6 million).

In terms of requirements, expenditures drop by \$67.7 million in Parks, Culture and Recreation due to the replacing of interim financing with permanent long-term financing for the Oregon Arena Project. As a result, the Arena Operating expenditures for FY 1996-97 include the retirement of \$44 million in short-term debt. In addition, the FY 1997-98 Park Construction Fund (GOBI) net budget is approximately \$20 million less than the FY 1996-97 Revised Budget due to a decrease in scheduled projects.

Utilities also shows a significant reduction of \$85.6 million from the current year reflecting a drop in the level of sewer construction capital projects, as well as a drop in budgeted fund contingency in the construction fund as FY 1996-97 bond proceeds are used up to cover capital project costs. Legislative, Administration and Support also shows a reduction of \$14.6 million. This decrease primarily reflects a \$17 million drop in the Facilities Services Fund due to the timing of expenditures associated with the City Hall rehabilitation project.

Partially offsetting these reductions are a \$74 million increase in Public Safety requirements, and a \$14 million increase in Transportation and Parking. Even though Fire and Police budgets were reduced due to Measure 50, this service area showed a net increase due to the sale of \$80 million

Budget Overview

in Pension Obligation Bonds for Police and Fire retirement, as well as the \$19 million debt service requirement associated with the bond issue. As mentioned earlier, with the passage of Measure 50, the bond issue has been refunded, and the bond proceeds as well as the debt service payments will be removed from the budget at the first opportunity after the new fiscal year begins. When these amounts are reduced from the adopted budget, Public Safety will show a drop of \$5.8 million from revised FY 1996-97, which is consistent with the reductions in the Police and Fire bureaus due to Measure 50.

The Transportation and Parking service area increase is due to increases in the level of Transportation capital project funding over the prior year, as well as the sale of \$12 million of debt to cover construction of a new parking garage on the Fox Block, as well as smaller garage capital projects.

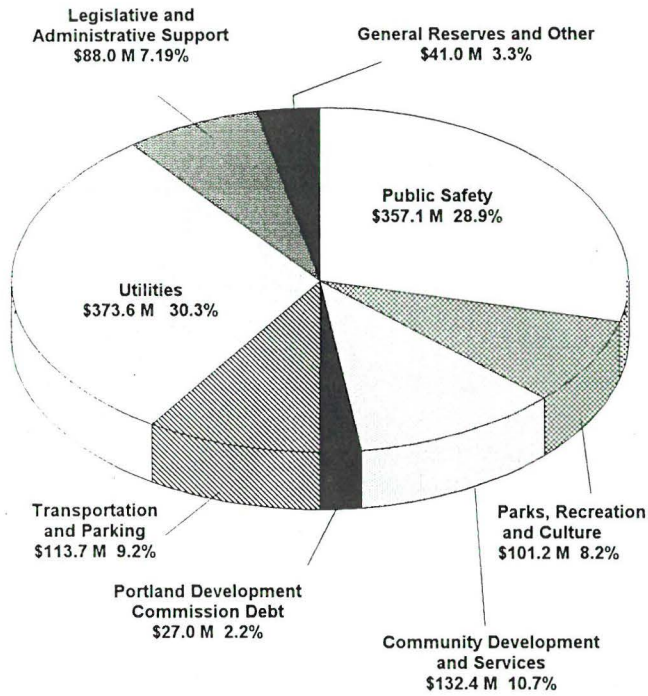
Figure 7, Total City Budget, provides an overview of resources (revenues) and requirements (expenses) for the City's total budget, net of internal transfers. Service charges, which primarily consists of fees for sewer and water service constitute 18.5% of the budget and exceed property tax resources which equal 16.2% of the budget. The largest component, beginning fund balance totaling \$448 million, or 36%, represents required reserves for debt and insurance funds, carryover balances from prior year debt sales for construction funds, as well as operating reserves for the major City funds.

Budget Overview

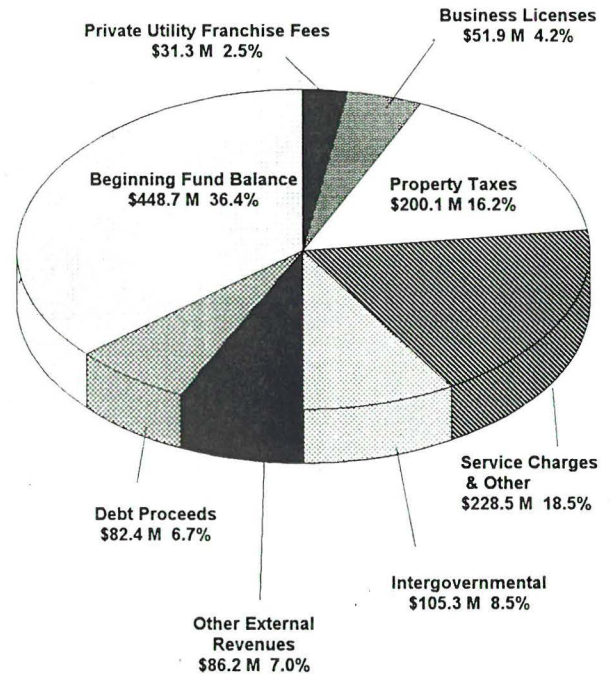
TOTAL CITY BUDGET

(NET OF INTERNAL TRANSFERS)
Fiscal Year 1997-98

Total Expenses ALL FUNDS



Total Revenues ALL FUNDS



Total Expenses - Total City
\$1,234,274,401

Total Revenues - Total City
\$1,234,274,401

| Adopted Budget | 1996-97 Revised Budget | 1997-98 Adopted Budget | Dollar Change | Percent Change |
|----------------|------------------------|------------------------|---------------|----------------|
| Net Budget | \$1,309,736,195 | \$1,234,274,401 | (75,461,794) | -5.76% |

Figure 7/Total City Budget

Budget Overview

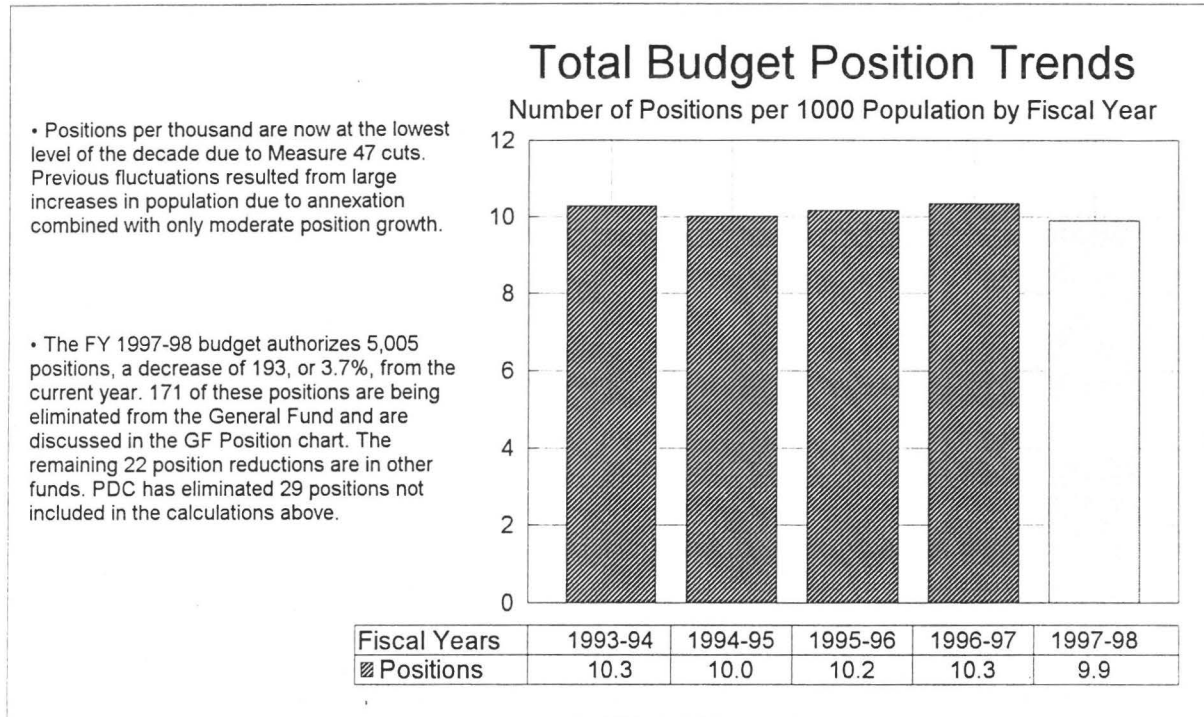


Figure 8

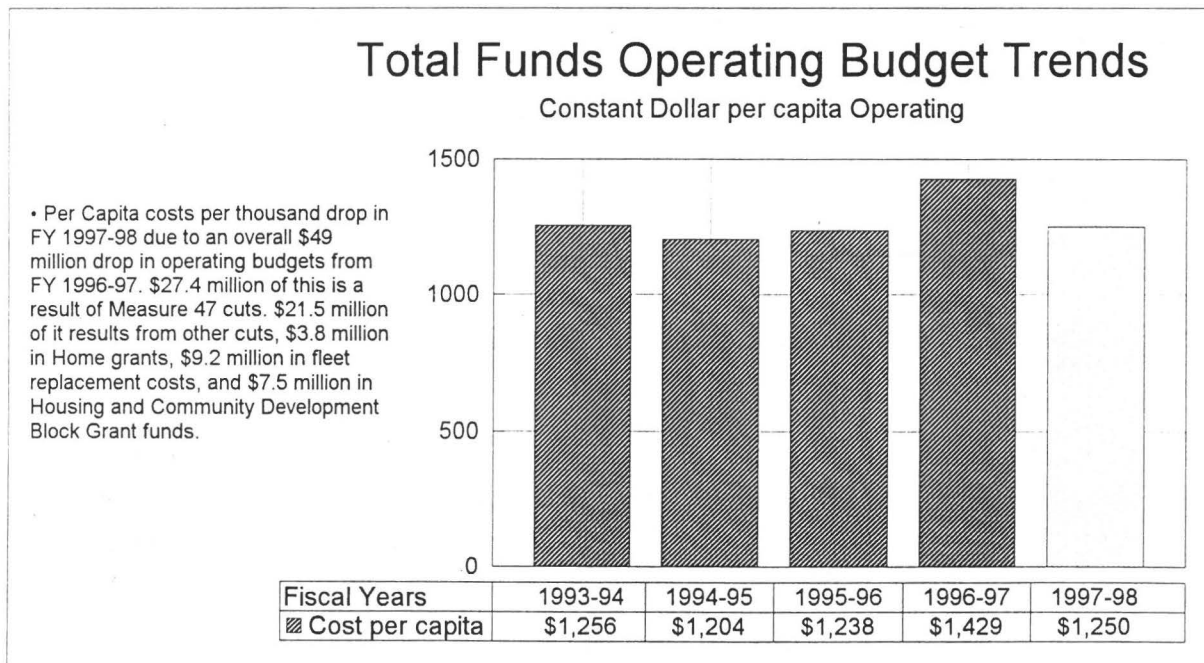


Figure 9

Budget Overview

On the requirements side, water and sewer utilities compose the largest part of the budget at 30.3%. This area has been registering a steady rate of growth largely as a result of major capital programs that are necessary to comply with state and federal regulations. The next largest service area is Public Safety which represents 28.9% of the budget, with Community Development following with 10.7%

Figure 9, Total Funds Operating Budget Trends, displays the budget over time on a per capita basis and with the effects of inflation removed. The intent of these charts is to track real growth in the City's budget as a result of service level increases or expansion of areas served by the City. Per capita costs dropped in FY 1994-95 due to large annexations which added 35,000 citizens to the City of Portland. Per capita costs increased in FY 1995-96 due to the increase of Environmental Services' Mid County sewer project, along with significant increases in Buildings and Planning due to the strong construction economy. The FY 1996-97 budget saw further increases due to the allocation of about \$19 million in program enhancements within the General Fund, as well as increases in Environmental Services due to expansion of service area, and Buildings due to a continued strong construction economy.

Per capita operating costs per thousand drop in FY 1996-98 by 7.3%. This reduction reflects the overall reduction of \$21 million in operating budgets, of which \$25.7 million is a result of Measure 50 budget reductions within the General Fund. The operating budgets of other funds, increased by a net \$3.6 million. This was a combination of an increase in \$19.5 million within the Fire, Police Disability and Retirement Fund to cover retroactive benefit increases, and a \$2 million increase in Environmental Services partially offset by a reduction of \$8 million in the Housing and Community Development Fund and \$8.6 million in the Fleet Fund. These latter two funds will adjust for carryover balances in the fall of 1996. Reductions also occurred in the Arena Operating Fund (\$1.2 million) and the Federal Grants Fund (\$2.3 million).

A total of 5,025 positions are authorized for FY 1997-98, a decrease of 171 from the prior year. Shown in Figure 8, positions per thousand citizens are now at the lowest level of the decade due to Measure 50 cuts. Previous fluctuations resulted from large increases in population due to annexation combined with only moderate position growth.

Of the 171 positions reduced, the vast majority, 159, are being cut from General Fund bureaus and are discussed in the General Fund position section. Of the remaining 14 positions cut, Environmental Services shows a drop of 9 positions, Transportation a loss of 7 positions, with smaller numbers reduced from Facilities Services, and Communication Services. These overall reductions were partially offset by an increase of 9 positions in the Bureau of Buildings in response to inspection and plan review demand in the construction industry.

Budget Overview

General Fund

The City's General Fund contains the City's discretionary resources that support such basic services as Police, Fire, Parks and Recreation. Discretionary resources are those that are not dedicated to specific services by City Charter, Code, State Statute, or Council policy. They are resources which the Council can choose to dedicate in support of any City service. The primary discretionary resources received by the General Fund are property taxes, utility license fees, and business license fees. Like the City's total budget, the City's General Fund budget can be viewed in two different ways:

Legal General Fund Budget -As shown in Figure 10, the "legal budget" of the General Fund totals \$292.7 million for FY 1997-98 a decrease of \$18.6 million, or almost 6%, when compared to the FY 1996-97 Revised Budget. This reduction is due entirely to the passage of Measure 50, which created a significant drop in property tax revenue.

Net General Fund Budget - As shown in Figure 10, the City's Net General Fund Budget is the same as its legal budget, totaling \$292.7 million in FY 1997-98. Because the City is fully reserved, tax anticipation notes have not been issued for the General Fund for several fiscal years. In prior years the City has borrowed funds to meet requirements early in the fiscal year because of a temporary lag in major revenues, the foremost of which is property taxes. Tax anticipation notes are "backed out" as a double count because they are repaid by property tax revenues.

Figure 10 shows both the resources (revenues) and requirements (expenses) for the General Fund. On the resource side, the revenue category most responsible for the overall General Fund reduction is property tax. Due to the passage of Measure 50, property tax revenue shows a \$24.7 million drop from the Revised FY 1996-97 Budget. Intergovernmental revenue, primarily grants from the federal government, shows a \$1.2 million reduction, while beginning balance goes down by \$3.7 million. These reductions are partially offset by a \$7 million increase in business license due to a strong local economy and \$1 million increase in lodging taxes, as well as a \$2.3 million increase in utility franchise fees.

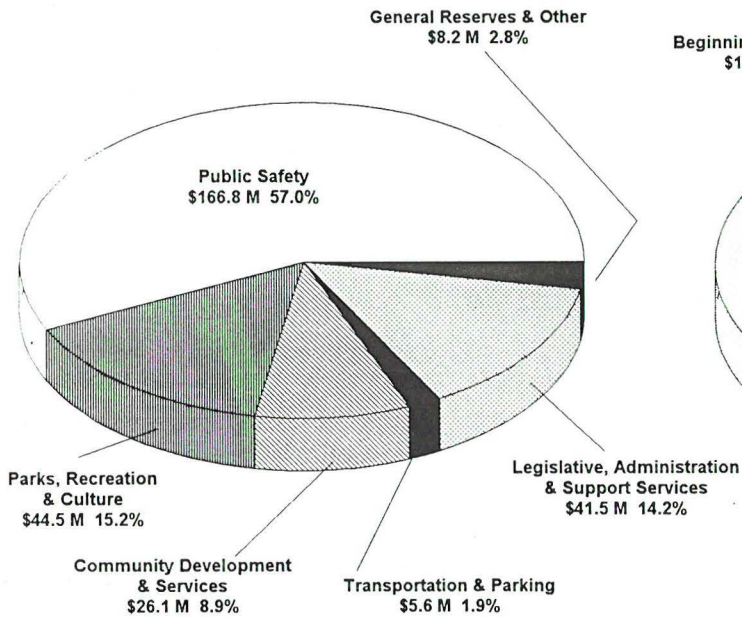
The reduction in requirements represents many of the major decisions implemented in this budget. Public Safety shows a drop of \$6.5 million from revised levels, reflecting the reduction of 63 Police Bureau positions and 42 Fire Bureau positions and associated materials and services. Parks, Culture and Recreation reflects a reduction of \$1.4 million from current year levels, while Community Development shows a drop of \$12.1 million. Of this amount, \$9.1 million was provided in the current year to the Portland Public Schools on a one-time only emergency basis.

Budget Overview

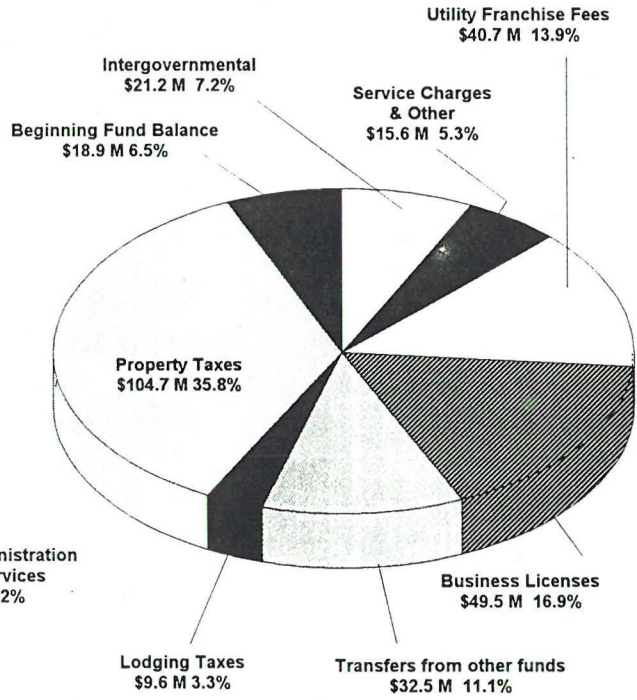
GENERAL FUND BUDGET

Fiscal Year 1997-98

Total Expenses GENERAL FUND



Total Revenues GENERAL FUND



Total Expenses - General Fund
\$292,700,403

Total Revenues - General Fund
\$292,700,403

| Adopted Budget | 1996-97 Revised Budget | 1997-98 Adopted Budget | Dollar Change | Percent Change |
|----------------|------------------------|------------------------|---------------|----------------|
| Net Budget | \$311,340,360 | \$292,700,403 | (18,639,957) | -5.99% |

Figure 10

Budget Overview

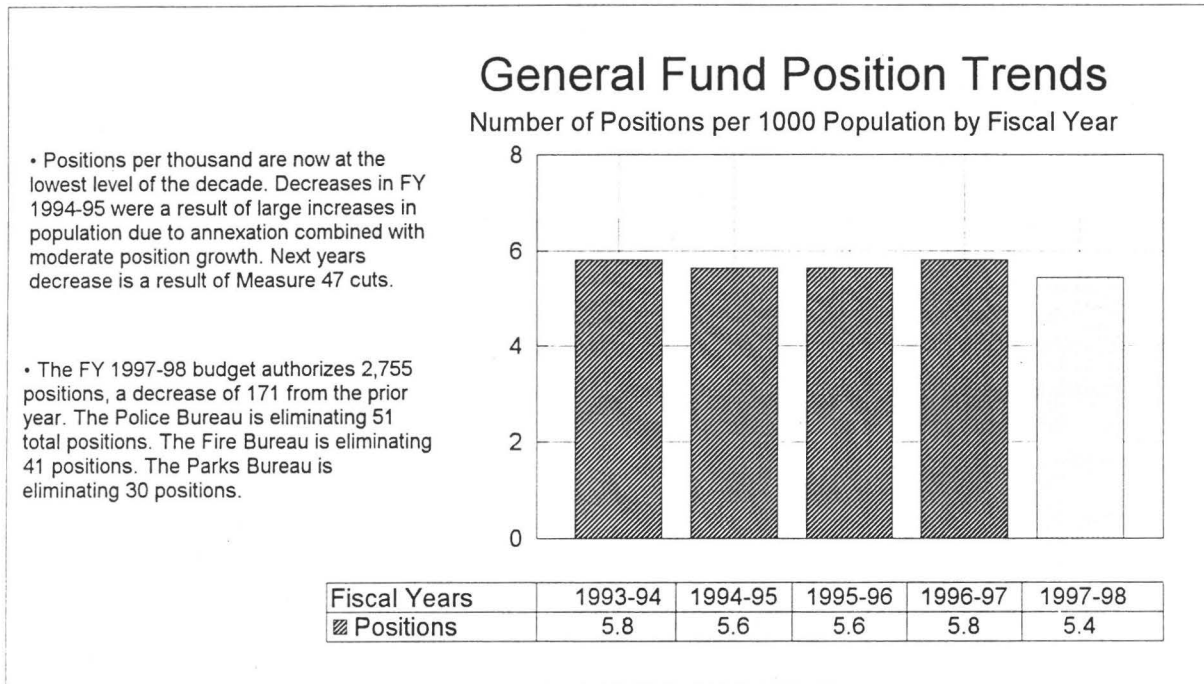


Figure 11

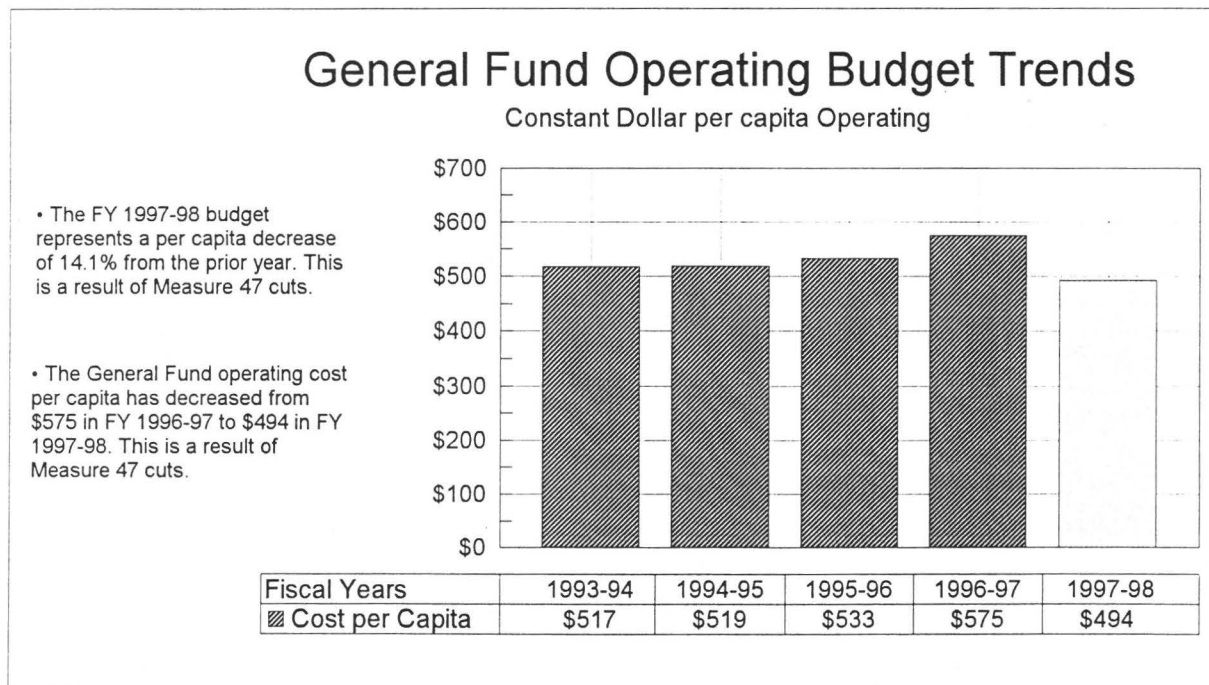


Figure 12

Budget Overview

General Fund positions for FY 1997-98 total 2,765, which is a reduction of 159 positions from the FY 1996-97 Revised Budget. Police positions drop by 63, Fire positions by 41, and Park positions by 27. Virtually every General Fund bureau shows a position reduction from the FY 1996-97 Revised Budget with reductions occurring in Finance and Administration, Planning, Neighborhood Associations, City Attorney, City Auditor, and Mayor and Commissioners.

Figure 11 shows position growth during this period on a per capita basis. As can be seen, position growth was relatively flat in earlier years, indicating that the City was successful in containing position growth during a period in which the city service area significantly increased due to a vigorous annexation program. The drop in positions to 5.5 per capita in FY 1997-98 is due to Measure 50.

Figure 12, General Fund Operating Budget Trends, shows growth in the General Fund on a per capita basis after removing inflation. Per capita operating costs have been trending upwards since FY 1993-94 as a strong local economy and rising assessed values allowed the General Fund to recover from fiscal constraints imposed by Measure 5. As shown, the new property tax limitation Measure 50 has reduced per capita operating costs in FY 1996-98 to \$501, a 13% reduction from the FY 1996-97 revised level.

Capital Budget

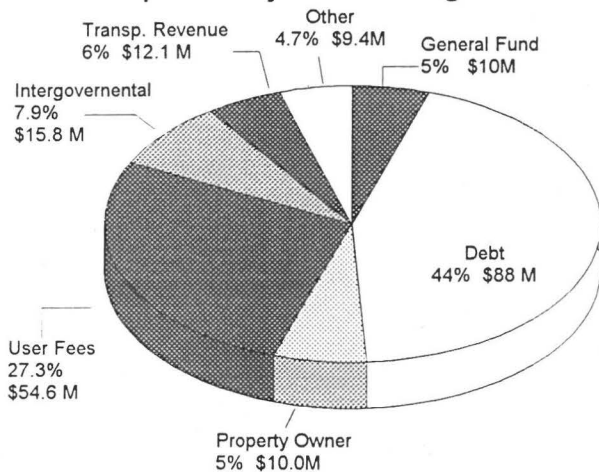
Today's fiscal constraints make it imperative for the City to assess its capital needs carefully, to ensure that high priority projects are funded and that existing capital assets are preserved. Limitations on property tax revenues, coupled with increasing federal and state regulations and an expanding backlog of required capital demands, have served to heighten the need for long-range and comprehensive capital planning. Additionally, the impact of capital budget plans on fees for service and city debt must also be carefully considered, particularly in light of federal regulations, such as the Clean Water Act.

Because of the importance of these City requirements, City bureaus are required to annually submit five-year capital plans. Requests are submitted for review by the Bureau of Financial Planning and the Debt Management Group in December. Recommendations are issued prior to the submission of bureau budget requests. This ensures that information is available to the Council well in advance of its budget hearings. A Capital Review Committee (CRC) is convened annually and tasked with developing recommendations for Council consideration on projects to be paid for from General Fund monies. This committee is composed of managers from each of the City's major capital bureaus, the Debt Management Group, and the Bureau of Financial Planning.

TOTAL CAPITAL BUDGET

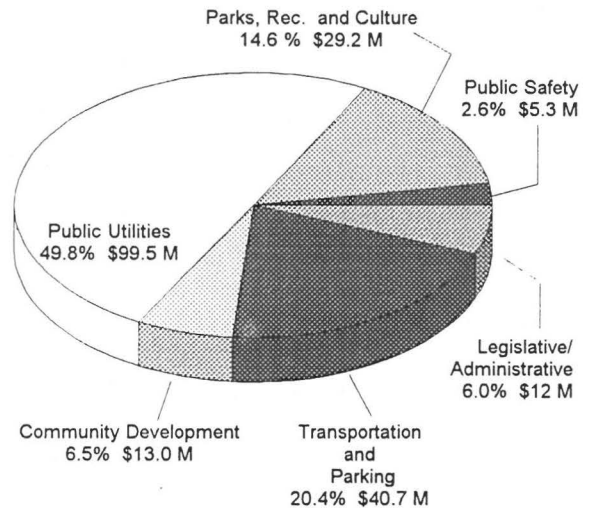
Fiscal Year 1997-98

Capital Project Funding Sources



**Total Capital Resources:
\$199.8 Million**

Capital Projects by Service Area



**Total Capital Projects:
\$199.8 Million**

Capital Projects of Note

| | | |
|---|--|----------------|
| Transportation | Street Improvements | \$15.1 Million |
| | Lovejoy Ramp Removal | \$2.9 Million |
| | Central City Street Car | \$4.4 Million |
| Utilities | Combined Sewer Overflow | \$34.8 Million |
| | Mid-County Sewer Construction | \$3.9 Million |
| Community Development | Men's Homeless Shelter | \$1.8 Million |
| Legislative, Administrative and Support Services | City Hall Renovation | \$10.2 Million |
| | Portland Building | \$1.0 Million |
| Parks, Recreation & Culture | Parks General Obligation Bond Projects | \$19.4 Million |

Figure 13

Budget Overview

Each year as a result of this process, the City Council deliberates on and adopts a five year capital budget. The first year of that plan is incorporated into the budgets for the appropriate bureaus. As indicated in Figure 13, the City is expected to expend \$199.8 million on capital improvement projects during FY 1997-98. (This does not include \$4.8 million of Portland Development Commission's capital budget).

Of the total \$199.8 million capital budget, \$88 million, 44%, will be supported by debt proceeds, primarily from water and sewer revenue bonds. User fees, which include parking garage fee revenue as well as water and sewer charges, will support \$54.6 million, 27.3%, of capital projects. The General Fund will support \$10 million, 5%, of the capital program. Intergovernmental resources, in the form of federal and other grants, will provide \$15.8 million in capital resources while gas tax and other Transportation resources will provide almost \$12.1 million in resources. Finally, payments from property owners through the local improvement district program will support just over \$10 million in projects, or 5% of the capital program.

Figure 13 also demonstrates that by far the largest area of capital expenditures, 49.8% is in the area of public utilities. Projects such as the mid-County sewers and the Combined Sewer Overflow represent substantial capital investments. Other notable projects included within the capital budget are: renovation and seismic upgrade of City Hall; park improvement projects financed by the voter approved general obligation bond; increased investment in alternative modes of transportation (bike and pedestrian improvements) as well as street improvements.

City Debt Management

The City of Portland issues a variety of debt to raise capital for construction projects and for the acquisition of equipment and facilities. Most of the City's debt is rated by one or more national rating agencies, including Moody's Investors Service and Standard and Poor's. Bond ratings, based upon this independent analysis by financial market professionals, indicate the confidence that an investor can have in the security of their investment in City bonds and other obligations. "Aaa" is the highest possible rating, and is based on a thorough analysis of four basic factors: economic condition, debt load, financial condition and overall management capabilities. Since 1973 the City's unlimited tax general obligation debt has been rated "Aaa" by Moody's. City revenue bonds are typically rated between "A" or "Aa1" by Moody's and "A+" by Standard & Poor's.

Moody's currently rates over 36,000 separate debt issues, of which 47% are rated "Aaa", but only 127 issuers, including Portland, have obtained that rating based on their own credit capabilities and without the use of bond insurance. In the 13 Western states there are only 14 "Aaa" credits obtained on their own merit, and Portland is one of only eight cities in the United States with a population over 250,000 holding that rating.

Budget Overview

The following is a brief summary of the City's existing debt as of June 30, 1997:

General Obligation Debt, backed by the full faith and credit and unlimited taxing power of the City, presently outstanding consists of:

- \$60.2 million in voter-approved general obligation bonds for the Performing Arts Center, Civic Stadium and for parks system improvements
- \$905,000 in general obligation improvement bonds and \$57.9 million in general obligation water bonds. These bonds are repaid from individual property assessments and water user charges, respectively, but are secondarily backed by the City's general obligation pledge.

Revenue Bonds, or debt supported by a specified resources such as user fees, include:

- \$505.1 million in sewer system revenue bonds.
- \$3.8 million in environmental remediation bonds.
- \$43.2 million in water revenue bonds.
- \$1.3 million in golf revenue bonds.
- \$12.7 million in arena gas tax revenue bonds
- \$6.4 million in gas tax revenue bonds.
- \$36.8 million in hydropower revenue bonds.
- \$11.3 million in parking revenue bonds.
- \$28.7 million in special assessment bonds.
- \$104.3 million in urban renewal bonds.

General Fund backed debt, either paid from or secured by the General Fund, includes:

- \$75.3 million in limited tax revenue bonds, full faith and credit obligations and certificates of participation for building improvements and equipment acquisition.
- \$14.0 million in arena limited tax revenue bonds and \$9.9 million in arena limited tax bonds issued to fund public improvements are the Oregon Arena Project. These bonds

Budget Overview

are expected to be repaid from user fees and parking revenues derived from the operations of the Arena Project.

- \$12.9 million in limited tax improvement bonds
- \$15.8 million in lines of credit used to interim finance local improvement districts, capital acquisition and construction projects, and housing projects.

Debt Limitation

The City's general obligation debt limit is equal to three percent of real market valuation, or about \$996 million. Certain self-supporting bonds are exempted from this limitation. Currently the City has outstanding \$61.9 million in general obligation debt that is subject to the debt limitation.

Anticipated Debt Issuance in FY 1997-98

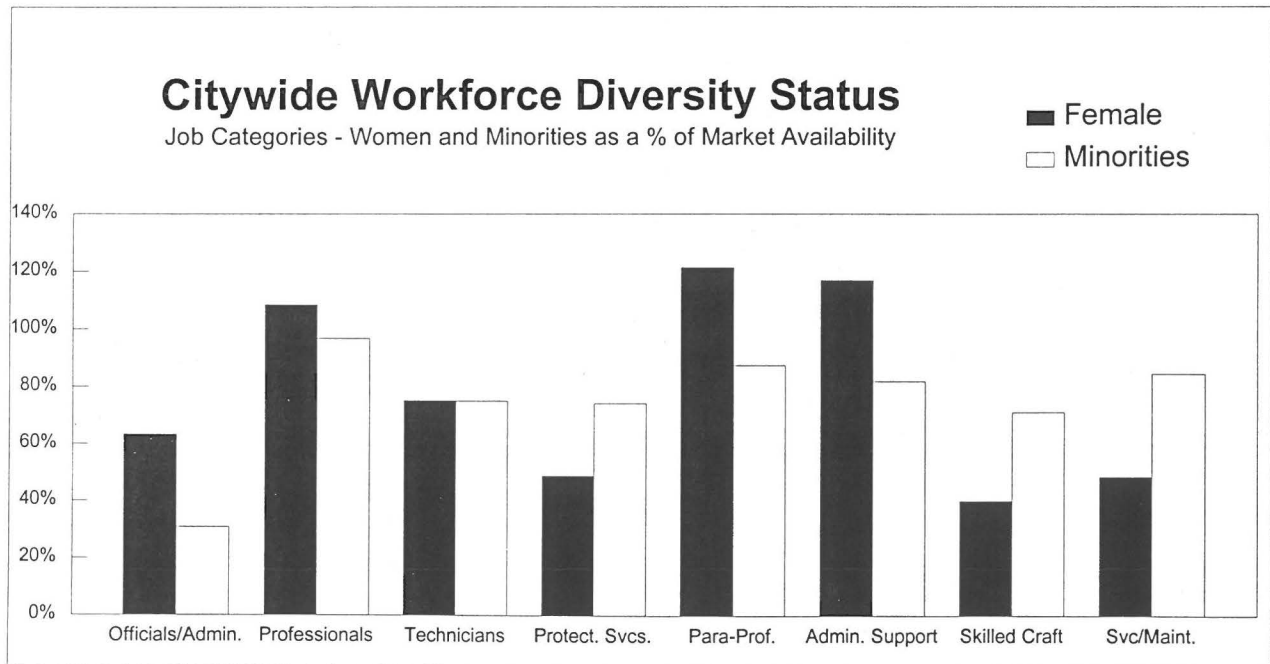
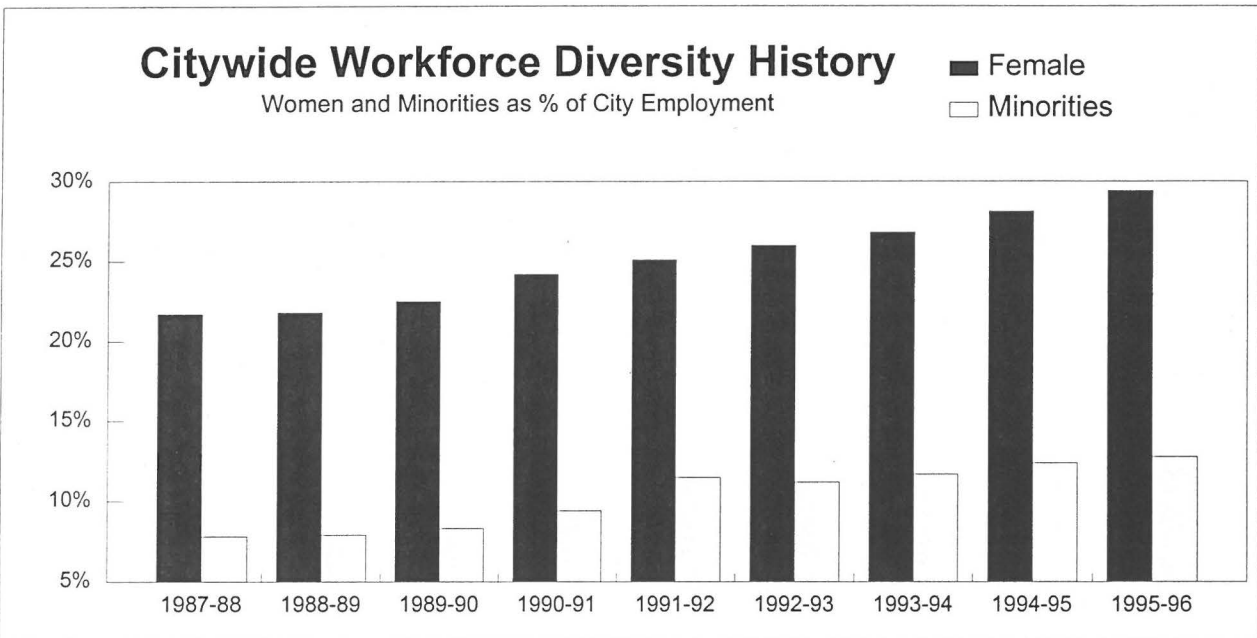
The City anticipates issuing the following debt obligations during FY 1997-98:

- \$7 million in assessment bonds to support local improvement district projects.
- \$17 million in parking revenue bonds to expand capacity of the City's parking system and to refinance outstanding parking bonds.
- \$25 million in water revenue bonds for water system capital improvements.
- \$125 million in sewer revenue bonds.
- \$2 million in gas tax revenue bonds.

Budget Overview

Workforce Diversity:

The Council has directed that all City organizations seek to develop a workforce reflecting the rich cultural diversity of Portland as a community. The first chart shows that both women and minority representation as a percent of total city employment has had a slow but steady growth since FY 1987-88. The second chart shows that in spite of this progress, minority representation is close to exceeding market representation only in the professionals category.



Budget Overview

MAJOR PHASES OF BUDGET PROCESS

| Planning & Guidelines Bureau Budget Request October-January | First Year of Bi- Annual Budget Council Review and Approval January - April | First Year of Bi- Annual Budget Final Review and Adoption May - June | Second Year of Bi- Annual Budget Review, Approval & Adoption March - June |
|---|---|--|--|
| <ol style="list-style-type: none"> 1. Budget Manual distributed to Bureaus. 2. Council holds budget planning session: <ul style="list-style-type: none"> - Develops goals and work plan. - Reviews General Fund forecast and approves as the Financial Plan. - Develops budget guidelines. Community Survey and community budget forums. OF&A calculates target allocations. Bureaus prepare budget requests. OF&A reviews Bureau budget requests and prepares overviews. | <ol style="list-style-type: none"> 1. Council reviews bureau budget requests. 2. Council hears testimony from public, bureau budget advisory committees and Budget Advisory Committee. 3. Council makes the allocation and policy decisions necessary to balance the budget. 4. OF&A produces the Proposed Budget document. 5. Council gives preliminary approval to budget. | <ol style="list-style-type: none"> 1. Tax Supervising and Conservation Commission reviews the budget and holds public hearing. 2. Council considers updated estimates and makes final decisions for the budget. 3. Council adopts the budget. | <ol style="list-style-type: none"> 1. Bureaus submit Budget modifications. 2. Proposed modified second year budget issued to Council. 3. Public Hearings on modified second year budget. 4. Proposed second year budget revised and approved by Council. 5. Tax Supervising and Conservation Commission reviews budget. 6. Council adopts the modified second year budget. |

Major Phases of Budget Process

Budget Overview

COUNCIL PRIORITIES

City Council met in a day long planning session in November 1995 to set preliminary vision goals for the next two years. These goals were discussed in the community at eight public forums held in November and December of 1995. Community input was also collected by means of a scientific survey. Council met again in mid December 1995 to approve the following vision goals. The goals were revisited in the fall of 1996, discussed at the public forums, and the City collected further community input from scientific surveys to ascertain if the public input had changed after the passage of the tax limitation measure in the November 1996.. The goals were reaffirmed for FY 1997-98 during this process.

- Build a Livable City Through Good Planning and Well-Managed Growth
- Ensure Decent, Affordable Housing
- Promote Healthy Families and Children
- Support Quality Education to Produce Well Educated Citizens
- Build a Sense of Community by Promoting Citizen Participation, Connectedness and Partnerships
- Continuously Improve the Delivery of Quality Public Services
- Maintain a Financially Stable City
- Promote Economic Vitality and Access to Quality Jobs for all Citizens
- Ensure a Safe, Peaceful Community

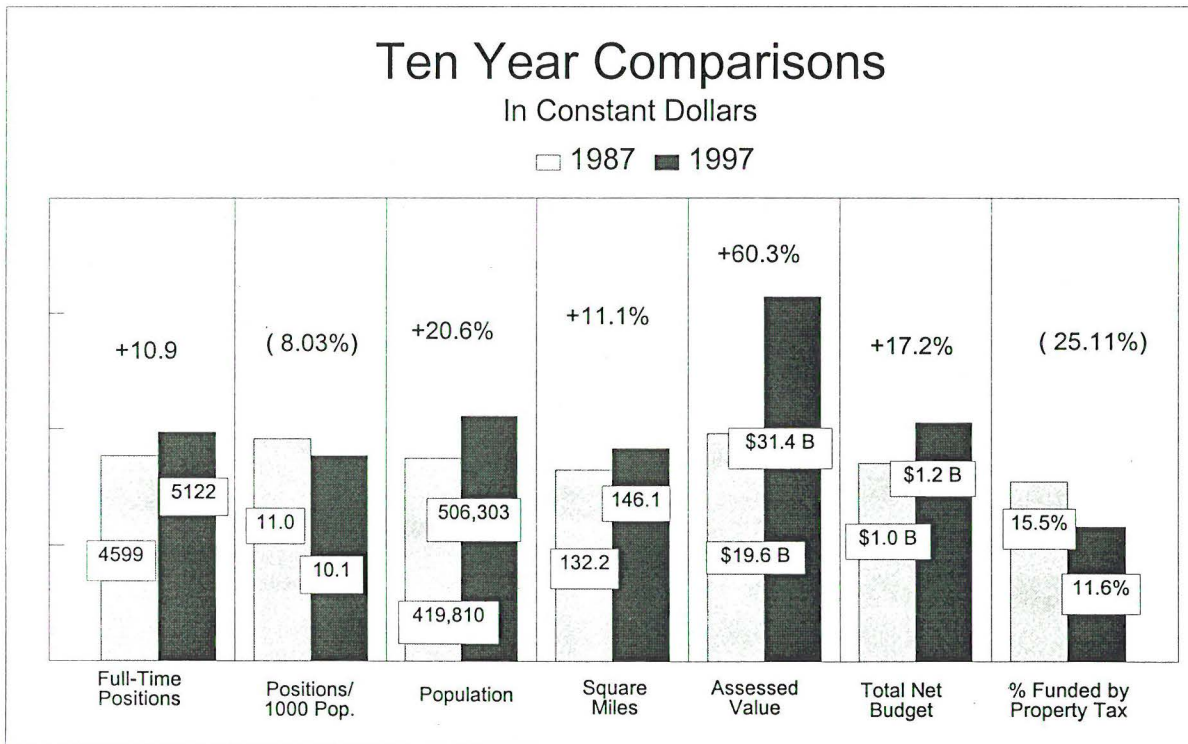
These goals guided the Council as they made budget allocation decisions. In addition to the above priorities, the Council has also identified workforce diversity and loss control as areas of emphasis and priority as seen on the following pages.

Budget Overview

Economic trends continue to be favorable. Over the last year, per capita income has increased by 3.7%. Unemployment has increased during the past year, from 3.9% in July 1996 to an estimated 4.8% for July 1997. Inflation is expected to increase slightly.

City of Portland - Trends

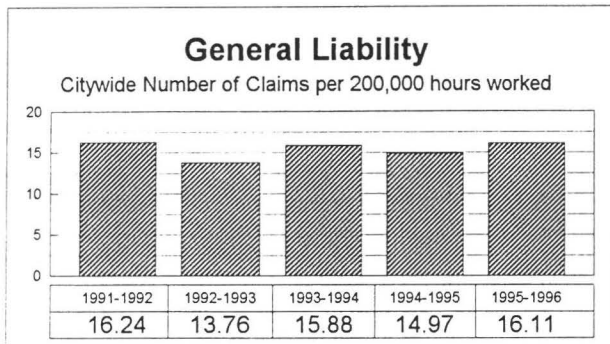
| | July 1996 | July 1997 (est.) | Change | % Change |
|------------------------|-----------------|------------------|----------------|----------|
| Per Capita Income | \$23,209 | \$24,091 | \$882 | 3.7% |
| Unemployment | 3.9% | 4.8% | 0.9% | 18.8% |
| CPI (Jan 95-Jan 96) | 2.7% | 3.8% | 1.1% | 28.9% |
| Population | 503,000 | 506,303 | 3,303 | 0.6% |
| Square Miles | 146.6 | 146.6 | 0 | 0.00% |
| Assessed Value\Billion | \$28.3 | \$31.4 | \$3.1 | 9.9% |
| Total Net Budget | \$1,309,736,195 | \$1,234,274,401 | (\$75,461,794) | -6.1% |



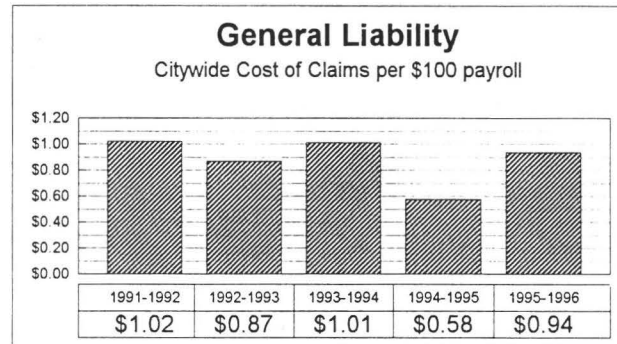
Budget Overview

Liability and Worker's Compensation:

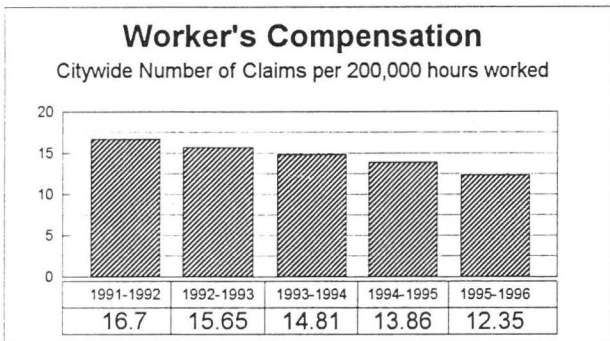
The City is self-insured for liability and worker's compensation claims. For FY 1997-98, the City budget, including reserves for future claims, totals just over \$20.1 million for this purpose. As a result, any action to reduce these types of liabilities means reduced operating costs for city organizations. That means that resources can be dedicated to other high priority service needs. For this reason, the Council has established loss reduction as a high management priority.



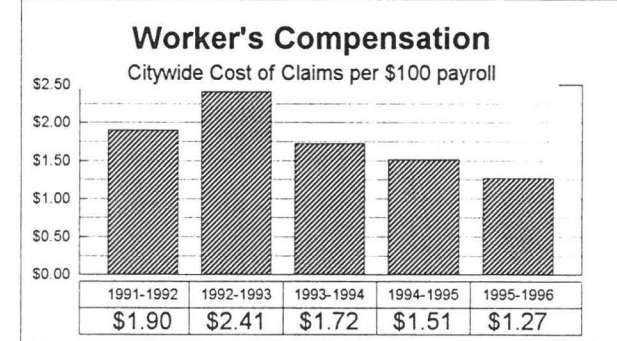
Overall downward trend due to aggressive loss prevention programs. Flood and severe weather claims caused a jump in FY 1995-96.



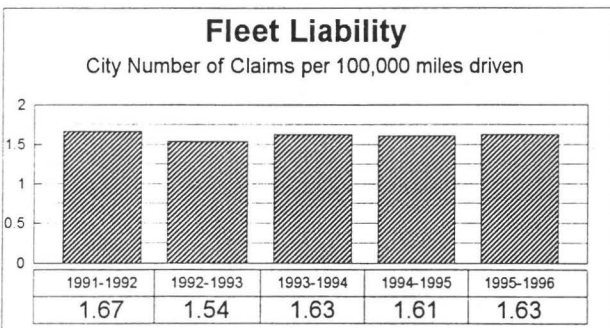
Increased Tort Caps affect the cost of claims. Cost per claim increased in FY 1995-96 due to adverse jury verdicts favoring plaintiffs.



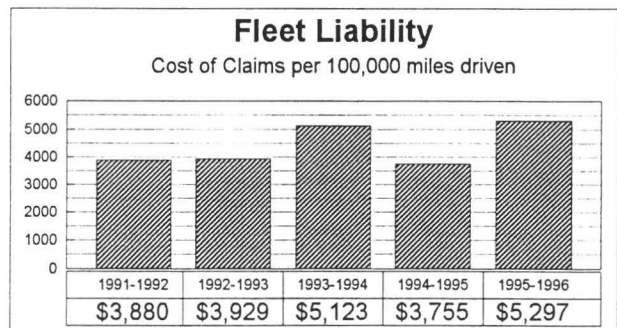
Reveals downward trend, due largely to efforts of Bureau Safety Management Teams, and loss prevention programs.



Total cost of claims have decreased over the five year period, even though statutory scheduled Worker's Compensation benefits have increased significantly.



The frequency of claims has remained flat for several years. This is due in part to citywide defensive driving courses.



The cost of claims has increased due to higher medical costs.

Budget Overview

City Trends

Trends and Ten-year Comparisons, provides information on some trends of importance to City residents and management of the City. A review of these trends indicates:

- **Rapid Growth** Over the last ten years, primarily as a result of an aggressive annexation program, the City has experienced tremendous growth. The area served has increased by 11.1%, with residents served increasing by over 20.6%. Projections indicate that over the next two decades the Portland Metropolitan area can expect 500,000 new residents.
- **Improved Efficiency** The overall number of employees has increased by nearly 11% over the last ten years. This growth rate has not kept pace with growth in the service area and population. When measured on a "per 1000" population basis, positions have actually declined by 8.0% over the last ten years. In effect, the organization has become more efficient as the City has experienced growth. The passage of Measure 50 in spring, a tax limitation measure, will result in the reduction of 171 positions from the FY 1996-97 Revised Budget.
- **Improved Financial Condition** Budget growth has been fueled by a strong regional economy, an expanding service area and improved property values. When adjusted for inflation, the budget has grown just over 17.2% over the last ten years. However, as a result of the tax limitation measure passed by the voters in 1990 and 1996 the percent of the budget supported by property taxes has decreased by 25%. Because no sales tax is assessed either at the state or local level, this trend means that the City is becoming more reliant on other revenue sources, such as fees for service, business income tax, utility franchise fees, and lodging taxes.

On the economic front, trends continue to be favorable and stable. Over the last year, per capita income has increased by 3.7%. Unemployment has increased over the past year, from 3.7% in July 1996 to an estimated 4.8% for July 1997.

Financial Summaries

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|--|----|
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TOTAL CITY BUDGET - REVENUES AND EXPENSES

Table 1

This table summarizes the City budget as a whole according to the major categories of expenses and revenues. The figures on this page combine all of the City's funds except those of the Portland Development Commission, a semi-autonomous agency that operates under City charter but is budgeted separately. All subsequent budget tables follow this format.

| | Revised Budget FY 1996-97 | Adopted FY 1997-98 |
|---|------------------------------|------------------------|
| TOTAL REVENUES - All Funds | | |
| External Revenues | | |
| Property Taxes | 202,611,131 | 200,090,628 |
| Other Taxes | 10,341,650 | 11,428,561 |
| Licenses and Permits | 90,352,472 | 99,053,280 |
| Service Charges | 208,677,996 | 228,467,350 |
| Intergovernmental | 111,069,362 | 105,248,342 |
| Miscellaneous | 66,598,213 | 58,935,677 |
| Debt Proceeds | 209,932,061 | 102,377,666 |
| Total External Revenues | \$899,582,885 | \$805,601,504 |
| Transfers from Other Funds | | |
| Service Reimbursements | 112,835,484 | 105,873,246 |
| Cash Transfers | 309,850,494 | 282,296,885 |
| Total Transfers from Other Funds | \$422,685,978 | \$388,170,131 |
| Beginning Fund Balances | 420,885,896 | 448,672,897 |
| TOTAL BUDGET | \$1,743,154,759 | \$1,642,444,532 |
| Less Interfund Transfers and Tax Anticipation Notes | (433,418,564) | (408,170,131) |
| NET BUDGET | \$1,309,736,195 | \$1,234,274,401 |
| TOTAL EXPENSES - All Funds | | |
| Bureau Expenses | | |
| Personal Services | 317,842,489 | 318,776,869 |
| External Materials & Services | 298,007,363 | 271,707,850 |
| Internal Materials & Services | 113,297,880 | 105,909,846 |
| Capital Outlay | 197,385,768 | 153,586,300 |
| Equipment Cash Transfers | 8,969,715 | 650,559 |
| Total Bureau Expenses | \$935,503,215 | \$850,631,424 |
| Fund-Level Expenses | | |
| Debt Service | 182,451,386 | 181,215,342 |
| Fund Level Cash Transfers | 301,996,469 | 281,609,726 |
| Contingency | 270,236,291 | 273,511,572 |
| Inventory Increases | 140,000 | 140,000 |
| Total Fund-Level Expenses | \$754,824,146 | \$736,476,640 |
| TOTAL APPROPRIATED BUDGET | \$1,690,327,361 | \$1,587,108,064 |
| Unappropriated Ending Balance | 52,827,398 | 55,336,468 |
| TOTAL BUDGET | \$1,743,154,759 | \$1,642,444,532 |
| Less Interfund Transfers and Tax Anticipation Notes | (433,418,564) | (408,170,131) |
| NET BUDGET | \$1,309,736,195 | \$1,234,274,401 |

OPERATING & CAPITAL BUDGET BY SERVICE AREA

Table 2

This table summarizes the operating and capital expenditures included in bureau budgets for each fiscal year, by service area and by bureau. It does not include fund requirements such as contingencies, reserves, debt principal, or interfund transfers.

| | FY 1996-97 Revised Budget | | | FY 1997-98 Adopted Budget | | |
|--|---------------------------|----------------------|--------------------|---------------------------|----------------------|--------------------|
| | Operating Budget | Capital Improvements | Total Expenditures | Operating Budget | Capital Improvements | Total Expenditures |
| Public Safety | | | | | | |
| Police | 101,778,678 | 771,684 | 102,550,362 | 97,367,890 | 799,535 | 98,167,425 |
| Fire | 58,453,291 | 3,893,412 | 62,346,703 | 56,596,349 | 2,354,381 | 58,950,730 |
| Fire & Police Disability & Retirement | 45,422,509 | 0 | 45,422,509 | 65,001,326 | 0 | 65,001,326 |
| Emergency Communications | 10,625,957 | 0 | 10,625,957 | 10,703,424 | 0 | 10,703,424 |
| Public Safety Capital | 350,000 | 1,160,000 | 1,510,000 | 213,133 | 1,118,000 | 1,331,133 |
| Other Public Safety | 11,027,431 | 3,841,701 | 14,869,132 | 10,593,775 | 1,000,000 | 11,593,775 |
| Total Public Safety | 227,657,866 | 9,666,797 | 237,324,663 | 240,475,897 | 5,271,916 | 245,747,813 |
| Parks, Recreation & Culture | | | | | | |
| Parks & Recreation | 33,689,758 | 7,346,456 | 41,036,214 | 29,604,706 | 8,441,916 | 38,046,622 |
| Parks Bond Constr. Fund | 0 | 28,190,716 | 28,190,716 | 0 | 19,402,539 | 19,402,539 |
| Golf | 4,603,587 | 500,000 | 5,103,587 | 4,138,768 | 1,100,927 | 5,239,695 |
| Portland International Raceway | 632,578 | 90,000 | 722,578 | 679,734 | 90,000 | 769,734 |
| Parks Systems Improvement | 0 | 0 | 0 | 0 | 0 | 0 |
| Regional Arts Commission | 1,541,497 | 0 | 1,541,497 | 1,465,526 | 0 | 1,465,526 |
| Arena Operating | 1,690,000 | 285,000 | 1,975,000 | 510,429 | 200,000 | 710,429 |
| Other Parks, Recreation & Culture | 3,657,708 | 0 | 3,657,708 | 4,600,108 | 0 | 4,600,108 |
| Total Parks, Recreation & Culture | 45,815,128 | 36,412,172 | 82,227,300 | 40,999,271 | 29,235,382 | 70,234,653 |
| Public Utilities | | | | | | |
| Water | 45,752,173 | 24,096,800 | 69,848,973 | 46,131,475 | 22,261,000 | 68,392,475 |
| Hydropower | 586,250 | 0 | 586,250 | 591,813 | 0 | 591,813 |
| Environ Svcs-Sewer System | 58,132,672 | 114,755,225 | 172,887,897 | 60,151,705 | 77,277,712 | 137,429,417 |
| Environ Svcs-Refuse Disposal | 2,137,237 | 0 | 2,137,237 | 1,676,780 | 0 | 1,676,780 |
| Other Public Utilities | 5,500,470 | 309,000 | 5,809,470 | 6,351,494 | 0 | 6,351,494 |
| Total Public Utilities | 112,108,802 | 139,161,025 | 251,269,827 | 114,903,267 | 99,538,712 | 214,441,979 |
| Community Development & Svcs | | | | | | |
| Planning | 7,890,029 | 126,600 | 8,016,629 | 8,220,660 | 59,800 | 8,280,460 |
| Bureau of Community Develop | 6,767,086 | 0 | 6,767,086 | 4,718,996 | 0 | 4,718,996 |
| Office of Neighborhood Associations | 3,084,541 | 0 | 3,084,541 | 3,169,265 | 0 | 3,169,265 |
| Cable & Franchise Management | 1,541,010 | 0 | 1,541,010 | 1,390,450 | 0 | 1,390,450 |
| Energy | 1,246,698 | 0 | 1,246,698 | 892,550 | 0 | 892,550 |
| Metro Human Rights Commission | 361,223 | 27,922 | 389,145 | 0 | 0 | 0 |
| Buildings | 17,164,495 | 0 | 17,164,495 | 18,854,180 | 0 | 18,854,180 |
| Cable Fund | 2,784,762 | 0 | 2,784,762 | 2,938,943 | 0 | 2,938,943 |
| LID Construction | 1,467,819 | 11,525,648 | 12,993,467 | 1,376,335 | 9,972,043 | 11,348,378 |
| Housing & Community Development | 26,574,525 | 0 | 26,574,525 | 18,504,882 | 0 | 18,504,882 |
| Other Community Develop/Svcs | 33,460,223 | 8,754,504 | 42,214,727 | 24,538,064 | 2,998,188 | 27,536,252 |
| Total Community Development/Svcs | 102,342,411 | 20,434,674 | 122,777,085 | 84,604,325 | 13,030,031 | 97,634,356 |
| Transportation & Parking | | | | | | |
| Transportation & Street Lighting | 69,092,791 | 24,797,994 | 93,890,785 | 67,806,108 | 30,624,510 | 98,430,618 |
| Parking Facilities | 2,912,962 | 6,852,200 | 9,765,162 | 2,987,952 | 10,073,000 | 13,060,952 |
| Autoport | 640,032 | 522,600 | 1,162,632 | 766,592 | 0 | 766,592 |
| Other Transportation & Parking | 2,654,290 | 0 | 2,654,290 | 3,339,285 | 0 | 3,339,285 |
| Total Transportation & Parking | 75,300,075 | 32,172,794 | 107,472,869 | 74,899,937 | 40,697,510 | 115,597,447 |
| Legislative/Admin/Support Svcs | | | | | | |
| City Attorney | 3,869,011 | 32,466 | 3,901,477 | 3,998,963 | 0 | 3,998,963 |
| City Auditor | 4,593,576 | 0 | 4,593,576 | 4,351,985 | 0 | 4,351,985 |
| Office of Finance & Administration | 18,521,013 | 197,346 | 18,718,359 | 16,689,108 | 543,705 | 17,232,813 |
| Mayor & Commissioners' Offices | 3,964,461 | 0 | 3,964,461 | 3,459,578 | 0 | 3,459,578 |
| Purchases & Stores | 1,605,723 | 0 | 1,605,723 | 2,162,886 | 0 | 2,162,886 |
| Licenses | 2,945,996 | 0 | 2,945,996 | 2,792,548 | 25,700 | 2,818,248 |
| Office of Governmental Relations | 613,616 | 0 | 613,616 | 535,767 | 0 | 535,767 |
| General Services-Administration | 1,264,209 | 0 | 1,264,209 | 1,285,765 | 0 | 1,285,765 |
| Capital Improvement Fund (REFLECTED IN COMM. DEV. SERVICE AREA) | | | | 103,954 | 0 | 103,954 |

OPERATING & CAPITAL BUDGET BY SERVICE AREA

Table 2

This table summarizes the operating and capital expenditures included in bureau budgets for each fiscal year, by service area and by bureau. It does not include fund requirements such as contingencies, reserves, debt principal, or interfund transfers.

| | FY 1996-97 Revised Budget | | | FY 1997-98 Adopted Budget | | |
|---|---------------------------|----------------------|--------------------|---------------------------|----------------------|--------------------|
| | Operating Budget | Capital Improvements | Total Expenditures | Operating Budget | Capital Improvements | Total Expenditures |
| Legislative/Admin/Support Svcs (cont) | | | | | | |
| Communications Services | 7,192,938 | 652,000 | 7,844,938 | 6,933,705 | 248,000 | 7,181,705 |
| Facilities Services - Leg/Admin. | 8,036,634 | 24,857,481 | 32,894,115 | 8,145,655 | 11,175,000 | 19,320,655 |
| Fleet Services | 27,073,053 | 0 | 27,073,053 | 18,446,616 | 0 | 18,446,616 |
| Printing & Distribution Services | 5,968,422 | 0 | 5,968,422 | 5,682,241 | 0 | 5,682,241 |
| Insurance & Claims | 4,627,075 | 0 | 4,627,075 | 4,742,318 | 0 | 4,742,318 |
| Workers' Compensation | 4,455,759 | 0 | 4,455,759 | 4,459,346 | 0 | 4,459,346 |
| Governmental Bond Redemption | | | 0 | 106,419 | 0 | 106,419 |
| Computer Services | 4,257,967 | 0 | 4,257,967 | 3,711,260 | 0 | 3,711,260 |
| Other Legislative/Admin/Support | 9,687,725 | 0 | 9,687,725 | 7,359,657 | 0 | 7,359,657 |
| Total Legislative/Admin/Support | 108,677,178 | 25,739,293 | 134,416,471 | 94,967,771 | 11,992,405 | 106,960,176 |
| PDC Urban Renewal Debt | | | | | | |
| Tax Increment Debt (Interest Only) | 15,000 | | 15,000 | 15,000 | 0 | 15,000 |
| | 15,000 | | 15,000 | 15,000 | 0 | 15,000 |
| TOTAL EXPENDITURES | 671,916,460 | 263,586,755 | 935,503,215 | 650,865,468 | 199,765,956 | 850,631,424 |
| FUND REQUIREMENTS | | | | | | |
| Contingency | | | 270,236,291 | | | 273,511,572 |
| Interfund Cash Transfers | | | 301,996,469 | | | 281,609,726 |
| Debt Retirement | | | 182,451,386 | | | 181,215,342 |
| Inventory Increases | | | 140,000 | | | 140,000 |
| Unappropriated Ending Fund Balance | | | 52,827,398 | | | 55,336,468 |
| TOTAL CITY BUDGET | | | 1,743,154,759 | | | 1,642,444,532 |
| Subtract "double count" caused by interfund transfers, interagency charges & tax anticipation notes | | | (433,418,564) | | | (408,170,131) |
| NET CITY BUDGET | | | 1,309,736,195 | | | 1,234,274,401 |

Note: General Fund set-aside for compensation adjustments and Health Insurance costs are allocated to the service areas in proportion to their budgeted personal service expense.

GENERAL FUND REVENUES AND EXPENSES

Table 3

This table summarizes the types of revenues into the General Fund, as well as the bureau expense budgets, with a comparison between fiscal years.

| | Discretionary Budget | | Total Budget | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Revised FY 1996-97 | Adopted FY 1997-98 | Revised FY 1996-97 | Adopted FY 1997-98 |
| REVENUES | | | | |
| Property Taxes | \$129,360,055 | \$104,671,001 | \$129,360,055 | \$104,671,001 |
| Lodging Taxes | \$8,620,875 | \$9,619,243 | \$8,620,875 | \$9,619,243 |
| Business Licenses | \$42,411,208 | \$49,470,952 | \$42,411,208 | \$49,470,952 |
| Utility License Fees | \$38,308,375 | \$40,419,269 | \$38,308,375 | \$40,419,269 |
| Service Charges and Other | \$4,449,283 | \$4,280,838 | \$14,015,611 | \$15,605,194 |
| Intergovernmental | \$7,585,192 | \$8,505,873 | \$22,465,651 | \$21,062,863 |
| Transfers from Other Funds/Agencies | \$780,412 | \$708,557 | \$33,467,973 | \$32,919,833 |
| Beginning Fund Balance | \$19,130,415 | \$14,332,048 | \$22,690,712 | \$18,932,048 |
| GENERAL FUND RESOURCES | 250,645,815 | 232,007,781 | 311,340,460 | 292,700,403 |
| EXPENSES | | | | |
| City Attorney | 1,446,858 | 1,514,372 | 3,901,477 | 3,998,963 |
| City Auditor | 1,442,833 | 1,125,423 | 4,593,576 | 4,351,985 |
| Cable & Franchise Management | 1,313,289 | 1,159,287 | 1,541,010 | 1,390,450 |
| Commissioner #1 | 326,797 | 257,452 | 681,904 | 555,543 |
| Commissioner #2 | 336,336 | 257,465 | 667,769 | 555,556 |
| Commissioner #3 | 304,369 | 257,490 | 635,802 | 555,581 |
| Commissioner #4 | 157,427 | 257,661 | 488,860 | 555,752 |
| Community Development | 2,368,973 | 1,385,675 | 6,767,086 | 4,718,996 |
| Energy | 167,286 | 153,388 | 1,246,698 | 892,550 |
| Finance & Administration | 5,647,772 | 4,194,092 | 18,718,359 | 17,232,813 |
| Fire | 59,064,686 | 55,315,007 | 62,346,703 | 58,950,730 |
| General Services | 0 | 0 | 1,264,209 | 1,285,765 |
| Governmental Relations | 305,857 | 224,967 | 613,616 | 535,767 |
| Licenses | 1,958,020 | 1,716,806 | 2,945,996 | 2,818,248 |
| Mayor | 661,669 | 524,351 | 1,490,126 | 1,237,146 |
| Metro Human Rights | 233,993 | 0 | 389,145 | 0 |
| Neighborhood Associations | 2,852,068 | 2,762,798 | 3,084,541 | 3,169,265 |
| Parks & Recreation | 29,106,927 | 24,127,894 | 41,036,214 | 38,046,622 |
| Parks Stores Account | 0 | 45,000 | 0 | 45,000 |
| Planning | 4,967,103 | 4,621,879 | 8,016,629 | 8,280,460 |
| Police | 95,400,725 | 93,393,044 | 102,550,362 | 98,167,425 |
| Purchases & Stores | 457,840 | 499,415 | 1,605,723 | 2,162,886 |
| Special Appropriations | 28,545,778 | 17,023,865 | 29,775,446 | 17,402,450 |
| Total Bureau Expenses | 237,066,606 | 210,817,331 | 294,361,251 | 266,909,953 |
| Transfers To Other Funds | 11,971,333 | 13,034,693 | 11,971,333 | 13,034,693 |
| Contingency-Operating & Unforeseen | 1,607,876 | 8,155,757 | 1,607,876 | 8,155,757 |
| Contingency-Encumbrance Carryover | 0 | 0 | 3,400,000 | 4,600,000 |
| GENERAL FUND EXPENSES | 250,645,815 | 232,007,781 | 311,340,460 | 292,700,403 |

SUMMARY OF AUTHORIZED POSITIONS

Table 4

This table summarizes the number of regular full-time positions authorized in each bureau or fund, including the Portland Development Commission (PDC), for FY 1994-95 through FY 1997-98. Limited-term or part-time positions are not included.

| | Actual FY 1994-95 | Actual FY 1995-96 | Revised FY 1996-97 | Adopted FY 1997-98 | Change from FY 1996-97 |
|--------------------------------------|----------------------|----------------------|-----------------------|-----------------------|---------------------------|
| GENERAL FUND | | | | | |
| City Attorney | 36 | 36 | 36 | 35 | (1) |
| City Auditor | 53 | 52 | 56 | 53 | (3) |
| Cable & Franchise Mgt | 5 | 5 | 5 | 5 | |
| Commissioner #1, Public Affairs | 7 | 7 | 7 | 7 | |
| Commissioner #2, Public Works | 6 | 6 | 6 | 8 | 2 |
| Commissioner #3, Public Utilities | 7 | 7 | 7 | 7 | |
| Commissioner #4, Public Safety | 7 | 7 | 7 | 6 | (1) |
| Housing & Community Development | 16 | 16 | 17 | 17 | |
| Energy Office | 7 | 7 | 8 | 8 | |
| Finance & Administration | 168 | 167 | 180 | 171 | (9) |
| Fire, Rescue & Emergency Services | 741 | 739 | 746 | 704 | (42) |
| General Services | 17 | 17 | 16 | 16 | |
| Government Relations | 4 | 4 | 4 | 4 | |
| Licenses | 36 | 37 | 37 | 37 | |
| Mayor | 20 | 18 | 19 | 15 | (4) |
| Metro Arts Commission | 0 | 0 | 0 | 0 | |
| Metropolitan Human Rights Commissi | 5 | 5 | 5 | 0 | (5) |
| Neighborhood Associations | 22 | 23 | 24 | 29 | 5 |
| Parks | 296 | 302 | 309 | 282 | (27) |
| Planning | 72 | 84 | 105 | 95 | (10) |
| Police | 1,254 | 1,253 | 1,309 | 1,246 | (63) |
| Purchases and Stores | 16 | 17 | 21 | 22 | 1 |
| Special Appropriations | 0 | 0 | 0 | 0 | |
| TOTAL GENERAL FUND | 2,795 | 2,809 | 2,924 | 2,767 | (157) |
| OTHER FUNDS | | | | | |
| Buildings | 178 | 190 | 201 | 208 | 7 |
| Communications Services | 26 | 27 | 27 | 26 | (1) |
| Emergency Communications | 138 | 152 | 152 | 152 | |
| Environmental Services | 409 | 440 | 447 | 438 | (9) |
| Facilities Services | 24 | 30 | 30 | 27 | (3) |
| Fleet Services | 74 | 76 | 76 | 76 | |
| Golf | 29 | 29 | 28 | 27 | (1) |
| Hydro Power | 3 | 3 | 3 | 3 | |
| Parks Bond Construction Fund | 17 | 18 | 18 | 18 | |
| Portland International Raceway (PIR) | 4 | 6 | 6 | 6 | |
| Printing & Distribution | 27 | 27 | 28 | 28 | |
| Refuse Disposal | 10 | 10 | 10 | 10 | |
| Transportation | 719 | 733 | 733 | 726 | (7) |
| Water | 500 | 501 | 513 | 513 | |
| TOTAL OTHER FUNDS | 2,158 | 2,242 | 2,272 | 2,258 | (14) |
| TOTAL CITY, excluding PDC | 4,953 | 5,051 | 5,196 | 5,025 | (171) |
| Portland Development Commission | 107 | 114 | 125 | 97 | (28) |
| TOTAL CITY, including PDC | 5,060 | 5,165 | 5,321 | 5,122 | (199) |

TOTAL REVENUES AND EXPENSES BY FUND BY FISCAL YEAR

Table 5

In each fund total revenues, including beginning fund balances, must equal total expenses, including ending fund balances. This tables states the total revenues and expenses for each City fund for 1997-98 Adopted Budget and prior years.

| | Actual FY 1994-95 | Actual FY 1995-96 | Revised FY 1996-97 | Proposed FY 1997-98 | Adopted FY 1997-98 |
|-------------------------------------|----------------------|----------------------|-----------------------|------------------------|-----------------------|
| <u>Operating Funds</u> | | | | | |
| Arena Operating | 2,143,850 | 6,557,890 | 52,031,045 | 7,682,847 | 7,682,847 |
| Assess Collection | 348,749 | 300,820 | 260,577 | 210,384 | 210,384 |
| Auto Port | 2,769,897 | 2,864,591 | 3,441,119 | 2,756,477 | 2,869,704 |
| BOEC | 10,663,638 | 11,460,245 | 12,565,677 | 12,953,875 | 12,953,875 |
| Buildings | 19,720,059 | 21,530,147 | 22,648,745 | 22,117,730 | 22,882,730 |
| Cable | 4,512,548 | 4,077,052 | 3,795,514 | 3,301,970 | 3,301,970 |
| General Fund | 272,199,951 | 299,158,312 | 311,340,460 | 283,528,359 | 292,700,403 |
| Golf | 5,442,501 | 4,825,799 | 5,836,848 | 6,015,373 | 6,015,373 |
| Hydropower Operating | 809,652 | 865,484 | 1,070,000 | 1,176,800 | 1,176,800 |
| P I R | 888,907 | 839,538 | 841,869 | 981,552 | 981,552 |
| Parking Facilities | 9,051,758 | 10,079,169 | 15,154,579 | 20,200,202 | 21,113,230 |
| Property Management | 2,433,462 | 2,324,996 | 2,425,432 | 2,492,723 | 2,492,723 |
| Public Safety | 1,139,450 | 2,355,774 | 1,883,928 | 1,340,225 | 1,340,225 |
| Refuse Disposal | 4,226,568 | 5,127,849 | 4,779,258 | 5,349,928 | 5,349,928 |
| Sewer Operating | 200,702,073 | 202,800,484 | 249,504,383 | 216,863,381 | 216,741,836 |
| Transportation | 85,963,397 | 95,690,851 | 98,759,056 | 111,239,829 | 111,329,829 |
| Water | 87,869,910 | 95,430,144 | 99,283,068 | 109,577,417 | 109,564,888 |
| Total Operating Funds | 710,886,370 | 766,289,145 | 885,621,558 | 807,789,072 | 818,708,297 |
| <u>Internal Service Funds</u> | | | | | |
| Communication Operat'g | 11,124,553 | 13,119,475 | 12,598,520 | 12,291,871 | 12,177,862 |
| Computer Services | 5,615,045 | 5,609,949 | 5,593,411 | 4,804,921 | 4,831,015 |
| Facilities Service Fund | 23,430,504 | 58,074,779 | 56,837,772 | 32,340,710 | 32,114,118 |
| Fleet Services Oprtng | 27,626,935 | 28,620,788 | 31,890,143 | 27,008,437 | 27,475,996 |
| Health Insurance | 33,127,918 | 39,635,912 | 41,394,274 | 48,710,937 | 48,710,937 |
| Insurance and Claims | 8,928,743 | 11,096,536 | 12,781,183 | 13,469,596 | 13,469,596 |
| Printing and Distribution | 6,469,193 | 7,239,156 | 7,066,704 | 6,767,909 | 6,689,394 |
| Workers' Compensation | 15,791,408 | 16,641,164 | 16,824,506 | 16,066,229 | 16,066,229 |
| Total Internal Service Funds | 132,114,299 | 180,037,759 | 184,986,513 | 161,460,610 | 161,535,147 |
| <u>Agency and Trust Funds</u> | | | | | |
| Environmntl Remediation | 4,704,483 | 3,297,406 | 2,656,849 | 2,295,752 | 2,295,752 |
| Housing Investment Fund | 0 | 6,588,461 | 6,648,607 | 11,848,389 | 11,848,389 |
| Hydro Renew & Replace | 6,986,770 | 7,351,143 | 7,661,500 | 7,662,500 | 7,662,500 |
| Parks Memorial Trust | 3,412,238 | 3,984,364 | 2,927,787 | 3,713,463 | 3,739,977 |
| Sewer Rate Stabilization | 25,134,563 | 29,345,519 | 30,019,000 | 17,775,903 | 17,859,628 |
| Sewer Revolving Loan | 1,246,265 | 1,342,018 | 1,410,000 | 1,735,392 | 1,735,392 |
| Sewer Safety Net | 2,179,863 | 3,218,307 | 2,424,836 | 2,334,308 | 2,334,308 |
| Water Growth Impact | 1,106,663 | 1,175,014 | 1,239,379 | 1,307,731 | 1,307,731 |
| Total Agency and Trust Funds | 44,770,845 | 56,302,232 | 54,987,958 | 48,673,438 | 48,783,677 |
| <u>Construction Funds</u> | | | | | |
| Capital Improvement Fund | 2,239,610 | 11,568,726 | 8,830,861 | 4,498,164 | 5,124,550 |
| L I D Construction | 13,755,996 | 13,712,306 | 23,913,705 | 30,961,270 | 30,961,270 |

TOTAL REVENUES AND EXPENSES BY FUND BY FISCAL YEAR

Table 5

In each fund total revenues, including beginning fund balances, must equal total expenses, including ending fund balances. This tables states the total revenues and expenses for each City fund for 1997-98 Adopted Budget and prior years.

| | Actual FY 1994-95 | Actual FY 1995-96 | Revised FY 1996-97 | Proposed FY 1997-98 | Adopted FY 1997-98 |
|------------------------------------|----------------------|----------------------|-----------------------|------------------------|-----------------------|
| <u>Construction Funds</u> | | | | | |
| Parks Bond Construction | 59,642,795 | 62,238,449 | 53,704,523 | 31,841,201 | 31,841,201 |
| Sewer Construction | 305,804,500 | 149,909,035 | 185,410,566 | 84,880,129 | 84,880,129 |
| Water Construction | 36,046,290 | 49,502,138 | 37,984,250 | 53,968,251 | 53,968,251 |
| Total Construction Funds | 417,489,191 | 286,930,654 | 309,843,905 | 206,149,015 | 206,775,401 |
| <u>Debt Service Funds</u> | | | | | |
| Airport Way Debt | 2,066,890 | 2,547,615 | 2,273,890 | 2,198,786 | 2,198,786 |
| Bancroft Bond | 35,418,692 | 31,282,748 | 22,856,990 | 12,620,967 | 12,620,967 |
| Bonded Debt | 4,082,802 | 9,350,639 | 8,737,607 | 6,320,106 | 6,320,106 |
| Central Eastside | 305,321 | 325,067 | 2,445,323 | 3,209,104 | 3,209,104 |
| Convention Center | 70,192 | 74,594 | 4,853,435 | 7,272,385 | 7,272,385 |
| FPD&R Suppl Debt | 0 | 0 | 0 | 21,943,080 | 21,943,080 |
| Fourth & Yamhill Debt | 0 | 0 | 311,050 | 272,250 | 272,250 |
| Golf Revenue | 535,836 | 534,265 | 538,718 | 535,827 | 535,827 |
| Governmental Bond | 1,915,423 | 3,120,945 | 1,436,138 | 6,927,076 | 6,927,076 |
| Hydropower Debt | 7,576,082 | 7,724,253 | 7,771,050 | 7,875,100 | 7,875,100 |
| Morrison Park East | 800,487 | 807,404 | 806,605 | 807,887 | 807,887 |
| Morrison Park West | 686,179 | 694,948 | 687,983 | 687,944 | 687,944 |
| Old Town Parking | 1,512,877 | 887,631 | 694,548 | 667,656 | 667,656 |
| Sewer Debt | 103,450,693 | 59,570,859 | 53,176,589 | 51,185,957 | 51,185,957 |
| South Park Debt | 2,667,116 | 3,220,134 | 3,648,749 | 4,064,781 | 4,064,781 |
| St Johns Riverfront | 11,438 | 13,222 | 9,732 | 0 | 0 |
| Wash Co Supply Bond | 1,986,008 | 2,318,700 | 2,518,400 | 2,956,695 | 2,956,695 |
| Water Bond Sinking | 9,668,778 | 10,848,694 | 9,577,819 | 11,195,152 | 11,195,152 |
| Waterfront Renewal | 12,272,570 | 10,134,611 | 11,220,278 | 10,980,040 | 10,980,040 |
| Total Debt Service Funds | 185,027,384 | 143,456,329 | 133,564,904 | 151,720,793 | 151,720,793 |
| <u>Federal Funds</u> | | | | | |
| Federal Grants | 6,997,534 | 14,271,995 | 21,607,236 | 17,386,389 | 17,967,389 |
| HOME Grant Fund | 3,518,601 | 3,371,504 | 8,680,146 | 3,887,000 | 3,887,000 |
| Hsng & Cmnty Develop't | 18,636,651 | 20,842,022 | 27,179,448 | 18,952,300 | 18,952,300 |
| Total Federal Funds | 29,152,786 | 38,485,521 | 57,466,830 | 40,225,689 | 40,806,689 |
| <u>Retirement Funds</u> | | | | | |
| FPD&R | 58,233,057 | 56,444,867 | 76,742,804 | 75,448,682 | 89,090,195 |
| FPD&R Reserve | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| FPD&R Supplemental | 428,723 | 441,287 | 452,489 | 322,885 | 322,885 |
| Total Retirement Funds | 59,411,780 | 57,636,154 | 77,945,293 | 76,521,567 | 90,163,080 |
| <u>Revenue & Reserve Funds</u> | | | | | |
| Convention and Tourism | 1,549,135 | 1,715,727 | 1,772,572 | 1,875,315 | 1,875,315 |
| FPD&R Supplemental | 0 | 0 | 0 | 85,705,432 | 85,705,432 |
| General Reserve Fund | 30,616,026 | 32,035,615 | 33,507,617 | 32,881,475 | 32,881,475 |

TOTAL REVENUES AND EXPENSES BY FUND BY FISCAL YEAR

Table 5

In each fund total revenues, including beginning fund balances, must equal total expenses, including ending fund balances. This table states the total revenues and expenses for each City fund for 1997-98 Adopted Budget and prior years.

| | Actual FY 1994-95 | Actual FY 1995-96 | Revised FY 1996-97 | Proposed FY 1997-98 | Adopted FY 1997-98 |
|--|----------------------|----------------------|-----------------------|------------------------|-----------------------|
| <i>Revenue & Reserve Funds</i> | | | | | |
| Transportation Reserve | 5,479,277 | 5,539,835 | 3,457,610 | 3,489,226 | 3,489,226 |
| Total Revenue & Reserve Funds | 37,644,438 | 39,291,177 | 38,737,799 | 123,951,448 | 123,951,448 |
| <i>Historical Funds</i> | | | | | |
| Arena Construction | 16,302,971 | 8,132,643 | 0 | 0 | 0 |
| Arena Debt Service | 1,654,539 | 4,024,035 | 0 | 0 | 0 |
| NW I-405 Recreation | 9,402 | 0 | 0 | 0 | 0 |
| Parks System Imprvmnt | 489,681 | 40,540 | 0 | 0 | 0 |
| Public Arts Trust Fund | 1,036,678 | 0 | 0 | 0 | 0 |
| Short Term Debt | 2,827,347 | 0 | 0 | 0 | 0 |
| Tennis Facilities | 62,676 | 0 | 0 | 0 | 0 |
| Total Historical Funds | 22,383,294 | 12,197,218 | 0 | 0 | 0 |
| TOTAL ALL FUNDS | 1,638,880,387 | 1,580,626,189 | 1,743,154,760 | 1,616,491,632 | 1,642,444,532 |

SUMMARY OF BUREAU EXPENSES BY FUND - FY 1997-98

Table 6

This table summarizes the major types of expenses included in bureau budgets for FY1997-98, by fund and by bureau. It does not include fund-level expenses such as contingencies or interfund transfers.

| | Personal Services | External Mat'l & Svcs | Internal Mat'l & Svcs | Capital Outlay | Equip Cash Transfers | Total Bureau Expenses |
|--------------------------------------|-------------------|-----------------------|-----------------------|----------------|----------------------|-----------------------|
| GENERAL FUND | | | | | | |
| Office of the City Attorney | 3,367,996 | 274,514 | 356,453 | 0 | 0 | 3,998,963 |
| Office of the City Auditor | 3,151,813 | 604,954 | 595,218 | 0 | 0 | 4,351,985 |
| Office of Cable Communications | 374,806 | 635,567 | 380,077 | 0 | 0 | 1,390,450 |
| Commissioner #1-Public Utilities | 439,027 | 27,251 | 89,265 | 0 | 0 | 555,543 |
| Commissioner #2-Public Works | 460,643 | 11,500 | 83,413 | 0 | 0 | 555,556 |
| Commissioner #3-Public Affairs | 451,475 | 19,000 | 85,106 | 0 | 0 | 555,581 |
| Commissioner #4-Public Safety | 445,163 | 22,543 | 88,046 | 0 | 0 | 555,752 |
| Bureau of Community Development | 1,065,111 | 3,569,250 | 84,635 | 0 | 0 | 4,718,996 |
| Energy Office | 555,741 | 269,008 | 67,801 | 0 | 0 | 892,550 |
| Office of Finance and Administration | 10,817,843 | 3,145,630 | 3,203,116 | 66,224 | 0 | 17,232,813 |
| Bureau of Fire, Rescue & Emrg Svcs | 48,047,399 | 3,577,811 | 4,886,989 | 2,354,381 | 84,150 | 58,950,730 |
| Bureau of General Services | 1,014,986 | 83,238 | 187,541 | 0 | 0 | 1,285,765 |
| Governmental Relations | 318,930 | 178,200 | 38,637 | 0 | 0 | 535,767 |
| Bureau of Licenses | 2,076,535 | 222,201 | 519,512 | 0 | 0 | 2,818,248 |
| Office of the Mayor | 943,161 | 124,313 | 169,672 | 0 | 0 | 1,237,146 |
| Office of Neighborhood Associations | 1,887,170 | 1,040,833 | 241,262 | 0 | 0 | 3,169,265 |
| Bureau of Parks | 20,320,974 | 6,546,948 | 3,453,232 | 7,735,558 | 34,910 | 38,091,622 |
| Bureau of Planning | 5,804,402 | 1,317,729 | 1,126,383 | 0 | 31,946 | 8,280,460 |
| Bureau of Police | 73,409,307 | 4,252,895 | 20,065,909 | 58,761 | 380,553 | 98,167,425 |
| Bureau of Purchases and Stores | 1,305,957 | 618,268 | 238,661 | 0 | 0 | 2,162,886 |
| Special Appropriations | 0 | 17,212,406 | 190,044 | 0 | 0 | 17,402,450 |
| <i>Total General Fund</i> | 176,258,439 | 43,754,059 | 36,150,972 | 10,214,924 | 531,559 | 266,909,953 |
| OPERATING FUNDS | | | | | | |
| General Fund | 176,258,439 | 43,754,059 | 36,150,972 | 10,214,924 | 531,559 | 266,909,953 |
| Arena Operating | 0 | 381,050 | 129,379 | 200,000 | 0 | 710,429 |
| Assessment Collections | 0 | 0 | 58,200 | 0 | 0 | 58,200 |
| Auto Port | 0 | 327,422 | 439,170 | 0 | 0 | 766,592 |
| Buildings | 13,357,690 | 1,721,713 | 2,453,957 | 1,291,820 | 29,000 | 18,854,180 |
| Cable | 0 | 2,663,991 | 274,952 | 0 | 0 | 2,938,943 |
| Emergency Communications | 9,260,589 | 503,695 | 939,140 | 0 | 0 | 10,703,424 |
| Golf | 2,125,163 | 1,388,468 | 535,771 | 1,190,293 | 0 | 5,239,695 |
| Hydropower Operating | 213,037 | 222,800 | 155,976 | 0 | 0 | 591,813 |
| P I R | 381,893 | 234,085 | 153,756 | 0 | 0 | 769,734 |
| Parking Facilities | 0 | 2,146,197 | 1,469,755 | 9,445,000 | 0 | 13,060,952 |
| Property Management | 0 | 2,482,723 | 0 | 0 | 0 | 2,482,723 |
| Public Safety | 100,000 | 113,736 | 0 | 1,118,000 | 0 | 1,331,736 |
| Refuse Disposal | 612,040 | 832,292 | 232,448 | 0 | 0 | 1,676,780 |
| Sewer Operating | 29,828,175 | 26,158,891 | 20,903,780 | 60,448,571 | 90,000 | 137,429,417 |
| Transportation | 45,173,115 | 22,839,598 | 13,414,808 | 17,003,097 | 0 | 98,430,618 |
| Water | 30,957,466 | 17,630,655 | 7,824,109 | 11,980,245 | 0 | 68,392,475 |
| <i>Total Operating Funds</i> | 308,267,607 | 123,401,375 | 85,136,173 | 112,891,950 | 650,559 | 630,347,664 |
| INTERNAL SERVICE FUNDS | | | | | | |
| Communication Operating | 1,658,885 | 4,410,150 | 735,418 | 377,252 | 0 | 7,181,705 |
| Computer Services | 0 | 0 | 3,161,260 | 550,000 | 0 | 3,711,260 |
| Facilities Service Fund | 1,690,259 | 8,373,114 | 993,722 | 9,263,560 | 0 | 20,320,655 |
| Fleet Services Oprtnng | 4,455,814 | 6,259,257 | 827,583 | 6,903,962 | 0 | 18,446,616 |
| Health Insurance | 0 | 17,821,453 | 503,840 | 0 | 0 | 18,325,293 |
| Insurance and Claims | 0 | 2,874,319 | 1,867,999 | 0 | 0 | 4,742,318 |
| Printing and Distribution | 1,532,437 | 3,252,045 | 427,759 | 470,000 | 0 | 5,682,241 |
| Workers' Compensation | 0 | 2,849,520 | 1,609,826 | 0 | 0 | 4,459,346 |
| <i>Total Internal Service Funds</i> | 9,337,395 | 45,839,858 | 10,127,407 | 17,564,774 | 0 | 82,869,434 |

SUMMARY OF BUREAU EXPENSES BY FUND - FY 1997-98

Table 6

This table summarizes the major types of expenses included in bureau budgets for FY1997-98, by fund and by bureau. It does not include fund-level expenses such as contingencies or interfund transfers.

| | Personal Services | External Mat'l & Svcs | Internal Mat'l & Svcs | Capital Outlay | Equip Cash Transfers | Total Bureau Expenses |
|---------------------------------------|--------------------|-----------------------|-----------------------|--------------------|----------------------|-----------------------|
| AGENCY AND TRUST FUNDS | | | | | | |
| Environmental Remediation | 17,873 | 169,400 | 126,735 | 285,000 | 0 | 599,008 |
| Housing Investment Fund | 0 | 11,848,389 | 0 | 0 | 0 | 11,848,389 |
| Hydro Renew & Replace | 0 | 0 | 0 | 0 | 0 | 0 |
| Parks Memorial Trust | 0 | 812,488 | 559,081 | 25,000 | 0 | 1,396,569 |
| Sewer Rate Stabilization | 0 | 0 | 0 | 0 | 0 | 0 |
| Sewer Revolving Loan | 0 | 490,000 | 0 | 0 | 0 | 490,000 |
| Sewer Safety Net | 0 | 820,000 | 0 | 0 | 0 | 820,000 |
| Water Growth Impact | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Agency and Trust Funds</i> | 17,873 | 14,140,277 | 685,816 | 310,000 | 0 | 15,153,966 |
| CONSTRUCTION FUNDS | | | | | | |
| Capital Improvemnt Fund | 0 | 1,903,954 | 0 | 0 | 0 | 1,903,954 |
| L I D Construction | 0 | 150,000 | 5,198,378 | 6,000,000 | 0 | 11,348,378 |
| Parks Bond Construction | 1,153,994 | 1,032,441 | 406,528 | 16,809,576 | 0 | 19,402,539 |
| Sewer Construction | 0 | 0 | 67,548 | 0 | 0 | 67,548 |
| Water Construction | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Construction Funds</i> | 1,153,994 | 3,086,395 | 5,672,454 | 22,809,576 | 0 | 32,722,419 |
| DEBT SERVICE FUNDS | | | | | | |
| Airport Way Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Bancroft Bond | 0 | 0 | 0 | 0 | 0 | 0 |
| Bonded Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Central Eastside | 0 | 0 | 0 | 0 | 0 | 0 |
| Convention Center | 0 | 0 | 0 | 0 | 0 | 0 |
| FPD&R Suppl Debt | 0 | 228,720 | 0 | 0 | 0 | 228,720 |
| Fourth & Yamhill Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Golf Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Governmental Bond | 0 | 106,419 | 0 | 0 | 0 | 106,419 |
| Hydropower Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Morrison Park East | 0 | 0 | 0 | 0 | 0 | 0 |
| Morrison Park West | 0 | 0 | 0 | 0 | 0 | 0 |
| Old Town Parking | 0 | 0 | 0 | 0 | 0 | 0 |
| Sewer Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| South Park Debt | 0 | 0 | 0 | 0 | 0 | 0 |
| Wash Co Supply | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Bond Sinking | 0 | 0 | 0 | 0 | 0 | 0 |
| Waterfront Renewal | 0 | 15,000 | 0 | 0 | 0 | 15,000 |
| <i>Total Debt Service Funds</i> | 0 | 350,139 | 0 | 0 | 0 | 350139 |
| FEDERAL AND STATE FUND | | | | | | |
| Federal Grants | 0 | 0 | 0 | 0 | 0 | 0 |
| HOME Grant Fund | 0 | 3,676,742 | 174,631 | 0 | 0 | 3,851,373 |
| Housng & Community Develop | 0 | 15,163,250 | 3,341,632 | 0 | 0 | 18,504,882 |
| <i>Total Federal and State Funds</i> | 0 | 18,839,992 | 3,516,263 | 0 | 0 | 22,356,255 |
| RETIREMENT FUNDS | | | | | | |
| Fire & Police Disability & Retirement | 0 | 64,270,234 | 721,092 | 10,000 | 0 | 65,001,326 |
| FPD&R Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| FPD&R Supplemental | 0 | 12,000 | 0 | 0 | 0 | 12,000 |
| <i>Total Retirement Funds</i> | 0 | 64,282,234 | 721,092 | 10,000 | 0 | 65,013,326 |
| REVENUE AND RESERVE FUNDS | | | | | | |
| Convention and Tourism | 0 | 1,767,580 | 50,641 | 0 | 0 | 1,818,221 |
| FPD&R Supplemental | 0 | 0 | 0 | 0 | 0 | 0 |
| General Reserve Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Total Revenue/Reserve Funds</i> | 0 | 1,767,580 | 50,641 | 0 | 0 | 1,818,221 |
| TOTAL ALL FUNDS | 318,776,869 | 271,707,850 | 105,909,846 | 153,586,300 | 650,559 | 850,631,424 |

SUMMARY OF REVENUES BY FUND - FY 1997-98

Table 7

This table shows the revenue estimated to be received by each fund in 1997-98, grouped by major revenue types.

| | Property Taxes | Svc Charges & Licenses/Permits | Other External Revenue | Interfund Revenues | Beginning Balances | Total Revenues |
|-------------------------------------|--------------------|--------------------------------|------------------------|--------------------|--------------------|--------------------|
| Operating Funds | | | | | | |
| General Fund | 104,671,001 | 89,545,739 | 32,786,397 | 46,765,218 | 18,932,048 | 292,700,403 |
| Arena Operating | 0 | 3,740,117 | 79,932 | 979,048 | 2,883,750 | 7,682,847 |
| Assess Collection | 0 | 0 | 13,000 | 0 | 197,384 | 210,384 |
| Auto Port | 0 | 1,358,247 | 20,257 | 709,097 | 782,103 | 2,869,704 |
| BOEC | 0 | 25,485 | 3,990,407 | 7,359,656 | 1,578,327 | 12,953,875 |
| Buildings | 0 | 13,412,000 | 1,481,000 | 1,896,220 | 6,093,510 | 22,882,730 |
| Cable | 0 | 592,228 | 1,041,195 | 362,282 | 1,306,265 | 3,301,970 |
| Golf | 0 | 5,336,437 | 50,000 | 0 | 628,936 | 6,015,373 |
| Hydropower Operating | 0 | 0 | 619,500 | 175,500 | 381,800 | 1,176,800 |
| P I R | 0 | 780,000 | 10,000 | 0 | 191,552 | 981,552 |
| Parking Facilities | 0 | 7,722,984 | 12,944,785 | 34,750 | 410,711 | 21,113,230 |
| Property Management | 0 | 2,466,723 | 16,000 | 0 | 10,000 | 2,492,723 |
| Public Safety | 0 | 0 | 45,000 | 0 | 1,295,225 | 1,340,225 |
| Refuse Disposal | 0 | 2,052,964 | 168,556 | 17,466 | 3,110,942 | 5,349,928 |
| Sewer Operating | 0 | 105,709,632 | 964,378 | 99,359,309 | 10,708,517 | 216,741,836 |
| Transportation | 0 | 11,200,950 | 48,839,041 | 37,454,959 | 13,834,879 | 111,329,829 |
| Water | 0 | 56,006,306 | 1,301,473 | 32,870,753 | 19,386,356 | 109,564,888 |
| Total Operating Funds | 104,671,001 | 299,949,812 | 104,370,921 | 227,984,258 | 81,732,305 | 818,708,297 |
| Internal Service Funds | | | | | | |
| Communication Operat'g | 0 | 1,148,300 | 163,000 | 7,212,969 | 3,653,593 | 12,177,862 |
| Computer Services | 0 | 0 | 30,000 | 3,797,262 | 1,003,753 | 4,831,015 |
| Facilities Service Fund | 0 | 338,645 | 1,127,450 | 16,772,023 | 13,876,000 | 32,114,118 |
| Fleet Services Oprtng | 0 | 5,000 | 602,000 | 15,486,763 | 11,382,233 | 27,475,996 |
| Health Insurance | 0 | 16,454,268 | 4,671,374 | 0 | 27,585,295 | 48,710,937 |
| Insurance and Claims | 0 | 0 | 479,723 | 5,446,513 | 7,543,360 | 13,469,596 |
| Printing and Distribution | 0 | 98,900 | 1,266,817 | 4,614,677 | 709,000 | 6,689,394 |
| Workers' Compensation | 0 | 0 | 845,569 | 2,901,618 | 12,319,042 | 16,066,229 |
| Total Internal Service Funds | 104,671,001 | 299,949,812 | 104,370,921 | 227,984,258 | 81,732,305 | 818,708,297 |
| Agency and Trust Funds | | | | | | |
| Environmntl Remediation | 0 | 1,039,967 | 58,147 | 0 | 1,197,638 | 2,295,752 |
| Housing Investment Fund | 0 | 0 | 9,036,000 | 1,899,672 | 912,717 | 11,848,389 |
| Hydro Renew & Replace | 0 | 0 | 421,700 | 0 | 7,240,800 | 7,662,500 |
| Parks Memorial Trust | 0 | 1,196,335 | 227,489 | 0 | 2,316,153 | 3,739,977 |
| Sewer Rate Stabilization | 0 | 0 | 1,132,380 | 83,725 | 16,643,523 | 17,859,628 |
| Sewer Revolving Loan | 0 | 450,000 | 80,000 | 0 | 1,205,392 | 1,735,392 |
| Sewer Safety Net | 0 | 0 | 65,000 | 0 | 2,269,308 | 2,334,308 |
| Water Growth Impact | 0 | 0 | 68,175 | 0 | 1,239,556 | 1,307,731 |
| Total Agency and Trust Funds | 0 | 2,686,302 | 11,088,891 | 1,983,397 | 33,025,087 | 48,783,677 |
| Construction Funds | | | | | | |
| Capital Improvement Fund | 0 | 0 | 4,897,563 | 0 | 226,987 | 5,124,550 |
| L I D Construction | 0 | 977,100 | 27,903,000 | 1,516,242 | 564,928 | 30,961,270 |
| Parks Bond Construction | 0 | 0 | 1,509,778 | 0 | 30,331,423 | 31,841,201 |
| Sewer Construction | 0 | 3,265,984 | 2,619,151 | 22,971,214 | 56,023,780 | 84,880,129 |
| Water Construction | 0 | 900,000 | 27,731,926 | 11,240,500 | 14,095,825 | 53,968,251 |

SUMMARY OF REVENUES BY FUND - FY 1997-98

Table 7

This table shows the revenue estimated to be received by each fund in 1997-98, grouped by major revenue types.

| | Property Taxes | Svc Charges & Licenses/Permits | Other External Revenue | Interfund Revenues | Beginning Balances | Total Revenues |
|------------------------------------|----------------|--------------------------------|------------------------|--------------------|--------------------|----------------|
| Construction Funds | | | | | | |
| Total Construction Funds | 0 | 5,143,084 | 64,661,418 | 35,727,956 | 101,242,943 | 206,775,401 |
| Debt Service Funds | | | | | | |
| Airport Way Debt | 1,640,830 | 0 | 20,000 | 0 | 537,956 | 2,198,786 |
| Bancroft Bond | 0 | 0 | 10,225,904 | 0 | 2,395,063 | 12,620,967 |
| Bonded Debt | 5,000,001 | 0 | 93,220 | 0 | 1,226,885 | 6,320,106 |
| Central Eastside | 3,070,900 | 0 | 5,000 | 0 | 133,204 | 3,209,104 |
| Convention Center | 7,203,217 | 0 | 0 | 0 | 69,168 | 7,272,385 |
| FPD&R Suppl Debt | 19,200,000 | 0 | 228,720 | 2,514,360 | 0 | 21,943,080 |
| Fourth & Yamhill Debt | 0 | 0 | 250 | 272,000 | 0 | 272,250 |
| Golf Revenue | 0 | 0 | 12,000 | 290,000 | 233,827 | 535,827 |
| Governmental Bond | 0 | 0 | 4,387,695 | 2,524,244 | 15,137 | 6,927,076 |
| Hydropower Debt | 0 | 0 | 3,732,000 | 100,000 | 4,043,100 | 7,875,100 |
| Morrison Park East | 0 | 0 | 21,400 | 385,000 | 401,487 | 807,887 |
| Morrison Park West | 0 | 0 | 18,600 | 321,000 | 348,344 | 687,944 |
| Old Town Parking | 0 | 0 | 856 | 650,000 | 16,800 | 667,656 |
| Sewer Debt | 0 | 0 | 208,982 | 43,828,348 | 7,148,627 | 51,185,957 |
| South Park Debt | 2,501,230 | 0 | 60,000 | 0 | 1,503,551 | 4,064,781 |
| Wash Co Supply Bond | 0 | 1,621,319 | 0 | 169,085 | 1,166,291 | 2,956,695 |
| Water Bond Sinking | 0 | 0 | 0 | 11,195,152 | 0 | 11,195,152 |
| Waterfront Renewal | 5,083,572 | 0 | 200,000 | 690,000 | 5,006,468 | 10,980,040 |
| Total Debt Service Funds | 0 | 5,143,084 | 64,661,418 | 35,727,956 | 101,242,943 | 206,775,401 |
| Federal Funds | | | | | | |
| Federal Grants | 0 | 0 | 17,967,389 | 0 | 0 | 17,967,389 |
| HOME Grant Fund | 0 | 0 | 3,887,000 | 0 | 0 | 3,887,000 |
| Hsng & Cmnty Develop't | 0 | 75,000 | 18,877,300 | 0 | 0 | 18,952,300 |
| Total Federal Funds | 0 | 75,000 | 40,731,689 | 0 | 0 | 40,806,689 |
| Retirement Funds | | | | | | |
| FPD&R | 51,719,877 | 0 | 21,045,609 | 757,200 | 15,567,509 | 89,090,195 |
| FPD&R Reserve | 0 | 0 | 0 | 0 | 750,000 | 750,000 |
| FPD&R Supplemental | 0 | 0 | 17,701 | 0 | 305,184 | 322,885 |
| Total Retirement Funds | 51,719,877 | 0 | 21,063,310 | 757,200 | 16,622,693 | 90,163,080 |
| Revenue & Reserve Funds | | | | | | |
| Convention and Tourism | 0 | 0 | 1,823,518 | 0 | 51,797 | 1,875,315 |
| FPD&R Supplemental | 0 | 0 | 4,288,287 | 2,514,360 | 78,902,785 | 85,705,432 |
| General Reserve Fund | 0 | 0 | 1,530,036 | 31,946 | 31,319,493 | 32,881,475 |
| Transportation Reserve | 0 | 0 | 31,616 | 0 | 3,457,610 | 3,489,226 |
| Total Revenue & Reserve Funds | 0 | 0 | 7,673,457 | 2,546,306 | 113,731,685 | 123,951,448 |
| Total All Funds | 200,090,628 | 327,520,630 | 277,990,246 | 388,170,131 | 448,672,897 | 1,642,444,532 |

Comprehensive Organizational Review and Evaluation (CORE) Summaries

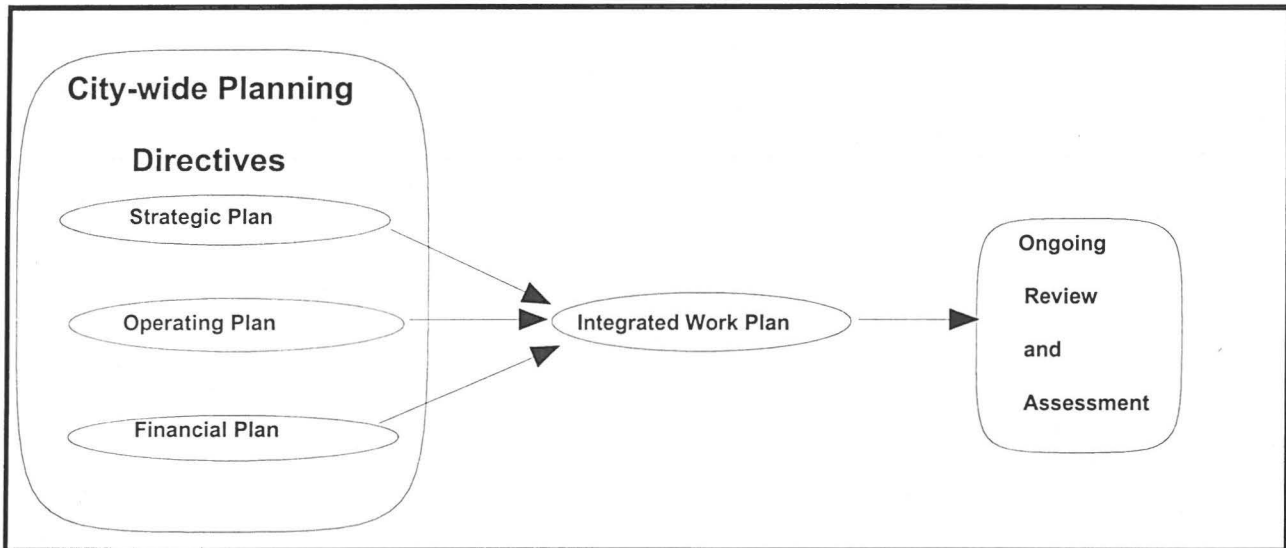
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Comprehensive Organizational Review and Evaluation (CORE)

In FY 1994-95, the Portland City Council adopted an integrated approach to budgetary review and analysis which resulted in a dynamic multi-year plan. The full Comprehensive Organizational Review and Evaluation (CORE) review encompassed a strategic plan, an operating plan (which included organizational improvement efforts) and a 5 year financial forecast. These components were synthesized into an integrated work plan which reflected the overall framework of city-wide policy and planning directives. In FY 1995-96, the Bureau of Fire, Rescue and Emergency Service; the Bureau of Housing and Community Development; and the Bureau of Environmental Services were selected to conduct pilot CORE projects. In FY 1996-97, the CORE process was modified to provide bureaus the ability to address those components of greatest need to a particular bureau. Also in FY 1996-97, the Bureau of Parks and Recreation, the Office of Transportation, and the Police Bureau were the three bureaus undertaking CORE reviews.

CORE Model



SIGNIFICANT CORE WORK PRODUCTS

- ◆ The Strategic Plan for a bureau should define the current work environment, outline where the bureau should be going, and explain how the bureau will get there. The strategic direction process requires that each bureau conduct an environmental scan; articulate the bureau's mission, vision and values; and identify priority issues.
- ◆ The Operating Plan is intended to identify what a bureau is doing programmatically and to define what is needed to further enhance the bureau's strategic goals. In order to accomplish this phase, bureaus are asked to establish a baseline profile of their programs, conduct programmatic assessments, evaluate their organizational environment, and compile operational plans.
- ◆ The Financial Plan encourages long-term planning by asking bureaus to forecast revenues and requirements, analyze risks to these forecasts, and identify potential changes to programs that may be required should certain risks materialize. The document also identifies the bureau's financial policies, targets, assumptions and requirements.
- ◆ The Integrated Work Plan reflects a summary of the three planning efforts identified above and presents the findings in an integrated document. The Integrated Work Plan identifies action plans which the bureaus have identified and which result from the bureaus extensive self-analysis required by the CORE review.

Pilot Bureau CORE Action Plans

The Bureau of Environmental Services; the Bureau of Fire, Rescue and Emergency Services; and the Bureau of Housing and Community Development were the first bureaus to undertake a CORE review. These pilot bureaus were responsible for completing all components of the CORE process within a fairly compressed time period. As a result, some bureaus included the completion of unfinished CORE elements as action items to be taken in the following year. The CORE process was designed to identify priority action items which would increase the City's efficiency and effectiveness. With the City Council's approval, the bureaus agreed to address these items in FY 1997-98.

ACCOMPLISHMENTS OF THE PILOT CORE BUREAUS

- ◆ The Bureau of Fire, Rescue and Emergency Services won a Quality Initiatives award for their CORE Review. This was the first City bureau to receive an award from the Quality Initiatives organization.
- ◆ The Bureau of Environmental Services completed a draft Strategic Plan which will be presented to City Council by the end of 1997. Furthermore, the Bureau began implementation of recommended action items that were identified as priority issues including, but not limited to, employee training, updating the Information Technology Strategic Plan, programmatic assessment of 58 programs, and identification of performance measurements that more accurately reflect the Bureau's activities.
- ◆ The Bureau of Fire, Rescue and Emergency Services' efforts to identify alternative funding from a variety of sources showed signs of success. Furthermore, the Bureau improved performance measures to better account for Bureau activities.
- ◆ The Bureau of Housing and Community Development focused on maximizing the impact of public subsidies by working with the Portland Development Commission on integrating planning and delivery of federal and local funds.

ACTION ITEMS TO BE COMPLETED IN FY 1997-98

- ◆ The Bureau of Fire, Rescue, and Emergency Services will continue its efforts in organizational development pending availability of financial resources. The Labor/Management Committee will continue to discuss issues related to hiring and budget preparation.
- ◆ The Bureau of Environmental Services will continue efforts at programmatic improvements and will develop programmatic goals throughout the organization. BES' Strategic Direction will be submitted to Council by the end of 1997.
- ◆ The Bureau of Housing and Community Development will finalize the development of performance measures. BHCD will also continue to strengthen coordination efforts with the Portland Development Commission, Multnomah county and other partners in order to strengthen the City's community and housing development efforts.
- ◆ The Bureau of Fire, Rescue and Emergency Services will update its Strategic Plan in FY 1997-98.

FY 1996-97 CORE Bureaus Overview

For FY 1996-97, the CORE process was modified to provide more flexibility to bureaus. An assessment was made with regard to which CORE component was most critical for the bureau to address first and which components could be completed at a later date. This change was made based upon the pilot project evaluation.

ACCOMPLISHMENTS OF THE FY 1996-97 CORE BUREAUS

- ◆ The Bureau of Parks and Recreation's approach was to build upon a prior strategic planning effort and focus primarily upon an operating plan. For Parks, the CORE process significantly contributed to the Bureau's ability to respond to the constraints posed by Measures 47 and 50. Of particular value were the trends analyses, the prioritization of issues, and the program assessment component of the operational plan.
- ◆ Four major goals were identified in the Police Bureau's Strategic Plan: reduce crime and the fear of crime; empower the community; develop and empower personnel; and strengthen planning, evaluation and fiscal support. Objectives, strategies, and performance measures, were linked to these goals, which served as a basis upon which the Bureau evaluated opportunities for organizational improvement. As was the case for the Bureau of Parks and Recreation, the Police Bureau conducted a thorough program assessment to respond to Measures 47 and 50 budget cutbacks. Each division manager prepared Program/Service Reviews for every program or project in their command.
- ◆ Given the uncertainty with regard to future funding, the Portland Office of Transportation decided that strategic planning was essential in order to be better prepared for potential change. Through focus groups and interviews with over 100 internal and external stakeholders, the Office identified six priority areas: growth and livability; maintenance and preservation of the transportation system; external communication; staff development and organizational efficiency and effectiveness; and, funding. The Strategic Plan was formally adopted by City Council in November, 1996.

ACTION ITEMS TO BE COMPLETED IN FY 1997-98

- ◆ The Portland Office of Transportation will identify their final financial plans to Council by Fall, 1997. In FY 1997-98, the Office will take steps towards strengthening human resources activities. The Office will also work on implementing the strategies that were identified during their Strategic Planning effort.
- ◆ The Bureau of Parks and Recreation will submit both an updated Strategic Plan and an Operating Plan to Council in early October, 1997, which will include an updated trends analysis and strategic directions.
- ◆ The Police Bureau will update its trends analysis for the next Strategic Direction process. A financial plan is expected to be presented to council by the end of 1997.

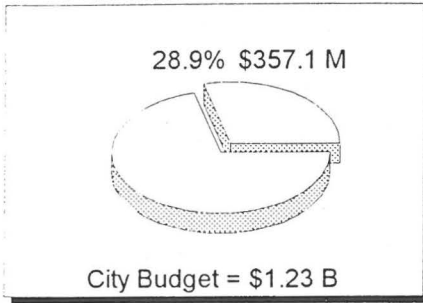


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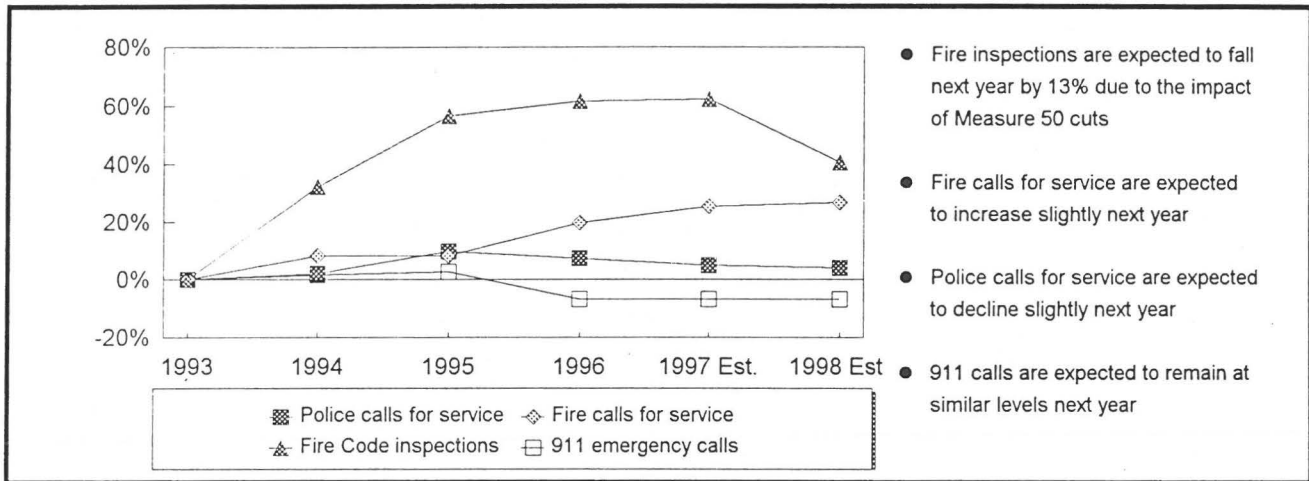


PERCENT OF BUDGET



BUDGET DATA

| | |
|--------------------|------------|
| 1997-98 Budget: | \$357.1 M |
| Change from 96-97: | + \$96.7 M |
| Change per Capita: | 36.2% |
| 1997-98 Positions: | 2102 |
| Change from 96-97: | -105 FTE |
| Change per Capita: | -5.4% |



SIGNIFICANT BUDGET ISSUES

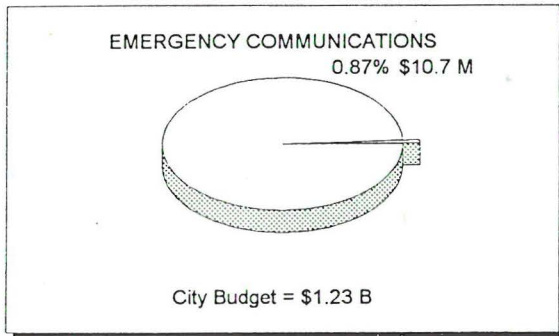
- ◆ A federal grant from the COPS program allows the Police Bureau to return 42 desk officers to patrol duties. They will be replaced by non sworn personnel in the new job category Police Desk Clerk.
- ◆ An additional \$2.9 million in permanent funding was added to the Police Bureau budget subsequent to the passage of Measure 50. Funds will be used to retain the Gang Enforcement Team, and prevent any layoffs of patrol officers. Part of this funding (\$2.3 million) was previously appropriated in the Police Retention Bridge Fund Special Appropriation in the FY 1997-98 Proposed Budget.
- ◆ This budget will implement a station based fire prevention program. Each fire company in the city will be responsible for a certain number of code enforcement inspections per month. Inspectors will be transferred from the main office to stations for this purpose.
- ◆ An additional \$1.3 million was added to the Fire Bureau budget subsequent to the passage of Measure 50. Funds will be used to prevent layoffs of sworn personnel, and keep Station 45 open at a reduced staffing level. Part of this funding (\$1 million) was previously appropriated in the Fire Retention Bridge Special Appropriation in the FY 1997-98 Proposed Budget.
- ◆ The Bureau of Emergency Communications will remain staffed at the current level next year. The budget will reflect savings from a one time elimination of the annual contribution to the Computer Aided Dispatch replacement fund, as well as reductions in materials and services.

EMERGENCY COMMUNICATIONS (620)

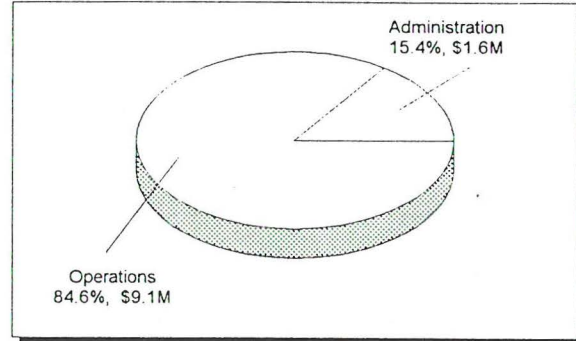
Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Gretchen Miller Kafoury

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|---------------------------|----------------------|
| Operating | \$10.6 M | \$10.7 M | \$77 K | -3.4% |
| Capital | \$0 | \$0 | \$0 | 0 % |
| Total | \$10.6 M | \$10.7 M | \$77 K | -3.4% |
| Allocated City Overhead Costs | \$271 K | \$252 K | | |
| Total with Overhead Allocated | \$10.9 M | \$11.0 M | | |
| Full-Time Positions | 152 | 152 | 0 | -0.7% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

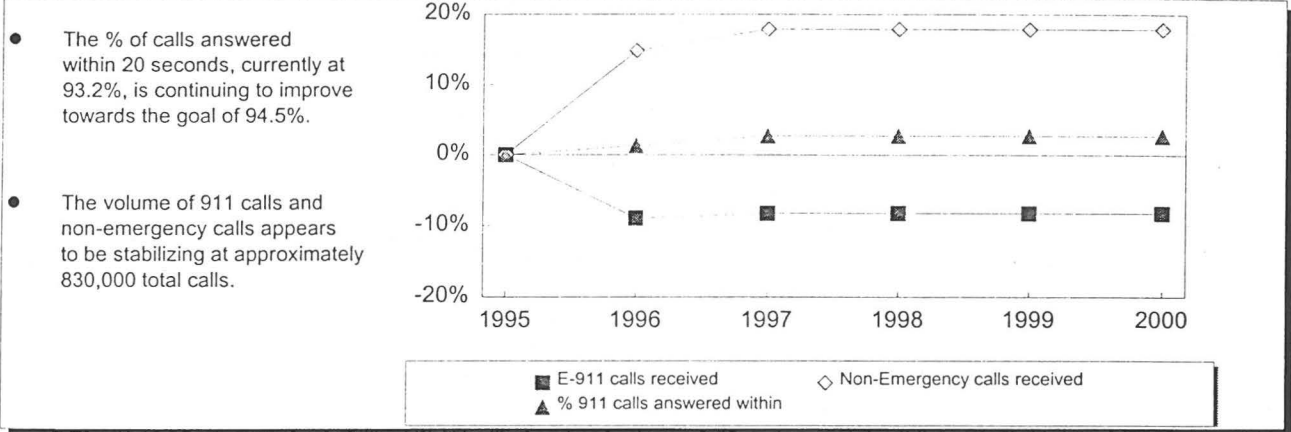
- ◆ Due to Measure 50 funding constraints, the FY 1997-98 collection of funds for the Computer Aided Dispatch Replacement Fund has been eliminated for FY 1997-98. This lowered charges to all BOEC users, and helped offset further reductions in the Police and Fire Bureaus. The goal is to collect \$350,000 per year for this fund. It is anticipated that this transfer will be deferred for one year and will resume in FY 1998-99.
- ◆ Materials and Services have been reduced by \$36,225; in the repair and maintenance, minor equipment and education categories. Computer Aided Dispatch repair and maintenance has been reduced by \$9,000. Minor equipment category expenditures for phone headset replacement, furniture and personal computers has been reduced by \$20,500. Education expenditures for professional association meetings and operations/MIS seminars have been reduced by 50% to \$6,725.
- ◆ Inflationary increases were not applied to the Materials and Services budgeted expenditures.
- ◆ Authorized staffing remains unchanged from the current year.

EMERGENCY COMMUNICATIONS (620)

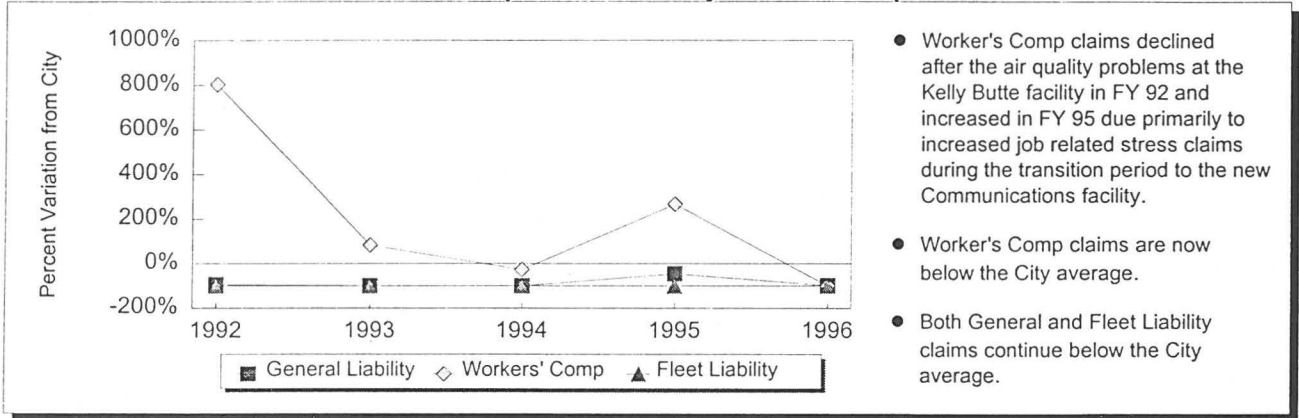
Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Gretchen Miller Kafoury

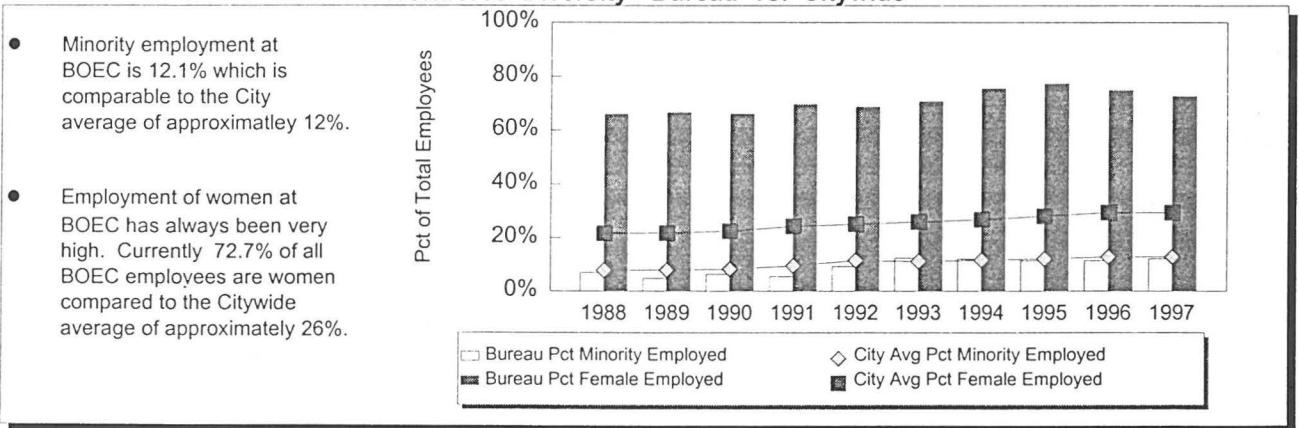
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



EMERGENCY COMMUNICATIONS (620)

Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Gretchen Miller Kafoury

BUDGET OVERVIEW

- ◆ The total budget is \$10.7 million, an increase of \$86 thousand or .7% over FY 1996-97. This is less than a current service level inflationary increase, and is attributable to a one-year deferral of the collection of replacement funds for the Computer Aided Dispatch (CAD) system and adjustments to the materials and services area of the budget.
- ◆ The FY1997-98 budget funds continuation of the current level of service activity.
- ◆ The Bureau of Emergency Communications (BOEC) functions as the primary public safety answering point for Multnomah County. All calls utilizing the E-911 telephone system and the non-emergency police number are processed by BOEC personnel. Through contractual and interagency agreements, BOEC personnel dispatch police, emergency medical and fire bureau personnel to incidents.
- ◆ In FY1997-98 BOEC expects to receive 500,000 emergency and 330,000 non-emergency calls. A call attendant switch helps to reduce the number of non-emergency calls handled by BOEC call-takers. The switching equipment allows a person to self-direct their call to a telephone report unit, a mail report unit or an information and referral unit of the Portland Police Bureau.

CHANGES IN BUDGET

ADDITIONS

- ◆ BOEC requirements have been adjusted for changing personnel needs. Overtime costs are increased to allow current operators to respond to the required work levels. Recruiting efforts to hire, train and certify approximately five positions per quarter are being developed. Call back premium pay for MIS analysts to respond to the Computer Aided Dispatch system maintenance needs have been included in the FY 1997-98 budget.

REDUCTIONS/EFFICIENCIES

- ◆ External Material and Service requirements have been adjusted for one-time-only expenses and adjusted for inflationary increases. Professional Services have been reduced reflecting consultant costs for the completion of the replacement of the automated timekeeping system which was accomplished in FY 1996-97. Repair and Maintenance requirements have been adjusted to reflect a reduction in the service level provided in the maintenance contract for the office NT network system and a reduction in the scope of maintenance done by vendors on the CAD system.

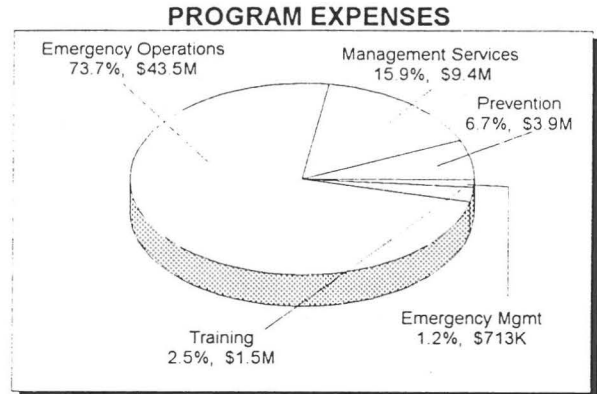
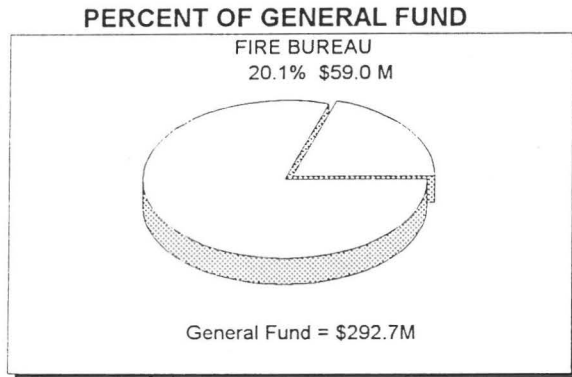
BUDGET NOTES

- ◆ None.

BUREAU OF FIRE, RESCUE AND EMERGENCY SERVICES (124)

Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Gretchen Miller Kafoury



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|---------------------------|----------------------|
| Operating | \$58.5 M | \$56.6 M | (\$1.9 M) | -7.2% |
| Capital | \$3.9 M | \$2.4 M | (\$1.5 M) | -42.0% |
| Total | \$62.3 M | \$59.0 M | (\$3.4 M) | -9.3% |
| Allocated City Overhead Costs | \$1.5 M | \$1.4 M | | |
| Total with Overhead Allocated | \$63.8 M | \$60.3 M | | |
| Full-Time Positions | 746 | 704 | -42 | -6.2% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

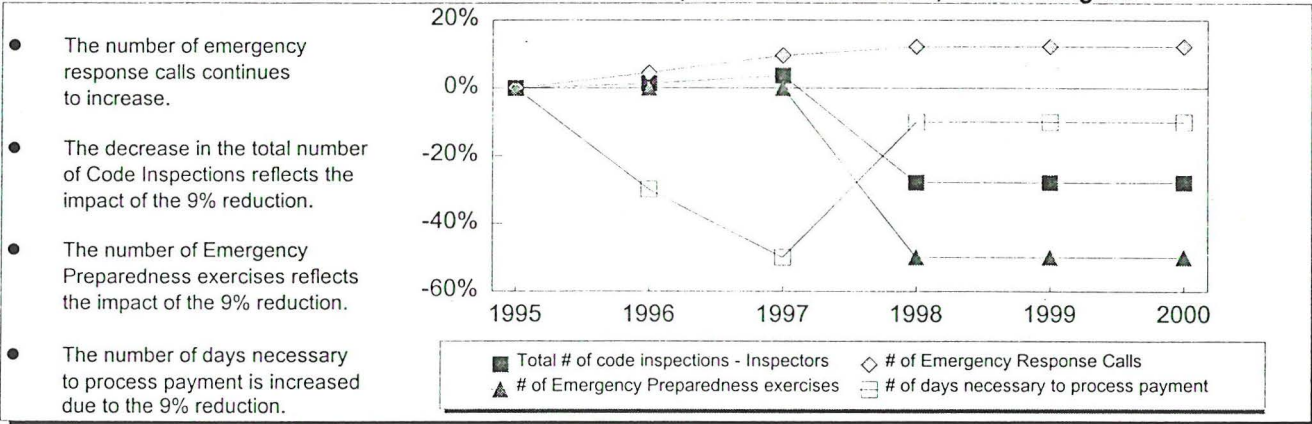
- ◆ The FY 1997-98 Adopted Budget reflects a 5.9% reduction in ongoing General Fund support which resulted in the loss of 42 positions and significant service reductions in every area of the organization.
- ◆ Additional funding of \$1.3 million provided to the Bureau in the Adopted Budget will prevent the layoff of approximately 30 sworn personnel.
- ◆ An aggressive effort will be undertaken to increase fees in support of prevention activities. The Bureau is exploring an occupancy fee which would cover the cost of providing building inspection services. The Bureau will also pursue cost recovery for the Advanced Life Support (ALS) First Response Service. The Adopted Budget includes \$574,000 in revenue for this service.
- ◆ This budget will implement a station based fire prevention program whereby each fire company in the City will be responsible for a certain number of code enforcement inspections per month. Further, Fire Inspector positions will be transferred from the office to fire stations.
- ◆ With the reduction in the Bureau's training staff, certain training functions will be transferred to the fire stations. The new station based training program is considered a pilot project and will be evaluated for effectiveness.

BUREAU OF FIRE, RESCUE AND EMERGENCY SERVICES (124)

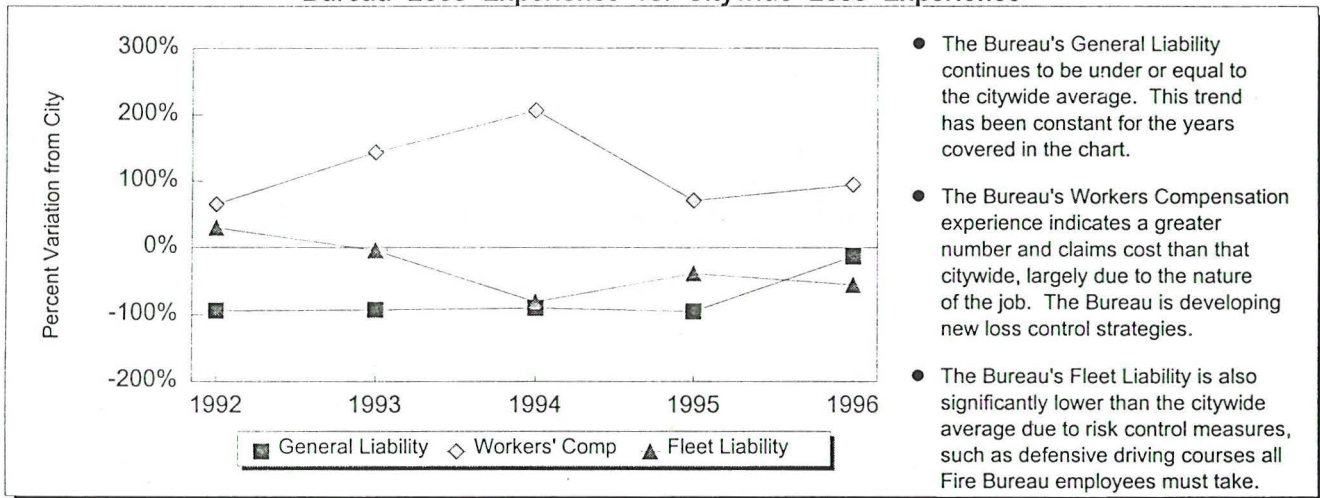
Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Gretchen Miller Kafoury

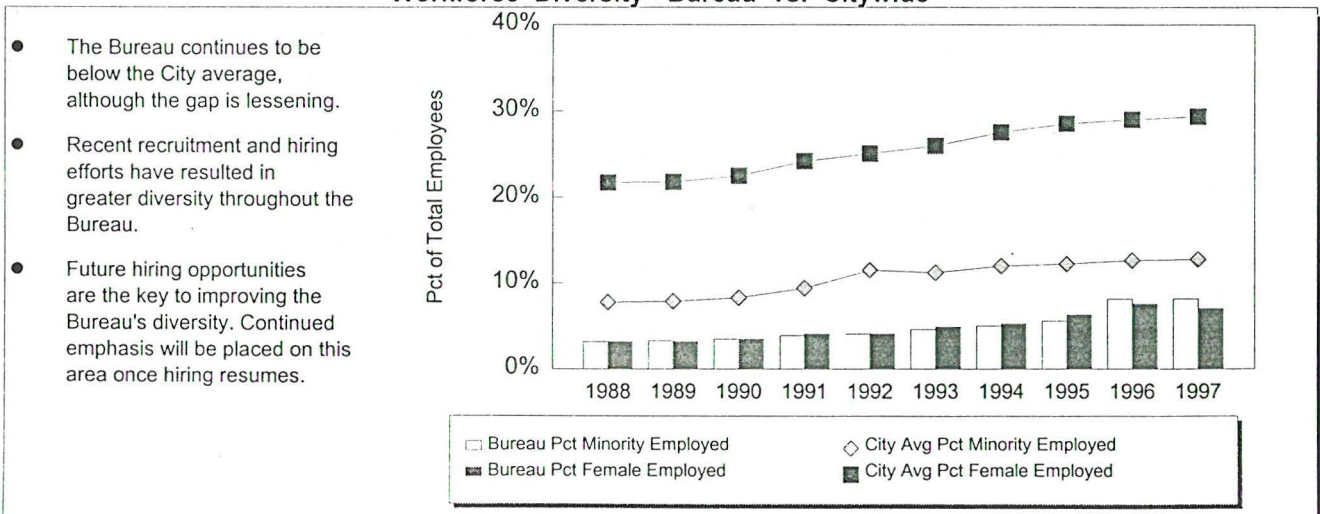
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



BUREAU OF FIRE, RESCUE AND EMERGENCY SERVICES (124)

Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Gretchen Miller Kafoury

BUDGET OVERVIEW

- ◆ The FY97-98 Adopted Budget reduces the staffing of the Bureau by a total of 42 positions.
 - 17% or 3 of the Bureau's Chief Officers were eliminated.
 - 12.1% or 8 of the Civilian staff positions were eliminated.
 - 23.9% or 21 of the Sworn staff positions were eliminated.
 - Sworn personnel at stations are reduced by only 3.6%.
 - Cellular phone expenditures have been cut in half, usage limitations have been implemented.
 - 13 Fleet sedans have been eliminated.
 - Maintenance responsibility for thirty one vehicles has been transferred to the Bureau of General Services.

CHANGES IN BUDGET

REDUCTIONS/EFFICIENCIES

- ◆ The loss of 42 full time positions translates into the following service reductions:

SWORN LINE REDUCTIONS - Total on duty strength is reduced by 33 or eleven per shift.

- ◆ Staffing at Station 45 located on 174th Avenue will be reduced. This station currently serves both Portland and Gresham equally. In order to address the service level, a Task Force has been formed and charged with developing a permanent staffing plan which will involve support from the City of Gresham.
- ◆ The implementation of a Station Based Prevention Program whereby a total of 18 Inspectors will be providing service from the fire stations instead of the main office.
- ◆ The Hazardous Materials Unit will be transferred from Station 23 to Station 41 where it will remain fully operational (6 positions).
- ◆ Rescue 2 at 4800 NE 122nd Avenue will be closed (3 positions).
- ◆ Three on-duty Chief Officer positions are eliminated (3).

SUPPORT STAFF REDUCTIONS - A total of 38 staff and support positions are eliminated.

- ◆ Information Services staff is reduced (2 positions).
- ◆ Planning staff is eliminated (1 position).
- ◆ Training staff is reduced (3 positions).
- ◆ Public Education Officers are reduced (3 positions).
- ◆ Inspector positions are transferred to the stations (9 positions).
- ◆ Emergency Medical Services administrative staff is reduced (2 positions).
- ◆ Emergency Management staff is reduced (1.5 positions).
- ◆ Community Emergency Services staff is reduced (1 position).
- ◆ Light Duty positions are eliminated (3 positions).
- ◆ Clerical support and supervision are reduced (3.5 positions).
- ◆ A Staff Captain in Emergency Operations and a Staff Lieutenant at Logistics are eliminated (2 positions).
- ◆ A vacant Kelly relief position is eliminated (1 position).
- ◆ Additionally, significant reductions have been made in Materials and Services, and financial support for the Toy and Joy program.

BUDGET NOTES

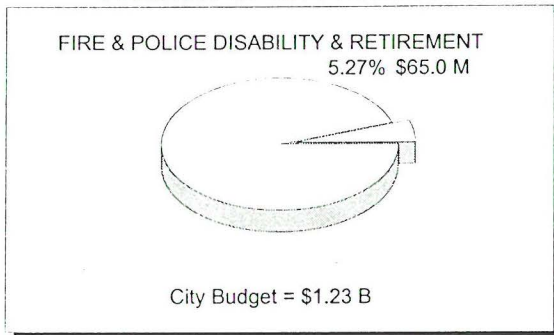
- ◆ The Bureau of Fire, Rescue and Emergency Services is directed to re-evaluate the apparatus replacement schedule. Because the preponderance of calls for service are Emergency Medical Service (EMS) related, the Bureau should be responding with smaller vehicles appropriate to the task, saving unnecessary wear on large fire fighting apparatus now being used for EMS response.

FIRE & POLICE DISABILITY & RETIREMENT (337)

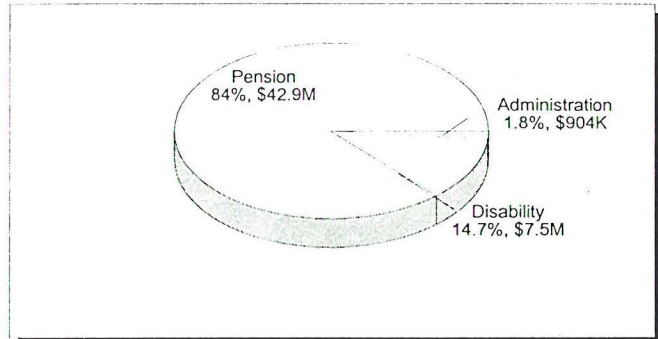
Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Auditor, Barbara Clark

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|---------------------------|----------------------|
| Operating | \$45.4 M | \$65.0 M | \$19.6 M | +37.2% |
| Capital | \$0 | \$0 | | \$0 |
| Total | \$45.4 M | \$65.0 M | \$19.6 M | +37.2% |
| Allocated City Overhead Costs | \$92 K | \$54 K | | |
| Total with Overhead Allocated | \$45.5 M | \$65.1 M | | |
| Full-Time Positions | 0 | 0 | | +0 |

*Note: State-mandated increases to pension benefits account for the change from prior year.
The "per capita change" column is adjusted for inflation and population growth.*

SIGNIFICANT ISSUES AND CHANGES

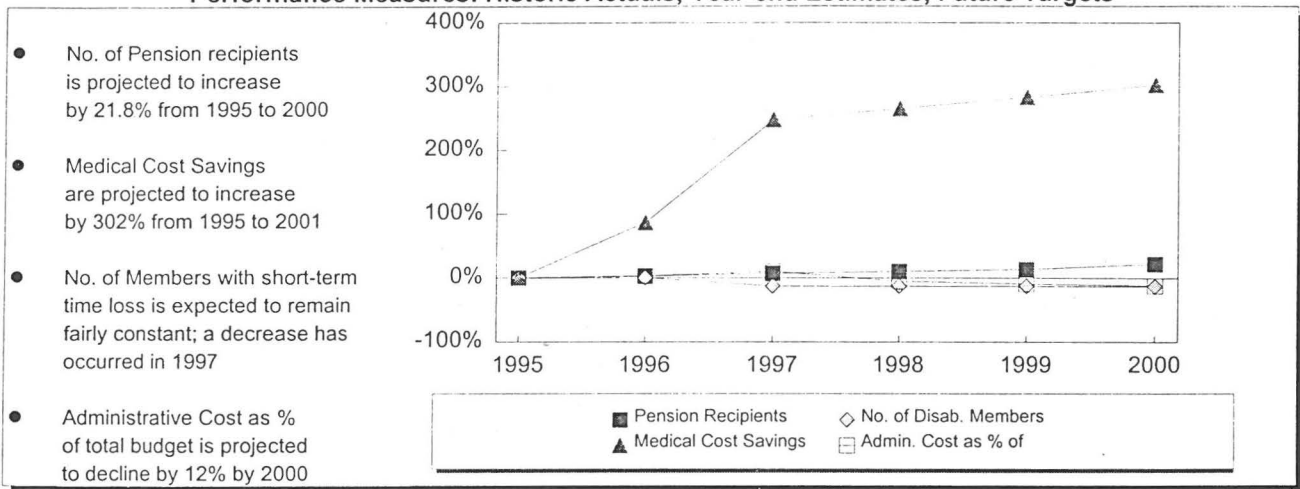
- ◆ During the current year, and continuing into FY 1997-98, the most significant issue for the Board of Trustees is working on developing an acceptable, workable method to become a funded pension system. The passage of Ballot Measure 47 in 1996 has served to highlight the need to have a stable, actuarially-based funding system. The Fire & Police Disability & Retirement Fund was created as a pay-as-you-go pension system. The City Charter provides levy authority of up to \$2.80 per \$1,000 of assessed value in the City of Portland. The Charter does not currently allow building a reserve above the \$750,000 established in 1948.

FIRE & POLICE DISABILITY & RETIREMENT (337)

Service Area: PUBLIC SAFETY

Commissioner-in-Charge: Auditor, Barbara Clark

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



BUDGET OVERVIEW

- ◆ The FY 1997-98 budget provides the disability and retirement benefits as defined by Chapter 5 of the City Charter. There are approximately 1,500 active, working fire and police members covered by this Plan, and there are about 1,500 retirees, beneficiaries, or members with permanent disabilities currently receiving benefits.
- ◆ Pension benefits are budgeted at \$56.4 million, which accounts for 87% of the total bureau expenses. This includes a one-time expenditure of \$13.5 million for to retroactively pay the benefit increases mandated by House Bill 3349.

Disability benefits, including long-term time loss, short-term time loss, and medical costs are budgeted at \$7.5 million, or 11.6%. In constant dollars, disability costs have declined by 41% since 1990, the result of Plan changes that became effective July 1, 1990. The remaining expenses which are not direct benefit payments to members or beneficiaries are classified as administrative, which total \$1,045,937 or 1.6% of the total budget.

- ◆ Positions for the Fire and Police Disability and Retirement Fund are in the Auditor's Office Budget.

CHANGES IN BUDGET

ADDITIONS

- ◆ There are no additional services or programs in the FY 1997-98 budget. However, there is an increasing number of pension recipients. This is due to the demographics of the fire and police bureau. The Fund will continue to see a net increase over the next 10 years of approximately 56 additional retirees and beneficiaries each year. At the beginning of fiscal year 1997-98, it is projected there will be 1,334 pension recipients; by 2010 this count will be more than 2,000.

REDUCTIONS/EFFICIENCIES

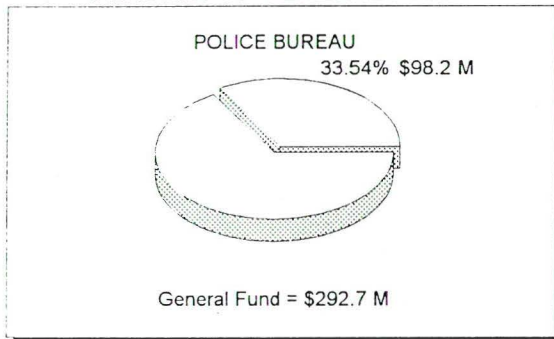
- ◆ Administrative expenses were maintained at below the current service level.
- ◆ The cost of medical benefits provided to disabled members continues to be reduced by about 12% from the billed amount as a result of fee arrangements the Board has negotiated.

BUDGET NOTES

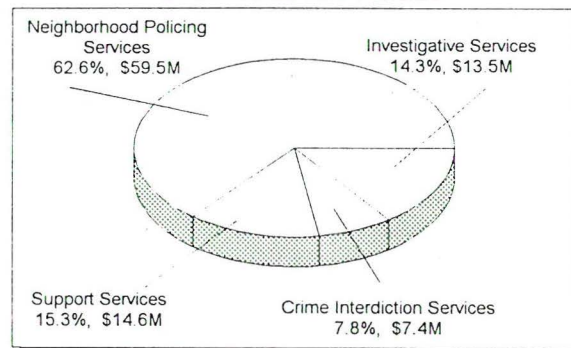
- ◆ None

POLICE BUREAU (100)
 Service Area: PUBLIC SERVICE
 Commissioner-in-Charge: Mayor Vera Katz

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|-----------|-----------|---------------------------|----------------------|
| Operating | \$101.8 M | \$97.4 M | (\$4.4 M) | -8.3% |
| Capital | \$772 K | \$800 K | \$28 K | -0.6% |
| Total | \$102.6 M | \$98.2 M | (\$4.4 M) | -8.2% |
| Allocated City Overhead Costs | \$3.3 M | \$2.8 M | | |
| Total with Overhead Allocated | \$105.8 M | \$101.0 M | | |
| Full-Time Positions | 1309 | 1246 | -63 | -5.4% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ The FY 1997-98 Adopted Budget includes a reduction of 63 positions, 47 sworn and 16 non sworn: Command staff, Divisions and speciality units were eliminated or reduced to allow the transfer of officers to precincts. Actual staffing at precincts will increase as officers move from specialty units back into precincts. 40 management and supervisory positions have been eliminated in the budget.
- ◆ Additional funding of \$2.9 million, part of which was previously in the Police Retention Bridge Special Appropriation in the FY 1997-98 Proposed Budget, will prevent laying off approximately 41 officers. City Council has restored the Gang Enforcement Team; 14 sworn officer positions are being added to maintain precinct patrol strength. The total Police budget becomes \$98.2 million with the addition of these funds, a 5.4% decrease from FY 1996-97.
- ◆ The Bureau achieved savings of \$1,443,519 through reductions in Interagency Agreements and in External Materials and Services. A reduction in fleet costs is made possible by the decision to increase the replacement cycle of vehicles and a reduction in the replacement fund rate. The decision to postpone the Computer Aided Dispatch (CAD) replacement interagency for one year and the decision to stop the use of most cellular telephones are the other significant changes.
- ◆ A federal grant from the COPS program funded \$970,000 to allow the Bureau to return 42 desk officers to patrol duties. This transition will be completed in early FY 1997-98.
- ◆ Traffic Division moves from leased space downtown to Northeast Precinct, saving about \$181,000.

POLICE BUREAU (100)

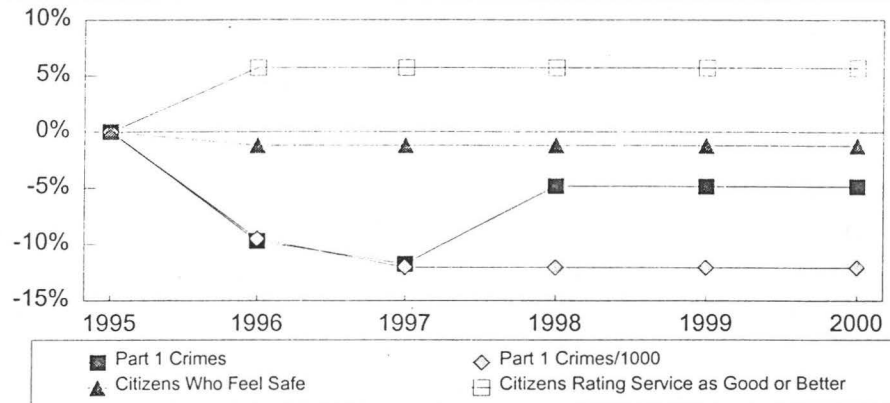
Service Area: PUBLIC SERVICE

Commissioner-in-Charge: Mayor Vera Katz

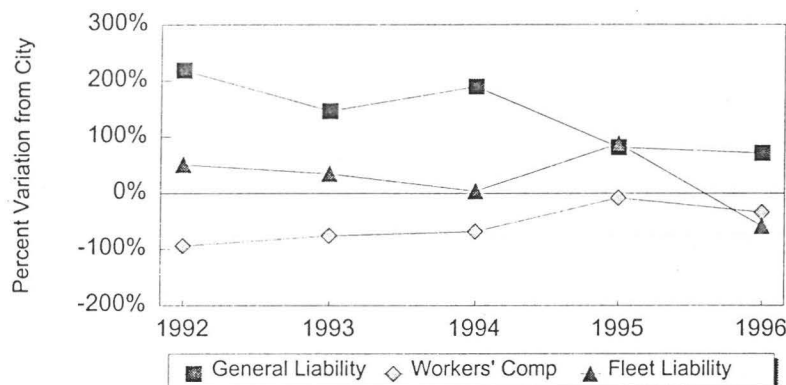
SUMMARY OF BUREAU EXPENSES

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- The City of Portland continues to see a reduction in reported auto thefts for the second year in a row.
- The number of citizens who feel safe in their Portland neighborhood continues to stay about the same.
- The number of citizens who rate police services good or better remained steady at about 74%.



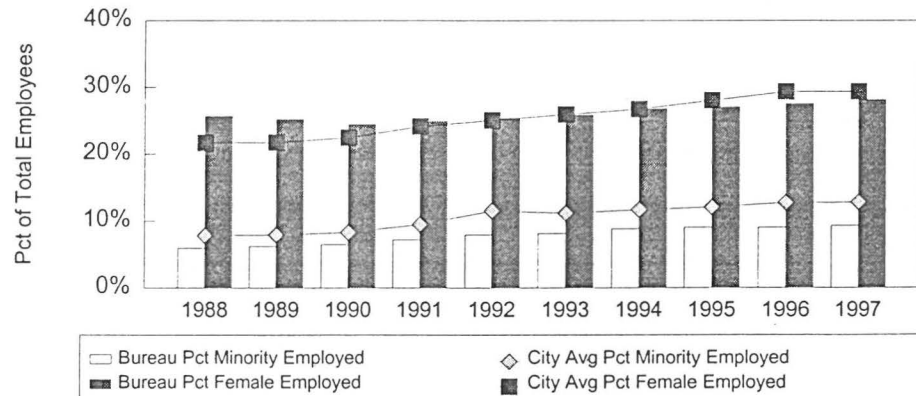
Bureau Loss Experience vs. Citywide Loss Experience



- General liability claims have risen. Liability awareness survey complete. Focused training. Increase and facilitate relationship between PPB and Risk Management.
- Number of Workers Comp. claims decreased in 1996. Development of Non-sworn safety committee to address workers compensation issues.
- Return to in-car training, focus on intersection clearing while running code. Fleet claims on the decrease.

Workforce Diversity - Bureau vs Citywide

- Bureau minority representation at 9.3% continues to increase over previous years.
- Bureau female representation at 28.2% continues an eight year steady increase.
- The Bureau continues to actively recruit protected class members. Future progress toward a diverse workforce may be adversely affected by reductions in force necessitated by Ballot Measure 50.



POLICE BUREAU (100)

Service Area: **PUBLIC SERVICE**

Commissioner-in-Charge: **Mayor Vera Katz**

BUDGET OVERVIEW

- ◆ The Adopted Budget for FY 1997-98 is 5.4% less than the FY 1996-97 Revised Budget. Additional funding of \$2.9 million was added to the Adopted Budget to make previous "bridge funding" in the Proposed Budget permanent.
- ◆ The FY 1997-98 Adopted Budget funds four services areas at a reduced level in: Neighborhood Policing Services (NPS) down 3.1%; Crime Interdiction Services (CIS) down 9.1%; Investigative Services (IS) down 6.2%; and Support Services (SS) down 4.9%. The Bureau will concentrate resources in basic patrol and emergency calls for service at the reduced funding level.

CHANGES IN BUDGET

ADDITIONS

- ◆ Capital funding for continued purchase of handguns, investigative equipment and computer network improvements add \$316,854 to the budget.
- ◆ The Adopted Budget includes funding for continuation of providing two school resource officers in David Douglas and Parkrose School Districts.

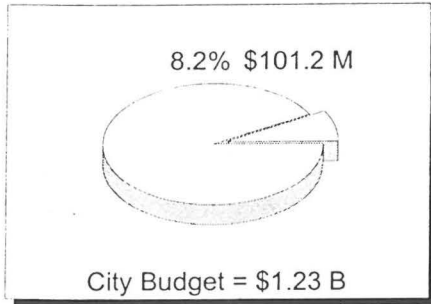
REDUCTIONS/EFFICIENCIES

- ◆ The Adopted Budget identifies 47 sworn positions for elimination. The Bureau Adopted Budget reduces management staff by 27% compared to the 4.5% average cut at the supervisor and officer level.
- ◆ The Bureau Adopted Budget shifts personnel from specialty units such as the Tactical Operations Division, Personnel, Traffic and other Divisions, to the precincts to maintain patrol staffing levels.
- ◆ The Bureau has reconfigured shifts, eliminating the 4-10 to a standard 5-8 configuration to provide better staffing with available personnel.
- ◆ The Bureau continues to work with the Fire and Police Disability and Retirement board to consider retirement for employees unable to report for duty for an extended time period.
- ◆ The Bureau has made facility changes that reduce Interagency Agreements and increase revenue through additional space rented to the Oregon State Police Crime Lab. The Bureau also has moved the Traffic Division out of leased space to Northeast Precinct, resulting in savings of \$181,000.

BUDGET NOTES

- ◆ None

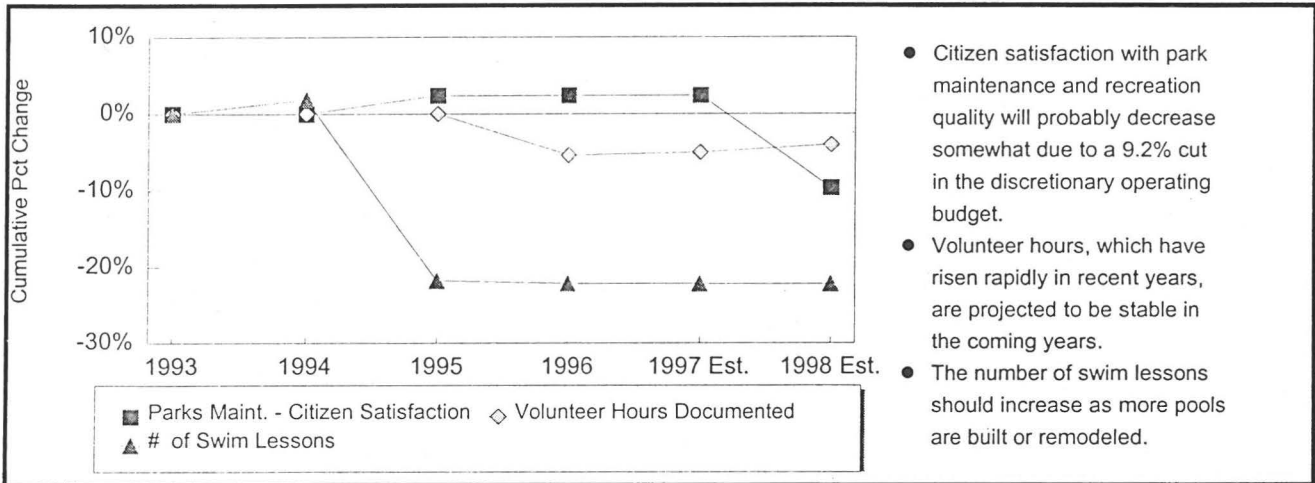
PERCENT OF BUDGET



BUDGET DATA

| | |
|-------------------------|-----------|
| FY 1997-98 Budget: | \$101.2 M |
| Change from FY 1996-97: | -\$67.8 M |
| Change per Capita: | -40.4% |
| FY 1997-98 Positions: | 306 |
| Change from FY 1996-97: | -27 FTE |
| Change per Capita: | -8.6% |

HISTORICAL TRENDS



SIGNIFICANT BUDGET ISSUES

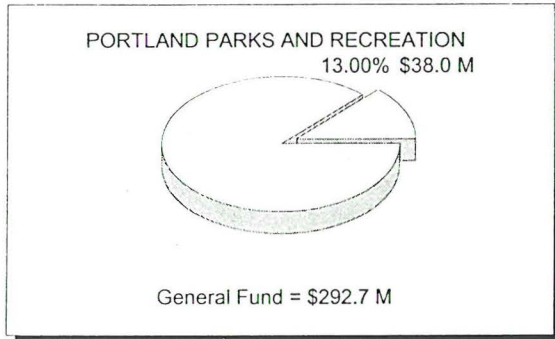
- ◆ The FY 1997-98 Adopted Budget for Parks Recreation & Culture is \$68 million less than the FY 1996-97 budget. This is primarily due to replacing interim financing with permanent long-term financing for the Arena Project. As a result, the Arena Operating Fund expenditures for FY 1996-97 included the retirement of \$44 million in short-term debt. In addition, the Park Construction Fund Adopted Budget is approximately \$10 million less than the Revised Budget due a decrease in scheduled projects for FY 1997-98.
- ◆ The FY 1997-98 operating budget for the Parks Bureau is \$2.2 million or 9% less than FY 1996-97.
- ◆ The Parks Bureau received permanent bridge funding of \$1.3 million which restored 16 positions and materials and services. The positions were added in the following programs: District Gardeners (4), Community Schools (6), City Performing Arts (2), Turf Care (2) and Community Center Staffing (2). Overall, full-time positions are down 27 from the Revised FY 1996-97 budget.
- ◆ The Regional Arts and Culture Council (RACC) will receive funding of \$1.4 million which is a 17.8 percent reduction from the current service level. The budget for RACC is based on room tax receipts. \$300,000 is budgeted for Portland Center for the Performing Arts and \$300,000 to support Civic Stadium.
- ◆ Funding for capital projects within the Parks Bureau is continued primarily through the \$58.8 million bond issue approved by voters in 1994, but also through \$870,000 of General Fund dollars, \$3 million Metro 26-26 money, \$2 million for flood and landscape repair, and \$271,000 for Bruce Street Improvements.

PORTLAND PARKS AND RECREATION (130)

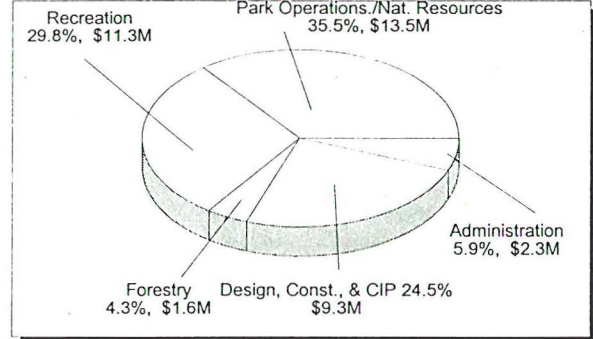
Service Area: PARKS, RECREATION, AND CULTURE

Commissioner-in-Charge: Jim Francesconi

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

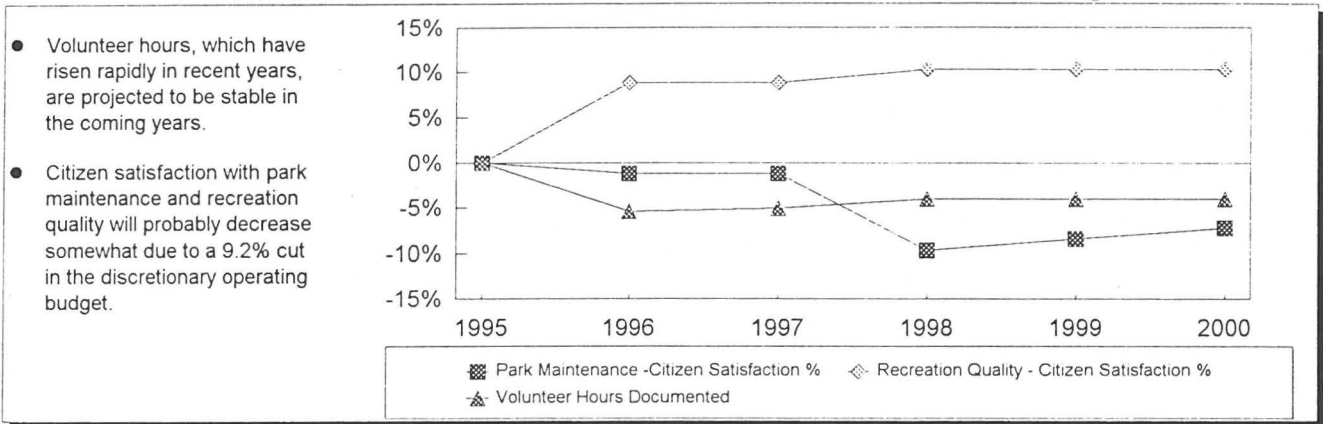
| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|---------------------------|----------------------|
| Operating | \$32.0 M | \$29.6 M | (\$2.4 M) | -11.4% |
| Capital | \$9.0 M | \$8.4 M | (\$559 K) | -10.1% |
| Total | \$41.0 M | \$38.0 M | (\$3.0 M) | -11.1% |
| Allocated City Overhead Costs | \$2.0 M | \$1.8 M | | |
| Total with Overhead Allocated | \$43.0 M | \$39.8 M | | |
| Full-Time Positions | 308.9 | 282.0 | -27 | -9.3% |

Note: The above figures refer to the Parks General Fund budget only, not Golf, PIR, or G.O. bond funds.
The "per capita change" column is adjusted for inflation and population growth.

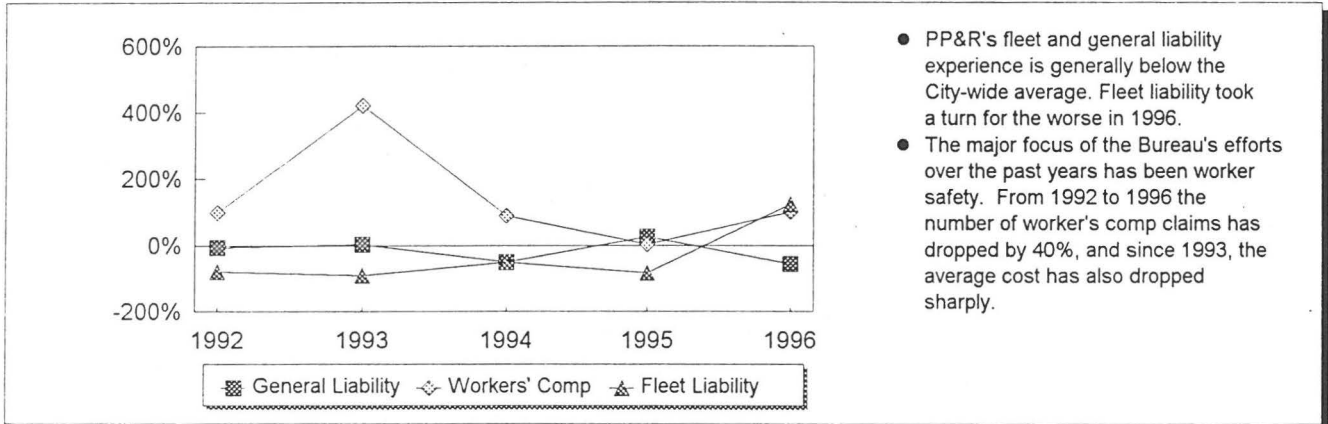
SIGNIFICANT ISSUES AND CHANGES

- ◆ The FY 1997-98 Adopted Budget for the Parks Bureau is \$5.2 million or 16.2% less than FY 1996-97. Of that total, \$2.4 million is a reduction in capital spending, while \$2.8 million is an operating budget reduction.
- ◆ The largest influence on the FY 1997-98 budget is the revenue shortfall created by Measure 47, a property tax limitation measure passed by Oregon voters last November. When comparing the Proposed Parks operating budget with the amount of money that would have been needed in order to provide the same level of service as is currently provided, the discretionary General Fund support is about \$2.56 million less than the current service level, which equates to a 10.5% cut in the discretionary operating budget.
- ◆ The budget reduces the number of authorized full-time positions by 27. As a result of Measure 47, 29 full-time positions are cut within the General Fund, plus one position budgeted directly in the Golf Fund. The loss of the 29 General Fund positions is offset by 2 positions added to operate the new East Portland Community Center, scheduled to open in December 1997.
- ◆ The Parks Bureau received bridge funding of \$1 million which restored 12 positions which otherwise would have been cut as well as associated materials and services. The positions were added back in the following programs: District Gardeners (4), Community Schools (3), City Performing Arts (2), Turf Care (1), and Community Center Staffing (2).
- ◆ The FY 1997-98 capital budget for Parks includes General Fund dollars in addition to General Obligation Bond funds, which are accounted for in a separate fund. The \$6.6 million General Fund capital includes improvements to Columbia Pool and the final installment of an upgrade to Pioneer Square.

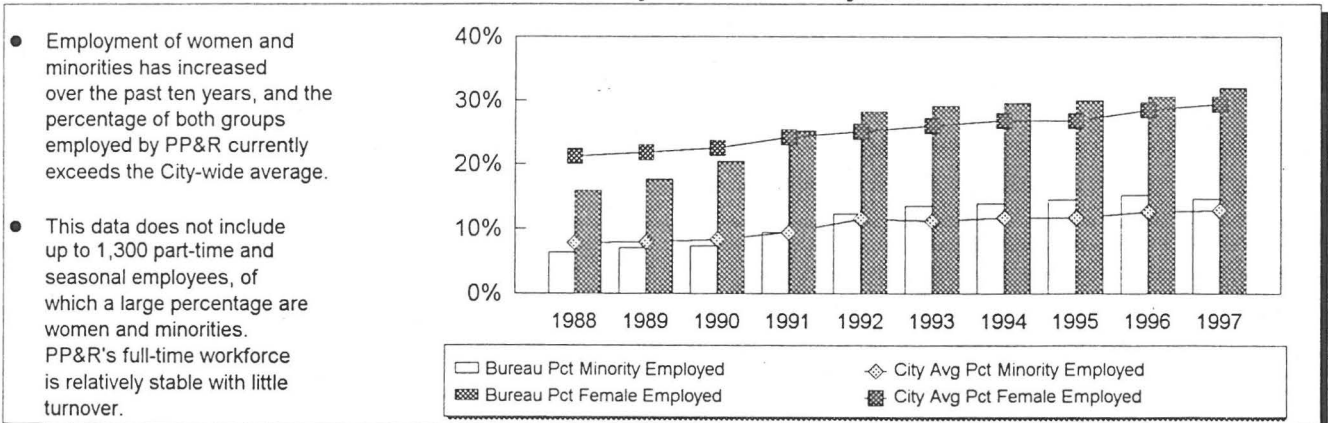
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs Citywide



PORTLAND PARKS AND RECREATION (130)

Service Area: PARKS, RECREATION, AND CULTURE

Commissioner-in-Charge: Jim Francesconi

BUDGET OVERVIEW

- ◆ The \$2.56 million in cuts to Parks' discretionary General Fund operating budget will have a widespread impact. Some of the reductions will not affect the citizens and customers directly, because the bureau will be reorganizing its management to achieve greater operating efficiency. However, some of the cuts will be seen by customers. These include the following:
 - There will be a reduction of two full-time gardeners and about 5 seasonal workers to maintain the shrub beds and flower beds in the parks. Currently, there are 13 gardeners. This cut will inevitably lead to a more ragged look in the neighborhood parks, although the larger, "flagship" parks such as Laurelhurst, Gabriel, Peninsula, and Washington parks will probably receive the same level of horticultural care as at present.
 - Two small "porta-pools" will be closed, one in the Abernethy neighborhood and one in the Woodlawn area. Both pools are lightly attended--between 1,000 and 1,500 per summer compared to 40,000-45,000 per summer in the regular outdoor pools, two of which are located near these porta-pools.
 - The reduction of a mower operator, along with equipment and seasonal help, means that up to 115 acres, or 10% of the regularly mowed turf in neighborhood parks, will be allowed to grow throughout the summer. The budget also reduces the specialized support for park maintenance by cutting one High Climber in the Forestry unit (out of eight) and by cutting one utility worker (out of ten) and the lead worker from the Equipment Services unit, which provides a wide array of hauling, paving, grading, and other support services.
 - The budget discontinues the partnerships with the schools at three Community School sites: Ockley Green, Whitaker, and Gregory Heights. It also reduces the staff at three community centers, cuts 20 out of 59 after school "satellite" recreation programs at nearby elementary schools, and cuts 8 out of 32 summer playground programs in neighborhood parks.

CHANGES IN BUDGET

ADDITIONS

- ◆ This budget incorporates the opening of the new East Portland Community Center, which is being constructed with bond funds. The new center will be supported by a combination of its own user fees and discretionary General Fund resources previously allocated by the City Council. The Southwest Community Center will not open until FY 1998-99, and is not included in this budget. The East center will have three full-time staff assigned to it, one of which will be a reassignment of an existing position and two of which will be new positions.

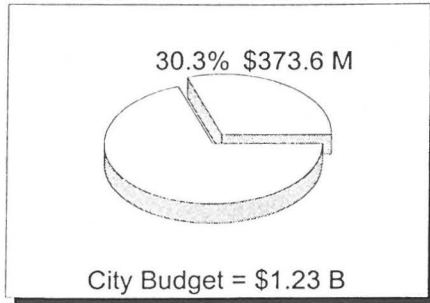
EFFICIENCIES

- ◆ This budget assumes more efficient usage of printing and mailing services, reduced air time for cell phones, and reduced water and sewer charges as a result of the completion of a well in Waterfront Park and the identification (or creation) of irrigation-only lines in order to eliminate sewer charges.
- ◆ A voluntary admission charge to the Washington Park Rose Garden is included in this budget, as well as increased revenues from Aquatics, Community Gardens, team sports, the Pittock Mansion and the Children's Museum. Two other partner organizations, the Hoyt Arboretum Friend's Foundation and the Japanese Garden, will also be asked to assume a larger share of the operating costs of those two facilities.
- ◆ The budget reduces the number of top managers by a third and consolidates several middle management positions, saving a total of \$649,000. Nearly all parts of the organization will have either one or two layers of management cut, which should not only save money, but also improve internal communication.
- ◆ The budget also implements the "pack it out" program, which combines public education with the removal of trash cans in the parks. This has been pilot tested successfully in a few parks and will be expanded.

BUDGET NOTES

- ◆ None

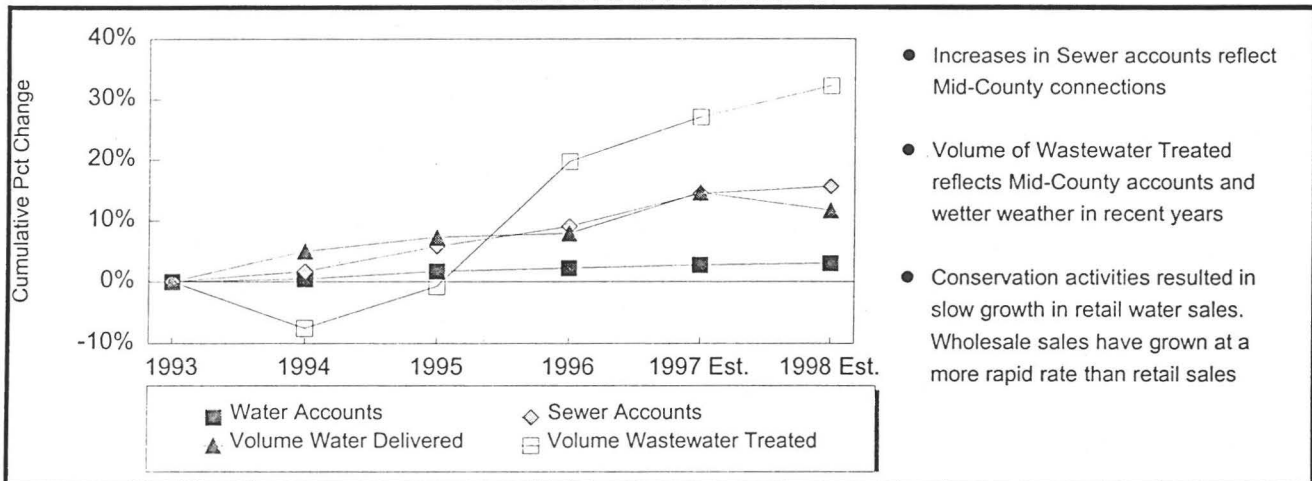
PERCENT OF BUDGET



BUDGET DATA

| | |
|-------------------------|------------|
| FY 1997-98 Budget: | \$373.6 M |
| Change from FY1996-97: | - \$84.6 M |
| Change per Capita: | -19.0% |
| FY 1997-98 Positions: | 961 |
| Change from FY 1996-97: | -9 FTE |
| Change per Capita: | -1.6% |

HISTORICAL TRENDS



SIGNIFICANT BUDGET ISSUES

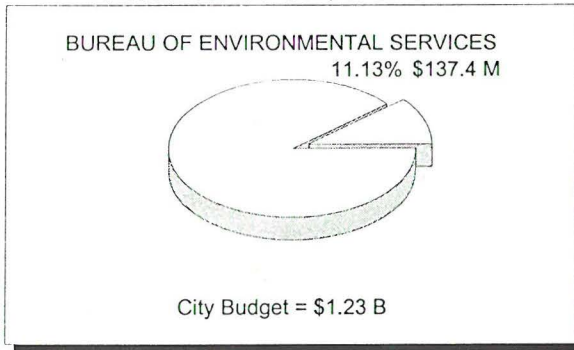
- ◆ The Adopted Budget includes no change in water rates and an average increase in single family sewer rates of 10.3% for FY 1997-98. Similar rates of increase for sewer service are anticipated for the subsequent 3 years, followed by lower rates of increase. Water rates are forecast to increase at about 5% annually after FY 1997-98.
- ◆ The BES Adopted Budget contains elimination of 20 operating positions and creation of 11 positions, for a net reduction of 9 positions. (The 5 year financial forecast assumes an additional 10 operating position reductions in FY 1998-99.) In addition, the capital improvement budget has been reduced \$113 million over 5 years, compared to last year's 5-year capital improvement program (CIP).
- ◆ The Water Bureau's operating budget of \$46.1 million is \$300,000 higher than the FY 1996-97 Revised Budget. However, this operating budget represents a reduction in per capita costs of 3.3%. The CIP budget of \$22.3 million is \$1.8 million lower than the FY 1996-97 Revised Budget.
- ◆ The Water Bureau continues to be assigned an Aa1 Revenue Bond Credit Rating from Moody's Investors Service. This rating, which is the highest achievable, is only being held by four water utilities nationally.
- ◆ BES continues its commitment to meet all regulatory requirements and water quality objectives through use of cost-effective investments, necessary maintenance, and testing of innovative, non-traditional designs.

BUREAU OF ENVIRONMENTAL SERVICES (145)

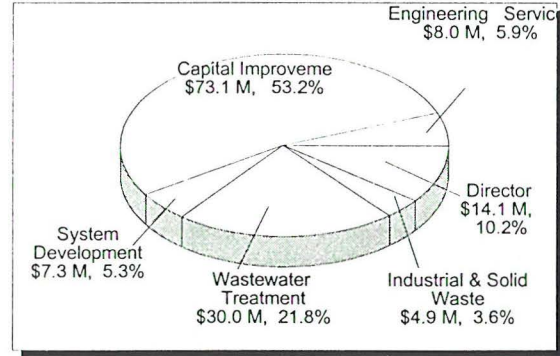
Service Area: PUBLIC UTILITIES

Commissioner-in-Charge: Erik Sten

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|-----------|-----------|------------------------|-------------------|
| Operating | \$58.1 M | \$60.2 M | \$2.1 M | -0.6% |
| Capital | \$114.8 M | \$77.2 M | (\$37.6 M) | -35.5% |
| Total | \$172.9 M | \$137.4 M | (\$35.5 M) | -23.8% |
| Allocated City Overhead Costs | \$2.3 M | \$2.5 M | | |
| Total with Overhead Allocated | \$175.2 M | \$140.0 M | | |
| Full-Time Positions | 447 | 438 | -9 | -2.7% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ The FY 1997-98 Adopted Budget for the Bureau requires an increase in the average residential sewer bill of 10.3%, which is 1.8% lower than the 12.1% rate increase forecast within the Bureau's financial plan. The lower rate of increase is the result of reducing funding for operating programs and capital improvement projects. Commitments to meet all regulatory requirements and make necessary investments in system maintenance and replacement remain intact. The budget also retains funding for "green technology" capital projects, to test new ways of improving water quality through use of natural systems and other non-traditional engineering designs.
- ◆ The budget eliminates 20 operating program positions and creates 11 positions in facilities planning, for a net reduction of 9 positions. (The 5-year financial forecast assumes an additional 10 positions will be eliminated in the following fiscal year, FY1998-99). Staffing reductions reflect improved efficiencies within some programs and reduced levels of service in others.
- ◆ Funding for facility planning has been increased, addressing the Bureau's commitment to improving long term capital improvement plans and anticipating requirements for system maintenance and replacement. New facility plans will also guide improvements within the Johnson Creek watershed to mitigate the impacts of flooding and to improve water quality.
- ◆ The budget for the capital improvement program (CIP) has been reduced \$113 million over 5 years, in comparison to last year's 5-year CIP. Reductions are the result of additional value engineering exercises, better coordination among individual capital programs, deferring projects when schedules allow, and reducing the scope of capital improvements.

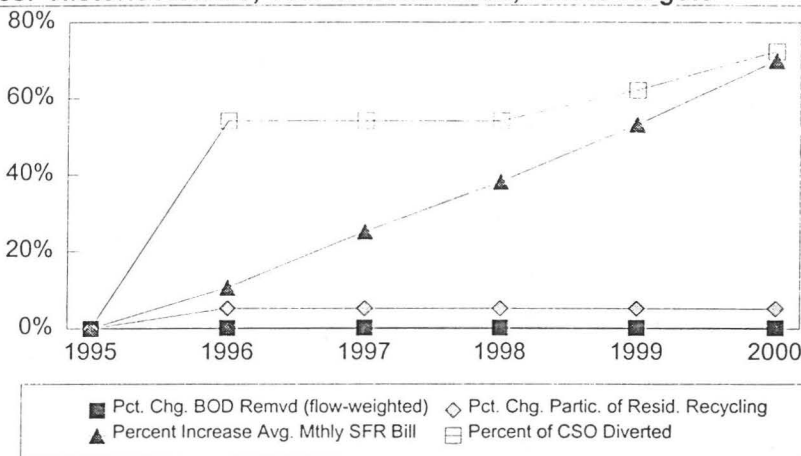
BUREAU OF ENVIRONMENTAL SERVICES (145)

Service Area: PUBLIC UTILITIES

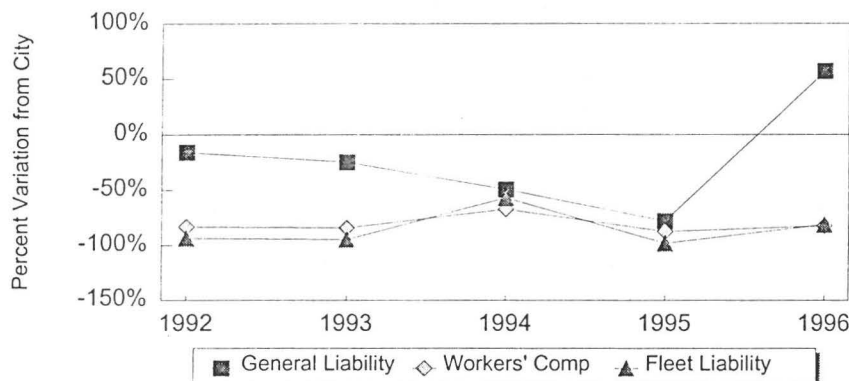
Commissioner-in-Charge: Erik Sten

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- The percent of CSO diverted is projected to be 15.9% in FY1999-00, a 72% increase over the 9.8% diverted in FY1994-95.
- The percent increase in the monthly SFR bill has been fairly constant, resulting from annual increases ranging from 10% to 13% per year.
- The percentages of residential recycling participation and BOD removed are expected to be stable.



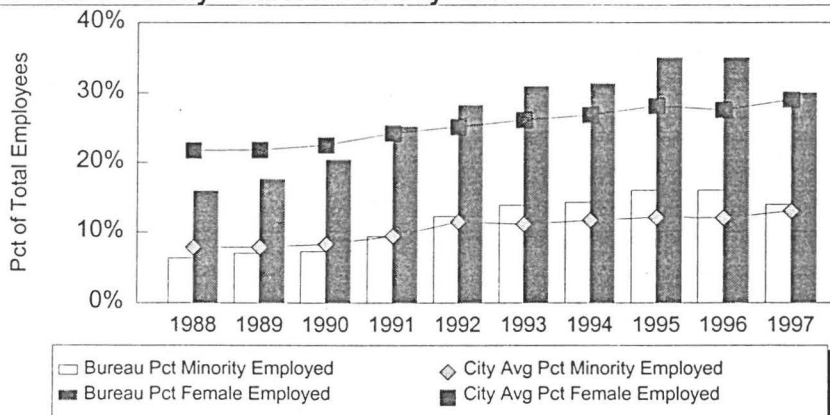
Bureau Loss Experience vs. Citywide Loss Experience



- Worker's compensation and fleet trends reflect the aggressive safety and loss policies of the Bureau.
- General liability percentage jumped over 600%, a direct result of the February 1996 flood. Flood damage related to sewer backups and stormwater runoff were significantly higher than in other years.

Workforce Diversity - Bureau vs. Citywide

- Female employment in the Bureau is 2% higher than the City's average.
- Minority and female employment in the Bureau reflect City-wide trends over the last 10 years.
- Leveling of CIP workloads has resulted in a slow down in hiring.



BUREAU OF ENVIRONMENTAL SERVICES (145)

Service Area: PUBLIC UTILITIES

Commissioner-in-Charge: Erik Sten

BUDGET OVERVIEW

- ◆ Construction of collector sewers in mid-Multnomah County will be completed in FY 1997-98, six years ahead of schedule. The CIP also includes funds necessary to meet CSO construction schedule requirements, and continues capital repair and replacement of the City's sanitary sewer and drainage infrastructure. Overall spending levels are down, reflecting improvements to CIP management systems, application of value engineering, and reductions to various CIP activities.
- ◆ Within the Bureau's operating programs, 20 positions were eliminated and 11 were created, for a net decrease of 9 positions. Every operating program is experiencing a reduction in the level of staffing, with the exception of the facilities planning division, which is receiving 6 new positions to support expanded facilities planning activity. Eight of the new positions are the result of converting contract staff to City positions, saving over \$200,000 in contract costs.
- ◆ The Refuse Disposal Fund provides for the continuation of residential programs such as customer information services, field inspection and franchise enforcement, recycling education, multi-family recycling, composting, and program development to increase waste reduction through curbside recycling and yard debris diversion. The budget also provides funding to continue the implementation, monitoring and enforcement efforts in the commercial sector. Residential franchise rates are not expected to increase, while the commercial permittee fee is expected to be reduced about 11% effective July 1, 1997, a result of declining program cost requirements.

CHANGES IN BUDGET

ADDITIONS

The FY 1997-98 budget increases funding for operations of the new headworks at the Columbia Boulevard sewage treatment plant (\$450,000). It adds funding for purchase of a new customer billing and information system, in coordination with the Water Bureau (\$400,000). It increases operating funds for the Bureau of Maintenance by approximately \$250,000, provides funding for 3 new positions in facilities planning (\$200,000), converts another 8 contract positions to City positions (a savings of over \$200,000) and provides necessary operating funds to Mid County Sewer Project customer services functions, to assist homes and businesses that have not yet connected to the sewer system system (approximately \$1.5 million).

REDUCTIONS/EFFICIENCIES

The Adopted Budget for FY 1997-98 eliminates 20 operating positions, reduces funding for communications and fleet, training programs and out of town travel, and grounds maintenance of treatment plant facilities. Ten of the positions being reduced were necessary to achieve the forecast rates within the 5-year financial plan. The work done by those positions has been transitioned to other employees as an efficiency improvement. The Adopted Budget also decreases capital outlays by \$113 million compared to the FY 1996-97 - FY 2000-01 CIP.

BUDGET NOTES

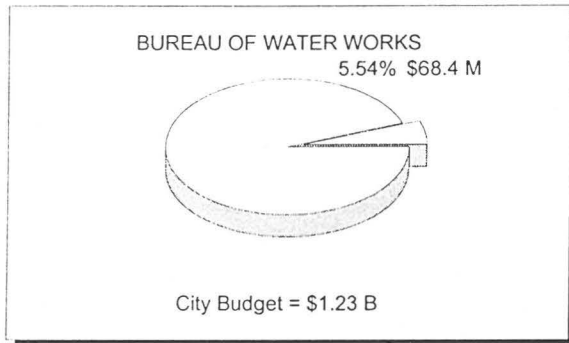
- ◆ The Bureaus of Environmental Services and Water Works will examine revenue enhancement opportunities and issues, including system development charge increases, and will report back to Council during FY 1997-98. The Portland Utilities Review Board will also look at this issue and make recommendations to Council.
- ◆ Environmental Services, in coordination with Transportation, Parks, and other relevant bureaus, will prepare a storm debris response policy for consideration by Council during FY 1997-98. Issues such as types of responses, timing of responses, and funding will be included in the proposal.

BUREAU OF WATER WORKS (180)

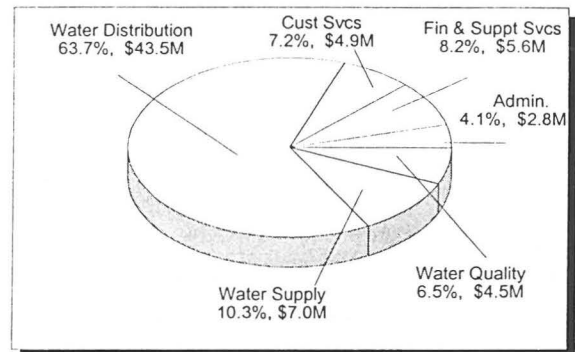
Service Area: PUBLIC WORKS

Commissioner-in-Charge: Erik Sten

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | Requested 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|-------------------|---------------------------|----------------------|
| Operating | \$45.8 M | \$46.1 M | \$379 K | -3.3% |
| Capital | \$24.1 M | \$22.3 M | (\$1.8 M) | -11.4% |
| Total | \$69.8 M | \$68.4 M | (\$1.5 M) | -6.1% |
| Allocated City Overhead Costs | \$1.7 M | \$1.6 M | | |
| Total with Overhead Allocated | \$71.6 M | \$70.0 M | | |
| Full-Time Positions | 513 | 513 | 0 | -0.7% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ There is no water rate increase for FY 1997-98. (Last year's Financial Plan had projected a 4.7% increase for FY 1997-98.)
- ◆ The Water Bureau continues to be assigned an Aa1 Revenue Bond Credit Rating. This rating, from Moody's Investor Service, is the highest level achievable. Portland is the largest of the four water utilities nationally that have received this rating.
- ◆ The operating budget is \$46.1 million, compared to the FY 1996-97 revised budget of \$45.8 million -- a reduction in per capita costs of 3.3%.
- ◆ The Capital Improvement Program (CIP) budget is \$22.3 million, a decrease of \$1.8 million from the FY 1996-97 revised budget of \$24.1 million. The number of projects has decreased from 84 to 77 with the budget decrease resulting from the mix of project cost requirements.
- ◆ The Water Bureau's rates are among the lowest in the metropolitan area.
- ◆ The number of full time positions remains constant at 513.
- ◆ During FY 1995-96, 92% of the Bureau's customers rated water services as satisfactory or better.
- ◆ The Bureau of Hydroelectric Power has been consolidated into the Bureau of Water Works. For information on the Water-Hydroelectric Power Operating AU, see the appropriate fund pages.

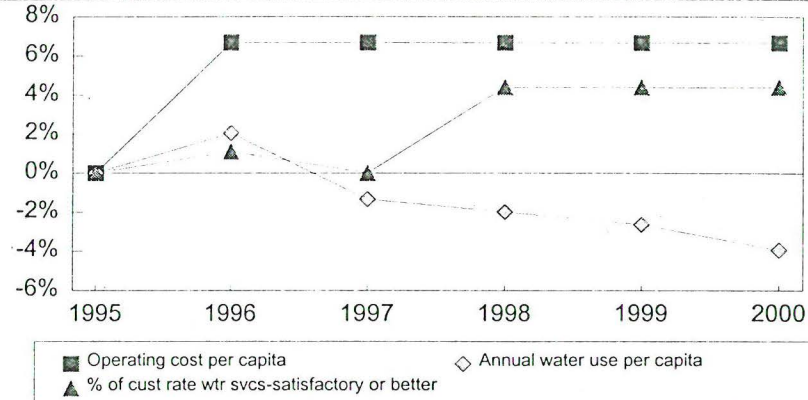
BUREAU OF WATER WORKS (180)

Service Area: PUBLIC WORKS

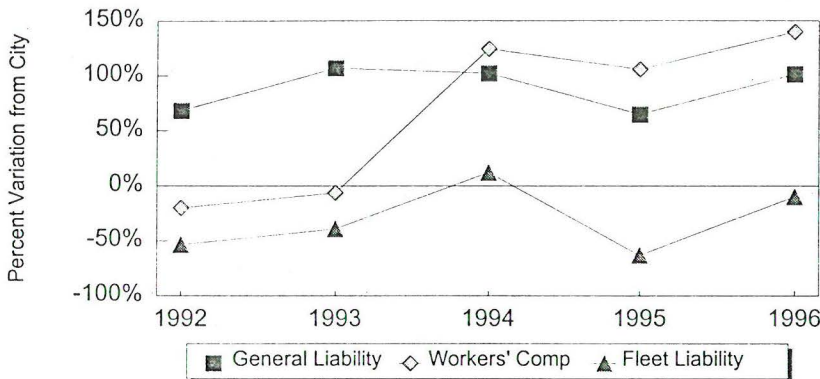
Commissioner-in-Charge: Erik Sten

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- The operating cost per capita is estimated to be constant in FY 1997-98 and future years.
- The % of customers rating water services as satisfactory or better is projected to improve.
- The annual water use per capita is projected to continue to decrease due to conservation efforts.



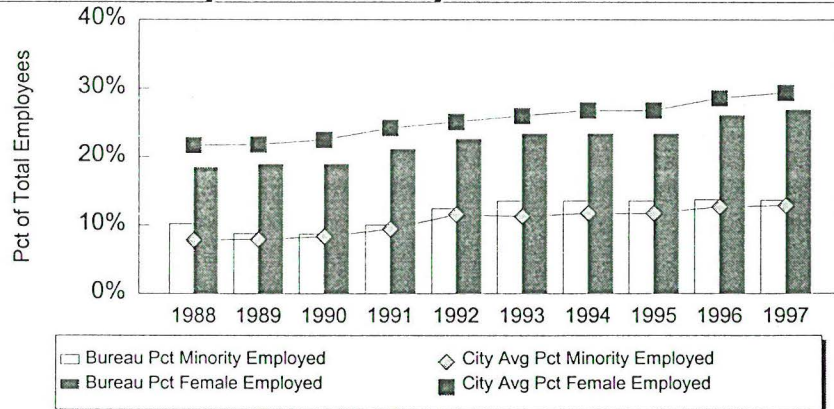
Bureau Loss Experience vs. Citywide Loss Experience



- **General Liability:**
In FY 1995-96, claims costs increased 103% compared to 62% for the City. Bureau costs
- **Worker's Compensation:**
of claims in the Bureau decreased 8%, compared to 10% for the City.
- **Fleet Liability:**
claims in the Bureau increased significantly during 1996 compared to City. Claims costs, however, are still under City average.

Workforce Diversity - Bureau vs. Citywide

- The percentage of minorities in the Bureau is 13.6% and remains higher than the City average of 12.8%.
- The percentage of females in the Bureau continues to improve to 26.9% (from 26.1%).



BUREAU OF WATER WORKS (180)

Service Area: PUBLIC WORKS

Commissioner-in-Charge: Erik Sten

BUDGET OVERVIEW

- ◆ The Water Bureau serves approximately 800,000 customers (more than one-fourth of the State's population). The Bureau has approximately 158,000 retail customers who account for 60% of the Bureau's water demand and 19 suburban water utilities who account for the remaining 40%.
- ◆ The Water Bureau identified 11 Strategic Issues to develop the budget: Organization Improvement; Workforce Planning and Development; Information Technology; Space; Customer Service; Financial Stability; Water Quality and Resource Protection; Water Conservation; Regional Water Supply Plan; Infrastructure Master Planning/CIP; and Maintenance Management.
- ◆ Other Council directives that were addressed in the budget include Council Policy Agenda items, Future Focus, and Portland / Multnomah County Benchmarks.
- ◆ Over the past 25 years, the number of positions in the Bureau has increased only 4%, while the number of customers has increased 24%. The number of full-time positions in the Bureau remains constant at 513. Two additional 2-year limited-term positions were approved in the first Budget Monitoring Process (BMP) for FY 1996-97 to work in Customer Services.
- ◆ The Bureau will budget fleet replacement (\$838,051), new fleet purchases (\$293,000), and new communications equipment (\$270,000) in Equipment Outlay rather than in Equipment Cash Transfer. It is advantageous for the Bureau to do this for rate purposes.

CHANGES IN BUDGET

ADDITIONS

- ◆ Two decision packages, totaling \$308,500 with no full-time positions have been included: (1) Bull Run Watershed Road Maintenance, \$200,000; (2) Enhanced Low Income Assistance \$108,500.
- ◆ The Disparity Program decision package has been included in two components: a) \$75,000 in General Fund Overhead for the Bureau of Purchases and Stores portion; and b) \$95,000 in Materials and Services for the Water Bureau's portion. This program will be reviewed citywide.
- ◆ Approval was granted in the FY 1996-97 BMP 1 report to hire personnel to support the acquisition of a new billing system.

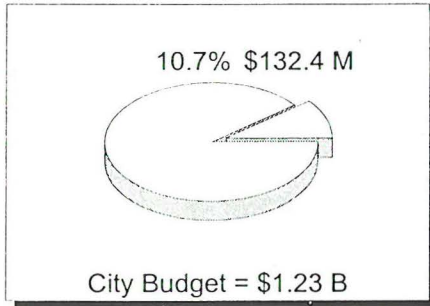
REDUCTIONS/EFFICIENCIES

- ◆ Reduced cell phone budget by 20% -- \$11,252.
- ◆ Reduced Education and Out-of-Town Travel by 10% -- \$23,375 and \$18,943 respectively.
- ◆ Eliminated Interagency with Special Appropriations by \$52,728 for Workforce Development.

BUDGET NOTES

- ◆ The Bureaus of Environmental Services and Water Works will examine revenue enhancement opportunities and issues, including system development charge increases, and will report back to Council during FY 1997-98. The Portland Utilities Review Board will also look at this issue and make recommendations to Council.
- ◆ The Bureau of Water Works will analyze the impact of capital improvement projects on operation and maintenance costs and include this information in CIP and budget reports.

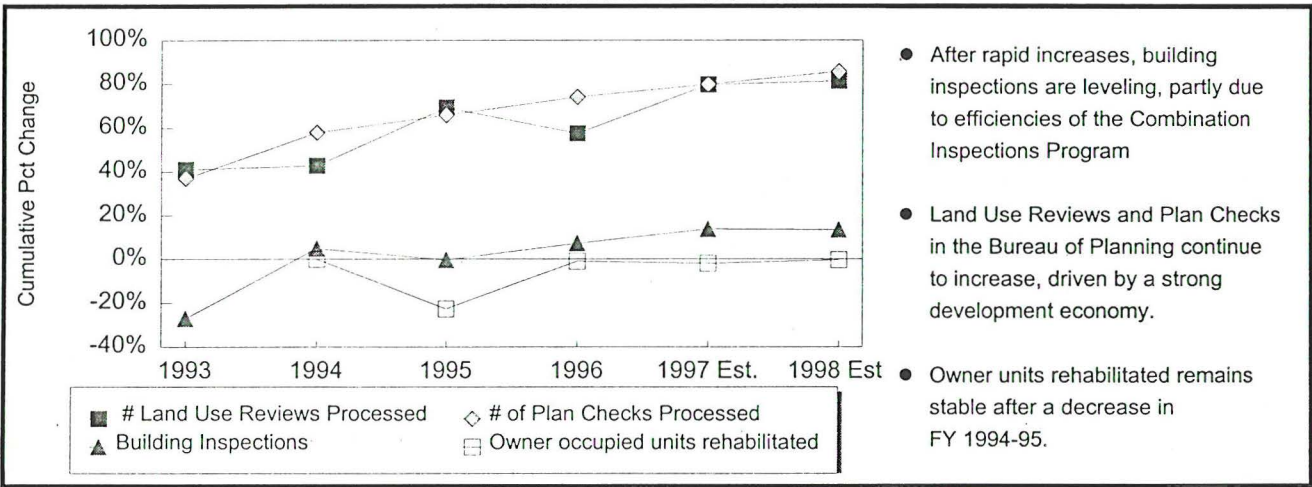
PERCENT OF BUDGET



BUDGET DATA

| | |
|-----------------------|------------|
| FY 1997-98 Budget: | \$132.4 M |
| Change from 96-97: | - \$27.3 M |
| Change per Capita: | -17.6% |
| FY 1997-98 Positions: | 389 |
| Change from 96-97: | 8 FTE |
| Change per Capita: | 1.4% |

HISTORICAL TRENDS



SIGNIFICANT BUDGET ISSUES

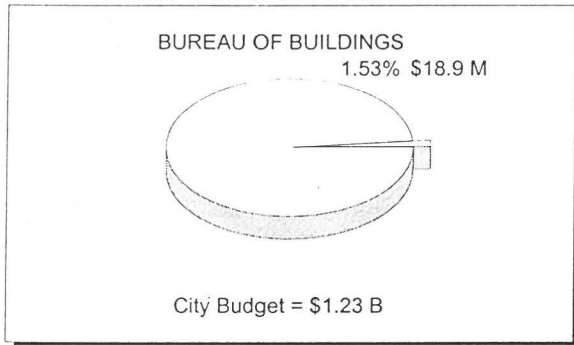
- ◆ The Adopted Budget for Buildings includes a reduction of \$184,753 in General Fund support for Neighborhood Inspections. The Bureau is budgeting an additional \$1.6M from its permit and program revenues to fund more inspectors and continue with the replacement of its permit tracking software. Fees are increased for those programs which are not fully recovering their costs: electrical (8%), plumbing (4%), environmental soils (at least 10%), and signs (at least 10%).
- ◆ This Budget reduces spending for City and Neighborhood Planning by \$435,205, a 19.8% cut. It also implements a new city-wide approach to long range planning designed to fulfill requirements of Metro's regional Functional Plan. The Southwest Community Plan will be the last one completed under the community planning approach. Support for development review activities continues at current service levels. One-time funding of \$188,522 to protect Development Review programs from cuts has received ongoing funding due to Measure 50.
- ◆ Commitments to affordable housing, using resources from the Housing Investment fund, have increased from \$3.2 million in FY 1995-96 to \$11.8 million in FY1997-98. Total commitments over a five year horizon will total \$29.0 - \$30.0 million.

BUREAU OF BUILDINGS (520)

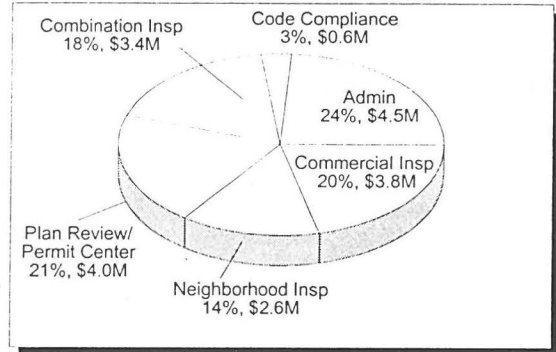
Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Charlie Hales

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|------------------------|-------------------|
| Operating | \$17.2 M | \$18.9 M | \$1.7 M | +5.8% |
| Capital | \$0 | \$0 | \$0 | \$0 |
| Total | \$17.2 M | \$18.9 M | \$1.7 M | +5.8% |
| Allocated City Overhead Costs | \$526 K | \$632 K | | |
| Total with Overhead Allocated | \$17.7 M | \$19.5 M | | |
| Full-Time Positions | 201 | 22892 | +22691 | +11214.8% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ The Neighborhood Inspections program will reduce services because of Measure 50. This program enforces the housing and nuisance codes. Response time on nuisance complaints will lengthen from the current 1-5 days to 5-15 days. Illegal dumping will be cleaned up only on occupied residential properties, not on commercial property or vacant lots. Response to complaints about tall grass and weeds will be restricted from the current May-October schedule to June-August.
- ◆ A well-functioning "development review process" continues to be a high priority for the Bureau. At the same time, the Bureau faces the challenge of unprecedented growth coupled with increased complexity and volume of regulations. To meet the goal of improved plan review turnaround, the Bureau will assist permit applicants to prepare more complete applications, advise prospective developers about review processes and code requirements, contract out specialized plan reviews, and add plan review staff.
- ◆ The Bureau is continuing the Combination Inspection program. Permits issued for new residential units increased by 31% in 1996. Since the Bureau was not able to sustain its 24-hour response time for inspections, two inspector positions and one clerical position will be added in FY 1997-98.
- ◆ The workload in Commercial Inspections remains high and there are a number of large construction projects scheduled to be built in FY 1997-98. One new inspector position will be added to enable the Bureau to fulfill its inspection commitments to the construction industry. The experiment with cross discipline commercial inspections will be used again with the massive expansions at Portland International Airport.

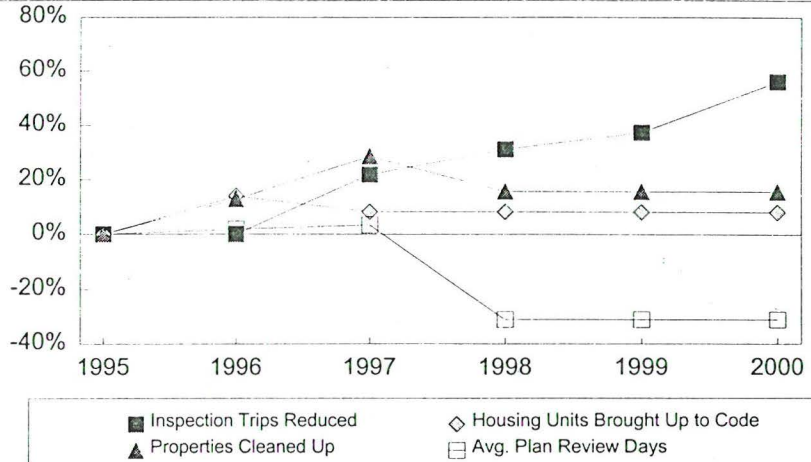
BUREAU OF BUILDINGS (520)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

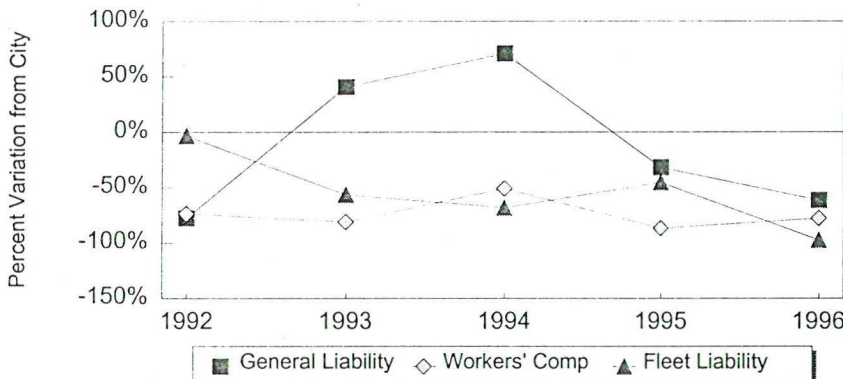
Commissioner-in-Charge: Charlie Hales

Performance Measures: Historical Actuals, Year-end Estimates, Future Targets

- Residential inspections trips are being reduced due to the increasing efficiency of the combination inspections program.
- Properties cleaned up rose in 1996 and 1997 but will decrease due to Measure 50 program reductions.
- Average plan review days will decrease as a result of additional positions and resources.



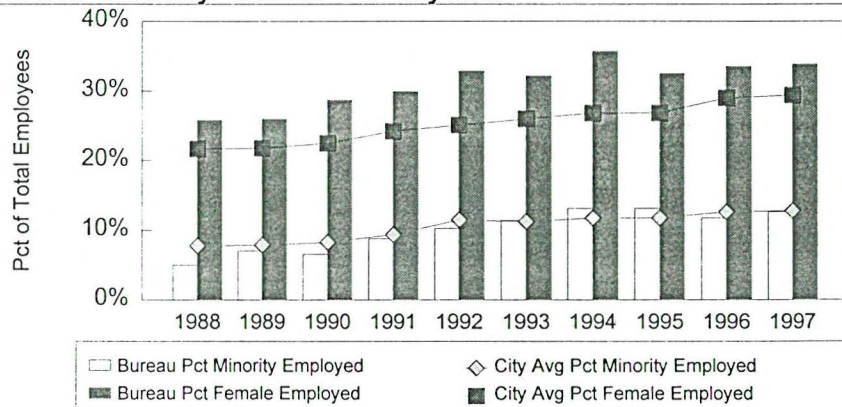
Bureau Loss Experience vs. Citywide Loss Experience



- 1993 and 1994 general liability claims costs are high due to two major lawsuits regarding demolition of a dangerous building and housing code enforcement program targeting landlords.
- Workers' comp and fleet liability claims loss have been well below the city average.

Workforce Diversity - Bureau vs. Citywide

- Bureau has steadily increased percentage of women and minority employees.
- Bureau's percentage of women employees, at 34%, exceeds the City's average of 30%.
- Bureau's percentage of minority employees, at 13% matches the city average.



BUREAU OF BUILDINGS (520)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Charlie Hales

BUDGET OVERVIEW

- ◆ The Bureau of Buildings' mission is to ensure a safe and healthful built environment and to assist in the preservation of housing and the improvement of neighborhoods. The Bureau has responsibility for enhancing and maintaining the City's physical environment through the enforcement of state construction codes and City ordinances (housing, nuisance abatement, and noise control).
- ◆ The FY 1997-98 Adopted Budget for the Bureau of Buildings funds reduced services in Neighborhood Inspections and current service level plus additions in the inspection and plan review programs. In FY 1997-98, the Bureau expects to issue 7,300 building permits, 14,300 electrical permits, and 8,400 plumbing permits. Inspections for residential structures are estimated at 92,000 and for commercial structures at 65,000. In the Neighborhood Inspection program, 2,700 housing units will be brought up to code and 6,300 properties will be cleaned up. Field staff will make 31,700 housing/nuisance inspections. The Budget provides funding to meet this substantial workload.
- ◆ Building permit and plan review revenue is projected to hold strong and even increase slightly over previous years. However, several of the Bureau's other programs have not brought in sufficient revenue to recover their full costs. Fee increases are proposed for these programs: electrical (8%), plumbing (4%), environmental soils (at least 10%), and signs (at least 10%).

CHANGES IN BUDGET

ADDITIONS

- ◆ The Adopted Budget contains several additions to the Bureau's budget. A total of 9 new inspection and plan examination positions are added to respond to the increased workload and to customers needs. The Bureau will also continue implementation of the plan to replace the automated permit tracking system.

REDUCTIONS/EFFICIENCIES

- ◆ The Adopted Budget includes a 14.5% reduction (\$185,000) in General Fund support for the Neighborhood Inspection program. One housing inspector and one support staff position are cut, as well as some nuisance abatement funds and summer staff assistance. This reduction will have a visible impact on response time and nuisance cleanup.
- ◆ The Bureau has implemented many initiatives which are reducing the number of inspections required. The Combination Inspection program allows a fully certified inspector to make 18 inspections per day compared with an inspector with only one certification who makes 13 inspections per day. Bureau staff are conducting code training sessions for contractors and have noted a 20% reduction in call-back inspections on mechanical code corrections. The sewer express program has significantly reduced the number of sewer inspections and nearly eliminated overtime in the combination inspection program. Sewer contractors receive expedited inspections within one to two hours of their request if the contractor maintains a record of violation-free installations.

BUDGET NOTES

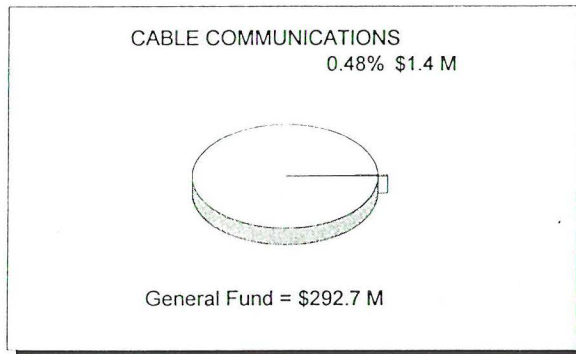
- ◆ None

CABLE COMMUNICATIONS (300)

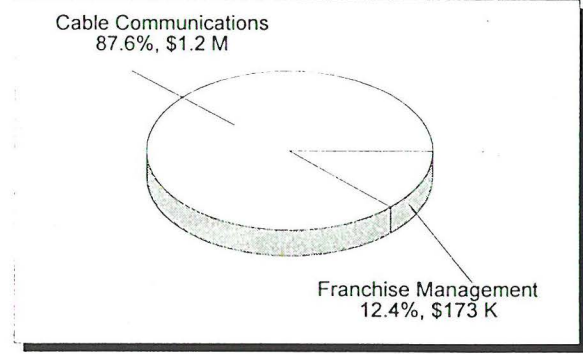
Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Erik Sten

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|---------------------------|----------------------|
| Operating | \$1.5 M | \$1.4 M | (\$151 K) | -13.5% |
| Capital | \$0 | \$0 | \$0 | NA |
| Total | \$1.5 M | \$1.4 M | (\$151 K) | -13.5% |
| Allocated City Overhead Costs | \$0 | \$0 | | |
| Total with Overhead Allocated | \$1.5 M | \$1.4 M | | |
| Full-Time Positions | 5 | 4.8 | (0.2) | -4.6% |

*Note: One position has been reduced from full-time to part-time.
The "per capita change" column is adjusted for inflation and population growth.*

SIGNIFICANT ISSUES AND CHANGES

- ◆ Oversee the upgrade of the Paragon cable system and conduct a technology assessment for the TCI franchise.
- ◆ Develop grant process for the Access Corporation Capital and Access Capital Development Funds and shift the funding of the administration of the new grant programs from general fund to the grant funds.
- ◆ Negotiate Franchises with Sprint, GST, Qwest Communications and UP Railroad.
- ◆ Complete the East County Paragon franchise renewal.
- ◆ Oversee the installation of state-of-the-art television production studio in the renovated City Hall to allow cablecast of City Council and other governmental meetings.

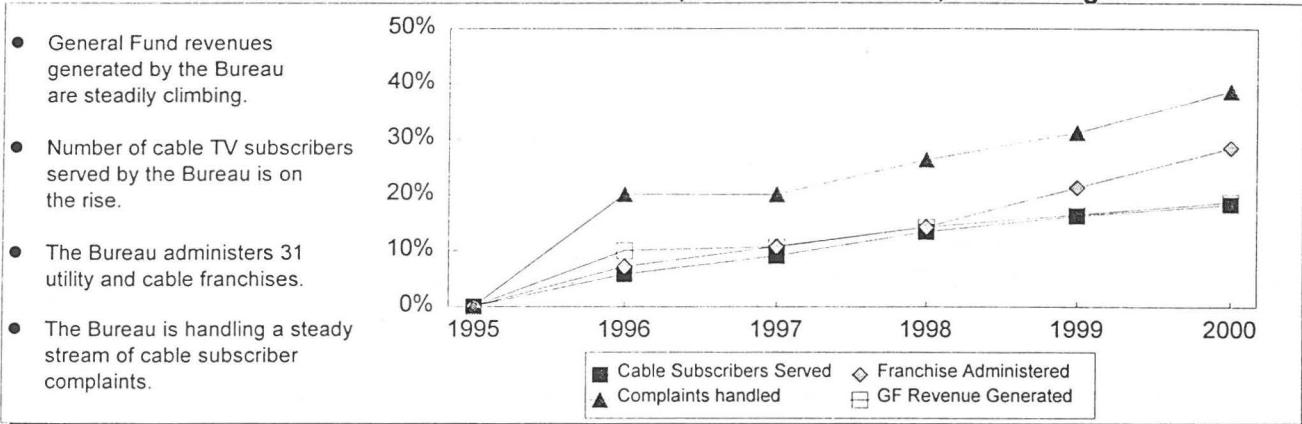
CABLE COMMUNICATIONS (300)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

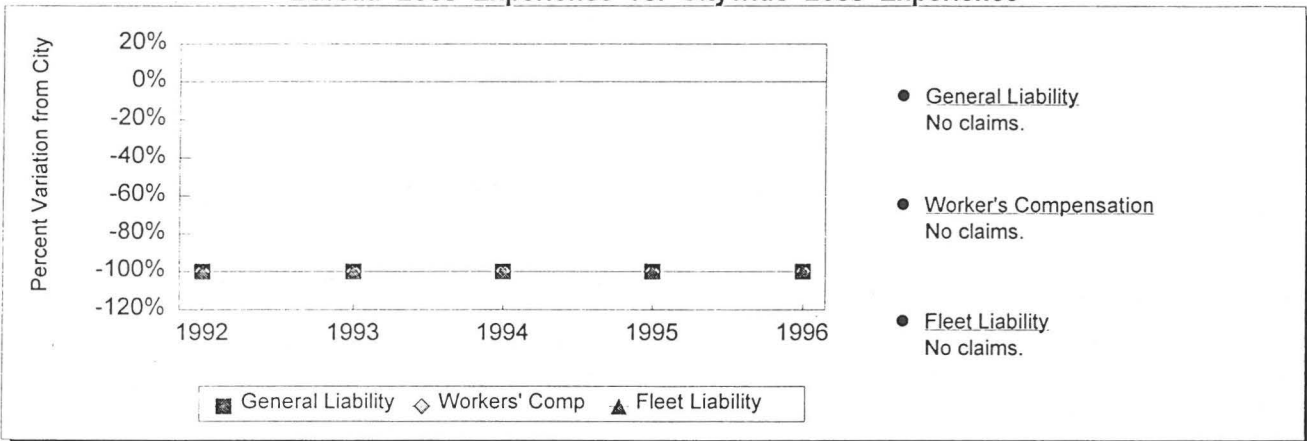
Commissioner-in-Charge: Erik Sten

SUMMARY OF BUREAU EXPENSES

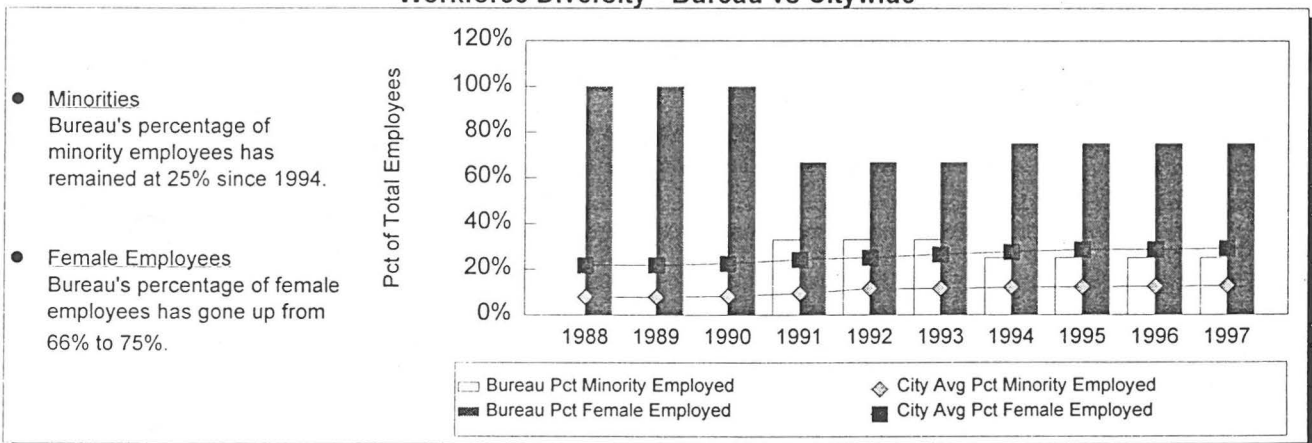
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs Citywide



CABLE COMMUNICATIONS (300)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Erik Sten

BUDGET OVERVIEW

◆ **Cable Communications Program**

The Bureau serves as staff to the Mt. Hood Cable Regulatory Commission. It continues to work with the six jurisdictions to advocate for and protect the public interest in the regulation and development of cable communications systems and resolves cable subscribers' concerns. The Bureau enforces cable service franchises, provides cable consumer protection, administers over \$1,000,000 in grant funds, manages community use of the cable system, holds down rate increases and maximizes revenues.

The Bureau provides oversight of and funding for Portland Cable Access and Multnomah Community Television. These organizations promote broad participation in civic and cultural life by encouraging effective use and understanding of community media.

◆ **Franchise Management:**

The Bureau administers over 30 franchises, negotiates new franchises and oversees utility audits. The Bureau is also a leader in developing the City's policy and legal interest regarding the "Information Superhighway" by participating in appropriate federal, state, and PUC proceedings. The Bureau has a significant role in monitoring and protecting City and consumer interests in the new era of competition and de-regulation of the energy and telecommunication industries.

CHANGES IN BUDGET

◆ **REDUCTIONS/EFFICIENCIES**

Due to Measure 47 directives, the Office of Cable Communications and Franchise Management reduced general fund discretionary operating expenditures by 14.5%. In response to these reductions, the Office of Cable and Franchise Management will shift funding of the administrative costs associated with the new grant programs, established under the Paragon Franchise renewal, from the General Fund to the Community Access Capital Grant Fund. In addition, the Bureau will reduce one FTE by 20% and eliminate staff training. The impacts of this reduction include: fewer MHCRC meetings, reduced oversight of cable access contracts, elimination of phone booth regulation, reduced franchise enforcement, delays in processing new franchises and a limited local voice at FCC and Congressional levels.

- ◆ Also, the decrease in funding for the Office of Cable Communications and Franchise Management will result in a 23% reduction in expected Cable Access Organization funding for FY 1997-98. This is a 12% reduction from the FY 1996-97 funding level for these organizations.

- ◆ Franchise revenues have increased from both cable and utility franchises, which are projected at over \$40 million. The Bureau continues to aggressively identify potential new revenue sources that arise from franchising authority.

BUDGET NOTES

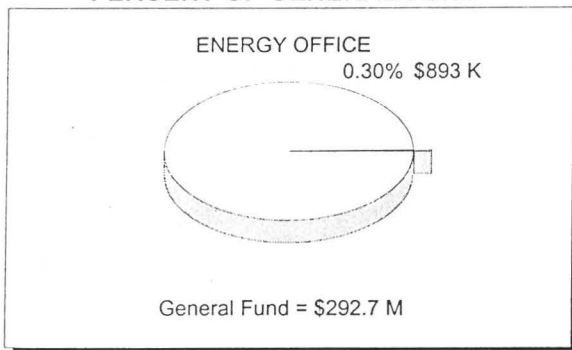
- ◆ None

ENERGY OFFICE (302)

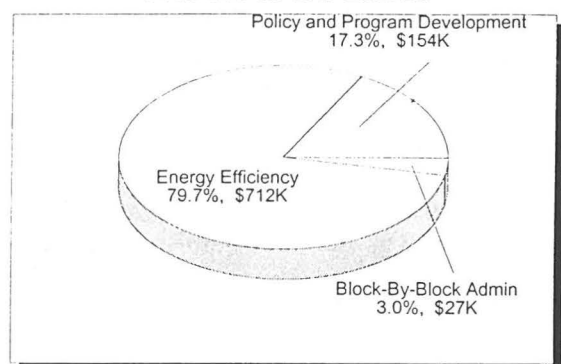
Service Area: COMMUNITY DEVELOPMENT & SERVICE

Commissioner-in-Charge: Erik Sten

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|---------------------------|----------------------|
| Operating | \$1.2 M | \$893 K | (\$354 K) | -31.3% |
| Capital | \$0 | \$0 | \$0 | 0% |
| Total | \$1.2 M | \$893 K | (\$354 K) | -31.3% |
| Allocated City Overhead Costs | \$61 K | \$89 K | | |
| Total with Overhead Allocated | \$1.3 M | \$982 K | | |

| | | | | |
|---------------------|---|---|---|-------|
| Full-Time Positions | 8 | 8 | 0 | -0.7% |
|---------------------|---|---|---|-------|

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ The Energy Office Budget includes a reduction of 14.5% in the General Fund discretionary support. That reduction has been taken in the Director's Office, reducing General Fund support of that position and increasing grant support. This will decrease the Energy Office's ability to pursue grant funding for operations, and will reduce the time available to work on electric utility deregulation issues.

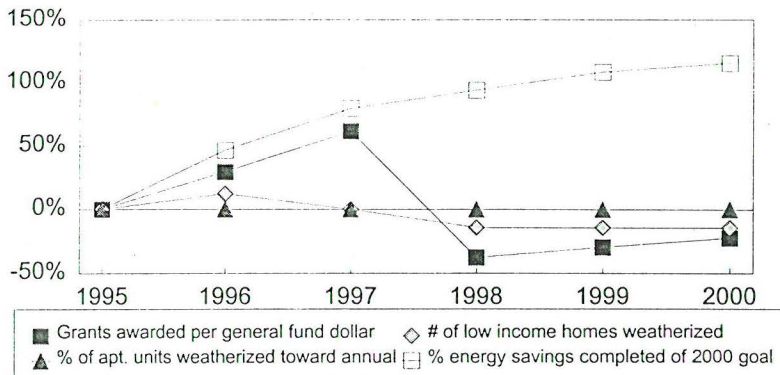
ENERGY OFFICE (302)

Service Area: COMMUNITY DEVELOPMENT & SERVICE

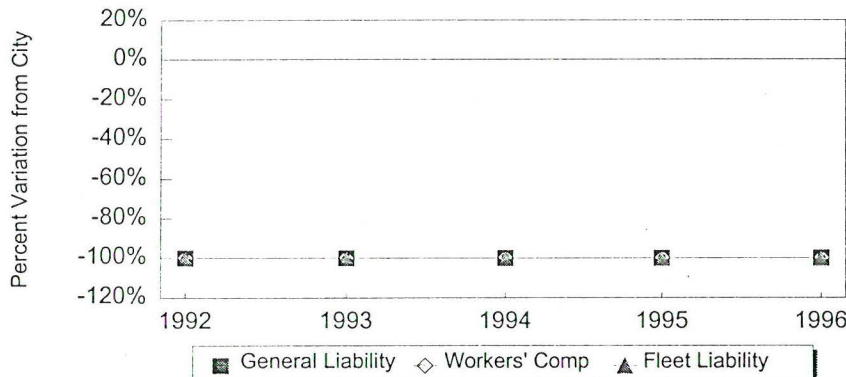
Commissioner-in-Charge: Erik Sten

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- Less grant revenue will be acquired in 1997-98 due to a reduction of 14.5% in General Fund discretionary support.
- The Energy Office will reach \$1.5 million annual savings on City facilities in the year 2000.
- The Energy Office has reached its targeted goal in weatherizing apartment units and this trend will continue in years to follow.



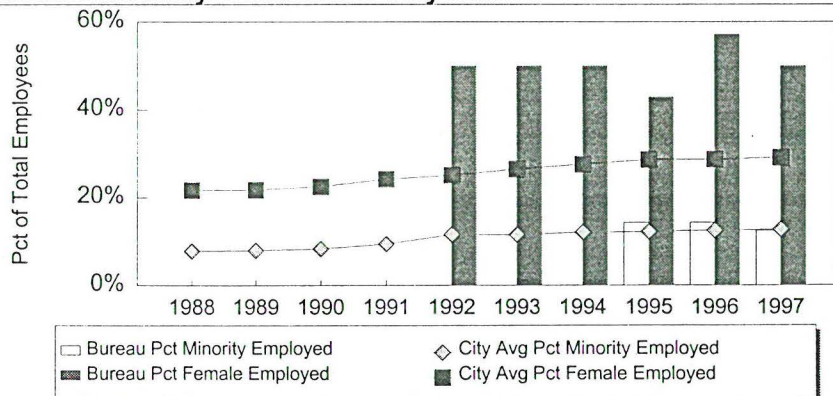
Bureau Loss Experience Vs. Citywide Loss Experience



- The Energy Office has experienced no general liability, worker's compensation, or fleet liability claims.

Workforce Diversity - Bureau vs. Citywide

- In FY 1988-90, the Energy Office was a part of a Commissioner's Office and historical data is not available for that period.
- The Energy Office has exceeded the City's avg percent female employed.



ENERGY OFFICE (302)

Service Area: **COMMUNITY DEVELOPMENT & SERVICE**

Commissioner-in-Charge: **Erik Sten**

BUDGET OVERVIEW

- ◆ The Portland Energy Office helps local residents and businesses save money by using energy and other resources more efficiently. The 1990 City Energy Policy promotes the complementary goals of sustainable energy resources, a clean environment and a strong economy. The Energy Office offers research, education, marketing, and on-site technical and financial services to help achieve these goals.
- ◆ The size of the office budget is mainly attributable to the timing of grants. It is anticipated that \$185,000 in grants will be carried over in FY 1997-98 and an estimated \$200,000 in grants and contracts will be generated during FY 1997-98 to implement the City Energy Policy and Carbon Dioxide Reduction Strategy. 6.8% of the budget reflects the City Energy Challenge Program which will decrease energy costs in City owned buildings, fleet and facilities. The Energy Office will identify an additional \$200,000 in energy savings improvements in City facilities in FY 1997-98 and reach its goal of \$1.2 million in total annual savings. The office budget supports a total of eight positions. Over six of these positions will be funded by grants, contracts, and interagency revenues.

CHANGES IN BUDGET

ADDITIONS

- ◆ None

REDUCTIONS/EFFICIENCIES

- ◆ The General Fund support for the director's position has been cut 14.5% or \$26,135. That amount will be replaced by grant and interagency funding.

BUDGET NOTES

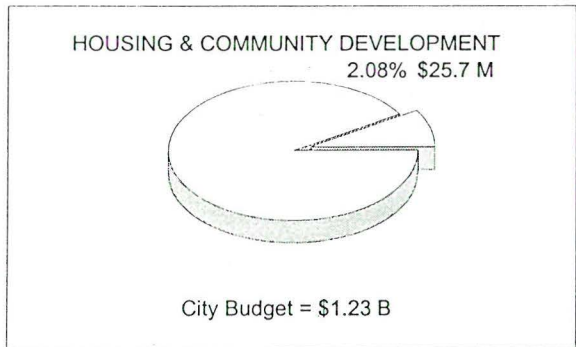
- ◆ None

BUREAU OF HOUSING & COMMUNITY DEVELOPMENT (540, 532, 537)

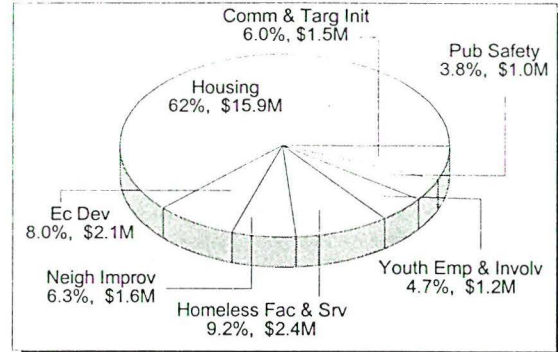
Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Gretchen Miller Kafoury

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|---------------------------|----------------------|
| Operating | \$40.9 M | \$25.7 M | (\$15.2 M) | -39.7% |
| Capital | \$0 | \$0 | | \$0 |
| Total | \$40.9 M | \$25.7 M | (\$15.2 M) | -39.7% |
| Allocated City Overhead Costs | \$0 | \$0 | | |
| Total with Overhead Allocated | \$40.9 M | \$25.7 M | | |
| Full-Time Positions | 17 | 17 | 0 | -0.7% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ The Bureau of Housing and Community Development (BHCD) will integrate Community Systems Support Program area into the Housing, Economic Development, and Community and Targeted Initiatives Program areas. The Bureau has instituted this change to include the community capacity building support and staff technical assistance activities within the program areas that they serve.
- ◆ The General Fund reductions eliminate the City's support of Services for Women Leaving Prostitution (case management, drop in groups and counseling).
- ◆ The City and County are currently discussing the realignment of services for homeless single adults and victims of domestic violence. A realignment may impact the BHCD FY1997-98 budget.
- ◆ \$233 thousand of Community Development Block Grant funds are appropriated for the Housing Investment Fund, and \$217 thousand for the Quality Jobs initiative.

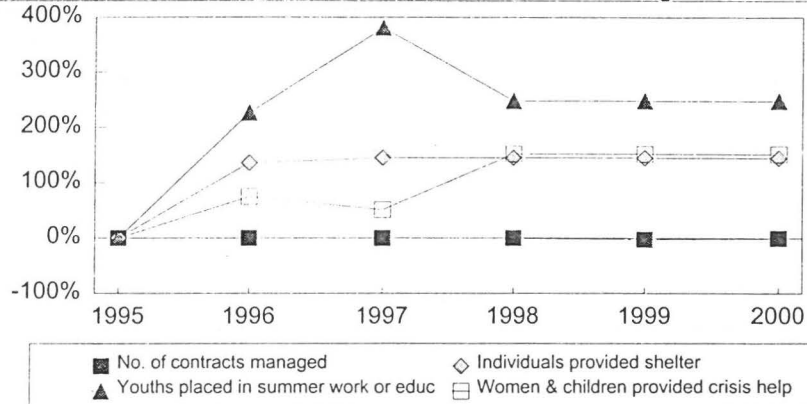
BUREAU OF HOUSING & COMMUNITY DEVELOPMENT(540, 532, 537)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

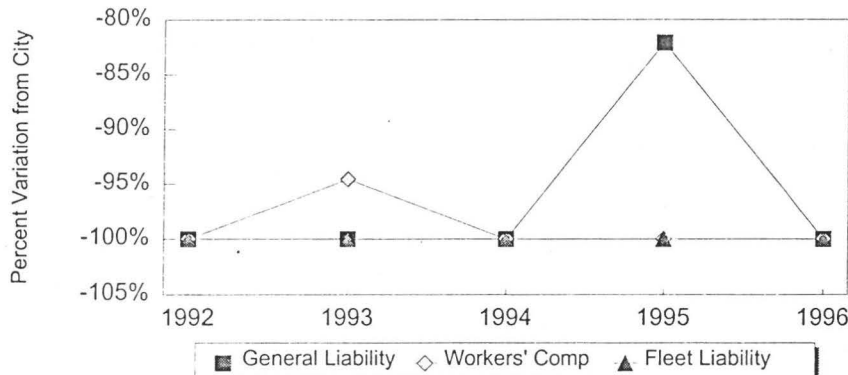
Commissioner-in-Charge: Gretchen Miller Kafoury

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- FY1997-98 performance goals will be maintained at FY1996-97 levels.
- The new competitive bid process will be phased in over 3 years. Its impact on program effectiveness and efficiency and on the number of contracts managed will be tracked through the phase-in.



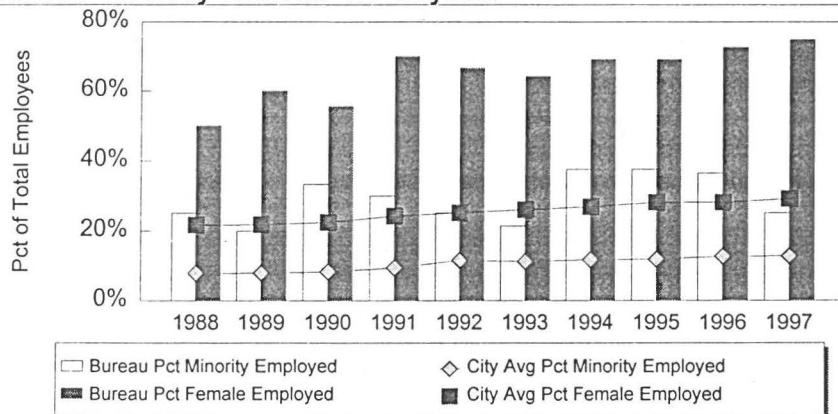
Bureau Loss Experience vs. Citywide Loss Experience



- The General Liability claim increase in FY1995 is due to a claim which was determined invalid.
- BHCD has experienced no liability, workers' comp. or fleet liability loss during the period 1992-1996.

Workforce Diversity - Bureau vs. Citywide

- Increased the number of female employees by 1 since FY1995-96.
- BHCD remains above the City rate for females employed.
- Decreased the number of minority employees by 1 since FY1995-96.
- BHCD minority employment is above the City average.



BUREAU OF HOUSING & COMMUNITY DEVELOPMENT (540, 532, 537)

Service Area: **COMMUNITY DEVELOPMENT & SERVICES**

Commissioner-in-Charge: **Gretchen Miller Kafoury**

BUDGET OVERVIEW

- ◆ BHCD manages federal funds channeled to the City by the U.S. Department of Housing and Urban Development (HUD). The Bureau centralizes the planning, reporting and evaluation of these federal grant funds. BHCD administers four entitlement grants as well as a variety of categorical HUD programs. In addition, the Bureau manages City general funds in the areas of youth and public safety.
- ◆ BHCD provides a balanced program meeting both "safety net" and neighborhood revitalization functions within the bureau's seven program areas; Housing, Economic Development, Neighborhood Improvement, Youth Employment and Involvement, Public Safety, and Community and Targeted Initiatives.
- ◆ BHCD participated as a pilot bureau in the City's Comprehensive Organization Review and Evaluation (CORE) process. The FY 1997-98 budget reflects the continued implementation of the CORE recommendations.

CHANGES IN BUDGET

ADDITIONS

- ◆ The FY 1997-98 budget includes higher Community Development Block Grant (CDBG) resources overall including a slight increase in entitlement, program income and unobligated carryover. This budget includes the Housing for People with Aids (HOPWA) entitlement grant.
- ◆ This budget appropriates \$233K in CDBG funds for the Housing Investment Fund and \$217K for the Quality Jobs Initiative, both managed by the Portland Development Commission.
- ◆ The CDBG budget includes funding the Youth Employment and Involvement Program, replacing the loss of General Fund resources.
- ◆ The Adopted Budget includes \$10,000 of General Fund discretionary funding to continue the needle exchange program

REDUCTIONS/EFFICIENCIES

- ◆ A 14.5% reduction in General Fund transfers, including the shifting of Youth Employment and Involvement projects to CDBG and the elimination of the Public Safety Program and Services for Women Leaving Prostitution.
- ◆ Reductions in the CDBG funded Economic Development Program area, the Street Improvement Program and completion of short term projects.
- ◆ Integration of the Community System Support Program area into the Housing, Economic Development, and Community and Targeted Initiatives Program areas.

BUDGET NOTES

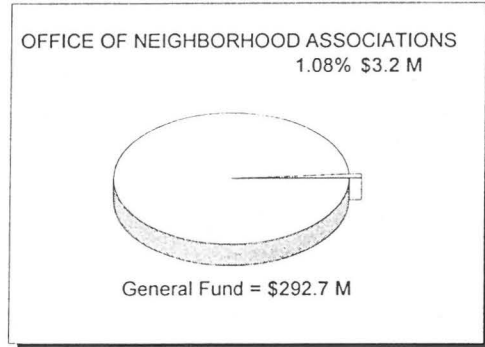
- ◆ None

OFFICE OF NEIGHBORHOOD ASSOCIATIONS (342)

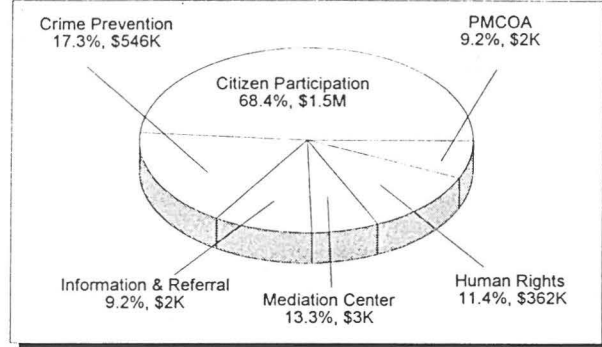
Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Gretchen Miller Kafoury

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|------------------------|-------------------|
| Operating | \$3.1 M | \$3.2 M | \$85 K | -1.5% |
| Capital | \$0 | \$0 | \$0 | N/A |
| Total | \$3.1 M | \$3.2 M | \$85 K | -1.5% |
| Allocated City Overhead Cost | \$0 | \$0 | | |
| Total with Overhead Allocated | \$3.1 M | \$3.2 M | | |
| Full-Time Positions | 24 | 29 | 5 | +20.0% |

*Several positions change from full-time to part-time/limited term.
The "per capita change" column is adjusted for inflation and population growth.*

SIGNIFICANT ISSUES AND CHANGES

- ◆ The FY 1997-98 ONA budget represents a major reorganization of the bureau's programs and finances. The Metropolitan Human Rights program, which had previously been an autonomous bureau, will now be managed by ONA. In comparison to FY 1996-97, combined expenses for these two entities have been reduced by 6%.
- ◆ The Mediation Center program will experience a decrease in services as it transitions to a non-profit organization. The primary task of the Center during FY 1997-98 will be to maintain minimum services until the end of December when the non-profit transition will be completed. In addition to mediation staff, the budgeted program includes funds for a transition coordinator to prepare for and manage the Center through the transition.
- ◆ Crime prevention services, which had previously been contracted out to the neighborhood coalitions, will now be centralized in the ONA downtown office, but staff will actually be located in the neighborhood coalitions offices. Centralization provides the Coalitions, neighborhood associations, and the Police Bureau the opportunity to develop a consistent, public safety organizing strategy with the flexibility to respond to City-wide crime prevention needs. The Crime Prevention staff will strive to maintain integral ties between the Coalitions, neighborhood offices and the Police Bureau.
- ◆ The budget includes a redistribution of funds to the neighborhood coalitions and seeks to provide both core staffing and equity funding as recommended by the Task Force on Neighborhood Involvement.
- ◆ During FY 1997-98 costs for the Information and Referral program are transferred to the overhead model, resulting in a savings to the General Fund of \$125,061. The budget also maintains the Commission on Aging but at reduced staffing and service levels until the transition to not for profit status is completed in October 1997.

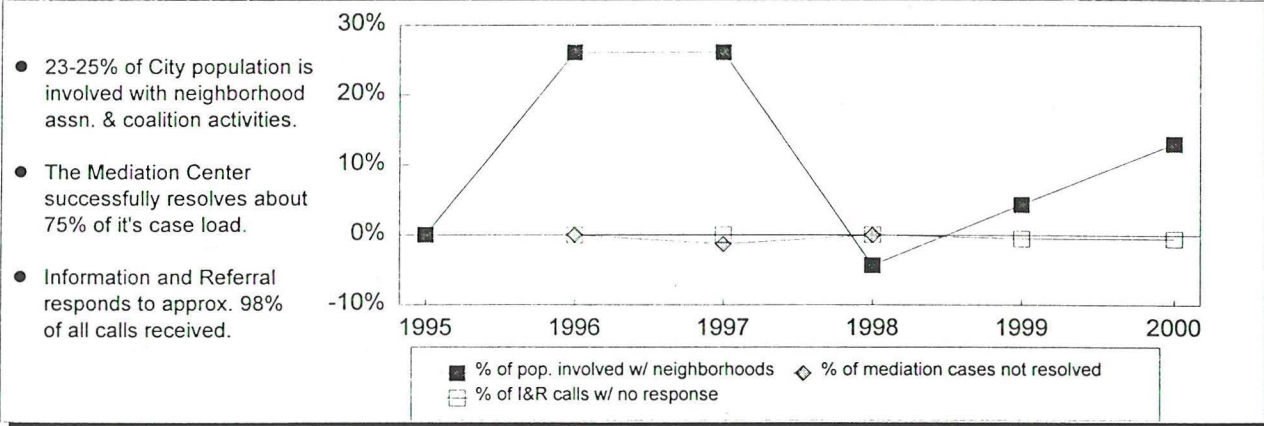
OFFICE OF NEIGHBORHOOD ASSOCIATIONS (342)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

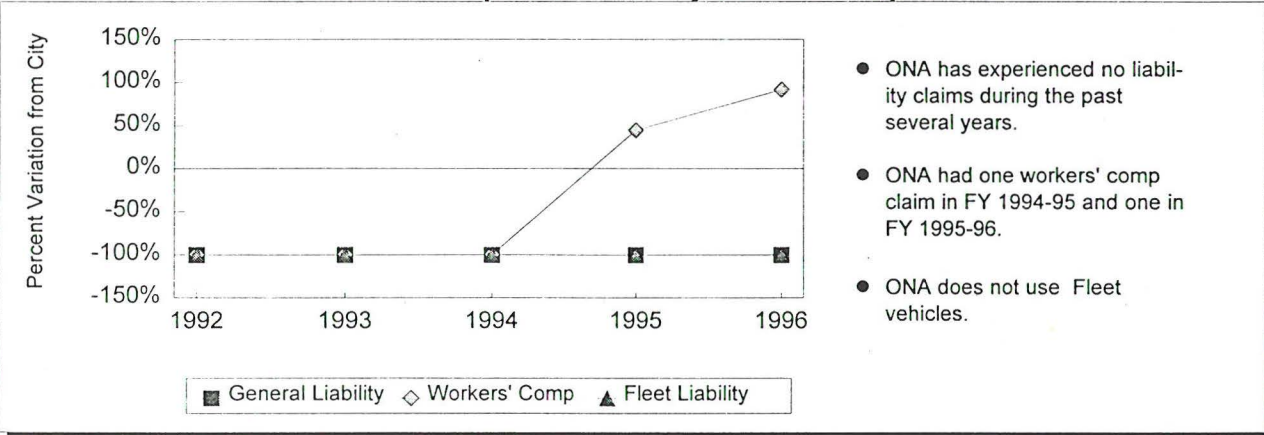
Commissioner-in-Charge: Gretchen Miller Kafoury

SUMMARY OF BUREAU EXPENSES

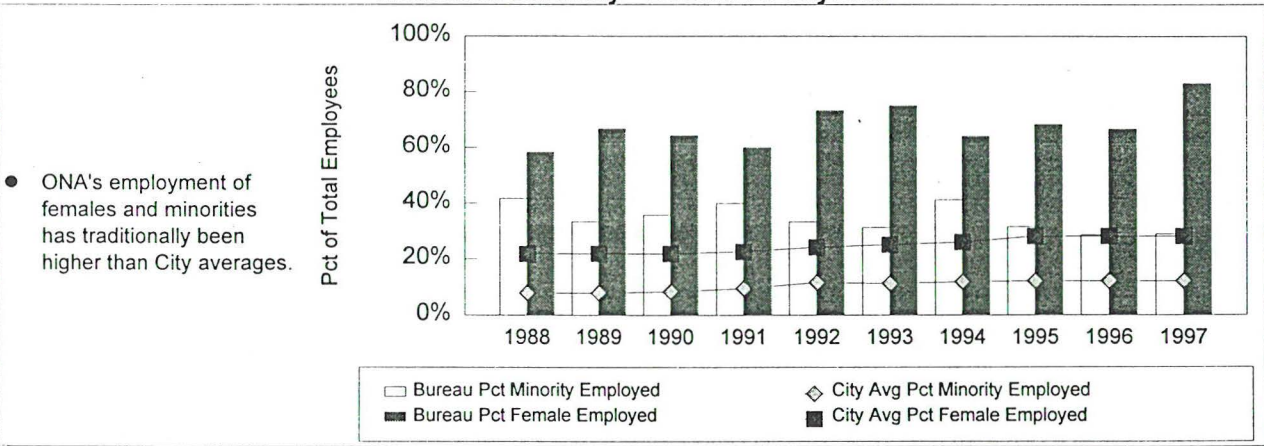
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs Citywide



OFFICE OF NEIGHBORHOOD ASSOCIATIONS (342)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Gretchen Miller Kafoury

BUDGET OVERVIEW

- ◆ The Metro Human Rights Commission (MHRC), which had previously been an autonomous bureau, will now be managed by ONA.
- ◆ The budget maintains the City's nationally recognized system of citizen involvement through neighborhood associations. This includes the Information and Referral program, the refugee coordinator position, and all the other programs previously coordinated by ONA.
- ◆ The FY 1997-98 Adopted Budget shifts the Information and Referral program to the overhead model, at a savings to the General Fund of \$125,061.
- ◆ Two of ONA's programs will transition into non-profit organizations during FY1997-98. The Mediation Center will begin operations as a non-profit beginning in January 1998. While the Portland/Multnomah Commission on Aging will make the transition in October 1997.

CHANGES IN BUDGET

ADDITIONS

- ◆ The Metropolitan Human Rights program is now managed by ONA.
- ◆ \$100,000 has been added for transition costs incurred by the Mediation Center.
- ◆ \$80,000 has been added to fund one addition crime prevention position and program materials and services.

REDUCTIONS/EFFICIENCIES

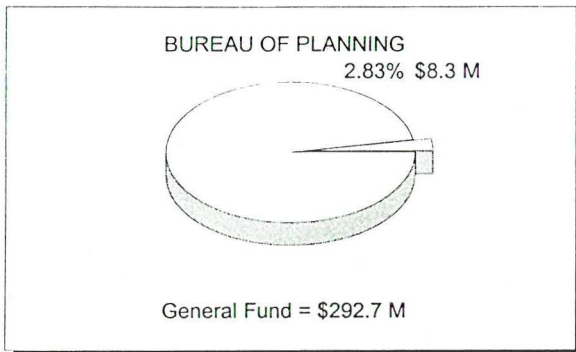
- ◆ Transition of the Mediation Center program to a private, not-for-profit agency.
- ◆ Transition of the Portland/Multnomah Commission on Aging to a private, not-for-profit agency and a reduction in staff hours.
- ◆ Shifting of the I & R program to the overhead model. Overhead recovery from non-General Fund bureaus will result in a net savings of \$125,061 to the City's General Fund.

BUDGET NOTES

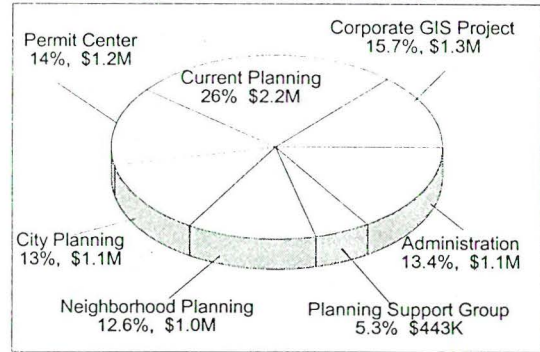
- ◆ None

BUREAU OF PLANNING (510)
Service Area: COMMUNITY DEVELOPMENT & SERVICES
Commissioner-in-Charge: Charlie Hales

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|------------------------|-------------------|
| Operating | \$7.9 M | \$8.2 M | \$331 K | 0% |
| Capital | \$127 K | \$60 K | (\$67 K) | -54.7% |
| Total | \$8.0 M | \$8.3 M | \$264 K | -0.9% |
| Allocated City Overhead Costs | \$856 K | \$853 K | | |
| | \$8.9 M | \$9.1 M | | |
| Full-Time Positions | 105 | 95 | -10 | -10.1% |

Note: The "per capita change" column is adjusted for inflation and population growth.

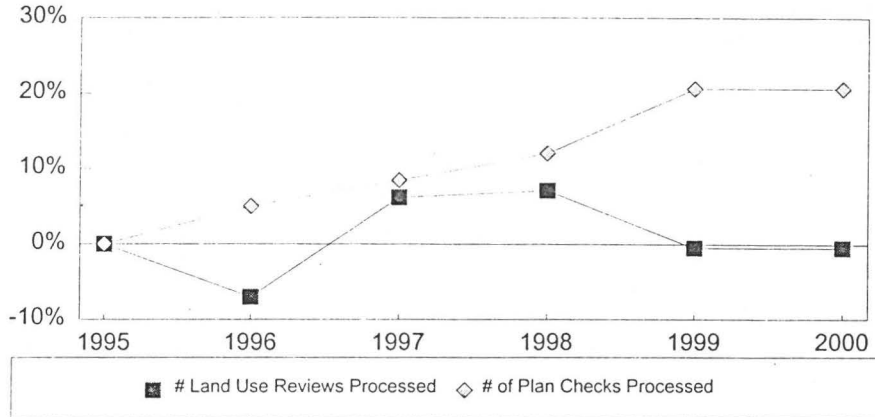
SIGNIFICANT ISSUES AND CHANGES

- ◆ As development review is a continuing city priority, the Bureau must assure that there are adequate resources to support an efficient, timely land-use review and permitting process. Projected workload that will carryover into FY 1997-98 makes the program's FY 1997-98 General Fund resources insufficient to support the level of staff needed to address this workload. To this end, the Budget provides General Fund bridge funding totaling \$188,522. This bridge funding will be replaced with any excess planning fee revenues available at the end of the FY 1996-97 fiscal year. The Bureau will pursue planning fee increases in the next general election to increase cost recovery in development review. This will reduce reliance on General Fund resources supporting these fee based activities.
- ◆ Reduced funding for administrative services totaling \$69,684 primarily in the categories of professional services and printing.
- ◆ This budget reduces spending for City and Neighborhood Planning by \$435,205, a 19.8% cut. It also implements a new city-wide approach to long range planning. All jurisdictions in the region have two years (through February, 1999) to demonstrate compliance with Metro's regional Functional Plan. This new approach would focus immediate planning efforts on those areas of the City-known as "design types". Furthermore, it will better facilitate compliance with the Functional Plan within the two year timeframe. At the budgeted reduction, only a limited approach to the Functional Plan can be implemented. This new approach to long range planning results in the discontinuation of the East Portland Community Plan using the previous community planning process.

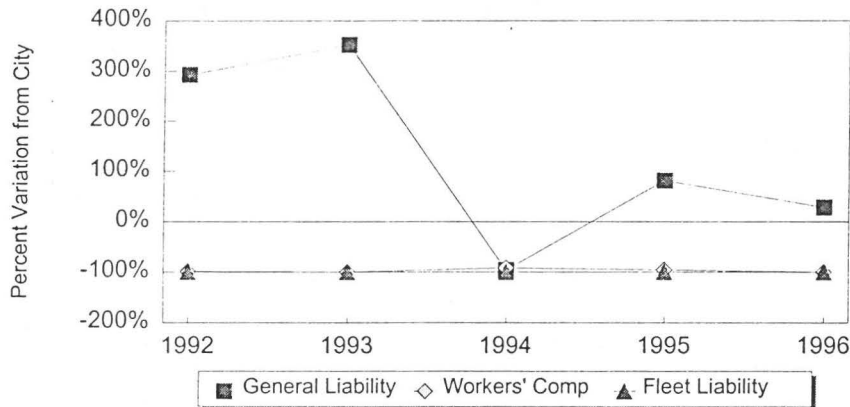
BUREAU OF PLANNING (510)
Service Area: COMMUNITY DEVELOPMENT & SERVICES
Commissioner-in-Charge: Charlie Hales

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- Plan Checks are projected to increase by 12% due to a healthy construction economy and annexations.
- Land Use Reviews are projected to increase 7% in FY 1997-98. Trends indicate a slowing of activity beginning FY 1998-99.



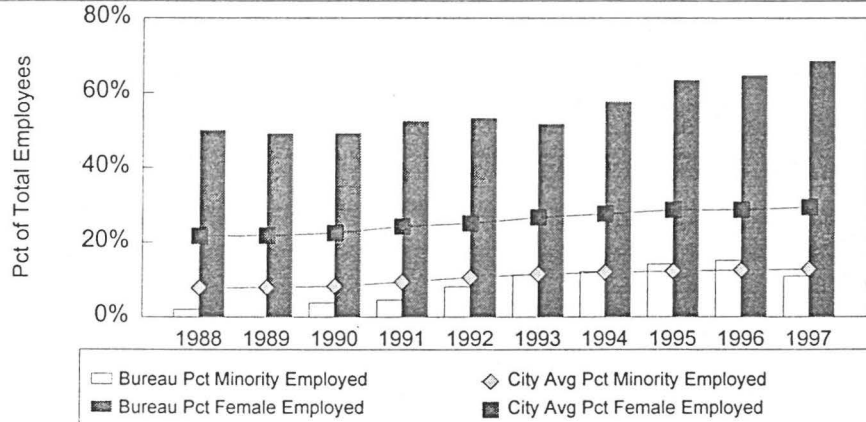
Bureau Loss Experience vs. Citywide Loss Experience



- Increase in General Liability claims in FY 1992 and FY 1993 were generally due to increasing workloads compared to staffing, resulting in more errors.
- Worker's Compensation claims are well below city-wide levels. The Bureau continues to take precautionary measures for on-the-job safety.
- The Bureau has no fleet liability.

Workforce Diversity - Bureau vs. Citywide

- Female employment continues to exceed the Citywide average.
- Minority employment is slightly below the Citywide average.



BUREAU OF PLANNING (510)

Service Area: COMMUNITY DEVELOPMENT & SERVICES

Commissioner-in-Charge: Charlie Hales

BUDGET OVERVIEW

- ◆ The mission of the Bureau of Planning is to develop and implement policies which guide development and protect livability. The FY 1997-98 Budget continues the Council's commitment to a well planned, livable city while reducing General Fund expenditures by 14.5%. The Bureau has met this challenge by identifying work-saving regulatory changes and re-designing the City and Neighborhood Planning program. Relying heavily on ideas of employees, the Bureau identified administrative efficiencies. Finally, over the next six months, the Bureau will develop a proposal to change the Bureau's management structure to better reflect its work patterns.
- ◆ The Bureau's budget totals \$8.3 million and reflects a 14.5%, or \$728,535, General Fund reduction from the Bureau's FY 1997-98 current service level budget. The budget supports 95 positions, a decrease of 10 FTE. The budget is composed of \$4.5 million in General Fund appropriations and \$3.6 million in revenues from planning fees, interagency agreements and bond revenue for capital improvements. The Bureau projects that continued strong development will increase land use review fee revenues by 14 percent over the Bureau's FY 1996-97 budgeted revenues. This revenue is sufficient to cover increases related to inflation and operational costs.
- ◆ One-time funding of \$188,522 from the General Fund for development review programs is included in this budget. This is intended to bridge development review programs until such time that cost-recovery rates can be increased. This funding prevents reductions in development review in FY 1997-98.
- ◆ The Bureau's budget includes a capital budget totaling \$59,800 to continue implementation of its Information Technology Plan.

CHANGES IN BUDGET

ADDITIONS

- ◆ None

REDUCTIONS/EFFICIENCIES

- ◆ A new approach to City and Neighborhood planning is implemented to better facilitate compliance with the Metro Functional Plan within the two year timeframe. However, at the budgeted reduction, only a limited approach to the Functional Plan can be implemented. This limited approach means that only generic planning can occur for the Functional Plan focal types, such as town centers, without any area-specific planning. That is, zoning tools can be developed, but attention can not be devoted to the identity, character, or needs of each individual area. Public participation would be limited as well.

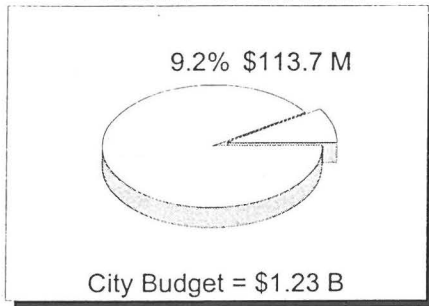
This new approach will result in the discontinuation of the East Portland Plan using the existing community planning process.

- ◆ Regulatory changes simplifying the Zoning Code will result in a General Fund savings of \$59,065 - equivalent to 1 FTE. These savings offset increases to Development Review current service levels to ensure efficient and timely customer service resulting from continued high development activity.
- ◆ Elimination of planning Fee Waivers for Non-Profit Organizations, excluding Neighborhood Associations.

BUDGET NOTES

- ◆ None.

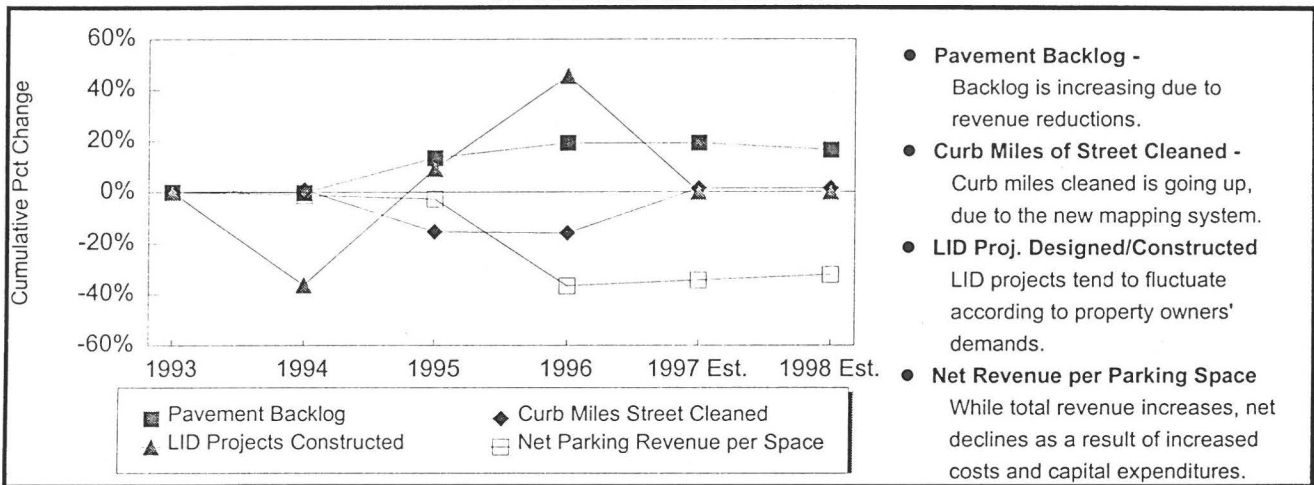
PERCENT OF BUDGET



BUDGET DATA

| | |
|-------------------------|------------|
| FY 1997-98 Budget: | \$113.7 M |
| Change from FY1996-97: | + \$15.2 M |
| Change per Capita: | 14.9% |
| FY 1997-98 Positions: | 726 |
| Change from FY 1996-97: | -7 FTE |
| Change per Capita: | -1.5% |

HISTORICAL TRENDS

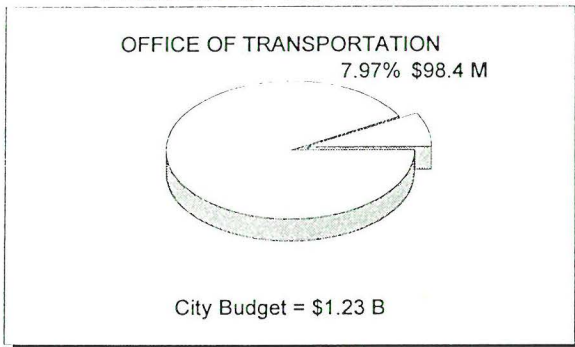


SIGNIFICANT BUDGET ISSUES

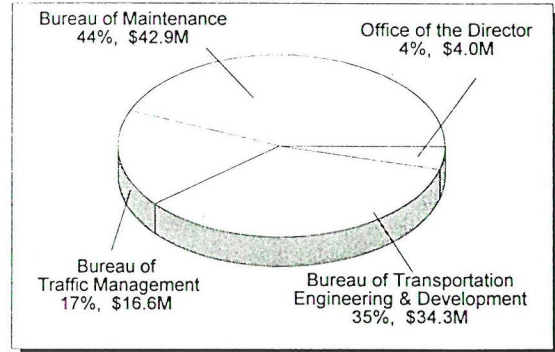
- ◆ The Adopted Budget reflects the implementation of proposals resulting in significant cost savings in the Office of Transportation. These cost savings are in excess of \$1.2 million, exceed the necessary 14.5% cut in General Fund support and are the result of intensive efforts to identify efficiencies and different ways of doing business. These savings range from large dollar items such as negotiating with PGE for lower street light power costs (\$515,655) to small dollar items such as "pooling" cellular phones for shared use (\$2,000).
- ◆ Following the Mayor's and Council's direction, this budget utilizes \$4,544,000 in reserves to finance transportation capital projects and current service level requirements.
- ◆ At the request of the Mayor and Council members, the General Fund transfer to the Office of Transportation is reduced by an additional \$951,000 from the current service level amount, resulting in a total reduction in the General Fund transfer of \$2.1 million. The reduction was offset by a corresponding increase in the transfer from the Parking Facilities Fund to PDOT.
- ◆ The Parking Facilities Fund budget includes a \$9 Million capital project (debt funded with debt service coming from income) to build two stories of public parking under the proposed Fox Tower downtown.

OFFICE OF TRANSPORTATION (159)
Service Area: TRANSPORTATION AND PARKING
Commissioner-in-Charge: Charlie Hales

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|-----------|------------------------|-------------------|
| Operating | \$69.1 M | \$67.8 M | (\$1.3 M) | -5.9% |
| Capital | \$24.8 M | \$30.6 M | \$5.8 M | +18.4% |
| Total | \$93.9 M | \$98.4 M | \$4.5 M | +0.5% |
| Allocated City Overhead Costs | \$2.6 M | \$2.5 M | | |
| Total with Overhead Allocated | \$96.5 M | \$100.9 M | | |
| Full-Time Positions | 733 | 726 | -7 | -1.6% |

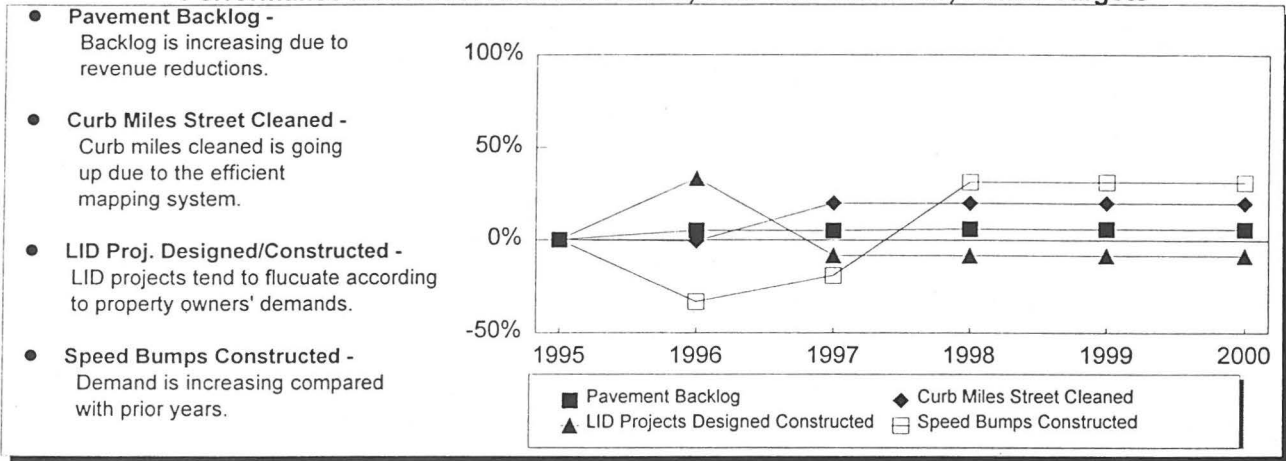
Note: The "per capita" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

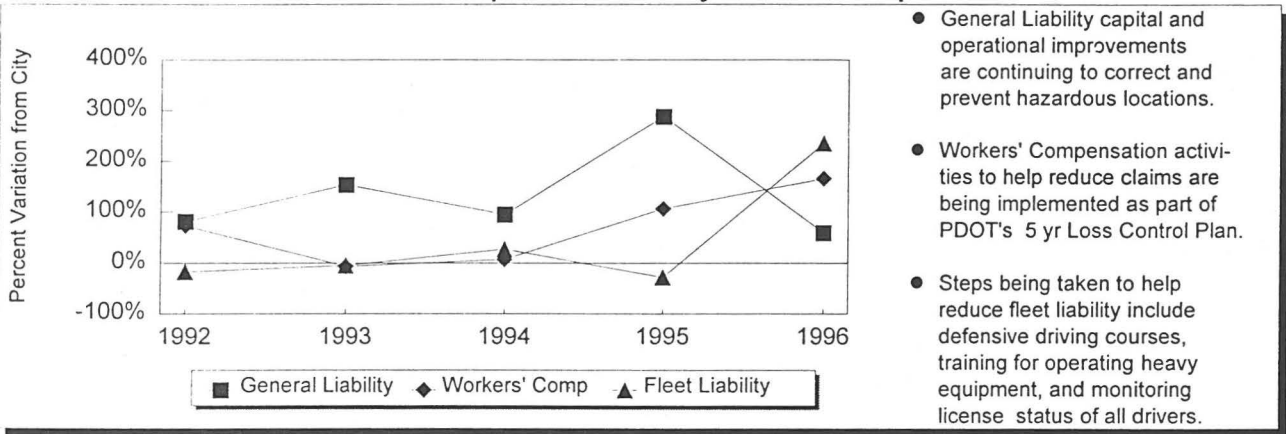
- ◆ The Adopted budget reflects the implementation of proposals resulting in significant cost savings. These cost savings are in excess of \$1.2 million, exceed the necessary 14.5% cut in General Fund support and are the result of intensive effort to identify efficiencies and different ways of doing business. These savings range from large dollar items such as negotiating with PGE for lower street light power costs (\$515,655), to small dollar items such as "pooling" cellular phones for shared use (\$2,000).
- ◆ At the request of the Mayor and Council members, the General Fund transfer is reduced by an additional \$951,000 from the current service level amount, resulting in a total reduction in the General Fund transfer of \$2.1 million. The reduction was offset by a corresponding increase in the transfer from the Parking Facilities Fund to the Office of Transportation.
- ◆ Following the Mayor's and Council's direction, this budget utilizes \$4,544,000 in reserves to finance transportation capital projects and current service level requirements.
- ◆ This budget continues General Fund support of the street lighting program operations and maintenance, and an enhanced level of downtown street cleaning.

OFFICE OF TRANSPORTATION (159)
Service Area: TRANSPORTATION AND PARKING
Commissioner-in-Charge: Charlie Hales

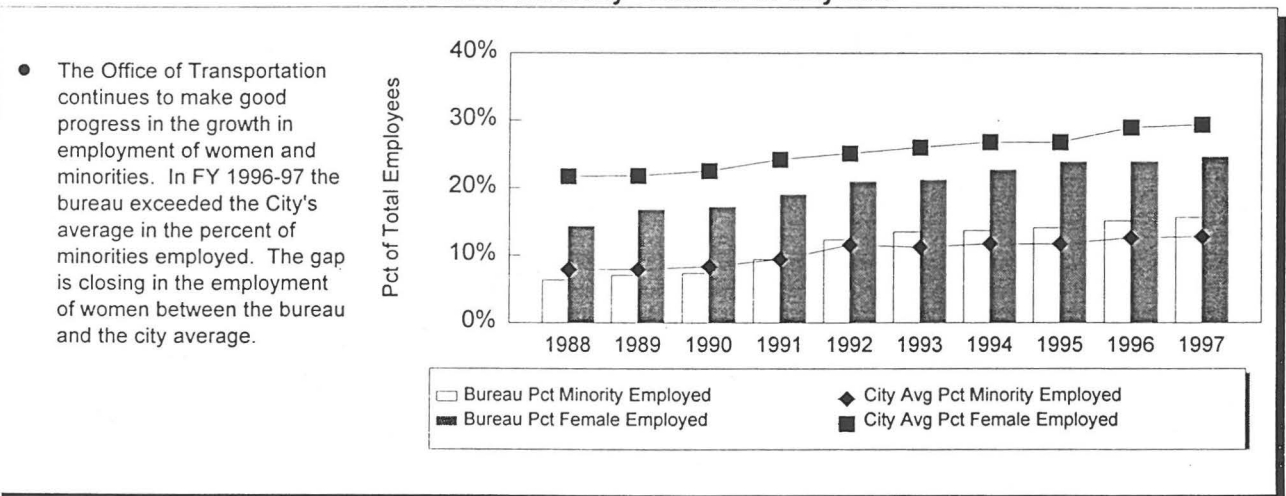
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs Citywide



OFFICE OF TRANSPORTATION (159)

Service Area: TRANSPORTATION AND PARKING

Commissioner-in-Charge: Charlie Hales

BUDGET OVERVIEW

- ◆ The Office of Transportation plans, builds, manages and maintains a transportation system including streets, sidewalks, bicycle paths and lanes, traffic signals, street lights, street signs, traffic calming devices, bridges, retaining walls, guardrails and parking spaces. Its mission is to provide an effective and safe transportation system that provides access and mobility.
- ◆ The Office of Transportation's priority issues are to maintain the investment in the transportation infrastructure; support growth management to enhance livability, create effective partnerships and build awareness of Transportation's role in the community; enhance Transportation's effectiveness by investment in staff training, development, and recognition; and finance the department's mission.
- ◆ The Office of Transportation is comprised of four bureaus: The Bureau of Maintenance, the Bureau of Traffic Management, the Bureau of Transportation Engineering and Development, and the Office of the Director.

CHANGES IN BUDGET

ADDITIONS

- ◆ None

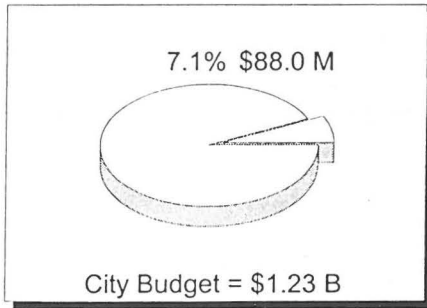
REDUCTIONS/EFFICIENCIES

- ◆ Reducing utility costs for street lighting saving \$515,655.
- ◆ Reducing utility costs for traffic signals saving \$135,775.
- ◆ Reengineering accounting processes resulting in the elimination of two accounting positions saving \$116,000.
- ◆ Increasing the span of control by eliminating a division manager position and a supervising engineer position saving \$103,000.
- ◆ Reducing professional services costs and incorporating labor turnover for Infrastructure Management saving \$82,400.
- ◆ Reducing project contingency for NW/SW Naito Parkway saving \$113,000.
- ◆ Shifting the costs of the Airport Way Wetlands to the Airport Way Trust Account saving \$50,345.
- ◆ Reducing night dispatch maintenance operations saving \$37,500.
- ◆ Pooling fleet trip tickets saving \$15,000.
- ◆ Reducing coverall costs saving \$20,000.
- ◆ Reducing management accounting reports saving \$4,000.
- ◆ Billing for xerox copies saving \$8,000.
- ◆ Pooling cell phone use saving \$2,000.

BUDGET NOTES

- ◆ None

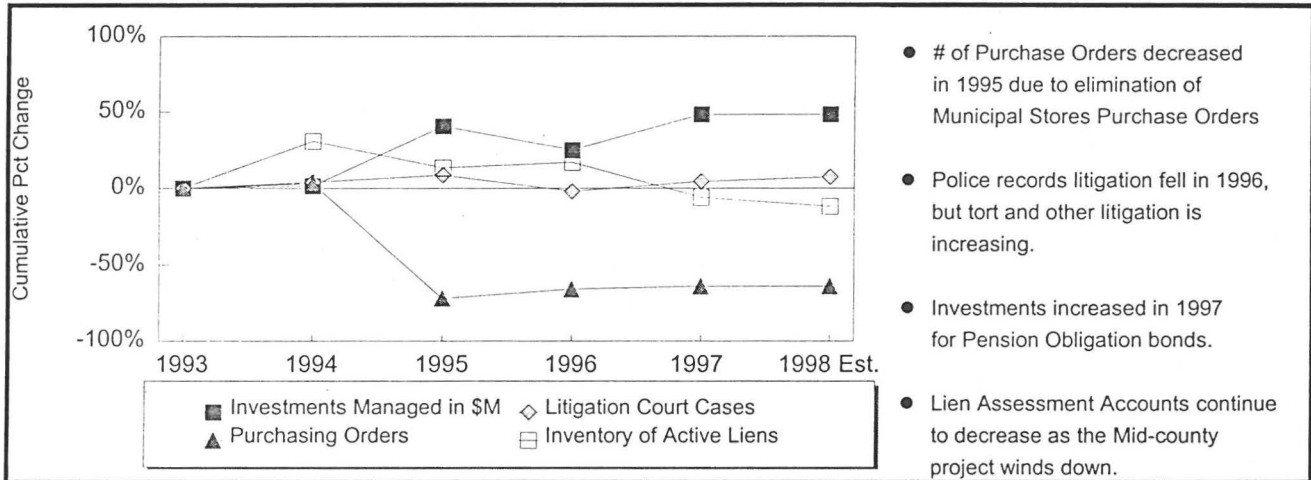
PERCENT OF BUDGET



BUDGET DATA

| | |
|-------------------------|------------|
| FY 1997-98 Budget: | \$88.0 M |
| Change from FY1996-97: | - \$14.7 M |
| Change per Capita: | -14.8% |
| FY 1997-98 Positions: | 538 |
| Change from FY 1996-97: | -19 FTE |
| Change per Capita: | -4.0% |

HISTORICAL TRENDS



SIGNIFICANT BUDGET ISSUES

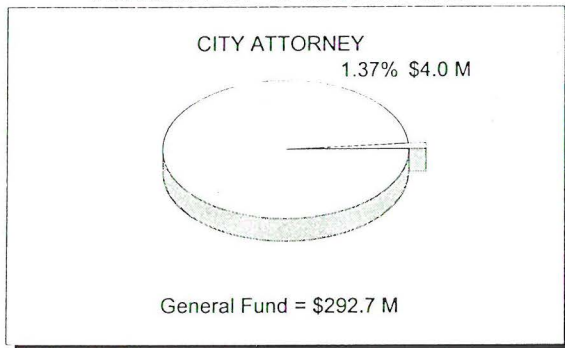
- ◆ In response to Measures 47 and 50 constraints, a total of twenty-one positions were eliminated in the Legislative, Administrative & Support Services -- 9 FTEs in the Office of Finance and Administration, 4 FTEs in the Bureau of General Services, a net of 3 FTEs in the Mayor's and Commissioner's Offices, 3 FTEs from the Auditor's Office, 1 FTE from the Attorney's Office and 1 FTE from the Bureau of Purchases and Stores. Two positions were added to Purchases and Stores to implement the Regional Disparity Study recommendations. The net reduction totals 19 FTEs.
- ◆ Bureau of Purchases and Stores FY 1997-98 Adopted Budget reflects an addition of approximately \$580,000 to the Contractor Development Division to address the Disparity Study, including city-wide training, a technology pool and participation in regional mentoring and loan programs.
- ◆ The total FY 1997-98 Adopted Budget is almost \$14.7 million less than the Revised FY 1996-97 Budget. Aside from the reductions in personnel, bureaus made significant reductions in other operating costs. Further savings were realized by extending the life cycles on vehicles and reductions in the Capital Improvement Programs. A \$9 million parking project was added to the FY 1997-98 Adopted Budget.
- ◆ Of the \$1.5 million reduction that the Office of Finance and Administration made, the Loss Prevention Incentive plan will result in over a half a million dollars in savings for participating bureaus.

CITY ATTORNEY (312)

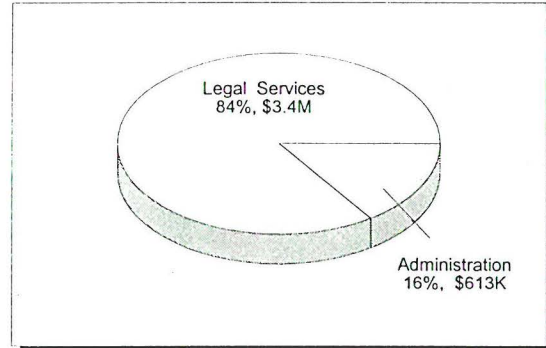
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|---------------------------|----------------------|
| Operating | \$3.9 M | \$4.0 M | \$64 K | -2.5% |
| Capital | \$0 | \$0 | \$0 | |
| Total | \$3.9 M | \$4.0 M | \$64 K | -2.5% |
| Allocated City Overhead Costs | \$0 | \$0 | | |
| Total with Overhead Allocated | \$3.9 M | \$4.0 M | | |
| Full-Time Positions | 36 | 35 | -1 | -3.4% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ Legal work is generated by citizens, the City Council, City bureau and agencies, City employees, and the services and City programs provided to the community. Legal requirements include defending the City in court from lawsuits filed against it, handling other judicial and quasi-judicial actions, reviewing and helping to implement policies and programs, providing legal advice and counsel, producing formal legal opinions, providing other services required by the City of its legal department.
- ◆ The City's legal needs are increasing, and the office must effectively respond to them. The Attorney's Office does not control this workload. Legal services are required by law. The City faces severe financial consequences if legal work is not performed properly and competitively.
- ◆ This budget is reduced in light of Measure 47 and 50 and the City's more limited financial resources. Because of the increasing number and complexity of legal challenges that the City faces in litigation and general counsel work, this budget is not sufficient to allow the office to provide all of the legal services required by the City to avoid use of more expensive outside lawyers. In the past, the City has been able to contain total City legal costs by directing work in-house.
- ◆ This Adopted Budget eliminates one full-time attorney position and includes voluntary hour reductions by staff plus other savings to meet this reduced budget. Upgrades to the office's computer system and equipment are eliminated at this time. Other materials & services are curtailed. In order to implement these reductions, some general counsel work for City bureaus may be postponed or eliminated in order to handle litigation requirements which cannot be delayed.

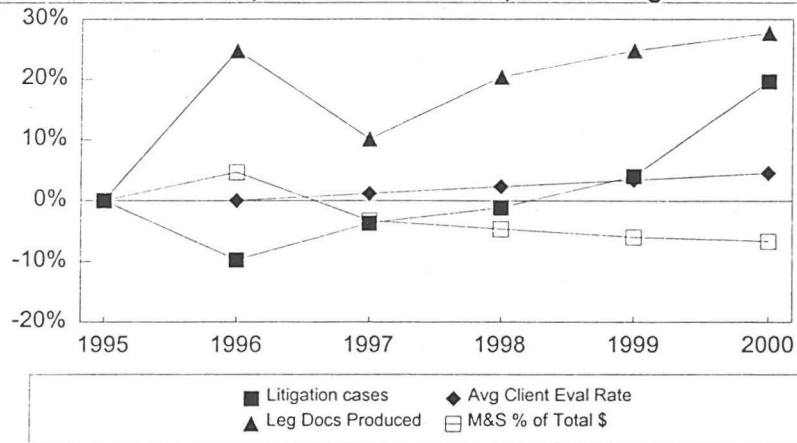
CITY ATTORNEY (312)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

Performance Measures: Historic Actuals, Year-end Estimates, Future Targets

- Bureaus and managers rated office highly - 8.9 on 1-10 scale value client info for future.
- # of legal documents jumped in 1996, historic increases due to workload and productivity.
- Overhead and indirect admin costs controlled and decreased relative to total budget.
- Some lawsuits slightly decreased in 1996, other litigation increased, lawsuits overall more complex.



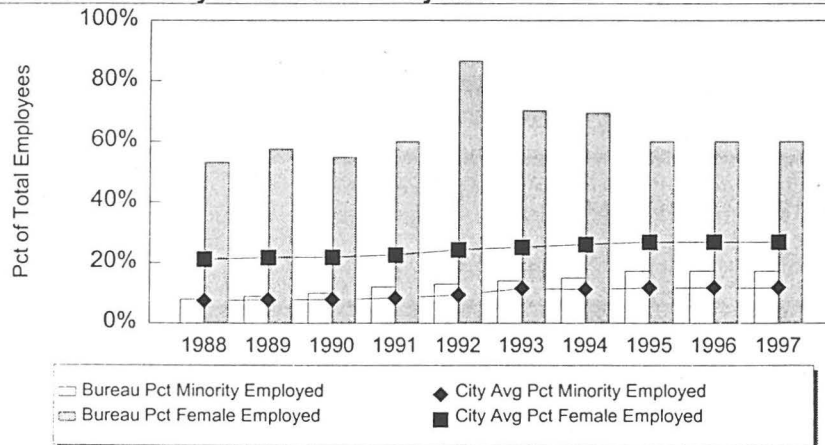
Bureau Loss Experience vs. Citywide Loss Experience



- No general liability claims.
- No fleet liability claims.
- Workers Comp-Three claims in 1993, one in 1994 and 1995.
- City Atty's loss experience is below City-wide levels.

Workforce Diversity - Bureau vs. Citywide

- Office exceeds City averages in female employment and hiring.
- Percentage of minorities employed exceeds City averages.
- Office has been active in local law school and Oregon State Bar Affirmative Action programs.



CITY ATTORNEY (312)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

BUDGET OVERVIEW

- ◆ The Adopted Budget for the City Attorney's Office in FY 1997-98 includes a reduction of over 8.4% from current service level requirements.
- ◆ The City Attorney's Office budget is comprised of two programs: Legal Services, containing the attorneys, paralegal assistants and legal assistants who provide direct legal work, and Administration, which supports legal staff and office operations through office services and overhead expenses. The Legal Services program includes interagency agreements with selected agencies for specialized legal work in specific areas, performed by positions on retainer through those agreements. Interagency arrangements also cover some legal work unique to particular bureaus and outside the range of basic services covered by the General Fund Overhead Charge. Funding also includes discretionary budget for legal work within the General Fund. The Administration's support to legal work in the office is budgeted within a General Fund appropriation.
- ◆ Over 85% of the City Attorney FY 1997-98 Adopted Budget is personal services appropriation for legal staff and support positions. Less than 6% of the office's total budget is directed toward general office overhead and material support, which is considerably less than found in private sector law firms, corporate legal departments, or other public sector legal agencies. The office's fully loaded, hourly legal costs are around \$75.00, compared to prevailing rates from \$130 to over \$200 in Portland.

CHANGES IN BUDGET

REDUCTIONS/EFFICIENCIES

- ◆ This Adopted Budget eliminates a Deputy City Attorney III position, and includes salary reductions totalling nearly \$200,000. Through voluntary hours and wage cuts, underfills of selected positions, and cost control actions, the office works toward restricting expenditures, while at the same time trying to meet increased litigation and legal requirements. This budget eliminates funds for upgrading office computers and systems network, which is an essential resource in producing legal work and has been integral in achieving efficiencies and cost controls in the past. Materials & Services support is also reduced from projected needs in the coming year.
- ◆ City Attorney's Office legal and support staff members work substantial amounts of overtime to accomplish required legal work. The City Attorney has reorganized and streamlined assignments and reduced overhead and administrative processes to achieve additional efficiencies. Actions include expanding paralegal work duties and responsibilities, and directing the increasing amounts of non-legal and quasi-legal work away from lawyers to non-attorneys. This increases the productivity of office attorneys and is a more economical use of personnel.

BUDGET NOTES

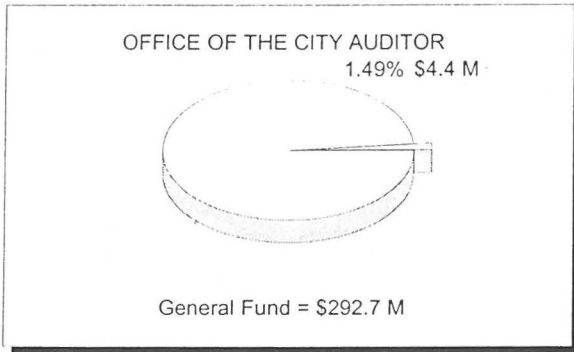
- ◆ None

OFFICE OF THE CITY AUDITOR (336)

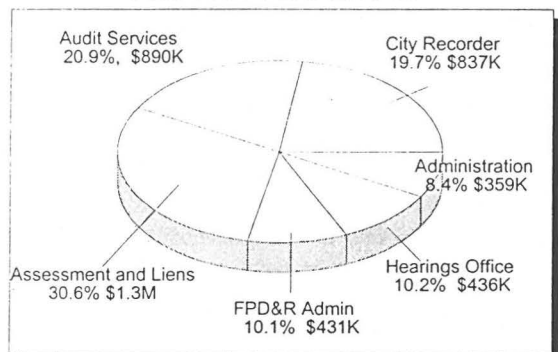
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Auditor Barbara Clark

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|------------------------|-------------------|
| Operating | \$4.6 M | \$4.4 M | (\$242 K) | -9.1% |
| Capital | \$0 | \$0 | | \$0 |
| Total | \$4.6 M | \$4.4 M | (\$242 K) | -9.1% |
| Allocated City Overhead Costs | | \$0 | | |
| Total with Overhead Allocated | | \$4.4 M | | |
| Full-Time Positions | 56 | 53 | -0 | -6.0% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

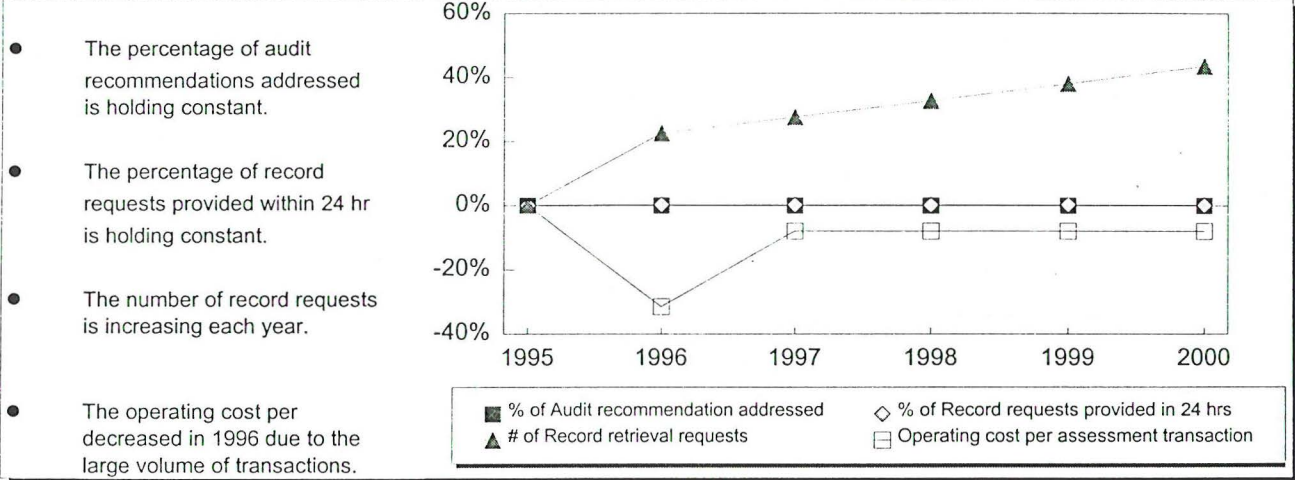
- ◆ The Auditor's Office 1997-98 budget request maintains most current activities and services with some exceptions from the current year. The Auditor's Office searched for cost savings, efficiencies, consolidations and increases in its span of control before services were reduced to the citizens or to other bureaus and agencies.
- ◆ The Auditor's 1997-98 budget increases its span of control and eliminates one high level and one mid-level manager. The Chief Deputy Auditor position is eliminated, and it is believed that the workload can be adequately handled by the existing management team. The elimination of this position reduces one layer of management throughout the organization.
- ◆ A plan is in place to eliminate a division manager position when the incumbent retires from the City on March 1, 1998. This retirement creates an opportunity to consolidate two separate divisions - Council/Contracts and Records Management - into one City Recorder division supervised by one program manager. The extent of service reductions as a result of this action is not certain at this time.
- ◆ As part of this consolidation, the Auditor's Offices requests that a program specialist be reclassified to a program coordinator to better reflect an increase in supervisory responsibilities.
- ◆ The Auditor's Office budget request proposes to consolidate the computer operations of the bureau. Two positions will be eliminated to create one Senior MIS Support Analyst who will manage all of the varied computer operations of the bureau.

OFFICE OF THE CITY AUDITOR (336)

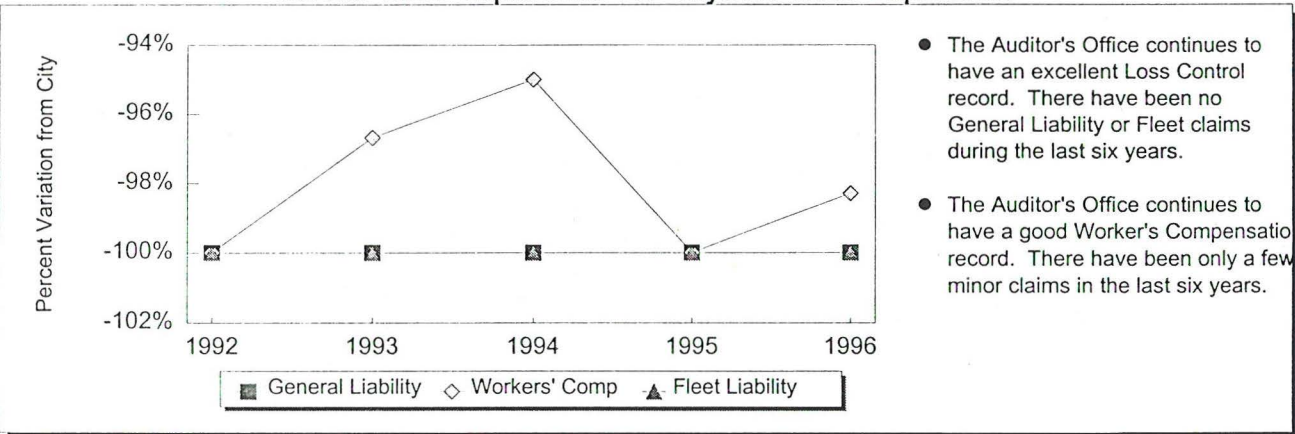
Service Area: **LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES**

Commissioner-in-Charge: **Auditor Barbara Clark**

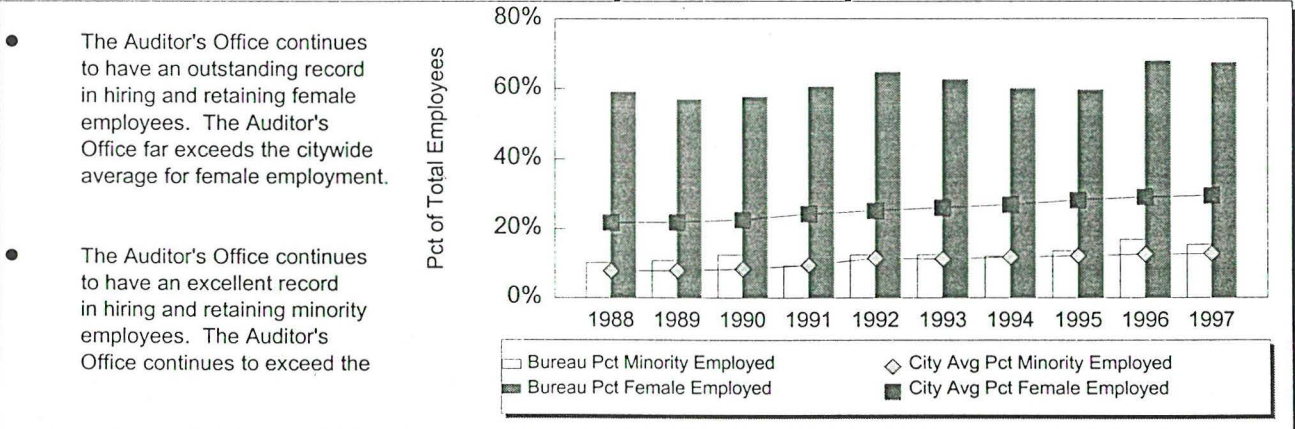
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience Vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



OFFICE OF THE CITY AUDITOR (336)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Auditor Barbara Clark

BUDGET OVERVIEW

- ◆ The Auditor's Office 1997-98 Adopted Budget maintains the following existing services, but not all of them can be maintained at current performance standards.
 - Perform independent audits and analysis, the annual citywide financial audit and the Service Efforts and Accomplishments Report;
 - Produce and distribute the Council Agenda, Council summary minutes, City Code and Charter disbursement of City warrants, monitoring of Council contracts and administration of City elections.
 - Document, organize and set standards for City records, develop retention schedules, store and retrieve records.
 - Manage the Local Improvement process, work with property owners and City bureaus to plan projects, arrange short term financing, maintain records of all project costs, provide public notices, organize public hearings, arrange a variety of methods for property owners to finance special assessments, process billings and payments and pursue delinquent assessments.
 - Manage the Fire and Police Disability and Retirement Fund, advise and assist members of the retirement system, process disability and medical claims and prepare payments for members of the system and their survivors.
 - Manage the Land Use and City Code Hearings process, hold public hearings, make legal decisions to allow or deny land use permits, enforce the City Code and hear appeals from code enforcement determinations made by various city bureaus.

CHANGES IN BUDGET

ADDITIONS

- ◆ The Auditor's Office Adopted 1997-98 budget contains no new additions in funding. The Bureau still plans to implement its Office Automation goals and place most of the Council documents, City Code and Charter, City Archives Guide, Retention Schedules and Citywide Disaster Plan on the Auditor's Office and SPARC's Web pages.

REDUCTIONS/EFFICIENCIES

- ◆ As mentioned previously, the Auditor's Office is eliminating two management positions, consolidating two separate divisions, consolidating the computer operations of the bureau, and eliminating one non-represented position and one clerical position. The Bureau hopes to maintain most of its current services to the public and other city agencies, but may have to decrease performance standards.

BUDGET NOTES

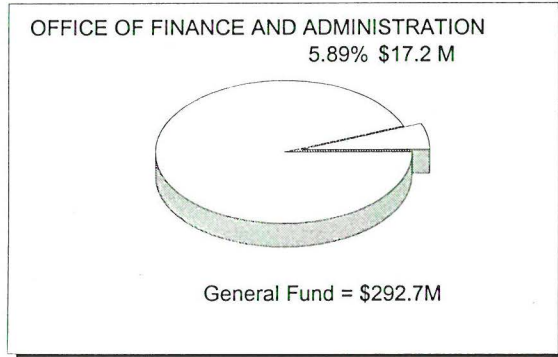
- ◆ None

OFFICE OF FINANCE AND ADMINISTRATION (307)

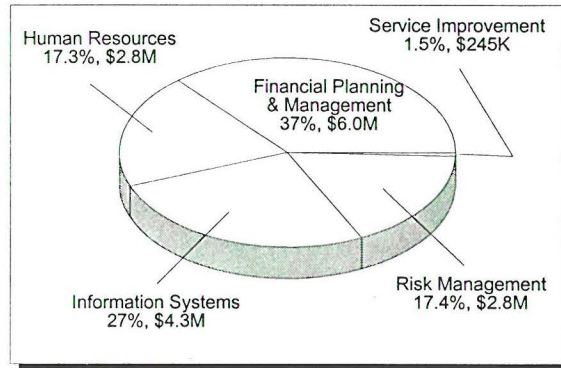
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPOR

Commissioner-in-Charge: Mayor Vera Katz

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|------------------------|-------------------|
| Operating | \$18.5 M | \$16.7 M | (\$1.8 M) | -13.6% |
| Capital | \$197 K | \$544 K | \$346 K | +164.2% |
| Total | \$18.7 M | \$17.2 M | (\$1.5 M) | -11.7% |
| Allocated City Overhead Costs | \$0 | \$0 | | |
| Total with Overhead Allocated | \$18.7 M | \$17.2 M | | |
| Full-Time Positions | 180 | 171 | -11.0 | -5.6% |

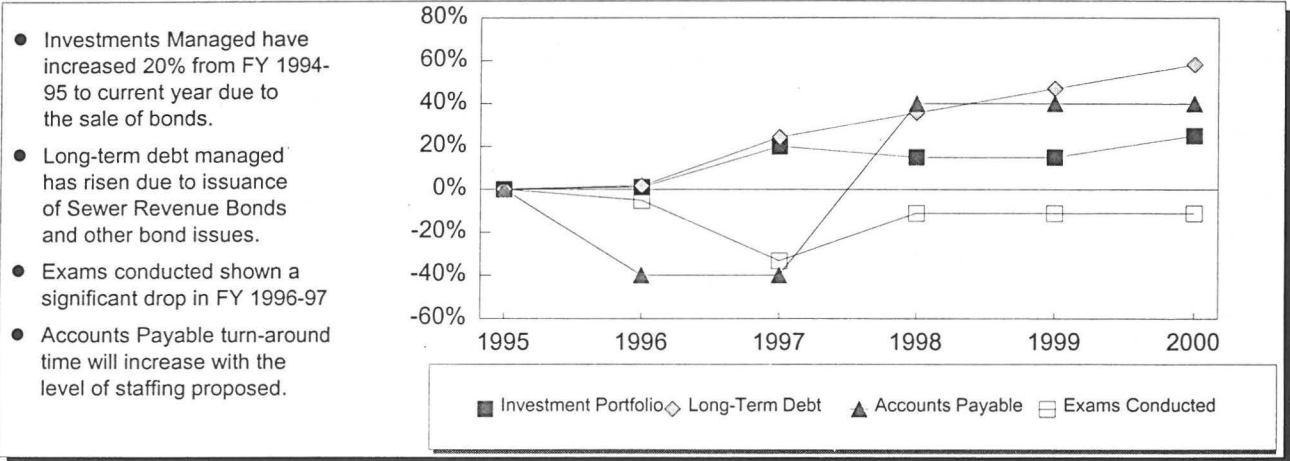
The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

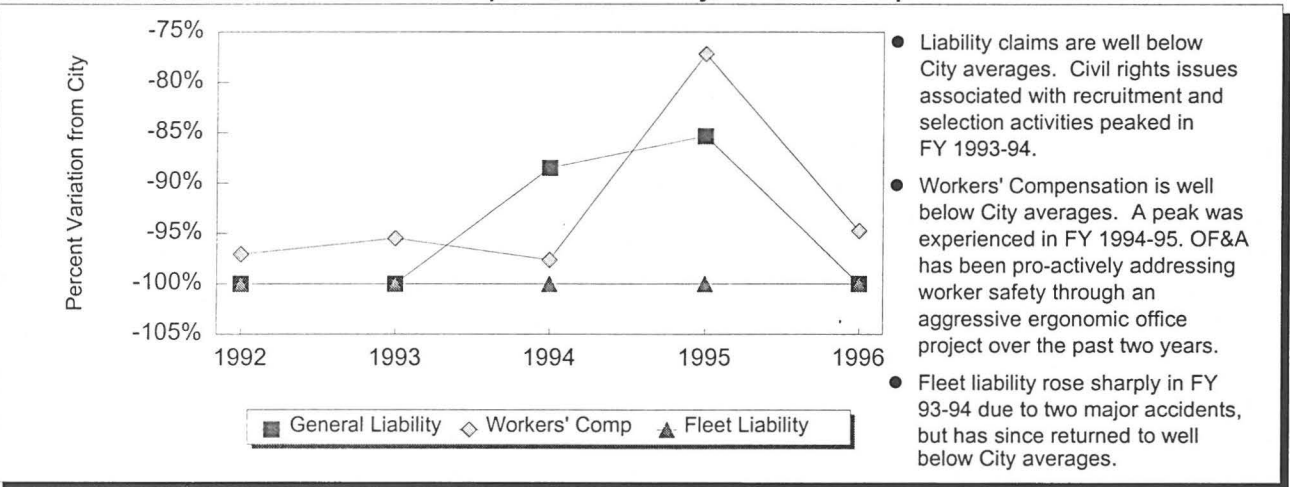
- ◆ FY 1997-98 will mark the fifth year of instituting a continuous improvement philosophy and culture in OF&A. Major accomplishments include: development of an OF&A mission, vision, goals and values and roles and responsibilities; completion of a second customer service survey; completion of a baseline culture/climate survey within OF&A; and implementation of strategic Quality Improvement Plans (QIPs).
- ◆ Finance and Administration continues to make significant contributions to the financial, human resources and information operations of the City. "Financial World" magazine has consistently over the past several years named Portland among the best financially managed cities in the nation. For nearly two decades, the City has received the Certificate of Achievement in Governmental Financial Reporting from the Government Finance Officers Association (GFOA). The City's Adopted Budget document has received the Distinguished Budget Presentation Award for the past seven years. The award recognizes documents which successfully communicate an organization's policy, operations and financial plan. Portland continues to be among a handful of major U.S. cities boasting an Aaa bond rating.
- ◆ Finance and Administration is providing leadership in two City-wide initiatives: 1) development of an Information Technology Strategic Plan, together with planning for the transition of automated systems to the Year 2000; and 2) City-wide Service Improvement Initiative which, in collaboration with the City Council, City managers and labor, will continue its work in building labor and management partnerships and projects directed toward improved organizational performance.
- ◆ The Bureau of Personnel is providing leadership in the development of Human Resources and Workforce Development strategies.
- ◆ The Bureau of Risk Management is providing leadership in the continuing emphasis on Loss Prevention.

OFFICE OF FINANCE AND ADMINISTRATION (307)
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES
Commissioner-in-Charge: Mayor Vera Katz

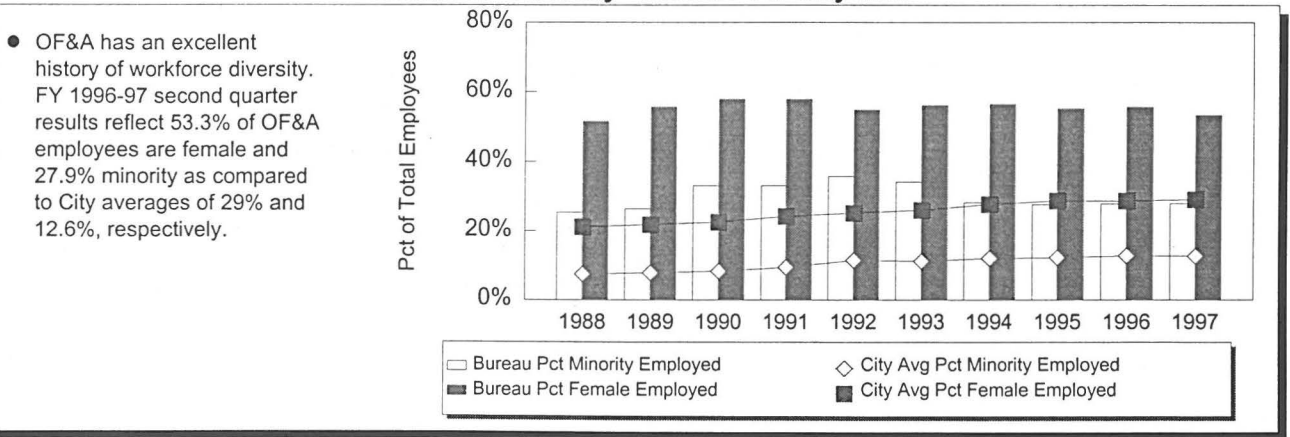
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



OFFICE OF FINANCE AND ADMINISTRATION (307)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

BUDGET OVERVIEW

- ◆ The FY 1997-98 Adopted Budget responds to the fiscal constraints imposed by Ballot Measure 47/50. The budget preserves OF&A's basic ability to provide quality and timely service to our customers. The FY 1997-98 OF&A Budget provides for the following initiatives:
 - Continuing implementation and refinement of the Comprehensive Organizational Review and Evaluation (CORE) process
 - Continuous improvement of the budget process
 - Continuous improvement of the capital budgeting process and financial plan
 - Design and develop a Human Resources Strategy
 - Continuing development and implementation of a comprehensive Human Resources Management Information System (HRMIS)
 - Development and implementation of a workforce development strategy
 - Continuing implementation of a labor-management relations policy
 - Continuing leadership in City-wide Service Improvement
 - Continued implementation of the Loss Prevention Policy
 - Implementation of the Loss Prevention Incentive Plan
 - Continued partnering with other jurisdictions in 2040 growth and ORS 195 service delivery policy
 - Continuing leadership in development of an Information Technology Strategic Plan
 - Continued planning for the transition of automated systems to Year 2000

CHANGES IN BUDGET

ADDITIONS

- ◆ Second-year capital set-aside funding for continuing development of a comprehensive Human Resources Information system.
- ◆ Capital set-aside funding for Year 2000 requirements.
- ◆ Funding for a classification-compensation study for non-represented employees. This funding was approved for the second year of the FY 1996-98 bi-annual budget.
- ◆ Funding to assist in organizational review and City-County consolidation efforts.

REDUCTIONS/EFFICIENCIES

- ◆ OF&A's General Fund (discretionary and overhead) budget was reduced \$1.31 million from current year revised. Additionally, OF&A further reduced costs by approximately \$1.3 million through reduced inter-agency costs to its customers as a result of efficiencies, delayed filling of positions and growth in non-interagency revenues. Nine positions are eliminated.
- ◆ CORE and budget improvement professional services dollars are eliminated from the Bureau of Financial Planning, which will assume the role of in-house consultants for CORE.
- ◆ A reorganizations in Personnel merges teams, resulting in a flattening of the organization.
- ◆ Implementation of a new Loss Prevention Incentive Plan results in over a half million dollars in savings for bureaus based on a commitment to reduce losses by 15%.

BUDGET NOTES

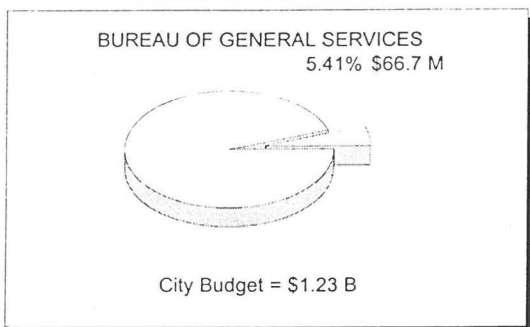
- ◆ OFA will oversee a City-wide review of reserve policies and practices and will present findings in a report to Council by January, 1998.
- ◆ Improve the quality and efficiency of administrative support services by re-engineering existing delivery systems. OFA, working with BGS, Purchases, and County staff, will develop a work plan for Council review on September 9, 1997.

BUREAU OF GENERAL SERVICES (346)

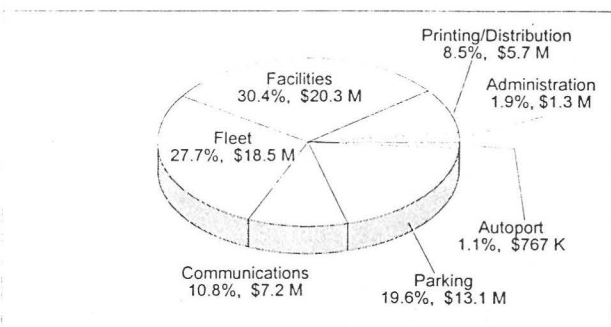
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Jim Francesconi

PERCENT OF CITY BUDGET



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|------------------------|-------------------|
| Operating | \$53.1 M | \$43.9 M | (\$9.2 M) | -20.7% |
| Capital | \$36.7 M | \$22.8 M | (\$13.9 M) | -40.4% |
| Total | \$89.8 M | \$66.7 M | (\$23.1 M) | -28.7% |
| Allocated City Overhead Costs | \$1.6 M | \$1.7 M | | |
| Total with Overhead Allocated | \$91.4 M | \$68.4 M | | |

Full-Time Positions 177 173 -4 -2.9%

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

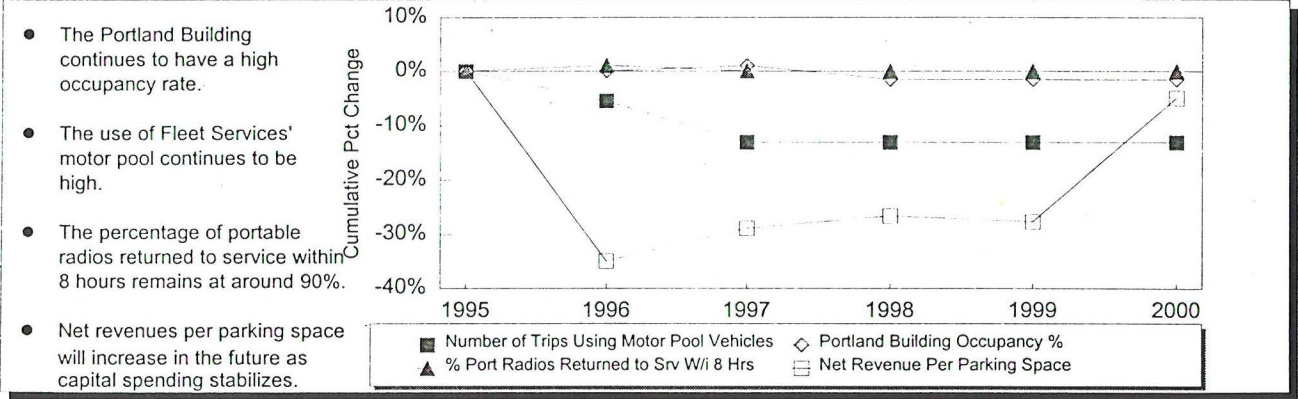
- ◆ The FY 1997-98 Adopted Budget cuts four positions, three in the Facilities Services Division (one Administrative Specialist, one Program Manager, and one Engineering Tech III), and one in the Communications Services Division (a Stores System Manager).
- ◆ In response to Measure 47 all divisions are making significant reductions. The Bureau will make every effort to minimize the service level impacts of these cuts, but nevertheless there will inevitably be some cases where customers will see some reduction of service.
- ◆ Rates to all customers have been reduced in all service areas. In some cases the rate reductions exceeded 9%, and overall the average rate reduction was about 5.5%. In addition, the Bureau worked with customers to reduce usage levels in many cases without affecting their service levels. The Bureau also worked carefully with employees and labor to ensure that changes had the benefit of their input and to minimize the impact on employees.
- ◆ The capital improvements budget was decreased significantly in response to customers' reduced requests for CIP projects. New financing mechanisms will have to be found for capital projects.
- ◆ The recently completed Auditor's Report on Internal Services shows that BGS rates for service have generally declined over the last five years compared to inflation, while service levels are up. This budget continues that trend.

BUREAU OF GENERAL SERVICES (346)

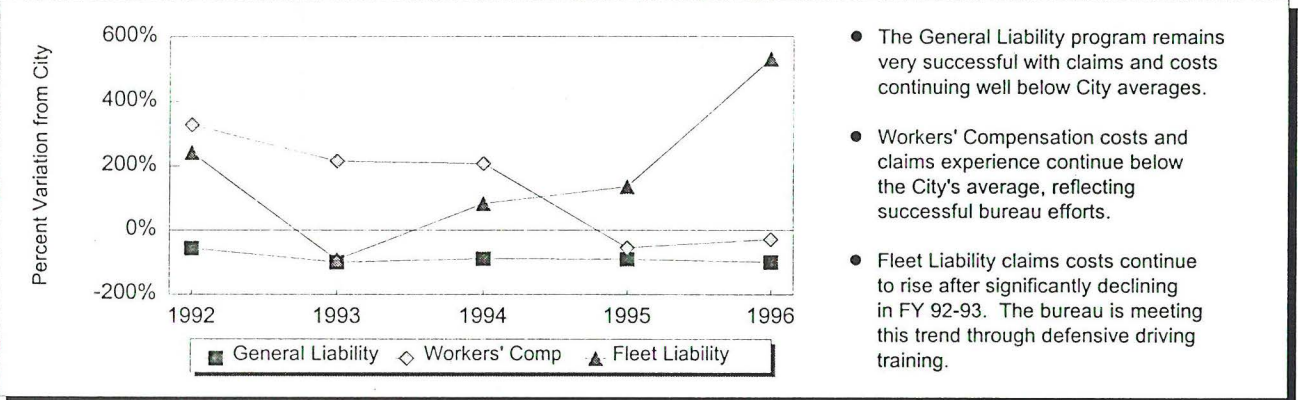
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Jim Francesconi

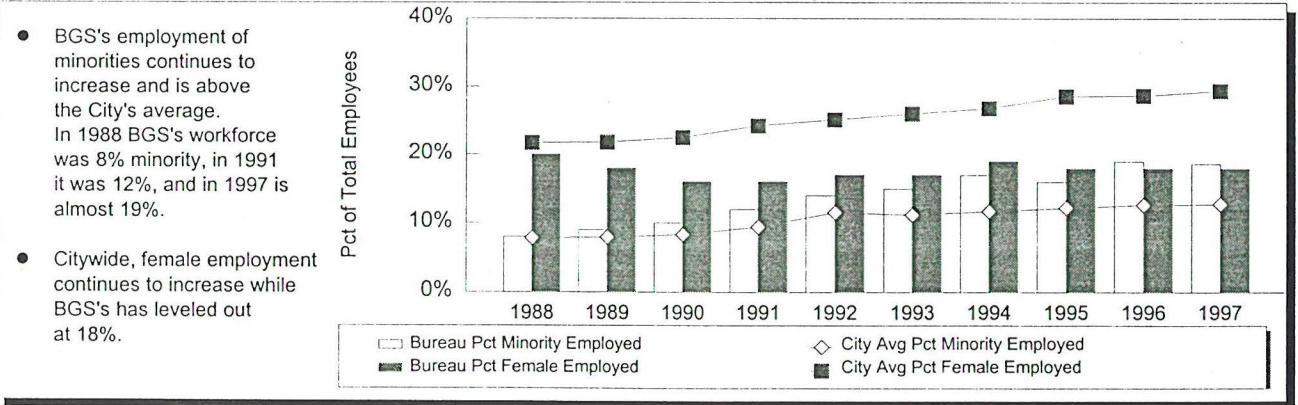
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs Citywide



BUREAU OF GENERAL SERVICES (346)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Jim Francesconi

BUDGET OVERVIEW

- ◆ The Adopted Budget for FY 1997-98 is 26% less than the FY 1996-97 Revised Budget. Part of the reduction is due to fewer capital improvement projects, part is due to a simple reduction in carryover funds for expenditures such as vehicle replacement, and part is due to reductions General Services made in rates in order to benefit its customers impacted by Measure 47.
- ◆ No new services have been added; no existing services have been eliminated. Service levels have been reduced due to Measure 47 cuts, but the Bureau has committed to keeping these to an absolute minimum.

CHANGES IN BUDGET

ADDITIONS

- ◆ The only significant addition to the budget is the construction of two new floors for the 4th and Yamhill Smart Park garage, which will be complete by the beginning of the fiscal year, and the construction of a new downtown garage on the Fox Block, which will begin during the fiscal year.
- ◆ Between the Proposed Budget and the Adopted Budget, BGS had two changes to its budget:
 - Communications Services added a position of Secretarial Clerk 1 in the Administration cost center. Additionally, the division lowered phone rates resulting in a reduction of interagency revenue. The division also increased external materials & services in response to a Police Bureau request to purchase new electronic equipment under grant funding.
 - Estimated revenues for the two parking funds increased by \$1,026,255 as a result of an approved \$0.20 per hour increase in the hourly parking rate, which is scheduled to begin in September 1997. Conversely, the requirements for the two funds are increased by the same amount, involving an increase for external services of \$200,000 for marketing of the new higher hourly rate, a reduction in internal services appropriation of \$12,356 due to reduced rates, a reduction of \$1,537 in the amount the General Fund will charge the two funds for central services, and the balance placed in the General Operating Contingencies of the two funds.

REDUCTIONS/EFFICIENCIES

- ◆ The Bureau's active Capital Improvement Program in recent years has been significantly reduced. The projects that remain will be a continuation of current projects and major maintenance projects for existing facilities. Rates for all BGS services have been reduced in response to Measure 47, in some cases by more than 9%. All of these efficiencies will be implemented with little effect on service levels. The Bureau has made additional reductions requested by the Mayor and Council during the budget process. Some of these may have an impact on service levels, but the Bureau will work actively with customers and employees to keep these impacts to a minimum.
- ◆ The Bureau has cut five positions; three in Facilities Services and two in Communications Services. These cuts are due to a combination of increased efficiency, reduced workload, and success in contracting out work when it is more cost effective to do so.

BUDGET NOTES

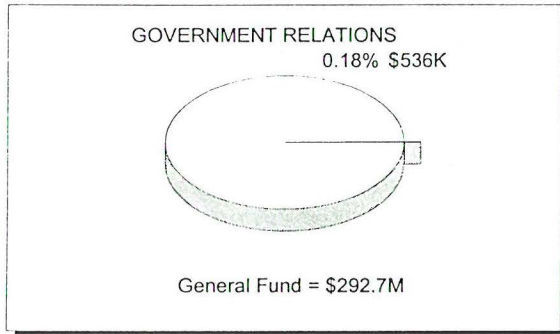
- ◆ Competitive market test services provided by Fleet Services

GOVERNMENT RELATIONS (303)

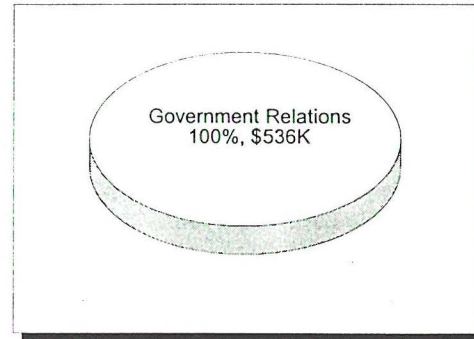
Service Area: LEGISLATIVE/ADMINISTRATIVE AND SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|---------------------------|----------------------|
| Operating | \$609 K | \$536 K | (\$74 K) | -15.3% |
| Capital | \$0 | \$0 | | \$0 |
| Total | \$609 K | \$536 K | (\$74 K) | -15.3% |
| Allocated City Overhead Costs | \$0 | \$0 | | |
| Total with Overhead Allocated | \$609 K | \$536 K | | |
| Full-Time Positions | 4 | 4 | 0 | -0.7% |

Note: The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

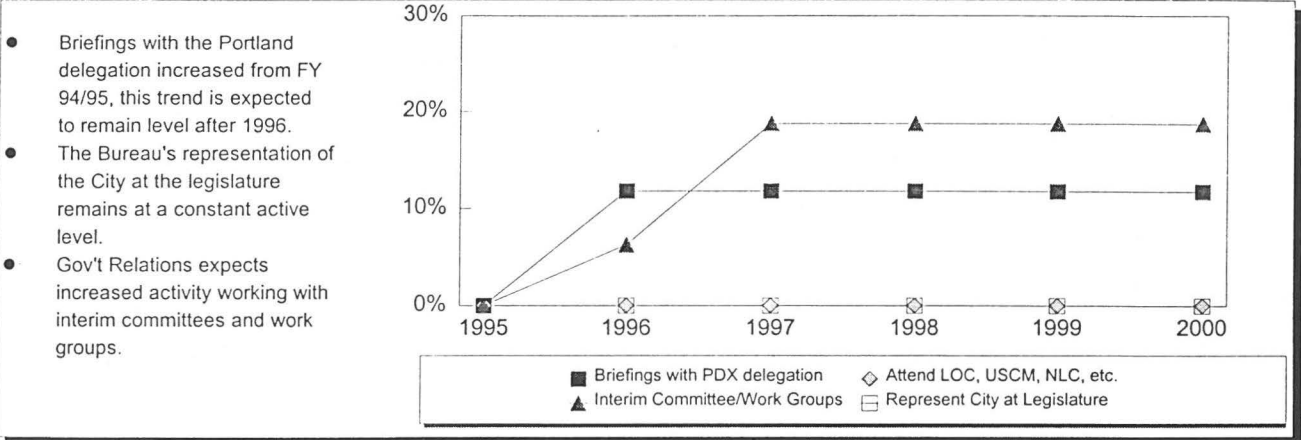
- ◆ The FY 1997-98 Adopted Budget reflects a reduction in staff hours to 36 hours per week. Staff hours will be staggered to mitigate any service impact to customers.
- ◆ Interagencies totaling \$34,000 between Government Relations and the Water Bureau, BES and PDOT now fund a contract for lobbying services in Washington D.C. These bureaus are the primary beneficiaries of the lobbying services.
- ◆ This budget reduces equipment, local travel, computer repair, and most all other external line items in materials and services. Government Relations is eliminating one phone line and reducing telephone toll charges as well.

GOVERNMENT RELATIONS (303)

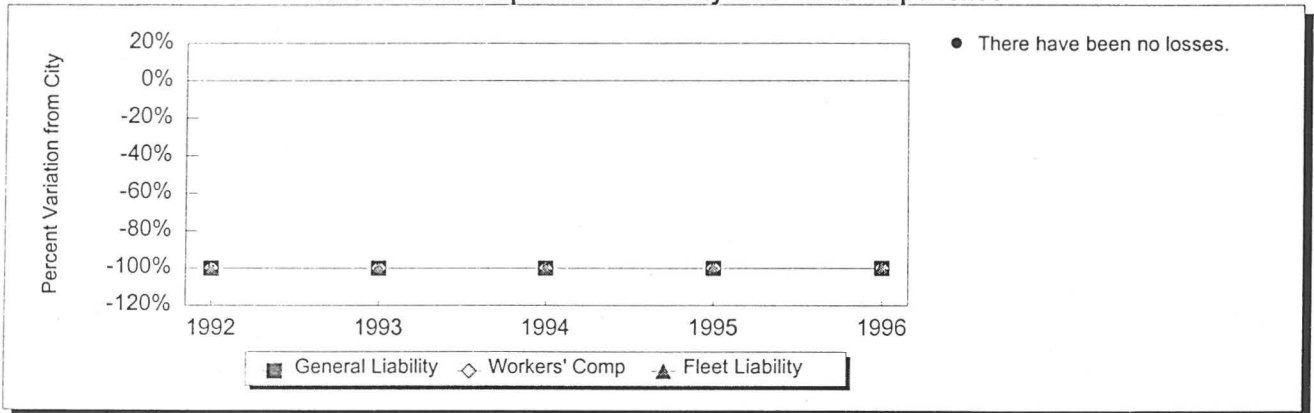
Service Area: LEGISLATIVE/ADMINISTRATIVE AND SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

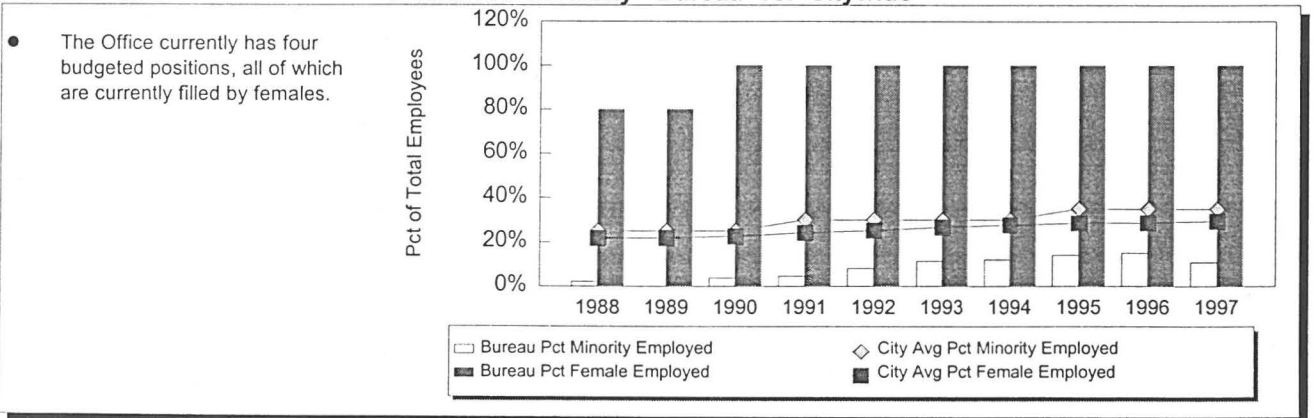
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



GOVERNMENT RELATIONS (303)

Service Area: LEGISLATIVE/ADMINISTRATIVE AND SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

BUDGET OVERVIEW

- ◆ The Office of Government Relations supports government representation for all City bureaus and offices, the Mayor and members of the City Council in advancing City objectives with the Congress, State Legislature and other units of government, and for assistance required by City Council members. This office also administers the City's Washington, D.C. lobbying contract. The Contractor provides day-to-day representation of the City's federal interests and needs. It provides for full staffing and office support for visiting City officials. It provides information and assistance with grants and appropriations for the City, monitors federal initiatives, and is a liaison with national member associations.

CHANGES IN BUDGET

ADDITIONS

- ◆ None

REDUCTIONS/EFFICIENCIES

- ◆ Government Relations has decreased staff work hours to 36 hours per week for FY 1997-98. Both internal and external materials and services have been reduced as well.

BUDGET NOTES

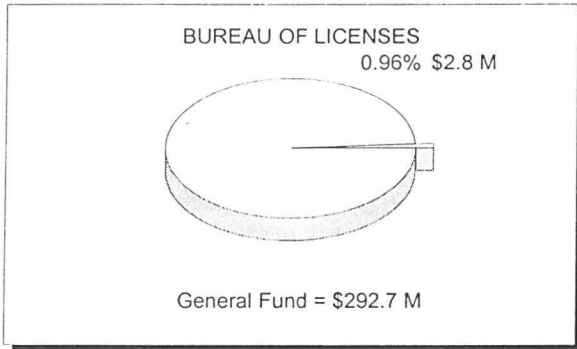
- ◆ None

BUREAU OF LICENSES (316)

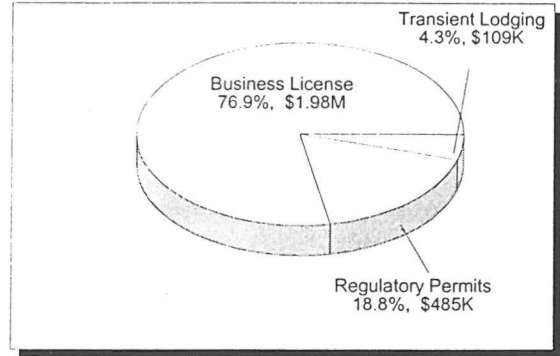
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Jim Francesconi

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|------------------------|-------------------|
| Operating | \$2.9 M | \$2.8 M | (\$128 K) | -7.9% |
| Capital | \$0 | \$0 | \$0 | 0 |
| Total | \$2.9 M | \$2.8 M | (\$128 K) | -7.9% |
| Allocated City Overhead Costs | \$340 K | \$546 K | | |
| Total with Overhead Allocated | \$3.3 M | \$3.4 M | | |
| Full-Time Positions | 37 | 37 | +0 | -0.7% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

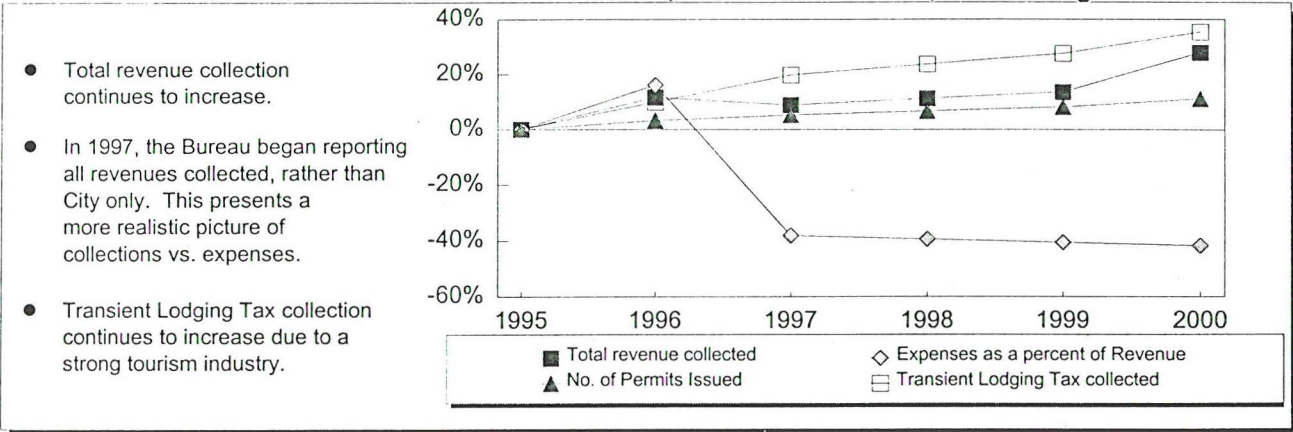
- ◆ The Bureau of Licenses FY 1997-98 budget was reduced by \$78,411 due to Measures 47 and 50. This reduction was absorbed through program efficiencies and savings, with no reduction in positions.
- ◆ Development of the Bureau's new Business License Information System (BLIS) will continue throughout FY 1997-98 with an emphasis on end user training, specialized reporting and development of a business information website.
- ◆ In FY 1997-98, the Regulatory Program will again be fully self funding through program fees, thus requiring no General Fund support.

BUREAU OF LICENSES (316)

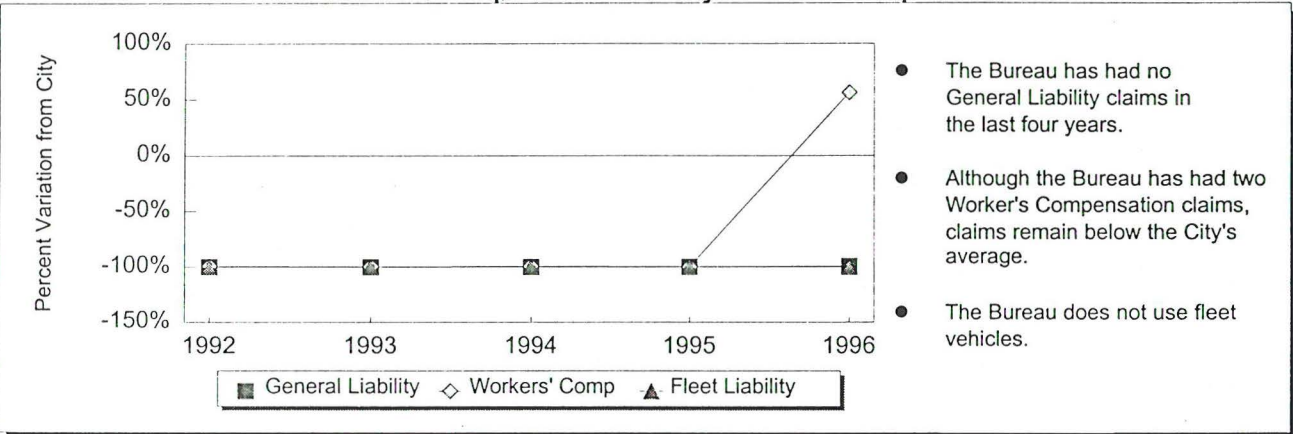
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Jim Francesconi

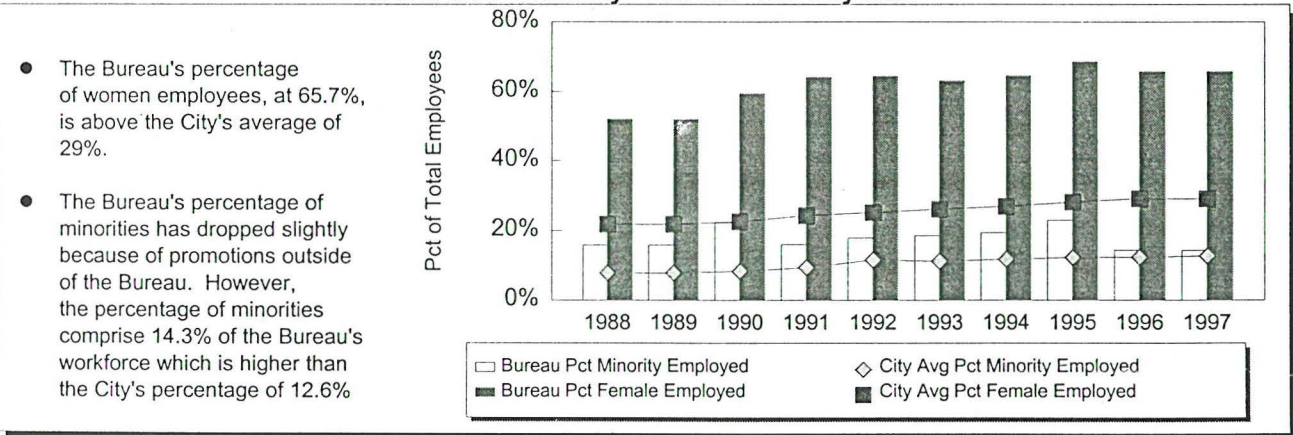
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



BUREAU OF LICENSES (316)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Jim Francesconi

BUDGET OVERVIEW

- ◆ Despite cuts made necessary under Measures 47 and 50, the FY 1997-98 License Bureau budget will allow a current service level of operation and continued development of the new business license information system. This level of operation is made possible by ongoing Bureau efforts to reduce costs and improve services through better use of technology resources and work process reengineering.
- ◆ The primary mission of the Bureau of Licenses is to identify, collect and audit a variety of business license fees and taxes paid by businesses in the City of Portland and Multnomah County. The largest program is the consolidated Portland Business License / Multnomah County Business Income Tax which will generate about \$85 million for the two jurisdictions in FY 1997-98. The Bureau also collects the Transient Lodgings Tax which generates over \$14 million for distribution to the City, County, and the Portland Oregon Visitors Association. In 1994, the Bureau assumed responsibility for the Downtown Property Management Program, which provides over \$2.3 million annually for the Downtown Clean and Safe Program. In FY 1997-98, the Bureau will collect over \$100 million in revenues for the City, Multnomah County and other agencies.
- ◆ The Bureau of Licenses also administers regulatory programs covering towing, taxi transportation, pay and park lots, secondhand dealers, amusement devices, social games and liquor licensing. In FY 1997-98, the Regulatory Program will be totally self-supporting from program fees and will use no General Fund Discretionary funds.

CHANGES IN BUDGET

ADDITIONS

- ◆ None

REDUCTIONS/EFFICIENCIES

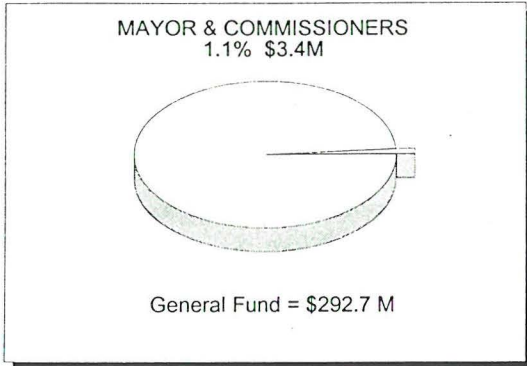
- ◆ The Bureau of Licenses operating budget was reduced by \$78,411 in response to Measures 47 and 50. This 4.5% cut to the Bureau's operating budget was absorbed in savings and efficiencies made by the Bureau with no loss of positions. Deeper cuts were not made in order to protect the Business License revenue collection abilities of the Bureau in the face of property tax revenue losses.
- ◆ The Bureau is in the final stages of a multi-year reengineering effort including major upgrades to all information technology systems. These efforts have helped the Bureau reduce the level of General Fund Discretionary support without sacrificing services.
- ◆ The Bureau of Licenses will bring a business information website online in FY 1997-98 allowing businesses access to forms, preparation instructions, lists of other regulatory agencies, new business listings and other information.
- ◆ The Bureau will continue efforts to test electronic filing of tax returns in cooperation with selected tax preparers.

BUDGET NOTES

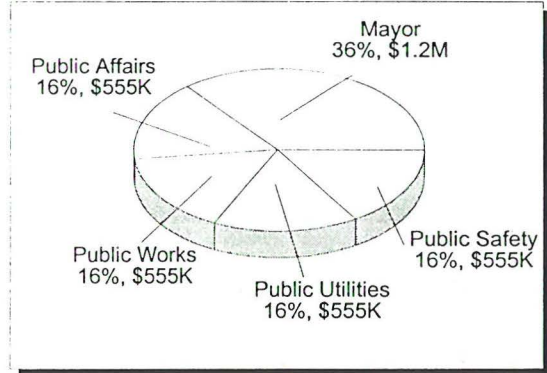
- ◆ None

OFFICES OF THE MAYOR AND COMMISSIONERS
 Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

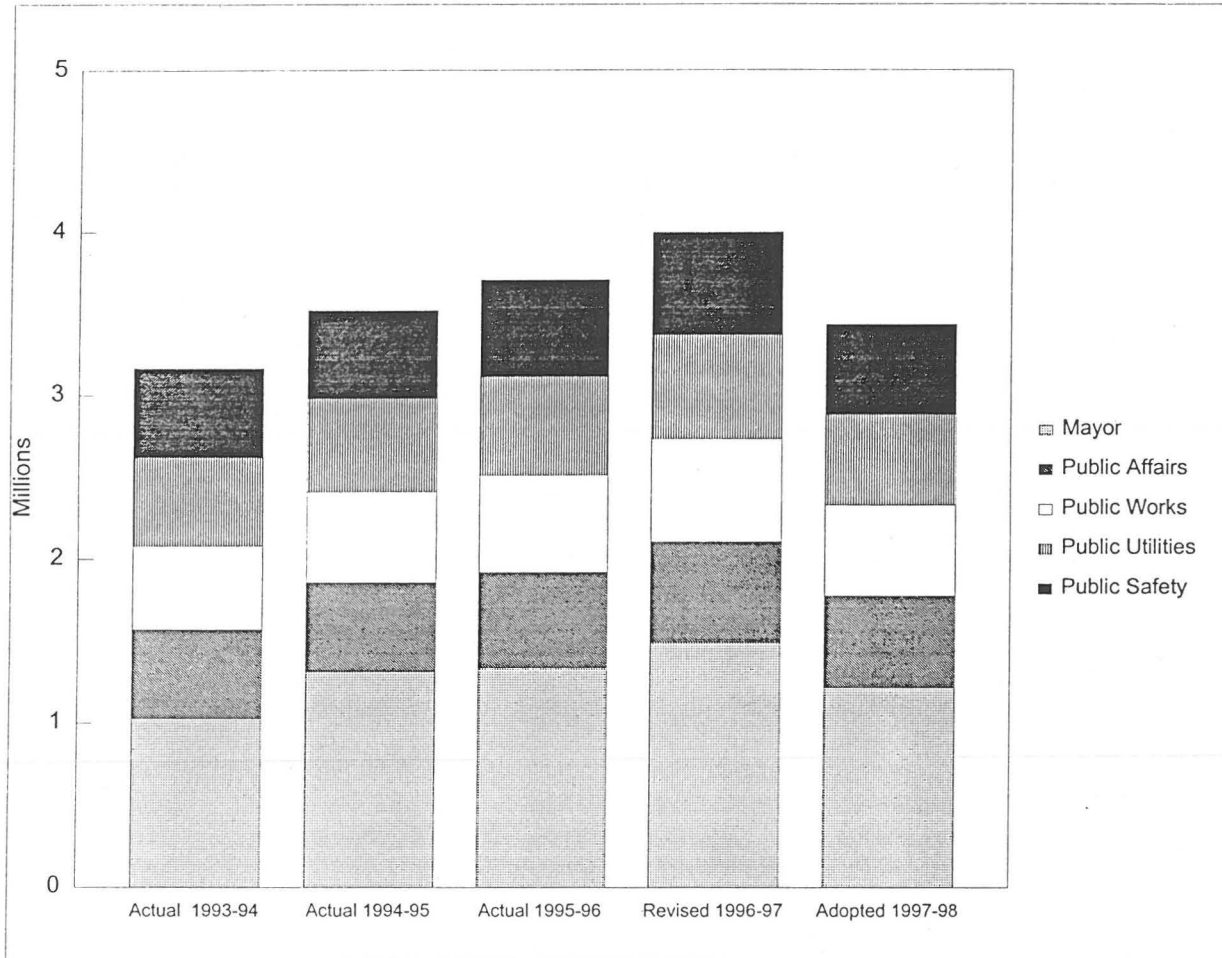
| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|----------------------------------|---------|---------|---------------------------|----------------------|
| Mayor | \$1.4M | 1.2M | -\$200K | |
| Commissioner of Public Affairs | \$609K | \$555K | -\$54K | |
| Commissioner of Public Safety | \$629K | \$555K | -\$74K | |
| Commissioner of Public Works | \$635K | \$555K | -\$80K | |
| Commissioner of Public Utilities | \$644K | \$555K | -\$89K | |
| Total | \$4.0 M | \$3.5 M | (-\$500K) | -16.7% |
| Allocated City Overhead Costs | 1.8 M | 2.0 M | | |
| Total with Overhead Allocated | \$4.0 M | \$3.5 M | | |
| Full-Time Positions | 45 | 41 | -4 | -9.5% |

The "per capita change" column is adjusted for inflation and population growth.

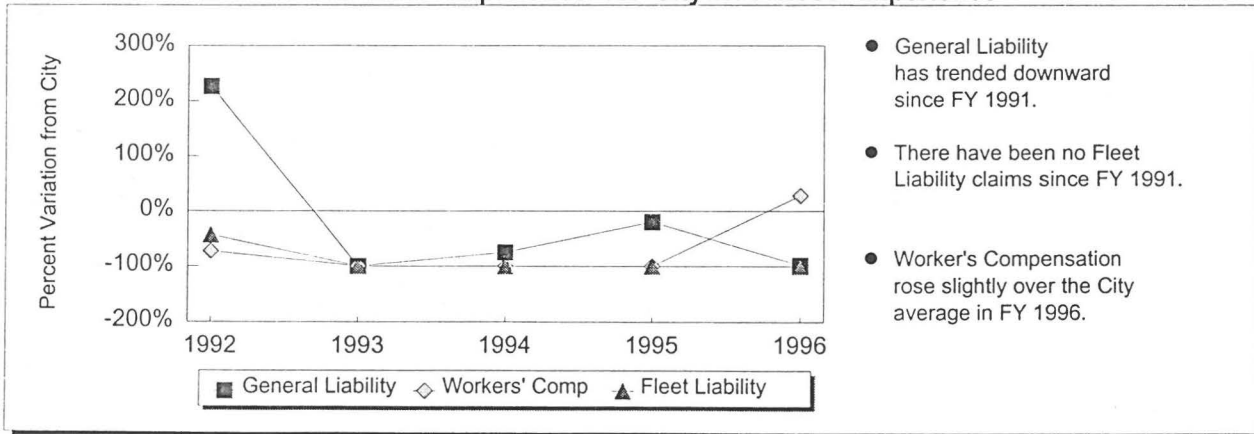
SIGNIFICANT ISSUES AND CHANGES

- ◆ The FY 1997-98 Adopted total budget for the Mayor and Commissioners reflects a 16.7% decrease from the current year. All budgets were reduced due to constraints imposed by Measures 47 and 50. Cuts have been made in the area of materials and services and personnel. Personnel reductions were achieved in a number of ways: elimination of part-time employees, elimination of full time positions, reductions in work hours, and foregoing annual merit increases for staff.
- ◆ Net positions for the Mayor and Commissioners for FY 1997-98 reflects a decrease of four full time positions from the Revised FY 1996-97 Budget.
- ◆ An additional \$28,382 was budgeted in the Mayor's Office for increased Mayoral security.

OFFICES OF THE MAYOR AND COMMISSIONERS
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES



Bureau Loss Experience vs. Citywide Loss Experience



OFFICES OF MAYOR AND COMMISSIONERS

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

BUDGET OVERVIEW

- ◆ The FY 1997-98 Adopted Budget for the Mayor and Commissioners maintains all programs within the Offices, but with reduced staffing.
- ◆ The Office of the Mayor provides leadership and supervision over general affairs of the City; provides information and assistance to the public; provides staff and support for the Police Internal Investigations Auditing Committee (PIIAC); and coordinates programs and promotes contact between Portland and other cities throughout the world. The Mayor's Office works with other City Council offices to identify priorities, then focuses city-wide efforts on strategic policies and programs to address those priorities. For FY 1997-98, emphasis will be placed on efforts to implement the City's annual policy objectives and those of the Mayor.
- ◆ Each of the Commissioners offices consists of one program -- Policy and Administration, which is organized to fulfill the mandates of the City Charter. In addition, the Policy and Administration Program directly supports the legislative and administrative work of the Commissioners which includes bureau liaison responsibilities.

CHANGES IN BUDGET

ADDITIONS

- ◆ The Office of the Mayor has an add package of \$28,382 for added mayoral security.

REDUCTIONS/EFFICIENCIES

- ◆ All Council budgets reflect a 16.7% decrease as a result of Measures 47 and 50.

BUDGET NOTES

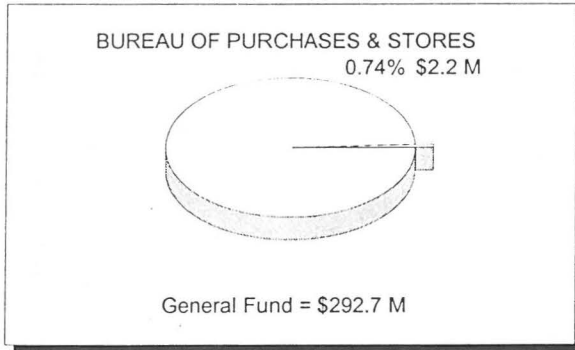
- ◆ None

BUREAU OF PURCHASES & STORES (319)

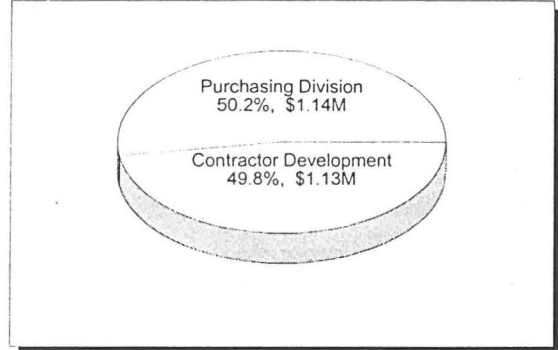
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|---------|---------|---------------------------|----------------------|
| Operating | \$1.7 M | \$2.2 M | \$483 K | +23.4% |
| Capital | \$0 | \$0 | \$0 | 0 |
| Total | \$1.7 M | \$2.2 M | \$483 K | +23.4% |
| Allocated City Overhead Costs | \$0 | \$0 | | |
| Total with Overhead Allocated | \$1.7 M | \$2.2 M | | |
| Full-Time Positions | 21 | 22 | +1 | +4.1% |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

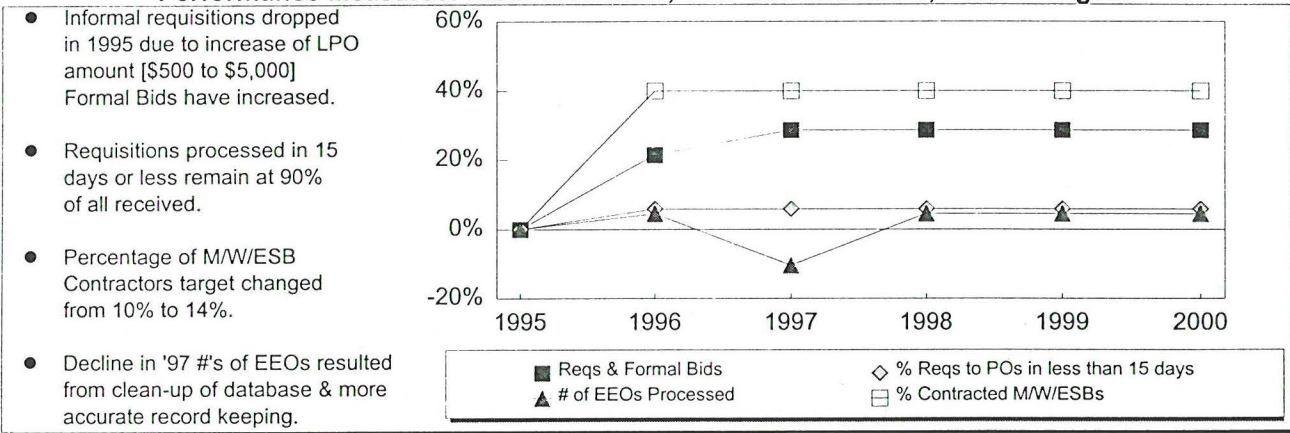
- ◆ The FY 1997-98 Adopted Budget includes a reduction of one full time position and \$27,899 in External M&S due to Measures 47 and 50 requirements.
- ◆ The FY 1997-98 Adopted Budget includes an add package to implement the Fair Contracting and Employment Strategies developed in response to the Disparity Study recommendations finalized in FY 1996-97. This package includes two positions in the Contractor Development Division and resources for Project Management Training, a Contractor Technology Pool, a Regional Mentoring Program and a Regional Loan Program.
- ◆ The Bureau of Purchases and Stores will work at identifying City resources to reduce the overhead funding of the add package that has been allocated through the General Fund overhead system. Savings associated with this effort will be incorporated in the overhead allocation model in FY 1998-99.

BUREAU OF PURCHASES & STORES (319)

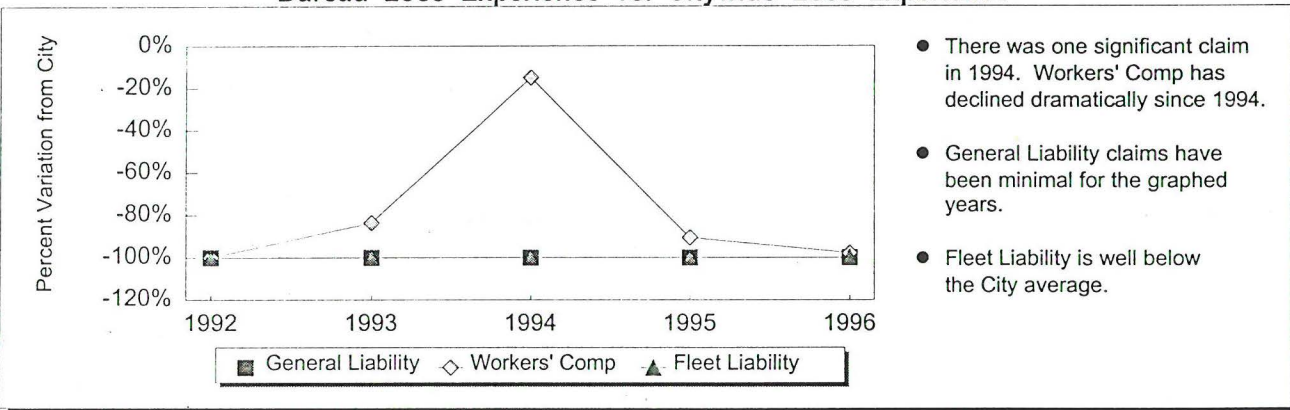
Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

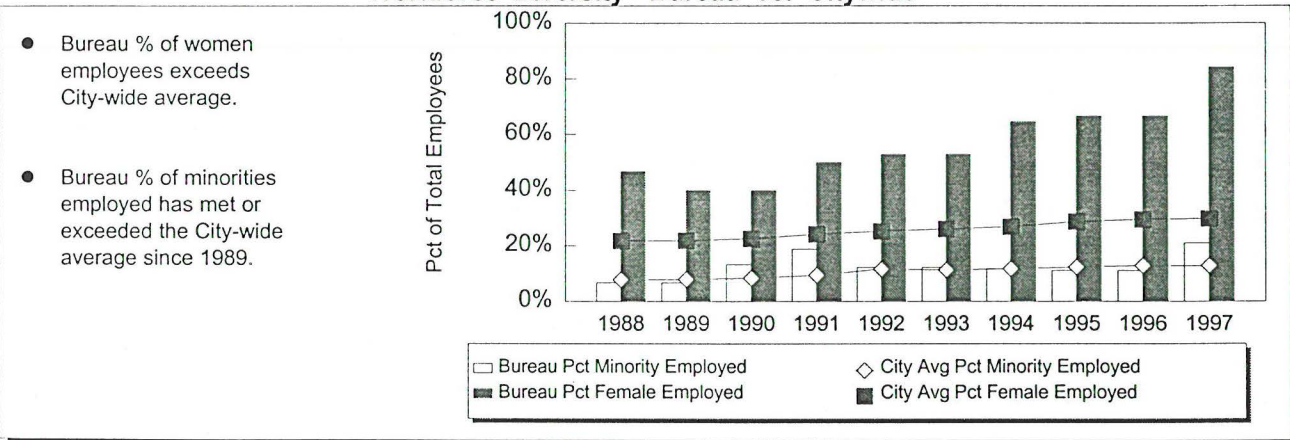
Performance Measures: Historic Actuals, Year-end Estimates, Future Targets



Bureau Loss Experience vs. Citywide Loss Experience



Workforce Diversity - Bureau vs. Citywide



BUREAU OF PURCHASES & STORES (319)

Service Area: LEGISLATIVE/ADMINISTRATIVE & SUPPORT SERVICES

Commissioner-in-Charge: Mayor Vera Katz

BUDGET OVERVIEW

- ◆ The Bureau of Purchases consists of two divisions. The Purchasing Division administers competitive bidding and contract processing in compliance with necessary laws to acquire goods and services for City Bureaus. The Contractor Development Division is responsible for the implementation of the core Fair Contracting and Employment Strategy. The Strategy includes implementation of a Sheltered Market Program including Technical Assistance, Good Faith Effort requirements, outreach to M/W/ESB firms, Equal Employment Opportunity certification, Workforce Training & Hiring Program and contract compliance and monitoring.
- ◆ Procurement services impact most bureaus and departments on a daily basis. Processing time for purchases and contracts is cited by all bureaus as critical to their efficient operation. The Bureau has budgeted \$161,917 in interagency revenue, the remainder of its operation is supported by overhead and discretionary resources.
- ◆ The FY 1997-98 Adopted Budget includes a decrease of \$64,687 due to Measure 47 and 50 reductions. This reduction results in the elimination of one FTE and \$27,899 in External M&S. The Adopted Budget also includes an add package to fund further implementation of the Fair Contracting and Employment Strategy developed in response to the Disparity Study recommendations finalized in FY 1996-97. This add package includes two additional positions in the Contractor Development Division and resources for Project Management training, a Contractor Technology Pool, a Regional Mentoring Program and a Regional Loan Program.

CHANGES IN BUDGET

ADDITIONS

- ◆ \$94,213 is included in the FY 1997-98 budget for a Program Coordinator and a Program Specialist in the Contractor Development Division in order to meet City-wide goals in the Fair Contracting and Employment Strategies as a response to the Regional Disparity Study recommendations.
- ◆ An additional \$380,000 is included in the FY 1997-98 budget for contracted services to support City-wide training of project managers, the establishment of a Technology Pool, as well as participation in regional mentoring and loan programs.

REDUCTIONS/EFFICIENCIES

- ◆ The Bureau of Purchases eliminated one Secretarial Clerk 1 and reduced External M&S by \$27,899 as a result of Measure 47 and 50 requirements.
- ◆ A reduction of \$100,000 has been made from Requested Budget delaying the Bonding & Loan portion of the Technical, Financial and Bonding Assistance Program

BUDGET NOTES

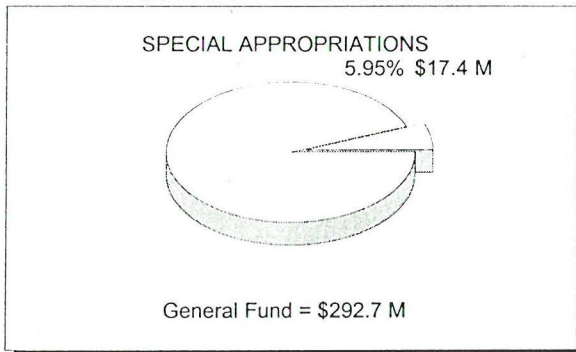
- ◆ None

SPECIAL APPROPRIATIONS (401)

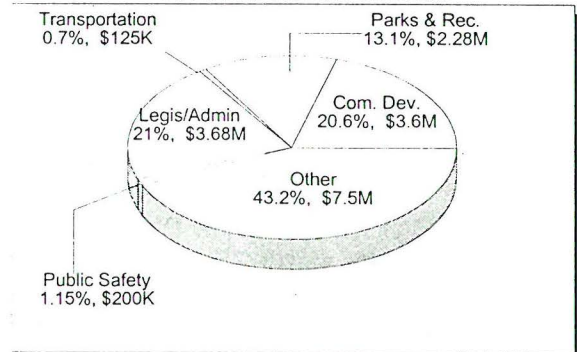
Service Area: LEGISLATIVE/ADMINISTRATIVE AND SUPPORT SERVICES

Commissioner-in-Charge: Vera Katz

PERCENT OF GENERAL FUND



PROGRAM EXPENSES



BUDGET DATA

| | 1997 | 1998 | Change from Prior Year | Per Capita Change |
|-------------------------------|----------|----------|---------------------------|----------------------|
| Operating | \$29.8 M | \$17.4 M | (\$12.4 M) | -43.7% |
| Capital | \$0 | \$0 | \$0 | \$0 |
| Total | \$29.8 M | \$17.4 M | (\$12.4 M) | -43.7% |
| Allocated City Overhead Costs | \$0 | \$0 | \$0 | |
| Total with Overhead Allocated | \$29.8 M | \$17.4 M | (\$11.7 M) | |
| Full-Time Positions | 0 | 0 | 0 | 0 |

The "per capita change" column is adjusted for inflation and population growth.

SIGNIFICANT ISSUES AND CHANGES

- ◆ Special Appropriations are primarily used for expenditures which are not specific to any particular bureau's operating budget, and which provide city-wide benefit. In FY 1997-98 Special Appropriations total \$17,402,450.
- ◆ Special Opportunities/Workforce Development, including Summer Youth Employment, Jobs Clearinghouse, the Minority and Women's Business Entrepreneurial Programs, and the city's contribution to the regional employment disparity study (Crosan Study) has been moved to the Bureau of Purchases.
- ◆ A one-time, two year commitment of \$8,686,029 to Portland Public School's was made in FY 1996-97.
- ◆ Resources for Special Appropriations are comprised of \$17,023,866 in discretionary General Fund resources and \$580,115 in other revenues, which include; \$165,665 in federal grants, \$31,900 in program revenues, and \$181,019 of overhead charges. The following overview presents Special Appropriations by service area.

SPECIAL APPROPRIATIONS (401)

Service Area: LEGISLATIVE/ADMINISTRATIVE AND SUPPORT SERVICES

Commissioner-in-Charge: Vera Katz

BUDGET OVERVIEW

PUBLIC SAFETY

- ◆ \$25,000 support for the regional Public Safety Coordinating Council
- ◆ \$150,000 support for citywide graffiti removal efforts
- ◆ Regional Drug Initiative General Fund support of \$25,650 and a federal grant of \$165,665

PARKS, RECREATION AND CULTURE

- ◆ \$18,810 sponsors an exhibit on the history of Portland at the Oregon Historical Society
- ◆ \$200,000 as year three of five support of Cultural Tourism special exhibits and cultural events
- ◆ \$1,465,526 continued support for the Regional Arts and Culture Commission
- ◆ \$600,000 support for MERC (\$300,000 to Stadium; \$300,000 to Portland Center for the Performing Arts)

COMMUNITY DEVELOPMENT

- ◆ Block by Block Weatherization program support at \$182,584
- ◆ Downtown services in Pioneer Square and along the Transit Mall support at \$629,457
- ◆ PDC Waterfront Development Activities (formerly the Ec.Dev.Loan Program) \$428,719
- ◆ PDC Economic Development Fund - \$476,793
- ◆ PDC NE Workforce Center continuing programs support - \$94,763
- ◆ PDC Business Development programs for business recruitment and retention - \$418,036
- ◆ PDC Business Districts facilitation and technical assistance - \$47,756
- ◆ PDC Targeted Industry Jobs - \$106,733
- ◆ \$1,198,188 for infrastructure projects in Union Station area, part of River District
- ◆ Economic Improvement District Assessments of \$11,172 to enhance downtown Portland

TRANSPORTATION

- ◆ Employee Transit Program continued support of \$125,257

LEGISLATIVE, ADMINISTRATIVE AND SUPPORT SERVICES

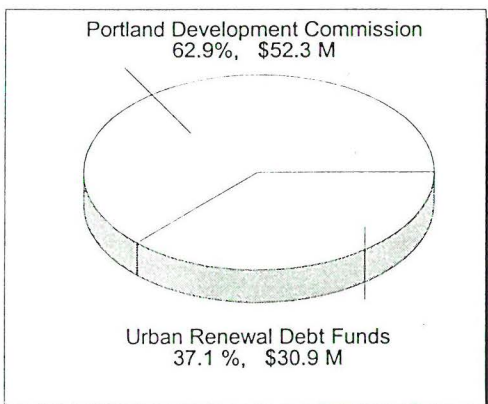
- ◆ \$276,624 for City Memberships and Dues consisting of; League of Oregon Cities, \$74,368; US Conference of Mayors, \$14,272; National League of Cities, \$15,964; METRO, \$106,720; Metropolitan Boundary Commission, \$50,300; and Public Technology Inc., \$15,000.
- ◆ \$40,701 to enforce the City's Civil Rights Ordinance
- ◆ \$7,000 for City Council's emergency fund as stipulated by city charter
- ◆ \$30,000 to fund a city wide Employee Suggestions Program
- ◆ \$123,695 to the Innovations Loan Fund, which receives \$31,500 in repayments this year
- ◆ \$5,275 to the Management Council of City bureau directors and managers
- ◆ \$10,298 to the Leaders Roundtable, an advisory group of community leaders

RESERVES AND SET-ASIDES

- ◆ \$7,114,303 for adjustments to employee compensations
- ◆ \$2,955,889 for Business License Refunds
- ◆ \$400,000 for unemployment insurance

Portland Development Commission & Tax Increment Debt Funds

PROGRAM AREA OVERVIEW



BUDGET DATA

| | |
|-------------------------|-----------|
| FY 1997-98 Budget: | \$83.2 M |
| Change from FY 1996-97: | + \$8.9 M |
| Change per Capita: | 11.2% |
| FY 1997-98 Positions: | 97 |
| Change from FY 1996-97: | -28 FTE |
| Change per Thousand: | -22.9% |

SIGNIFICANT BUDGET ISSUES

- ◆ Many questions remain concerning the implementation of Measures 47 and 50. Decisions about implementation and interpretation may affect the definition and use of tax increment financing.
- ◆ Portland Development Commission's operating budget is focused on three program areas which encompass the Tax Increment Areas as well as other locations throughout the City.

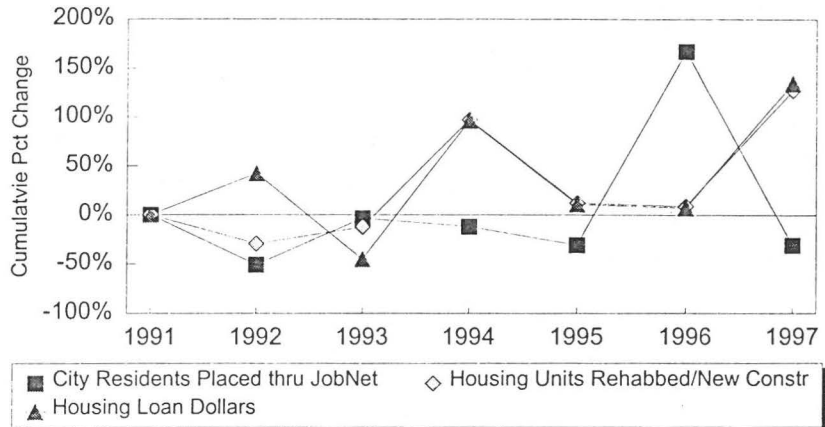
| | |
|--------------------------------------|--------------|
| Housing | \$26,965,473 |
| Redevelopment | \$18,608,841 |
| Economic Development/Jobs/ Workforce | \$5,891,382 |
- ◆ PDC's Staffing has decreased by 28 FTE. Positions have been eliminated within the programs and administrative areas. PDC will contract out for services when this is more cost effective than maintaining internal staff.
- ◆ The FY 1997-98 Budget includes the following General Fund allocations to PDC:

| | | | |
|--------------------------|-------------|--------------------------------|--------------------|
| Business Development | \$418,036 | Project Funding | |
| NE Workforce Center | \$94,763 | River District | \$1,198,188 |
| Business Districts | \$47,756 | Homeless Shelter Debt | \$182,000 |
| Targeted Industry - Jobs | \$106,773 | Housing Investment Fund | \$1,666,672 |
| Waterfront Development | \$428,719 | Total City General Fund | \$4,619,700 |
| Outer SE Develop fund | \$476,793 | | |
| | \$1,572,840 | | |
- ◆ PDC has been very successful in its management of the Housing Investment Fund. Project commitments will be completed in a three year period, rather than the originally planned four year period. This will accelerate the construction of affordable housing units in Portland.

PORTLAND DEVELOPMENT COMMISSION
Service Area: COMMUNITY DEVELOPMENT & SERVICES
Commissioner-in-Charge: Mayor Vera Katz

Performance Measures

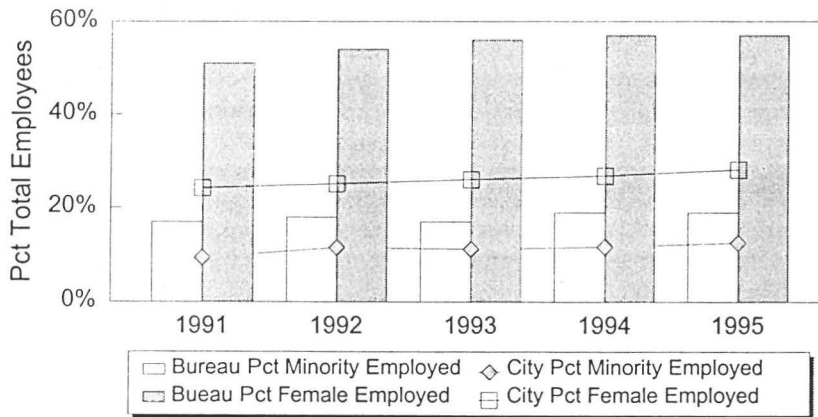
- ◆ JobNet City resident placement is through the third quarter.
- ◆ Housing units rehabbed/new construction is variable based on size of projects.
- ◆ Housing Loan dollars vary from year to year due closing times for the loans.



Bureau Loss Experience vs Citywide Loss Experience

PDC purchases insurance for its risk management needs, and its loss experience is not comparable to the rest of the City for that reason.

Workforce Diversity - Bureau vs. Citywide



- ◆ PDC exceeds City wide levels for minorities and women.
- ◆ In FY 94-95 17.7% of PDC's workforce was minority, 51% were women.

PORTLAND DEVELOPMENT COMMISSION
Service Area: COMMUNITY DEVELOPMENT & SERVICES
Commissioner-in-Charge: Mayor Vera Katz

BUDGET OVERVIEW

- ◆ The Portland Development Commission (PDC) is a semi-autonomous agency operating under City Charter and is budgeted separately from the City. Its mission is to bring together community resources to achieve Portland's vision of a vital economy with healthy neighborhoods and quality jobs for all citizens.
- ◆ In the FY 1994-95 budget year, PDC developed a five-year Business Plan that presents PDC's goals, resources, and programs to achieve a new target area strategy for the development of the City. In response to City and Commission policy initiatives and urban renewal funding problems at that time, PDC re-engineered its organizational concept. The organization is aligned into a team orientation with emphasis on multi disciplinary strategy to work with community partners in geographic target areas.
- ◆ Tax increment dollars are once again available to support the long term plans of PDC. PDC has therefore, budgeted projects using tax increment funding in the following urban renewal districts:

| | |
|-------------------|-------------|
| Airport Way | \$66,379 |
| Central Eastside | 2,125,000 |
| Convention Center | 4,784,267 |
| South Parks | 1,253,000 |
| Waterfront | 236,104 |
| | \$8,464,750 |

- ◆ PDC will take over administration of the Housing Investment Fund. The City Council appropriated \$24.6 million, fulfilling its commitment to develop a \$30 million fund which will be used to support the construction of affordable housing.

CHANGES IN BUDGET

ADDITIONS

- ◆ An additional \$8.5 million in tax increment financing for projects in targeted areas.
- ◆ Administer \$24.6 million of Housing Investment Fund dollars.

REDUCTIONS/EFFICIENCIES

- ◆ Positions are reduced by 28 FTE from 1996-97 levels.

BUDGET NOTES

- ◆ **Housing Agenda:**
 PDC is assigned responsibility for implementing the housing agenda and will use the resources allocated by Council to the Housing Investment Fund along with block grant funds, tax increment funds, and leveraged private funds. It is Council's expectation that with the allocation of these dollars, PDC is responsible for assuring that at least 2,500 units of housing are created in the City of Portland in each of the next two fiscal years
- ◆ **Quality Jobs Initiative:**
 PDC will develop and initiate strategies to lower unemployment rates and to increase the number of households with income above the poverty level in targeted communities. Prior to implementation, PDC will present for Council discussion and approval a detailed program design which include expected outcomes and accomplishments.

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