

The City Of
Portland



FISCAL YEAR 1998-1999

ADOPTED BUDGET

IN-BRIEF

**City of Portland
FY 1998-99 Adopted Budget**

*This document presents a brief overview of the major themes, priorities and decisions of the Adopted Budget for the Fiscal Year 1998-99. Portland's budget is published in three volumes, summarized here. The **Budget-in-Brief** presents City services by Portland's six distinct service areas and the Portland Development Commission. Another document, the **Summary Budget**, is designed as an accessible summary of the Adopted Budget, Volume One, and includes individual bureau budget information.*

Volume One contains the budget information that is typically of most interest to the public:

- The Mayor's Budget Message
- Overview of City, City budget & decisions, financial plans
- Financial summaries that present in table for condensed budget information
- Service Area and Bureau details for the City's six service areas:
 - ◆ Public Safety Parks and Recreation
 - ◆ Public Utilities Community Development and Services
 - ◆ Transportation Legislative, Administrative and Support Services

Volume Two includes:

- ◆ The Capital Improvement Program Budget Summary
- ◆ The Portland Development Commission Budget

Volume Three includes:

- ◆ Capital Improvement Plan Project Detail

For more information contact the Office of Finance and Administration at 823-5288

**"A PORTLAND STORY"
JACK McLARTY, 1997, WOODCUT PANELS**

Jack McLarty, a lifelong Portlander, grew up within three blocks of Portland's City Hall and attended the Museum Art School (now the Pacific Northwest College of Art), where he later taught. Since early in his career, when he decided to do what he knew best, his paintings have included Portland imagery.

A large mural of colored woodcut panels entitled *A Portland Story* was recently installed on the third floor of City Hall as part of the City's Percent for Art program. McLarty sees the Willamette River as the heart of the City and made it the central focus of the piece. The side panels (from which the cover detail is taken) represent incidents, people, and buildings important throughout Portland's history.

McLarty's work is in numerous public collections including Buckman School, the Civic Auditorium, Laurelhurst School, Lewis and Clark College, Mt. Hood Community College, the Portland Art Museum, the Seattle Art Museum, the State of Oregon Capitol Collection, the Visual Chronicle of Portland and the newly renovated City Hall.

**Adopted Budget-In-Brief
City of Portland, Oregon
Fiscal Year 1998-99**



**Mayor Vera Katz
Commissioner Jim Francesconi
Commissioner Charlie Hales
Commissioner Gretchen Miller Kafoury
Commissioner Erik Sten
Auditor Barbara Clark**

Budget Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Portland, Oregon, for its biennial budget for the biennium beginning July 1, 1996.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO
City of Portland,
Oregon

“An Outstanding Policy Document and Operations Guide”

For the Biennium Beginning

July 1, 1996

Lisa K. Asvitzky
President

Jeffrey L. Essler
Executive Director

Overview

INTRODUCTION

This is the first two year budget constructed after two property tax measures passed in FY 1996-97 that affected the FY 1997-98 budget. The first, Measure 47, was a citizen initiative passed in November of 1996. The second, Measure 50, was developed by the legislature to address the inherent problems of Measure 47 and still maintain the intent of the citizen initiative. Measure 50 was referred to the citizens for a vote, and passed in May of 1997. This was very late in the budget development process for most jurisdictions. The timing issue complicated the remaining uncertainties about how the implementation would affect actual assessed values and the yet to be defined permanent tax rate, and therefore property tax receipts.

The final result of both measures was that:

- Assessed values were rolled back to 90% of their FY 1995-96 values.
- The new Measure 50 levies and rolled back assessed values determined a permanent tax rate for local governments.
- Property tax assessed value growth is capped at 3% per year, plus revenues from the assessed value of new construction.
- The urban renewal and tax increment levy collection system underwent substantive rewrite, requiring City Council to make important policy and financial decisions prior to July 1, 1998.

Passage of Measure 50 did not end the uncertainty surrounding its implementation and impact on property tax collections. Final property tax levies were not known until September 1997. The uncertainty was due to the methodology used in implementation. The State of Oregon Department of Revenue (DOR) was responsible for calculating the 17% roll-back on a state-wide basis. All jurisdictions had to supply the DOR with their property tax levy amounts, and the county assessors supplied assessed values. The DOR then produced calculations based on state-wide figures to determine the new permanent tax rate for each jurisdiction. Local jurisdictions then used this rate to determine the final estimated property tax revenues. Uncertainties regarding these values were not clarified until September of 1997.

The result of the final calculations was an increase of \$9.75 million in Measure 50 property tax resources available for Council allocation over the initial forecast based on Measure 47. The major FY 1997-98 allocation decisions resulting from the increased revenues are summarized below:

- Additional support for local school districts, \$3.3 million.
- Capital funding for purchase of parks properties, restoration of some parks maintenance, and increased youth parks programs, \$1.6 million.
- Full funding for the additional police officers under the COPS grant, \$1.75 million.
- An additional \$3.4 million to support affordable housing projects throughout the city.
- Increased support of transportation projects, \$750,000.

Overview

In addition to the initial uncertainty regarding permanent tax rates, assessed values, and property tax collections, Measure 50 also introduced new complications in selecting tax levy collection methods for the City's five existing urban renewal districts. Decisions associated with tax increment collections have related impacts on overlapping tax districts, tax rates, tax collections, and tax capacity. These issues needed to be resolved in the course of preparing this Adopted Budget.

Decisions made by City Council concerning urban renewal tax increment collections increase City General Fund resources by approximately \$3.1 million in FY 1998-99. This decision will provide the Portland Development Commission (PDC) with \$35 million in tax increment revenues, in aggregate, split among the five existing urban renewal areas.

The Mayor has constructed a budget that ensures Council Vision and Goals, updated in December 1997, and validated through the city's citizen involvement process, are adhered to and supported through the implementation of this budget. These goals are:

- Build a livable city through good planning and well-managed growth
- Support quality education to produce well educated citizens
- Promote economic vitality and access to quality jobs for all citizens
- Maintain a financially stable city
- Ensure a safe peaceful community
- Maintain and improve our parks, green spaces, water and air sheds
- Promote the inclusion of under-represented neighborhoods and groups in participation in city activities and services
- Keep the central city vital
- Build a multi-modal transportation system
- Grow as an international city
- Become a more effective partner in the region
- Ensure decent, affordable housing

Perhaps the most significant long term financial issue the City will address during this budget cycle is funding for the Fire and Police Disability and Retirement Fund. Currently, funding of police and fire pensions are on a pay-as-you-go basis. A current year tax levy pays for this years pension obligation. The City Council is considering referring a City Charter change to the citizens. The proposed change may address how to fund the current \$825 million unfunded pension liability on an actuarial basis. The General Fund financial plan that underpins the Adopted Budget provides tax levy capacity to implement a plan for fully funding this liability.

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

Overview

MAJOR BUDGET DECISIONS

Early in the budget process, the City Council held a planning session to establish goals and priorities for the biennial budget. Following an extensive public outreach process which included a survey and a series of six community meetings, the Council reconvened and finalized these goals. The Adopted Budget stays true to these goals and priorities. Key decisions made in the budget supporting the goals set by the City Council follow. These goals are not presented in any prioritized order.

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

- **2040 Town & Regional Center Planning** -- 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. The Adopted Budget includes \$183,000 in General Fund resources to continue this effort. Specific planning will focus on the Gateway, St. John's and Hollywood districts.
- **Neighborhood Redevelopment** -- The Portland Development Commission, in conjunction the Office of Finance and Administration, will sell tax increment revenue 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 tax increment collections.
- **Transportation Funding** -- Due to lack of adequate gas tax revenues and the extensive backlog of unmet needs, the General Fund will contribute an additional \$4.6 million in General Fund resources for various transportation projects. The majority of the funds will be used to address basic street repair and reconstruction. Funds will also be used to leverage efforts to improve Hawthorne Boulevard and Main Street in conjunction with the County's repairs to the Hawthorne Bridge and city sewer construction efforts on Hawthorne Boulevard. Other General Fund support will continue the efforts in the School Safety Program.

Overview

GOAL: Support Quality Education to Produce Well Educated Citizens

- **School Funding** -- In FY 1997-98 the City of Portland contributed \$10.3 million to Portland area schools. With the recognition of an additional \$6.7 million in Measure 50 property tax revenues in September of 1997, the City pledged another \$3.3 million. This funding was on a one-time basis only, to be used at the schools discretion over the biennial budget. Portland schools remains a top priority of the Council as demonstrated by Council's participation in efforts to ensure that the Oregon legislature provided adequate funding. Because the legislature failed to provide adequate school funding during the last legislative session, the Council has included another \$7.4 million in this budget for this purpose. The majority of these funds, \$7.0 million, will be used to purchase or lease excess school district property to leverage the City's needs for additional parks properties, open space or other needs, such as training facilities. Other funds will be used to support specific projects such as:
 - The City's contribution to a planned performance audit of the Portland Public Schools system, \$50,000.
 - Contract for a Reading Skills program at Jefferson school, \$200,000.
- **Arts Support** -- The Adopted Budget includes additional support for arts programs in the city through a significant increase in the contribution to the Regional Arts and Culture Council. The City will increase funding by \$700,000 in year one of the budget. \$200,000 of the first year funds are for support of the Oregon Ballet, \$250,000 for stabilization of arts organizations and \$50,000 in continuing support for the popular Symphony in the Parks program. \$200,000 is programmed for each of the next 5 years in an effort to leverage public private partnerships.
- **Juvenile Violence Prevention Programs** -- Funded through the Parks Bureau, the City will support the expansion of successful after school pilot projects. Program funding adds \$687,000 for these after school programs over this two year budget.

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

- **Contractor Development** -- Recommendations from the study of gender and racial disparities in the City of Portland's construction contracts have been implemented. These efforts include the Sheltered Market program, Good Faith Efforts requirements, Regional Mentoring, the Technical Assistance program, the Equal Employment Opportunity program, and the Workforce Training and Hiring program.

Overview

- **Workforce Development** -- The multitude of efforts in this area undertaken by the City have been transitioned to a non-profit group, the Workforce Development Board. This group will coordinate all efforts under the workforce development umbrella to ensure the most effective delivery of services.
- **Development Opportunity Fund** -- The Portland Development Commission will devote funds to creating approximately 450 jobs in the Airport Way redevelopment area.
- **Outer Southeast Redevelopment** -- \$467,566 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.
- **North Macadam Framework Plan** -- This planning effort, funded with \$156,000 in City funds which leverages private investment, will define the framework for economic development and urban renewal in the North Macadam area.

GOAL: Maintain a Financially Stable City

- **Utility License Fee** -- The Adopted Budget lowers the utility license fee by 0.25%, down to 7.75% for the five year financial planning horizon. This will keep utility rate increases as low as possible.
- **Water and Sewer Fees** -- Water rate increases will be limited to about 3.7%. The planned sewer rate increase of 9.2% is well below the double digit figures discussed in previous years financial plans. This is the result of concerted efforts by the bureau to control costs and meet the requirements of the Amended Stipulated Final Order for sewage discharge into the Willamette River.
- **Capital Funding** -- For several years, the budget has included \$3 million of funding for City infrastructure programs funded by the General Fund. Previous financial plans called for this resource 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 Adopted Budget includes an additional \$850,000 to fund various high priority needs. The city-wide capital budget, excluding the Portland Development Commission, totals \$215.4 million.
- **Internal Audits** -- The City, through the Auditor's Office, will perform an audit on the overall performance of the Parks Bureau. The City will also complete an audit of the new Business License Information System (BLIS) to ensure proper controls and protections are in place and functioning.

Overview

- **Legislative Support** -- Additional funding will be used by the bureaus of Energy and Cable, working in concert with the Government Relations bureau to ensure proper representation of the City's interests in the emerging field of energy deregulation.
- **Debt Financing** -- The City may issue over \$148 million in debt in FY 1998-99. This debt will support \$8 million in local improvement district projects, and \$140 million in sewer projects. In addition the City will assist PDC in issuing debt to support urban renewal projects.
- **Reserves** -- The FY 1998-99 budget preserves the General Fund 10% reserve requirement in each of the five years of the financial plan.

GOAL: Ensure a Safe, Peaceful Community

- **Police positions** -- The Adopted Budget continues funding for all positions at the current service level. The mounted patrol, funded on a one-time basis last fiscal year, is now fully funded on an on-going basis. In addition, funds have been allocated through the Portland Development Commission to assist in the relocation of the stables.
- **Community Policing** -- The Portland Police Bureau was successful in obtaining a continuation of the Federal COPS MORE grant in the amount of \$970,000 which will continue to fund 42 civilian desk positions and thereby allow 42 officers to continue supporting patrol functions. This staffing arrangement is in addition to another federal grant supporting the hiring and training of 60 police officers. FY 1998-99 is year two of this three-year grant.
- **Precinct Supervision** -- Recognizing that the reduction in supervision levels last year may have had a negative effect on police service, this budget restores \$44,530 to increase the levels of supervision within the precincts.
- **Fire Positions** -- If the proposed enhanced fire prevention fee is approved, the Fire Bureau will ramp up fire inspection personnel to augment the existing program. Increased costs will be fully offset by the proposed fee revenues.
- **Station 45** -- Fire station 45 has been closed. The station will be replaced by a new station in the area of NE 32nd and Sandy. A temporary regional station will cover the area vacated. The budget includes full funding for an engine company.
- **New Fire Stations** -- Six months of operating and maintenance resources for the costs of a new station in the vicinity of SW 57th and Barnes have been funded in year two of this two-year budget. Operating and maintenance costs for additional new stations will be a priority in future financial forecasts.

Overview

Goal: Maintain and Improve our Parks, Green Spaces, Water and Air Sheds

- **School Surplus Property** -- The City will use \$7.0 million of the \$7.4 million allocated to the schools this year to purchase park sites and other open space lands or to lease facilities.
- **The Sustainable Portland Commission.** This commission will develop and implement a target industry strategy to grow local "green industries".
- **Parks operations and maintenance** -- Under the Measure 47 and 50 budget of FY 1997-98, the Parks Bureau made significant reductions in the areas of maintenance. This budget restores over \$500,000 to the budget to improve maintenance of city parks, in addition to the mid year restorations last fiscal year.
- **Planning efforts** -- Efforts to ensure adequate parks property and river access are included in all planning efforts. Specific areas receiving funding this year includes the North Macadam Framework plan, the 2040 Town and Regional Centers planning, and efforts to support a greenway along the east and west banks of the Willamette River.
- **Willamette River** -- The Bureau of Environmental Services continues their Combined Sewer Overflow program. This long term, \$1 billion effort will result in improvement to the health of the Willamette River as it flows through the City by controlling sewage overflows to the river during storm events. The City will include the added goal of protecting and enhancing the habitat for endangered fish species to these efforts.

GOAL: Promote the Inclusion of Under-represented Neighborhoods and Groups in the Participation in City Activities and Services.

- **Neighborhood Coalitions** -- Coalition staff will focus their efforts on issues such as citizen access to government, transportation and zoning issues, community dialogue on race relations, and the downspout disconnection project and the Willamette River Predesign project with BES.
- **Hawthorne Plan Implementation** -- The plan was completed and adopted with overwhelming community support. The initial phase of this plan, which will reach as far as SE 20th Avenue along Hawthorne Boulevard, builds upon the community commitment to ensure that neighborhoods thrive and grow. \$600,000 has been allocated for projects along Hawthorne in FY 1998-99.

Overview

- **Juvenile Violence Prevention Fund.** Housed in the Bureau of Parks and Recreation, this program includes a number of facets that will focus on city youth. The programs will involve them in more after school activities and introduce them to the many programs in the Parks Bureau. Overall, this program is allocated \$687,000 in General Fund support over two years. These funds will be used to leverage support from private industry, local churches, and the neighborhoods.
- **Homeless Youth** -- Building on the City's commitment to youth, homeless youth programs will be funded at \$100,000 per year. This effort is joined by Multnomah County and will leverage an equal amount, \$200,000, to be matched by local businesses.

GOAL: Keep the Central City Vital

- **Association for Portland Progress** -- This budget restores reductions made to the special appropriation under last year's Measure 50 budget, including funding for increased security patrols in the parks, increased restroom cleaning, and restoring and increasing security in Pioneer Courthouse Square. The Adopted Budget allocates \$192,000 for these efforts.
- **Mounted Patrol** -- The Mayor's Adopted Budget funds this popular and effective program on an on-going basis. The previous budget funded this effort for one year only, in anticipation of finding additional resources. In addition to the on-going operating costs, funds have been identified to relocate the horse barn, an action necessitated by the River District development.
- **Arts Support** -- The Adopted Budget appropriates \$700,000 in additional funds to support the arts in both the central city and the neighborhoods. Funds will be used to leverage private investment, to support the Oregon Ballet, and continue funding for Symphony in the Parks program.
- **Sidewalk Scrubbing** -- Included in the Office of Transportation's budget, the City will continue support for keeping the downtown core clean and safe.
- **Homeless Youth** -- Many homeless youth congregate in the central downtown area. Building on the City's commitment to youth, homeless youth programs will be funded at \$100,000 per year. This effort is being joined by Multnomah County and will leverage an equal amount, \$200,000, to be matched by local businesses. The Bureau of Housing and Community Development will set aside \$1.0 million toward the construction costs of a homeless youth facility in the central city.

Overview

GOAL: Build a Multi-modal Transportation System

- **Central City Streetcar** -- The long awaited Central City Streetcar Project will begin planning and engineering during FY 1998-99. 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 the expected operating costs without using General Fund resources.
- **Airport Way Light Rail** -- The Portland Development Commission, working with the Office of Finance and Administration and other stakeholders, is pursuing financing and planning for the next phase of light rail projects. This phase is intended to add a link to Portland International Airport through the Airport Way urban renewal area now under development. This project will enhance the transportation system, encourage economic development, and job growth in the City's targeted industries.

GOAL: Ensure Decent, Affordable Housing

- **Housing Investment Fund** -- Within the Adopted Budget, the City will maintain its high priority on investing in housing for persons of low to moderate incomes. The City increased the funding for this effort by \$3.4 million in FY 1997-98, and also changed the resources from a line-of-credit draw to cash financing from the General Fund. The FY 1998-99 budget includes \$6.53 million for housing projects, an increase of \$1.0 million. Program income generated by existing projects will be used to fund fee waivers for the non-profit developers.
- **River District** -- Resources from the General Fund for development in the River District, previously funded through a 2040 capital set-aside appropriation, has been continued using a General Fund special appropriation. The FY 1998-99 amount is \$1.0 million. This continues the City's commitment to spur development in an area expected to create 5,000 housing units, and generate up to 20,000 jobs.

GOAL: Grow as an International City

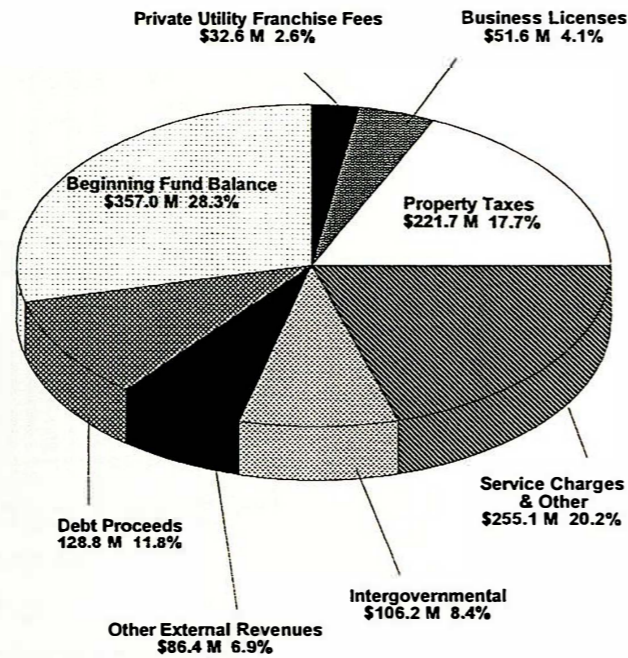
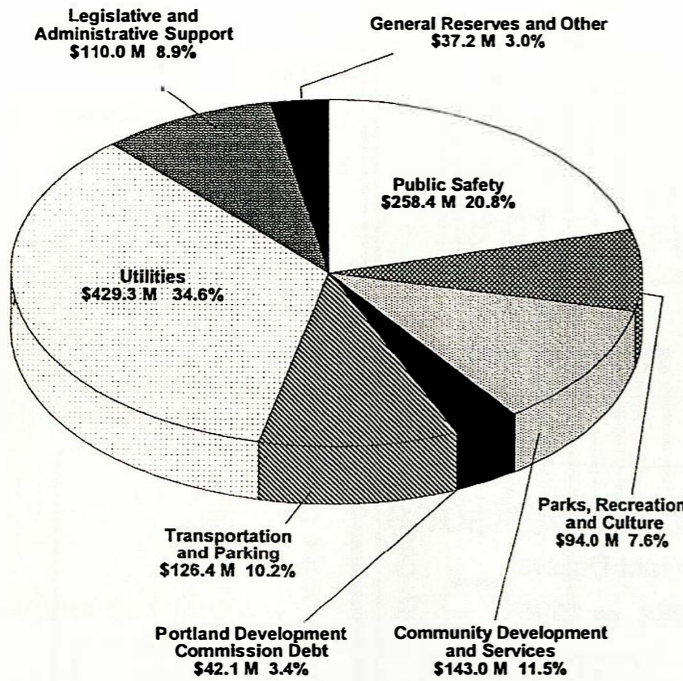
- It is the intent of Council that all decisions and projects further the City's growth as an international city. This is evident in decisions regarding growth and growth management, development of economic ties with the Pacific Rim, pursuit of targeted industries, improvements in transportation systems and economic development, increase support for the arts, workforce development and continued support to ensure a highly educated citizenry.

TOTAL CITY BUDGET

(NET OF INTERNAL TRANSFERS)
Fiscal Year 1998-99

Total Expenses ALL FUNDS

Total Revenues ALL FUNDS



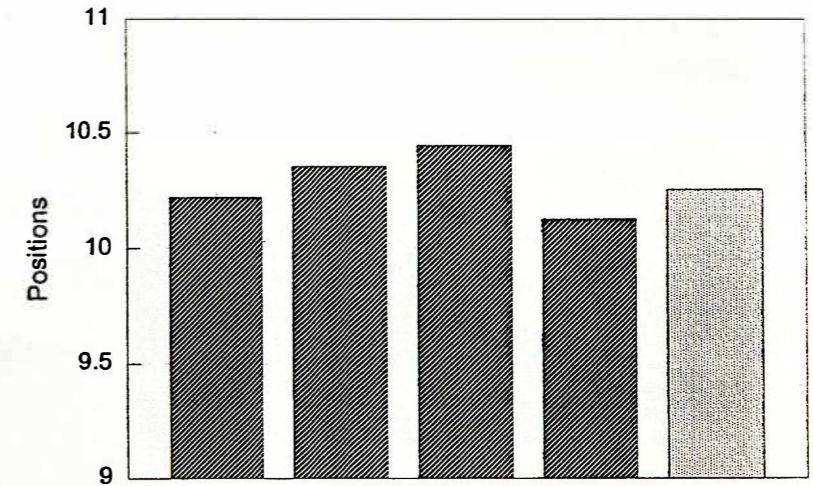
Total Expenses - Total City
\$1,240,408,216

Total Revenues - Total City
\$1,240,408,216

	FY 1997-98 Revised Budget	FY 1998-99 Adopted Budget	Dollar Change	Percent Change
Net Budget	\$1,278,682,452	\$1,240,408,216	(38,274,236)	-2.99%

Total Budget Position Trends

Number of Positions per 1000 Population by Fiscal Year



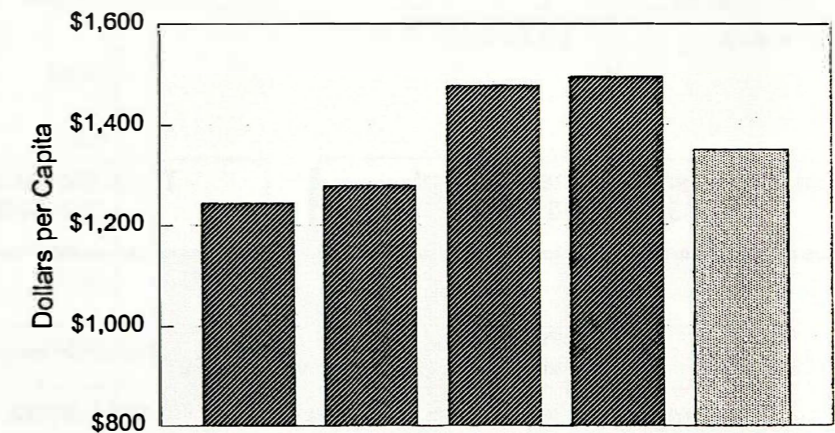
Total positions per thousand population have risen slightly from FY 1997-98. They remain close to the lowest historical level of the last decade, well below the FY 1990-91 level of 10.8 positions per thousand population.

The FY 1998-99 Adopted Budget authorizes 5,249 positions, an increase of 100 positions from the FY 1997-98 Revised Budget. The General Fund is increasing by 76 positions. The remaining 21 positions are being added in other funds.

Fiscal Years	1994-95	1995-96	1996-97	1997-98	1998-99
Positions	10.2	10.4	10.4	10.1	10.3

Total Funds Operating Budget Trends

Constant Dollar per capita Operating



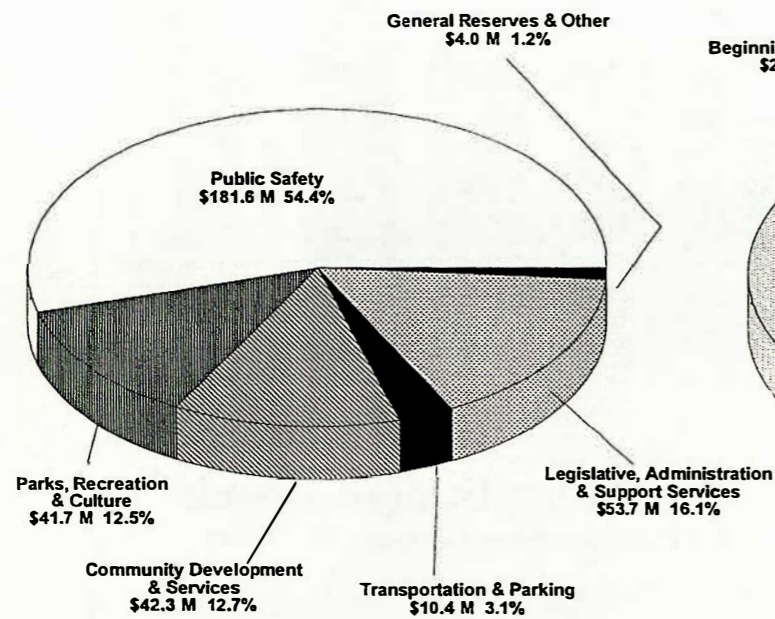
Operating costs per capita, in constant 1998 dollars, have decreased by 9.7% from FY 1997-98. This is a result of a decrease in actual operating expenditures by City bureaus, coupled with an increase in population.

Fiscal Years	1994-95	1995-96	1996-97	1997-98	1998-99
Cost per Capita	\$1,245	\$1,280	\$1,477	\$1,495	\$1,350

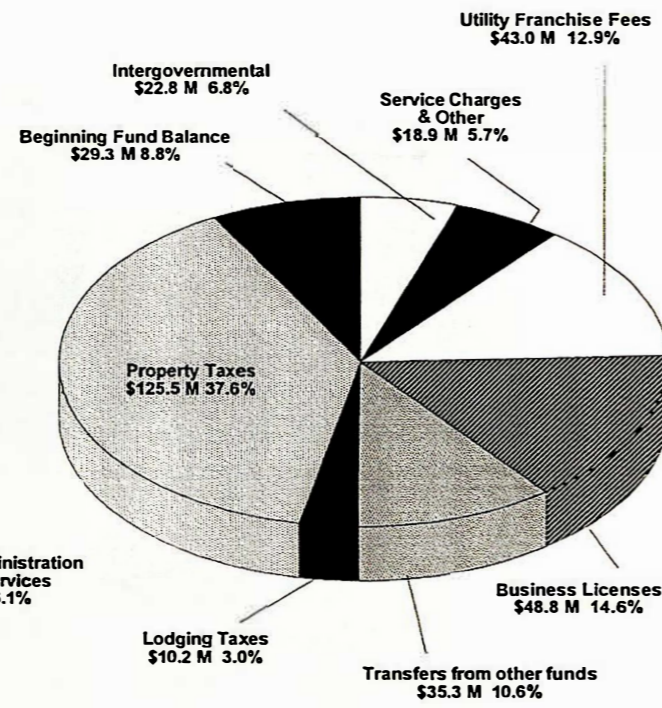
GENERAL FUND BUDGET

Fiscal Year 1998-99

Total Expenses GENERAL FUND



Total Revenues GENERAL FUND



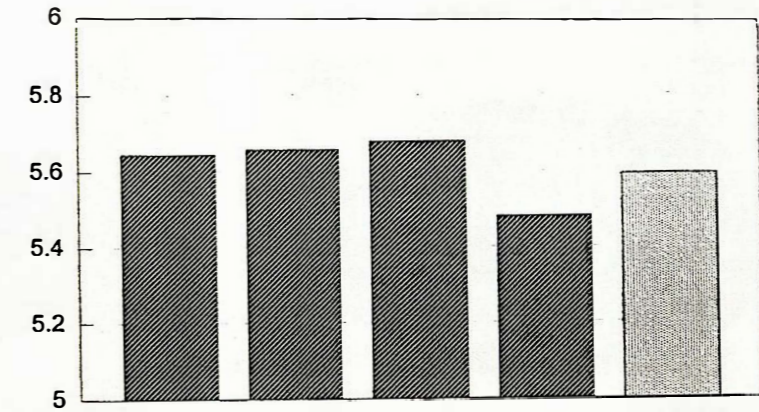
**Total Expenses - General Fund
\$333,756,340**

**Total Revenues - General Fund
\$333,756,340**

	FY 1997-98 Revised Budget	FY 1998-99 Adopted Budget	Dollar Change	Percent Change
Net Budget	\$301,578,108	\$333,756,340	\$32,178,232	10.7%

General Fund Position Trends

Number of Positions per 1000 Population by Fiscal Year



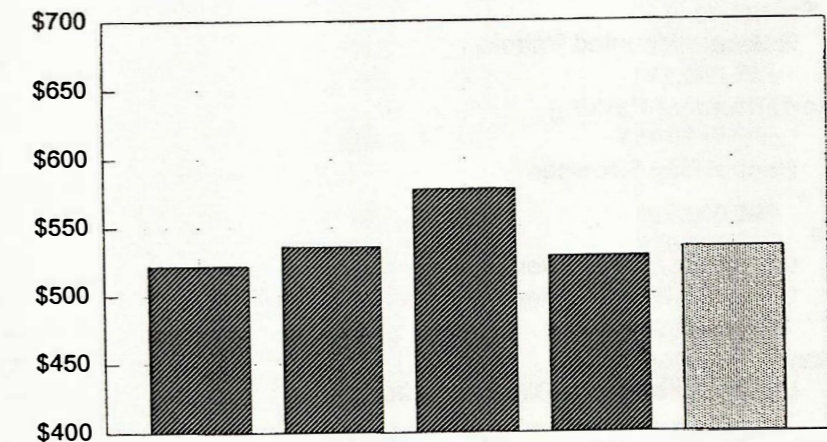
Decreases in FY 1994-95 were a result of large increases in population due to annexation combined with moderate position growth. Decreases in FY 1997-98 were a result of Measure 47 cuts.

The FY 1998-99 budget authorizes 2,863 positions, an increase of 76 from the prior year. The Fire Bureau is adding 25 positions. The Parks Bureau is adding 31 positions. Table 4 shows position detail by bureau.

Fiscal Years	1994-95	1995-96	1996-97	1997-98	1998-99
Positions	5.6	5.7	5.7	5.5	5.6

General Fund Operating Budget Trends

Constant Dollar per capita Operating



The FY 1998-99 budget represents a per capita increase of 1.2% from the prior year, less than the rate of inflation

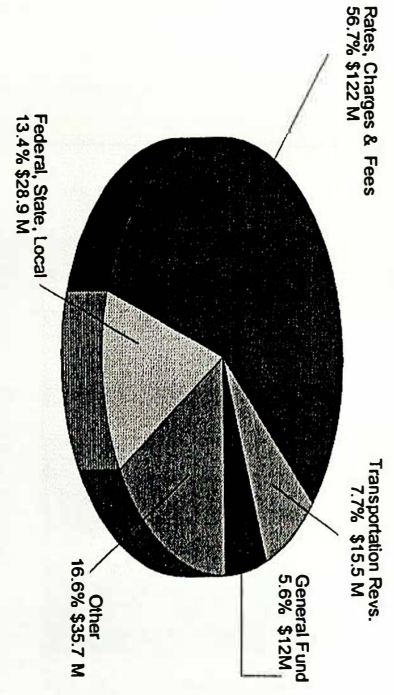
The General Fund operating cost per capita has decreased from \$578 in FY 1996-97 to \$535 in FY 1998-99. This is a result of Measure 47 and 50 cuts.

Fiscal Years	1994-95	1995-96	1996-97	1997-98	1998-99
Cost per Capita	\$522	\$536	\$578	\$528	\$535

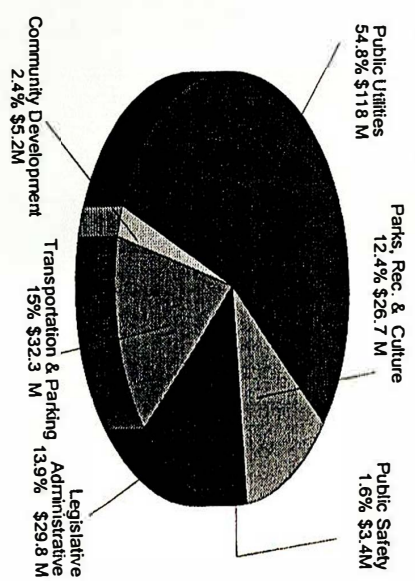
Overview

TOTAL CAPITAL BUDGET Fiscal Year 1998-99

Capital Project Funding Sources



Capital Projects by Service Areas



Total Capital Resources:
\$215.4 Million

Total Capital Projects:
\$215.4 Million

Capital Projects of Note

Public Safety	Relocate Mounted Patrol	\$1.1 Million
Transportation and Parking	Lovejoy Ramp	\$2.9 Million
	Central City Streetcar	\$7.2 Million
Utilities	Combined Sewer Overflow	\$58.9 Million
	Columbia Blvd. Wastewater Treatment Facility	\$15.5 Million
Community Development	Local Improvement District Projects	\$5.1 Million
Legislative, Administrative and Support Services	New Building for City's Development Bureaus	\$25.9 Million
	Portland Building Repair & Maintenance	\$1.6 Million
Parks, Recreation & Culture	Parks General Obligation Bond Projects	\$15.3 Million

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 1997-98	Adopted Budget FY 1998-99	Change to Adopted
TOTAL REVENUES - All Funds			
External Revenues			
Property Taxes	200,090,628	222,672,506	22,581,878
Other Taxes	11,428,561	12,187,979	759,418
Licenses and Permits	99,409,804	102,952,562	3,542,758
Service Charges	228,909,989	255,089,720	26,179,731
Intergovernmental	123,570,712	106,202,897	(17,367,815)
Miscellaneous	56,951,586	55,467,487	(1,484,099)
Debt Proceeds	103,777,666	148,774,800	44,997,134
Total External Revenues	\$824,138,946	\$903,347,951	\$79,209,005
Transfers from Other Funds			
Service Reimbursements	109,458,407	103,789,498	(5,668,909)
Cash Transfers	307,134,695	320,132,895	12,998,200
Total Transfers from Other Funds	\$416,593,102	\$423,922,393	\$7,329,291
Beginning Fund Balances	474,543,506	357,060,265	(117,483,241)
TOTAL BUDGET	\$1,715,275,554	\$1,684,330,609	(\$30,944,945)
Less Interfund Transfers and Tax Anticipation Notes	(436,593,102)	(443,922,393)	(7,329,291)
NET BUDGET	\$1,278,682,452	\$1,240,408,216	(\$38,274,236)
TOTAL EXPENSES - All Funds			
Bureau Expenses			
Personal Services	325,432,473	346,068,336	20,635,863
External Materials & Services	300,052,021	278,492,707	(21,559,314)
Internal Materials & Services	109,548,407	103,789,498	(5,758,909)
Capital Outlay	184,073,085	177,666,703	(6,406,382)
Equipment Cash Transfers	1,459,204	819,356	(639,848)
Total Bureau Expenses	\$920,565,190	\$906,836,600	(\$13,728,590)
Fund-Level Expenses			
Debt Service	181,215,342	166,568,399	(14,646,943)
Fund Level Cash Transfers	305,585,491	319,313,539	13,728,048
Contingency	252,433,063	246,141,115	(881,990)
Inventory/Increases	140,000	140,000	0
Total Fund-Level Expenses	\$739,373,896	\$732,163,053	(\$7,210,843)
TOTAL APPROPRIATED BUDGET	\$1,659,939,086	\$1,638,999,653	(\$20,939,433)
Unappropriated Ending Balance	55,336,468	45,330,956	(10,005,512)
TOTAL BUDGET	\$1,715,275,554	\$1,684,330,609	(\$30,944,945)
Less Interfund Transfers and Tax Anticipation Notes	(436,593,102)	(443,922,393)	(7,329,291)
NET BUDGET	\$1,278,682,452	\$1,240,408,216	(\$38,274,236)

OPERATING & CAPITAL BUDGET BY SERVICE AREA

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.

Table 2

	FY 1997-98 Revised Budget			FY 1998-99 Adopted Budget		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Public Safety						
Police	\$103,329,737	\$697,407	\$104,027,144	\$105,370,397	\$107,760	\$105,478,157
Fire	56,862,679	3,679,629	60,542,308	58,459,904	477,766	58,937,670
Fire & Police Disability & Retirement	65,001,326	0	65,001,326	56,421,055	0	56,421,055
Emergency Communications	12,028,347	0	12,028,347	12,781,076	0	12,781,076
Public Safety Capital	465,000	1,155,547	1,620,547	0	1,435,461	1,435,461
Other Public Safety	10,589,943	1,000,000	11,589,943	10,800,543	1,413,000	12,213,543
Total Public Safety	248,277,032	6,532,583	254,809,615	243,832,975	3,433,987	247,266,962
Parks, Recreation & Culture						
Parks & Recreation	31,784,187	11,578,057	43,362,244	33,431,469	650,000	34,081,469
Parks Bond Constr. Fund	0	27,030,223	27,030,223	0	15,274,286	15,274,286
Golf	4,163,225	1,111,756	5,274,981	4,368,105	1,185,000	5,553,105
Portland International Raceway	680,694	90,000	770,694	764,975	90,000	854,975
Other Parks, Recreation & Culture	6,784,202	225,000	7,009,202	7,346,381	9,541,564	16,887,945
Total Parks, Recreation & Culture	43,412,308	40,035,036	83,447,344	45,910,930	26,740,850	72,651,780
Public Utilities						
Water	46,782,850	24,834,000	71,616,850	49,052,347	24,673,000	73,725,347
Hydropower	591,813	0	591,813	509,709	0	509,709
Environ Svcs-Sewer System	64,027,432	85,510,057	149,537,489	63,924,406	92,917,842	156,842,248
Environ Svcs-Refuse Disposal	1,676,780	0	1,676,780	2,039,261	0	2,039,261
Other Public Utilities	6,049,925	285,000	6,334,925	7,671,665	405,000	8,076,665
Total Public Utilities	119,128,800	110,629,057	229,757,857	123,197,388	117,995,842	241,193,230
Community Development & Svcs						
Planning	8,845,268	59,800	8,905,068	8,545,672	0	8,545,672
Bureau of Community Develop	7,353,623	0	7,353,623	5,317,146	20,000	5,337,146
Office of Neighborhood Associations	3,169,265	0	3,169,265	3,372,033	0	3,372,033
Cable & Franchise Management	1,671,213	0	1,671,213	1,586,740	0	1,586,740
Energy	1,070,522	0	1,070,522	1,024,156	0	1,024,156
Buildings	20,047,661	0	20,047,661	21,676,732	0	21,676,732
Cable Fund	2,999,123	0	2,999,123	2,546,072	0	2,546,072
LID Construction	5,489,457	6,000,000	11,489,457	4,472,504	5,150,000	9,622,504
Housing & Community Development	24,497,878	0	24,497,878	22,213,396	0	22,213,396
Other Community Develop & Svc.	27,903,346	1,198,188	29,101,534	22,921,097	0	22,921,097
Total Community Development/Svcs	103,047,356	7,257,988	110,305,344	93,675,548	5,170,000	98,845,548
Transportation & Parking						
Transportation & Street Lighting	70,772,707	34,761,616	105,534,323	69,078,492	31,438,184	100,516,676
Parking Facilities	3,051,952	12,063,295	15,115,247	4,243,905	467,000	4,710,905
Autoport	763,894	710,605	1,474,499	0	0	0
Other Transportation & Parking	3,286,555	0	3,286,555	3,543,335	347,000	3,890,335
Total Transportation & Parking	77,875,108	47,535,516	125,410,624	76,865,732	32,252,184	109,117,916
Legislative/Admin/Support Svcs						
City Attorney	3,998,963	0	3,998,963	4,242,719	0	4,242,719
City Auditor	4,352,510	0	4,352,510	4,556,917	0	4,556,917
Office of Finance & Administration	17,977,937	66,224	18,044,161	23,399,714	0	23,399,714
Mayor & Commissioners' Offices	3,546,796	0	3,546,796	3,780,755	0	3,780,755
Purchases & Stores	2,162,886	0	2,162,886	2,400,025	0	2,400,025
Licenses	2,826,748	0	2,826,748	2,991,766	0	2,991,766
Office of Governmental Relations	535,767	0	535,767	654,243	0	654,243
General Services-Administration	1,285,765	0	1,285,765	1,327,710	0	1,327,710
Capital Improvement Fund	103,954	3,200,000	3,303,954	20,000	0	20,000
Communications Services	7,621,882	947,801	8,569,683	7,829,737	1,502,000	9,331,737
Facilities Services - Leg/Admin.	7,813,473	13,589,547	21,403,020	8,964,385	27,548,972	36,513,357
Fleet Services	20,259,669	0	20,259,669	18,267,264	445,000	18,712,264
Printing & Distribution Services	5,684,241	0	5,684,241	6,466,758	0	6,466,758

OPERATING & CAPITAL BUDGET BY SERVICE AREA

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.

Table 2

	FY 1997-98 Revised Budget			FY 1998-99 Adopted Budget		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Insurance & Claims	4,931,517	0	4,931,517	5,053,760	0	5,053,760
Workers' Compensation	4,462,281	0	4,462,281	4,222,660	0	4,222,660
Governmental Bond Redemption	106,419	0	106,419	0	0	0
Computer Services	3,269,360	558,004	3,827,364	5,044,139	150,000	5,194,139
Other Legislative/Admin/Support	7,517,662	0	7,517,662	8,677,640	200,000	14,699,731
Total Legislative/Admin/Support	98,457,830	18,361,576	116,819,406	107,900,192	29,845,972	137,746,164
TOTAL GF OPERATING						
PDC Urban Renewal Debt						
Tax Increment Debt (Interest Only)	15,000	0	15,000	15,000	0	15,000
General Reserves and Other						
TOTAL EXPENDITURES	\$690,213,434	\$230,351,756	\$920,565,190	\$691,397,765	\$215,438,835	\$906,836,600
FUND REQUIREMENTS						
Contingency			\$252,433,063			\$246,141,115
Interfund Cash Transfers			305,585,491			319,313,539
Debt Retirement			181,215,342			166,568,399
Inventory Increases			140,000			140,000
Unappropriated Ending Fund Balance			55,336,468			45,330,956
TOTAL CITY BUDGET			\$1,715,275,554			\$1,684,330,609
Subtract "double count" caused by interfund transfers, interagency charges & tax anticipation notes			(436,593,102)			(443,922,393)
NET CITY BUDGET			\$1,278,682,452			\$1,240,408,216

Note 1: General Fund set-aside for compensation adjustments are allocated to the service areas in proportion to their budgeted personal services expense.

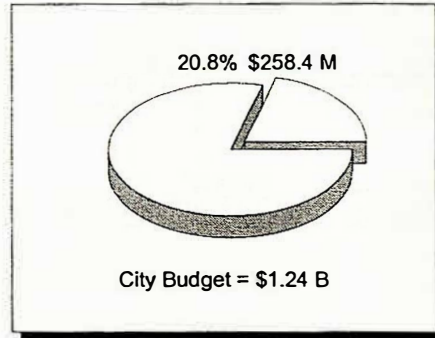
Note 2: CIP figures totals are \$1,054,027 less than the figures represented in the CIP section of the Adopted Budget. This is due to the fact that the CIP section of the Adopted Budget includes overhead charges, contingency, and cash transfers for projects undertaken by the Bureau of General Services.

Note 3: The Portland Development Commission undertakes projects that add to the City of Portland's assets but are not listed here. For more detailed information relating to PDC's projects, see Volume Two and Volume Three of the Adopted Budget.

Public Safety

SERVICE AREA OVERVIEW

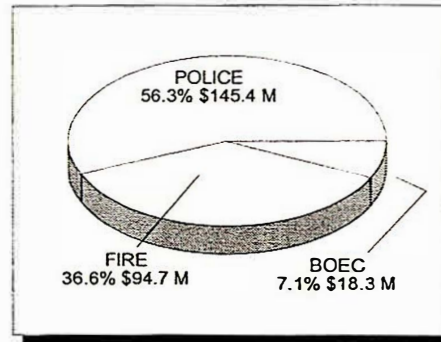
PERCENT OF BUDGET



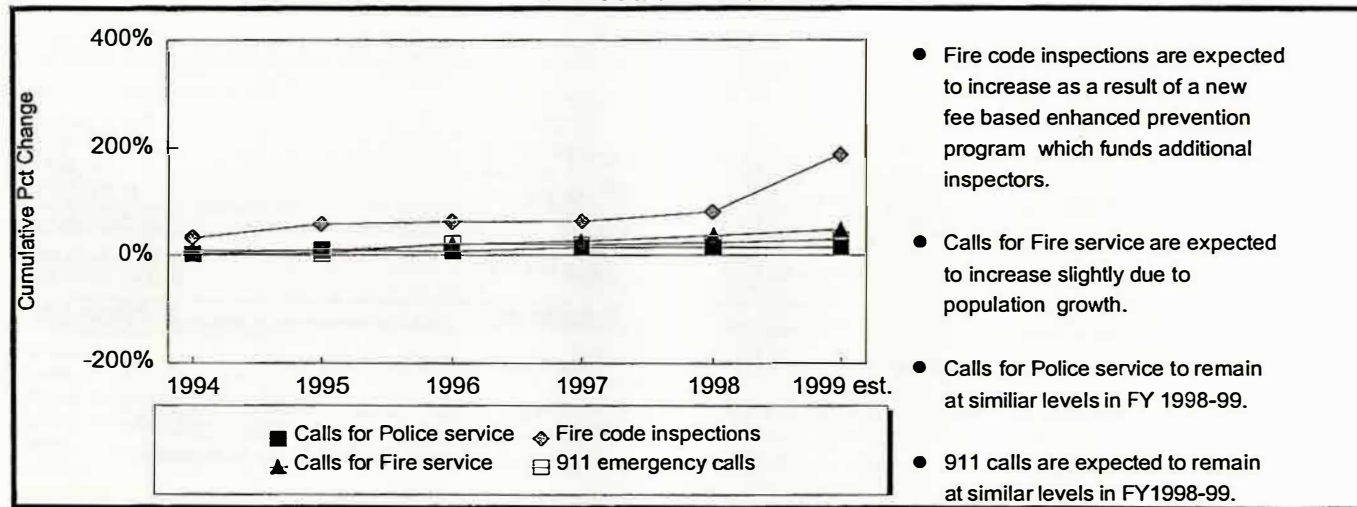
BUDGET DATA

1998-99 Budget	\$258.4 M
Change from 97-98:	-\$98.4 M
Change per Capita:	-28.1%
1998-99 Positions:	2132
Change from 97-98:	28 FTE
Change per Capita:	0.6%

EXPENDITURES



HISTORICAL TRENDS



SIGNIFICANT BUDGET ISSUES

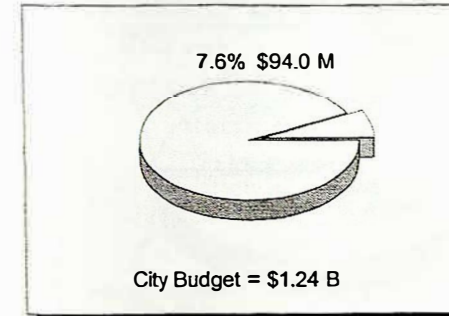
- ◆ The Adopted Budget commits to the continued support of the Mounted Patrol Unit, with a capital improvements project budget of \$1.03 million to relocate the horse barn to the east side of the Willamette River. Relocation is necessary due to development in the River District. A new, permanent site has been identified on the east end, south side of the Steel Bridge. The preliminary planning for the relocation has begun and construction is scheduled to start in the Spring of 1999.
- ◆ The Fire Bureau and the City of Gresham were unable to reach a financial agreement regarding shared funding of Station 45, whose Fire Management Area extends into the City of Gresham. As a result, Station 45 will be closed; the building will be sold to provide funding for the purchase of a new engine; and the staff will be reassigned to a roving engine that will serve east Portland.
- ◆ This budget supports a proposed major initiative that will provide the resources necessary for the Fire bureau to meet its code enforcement goals. A National Fire Protection Association study found that jurisdictions conducting regular fire code inspections experience significantly fewer fires than those that do not. The bureau is mandated to inspect the approximately 32,000 commercial and multi-family residential structures of 3 or more units; although due to the lack of resources, only 5,006 structures were inspected in FY 1995-96 and 5,094 in FY 1996-97. The enhanced prevention program will provide the resources, through a modest user fee, to conduct inspections of all mandated occupancies annually by the third year after implementation. Inspection capacity will increase from 27,291 hours annually to 49,646 hours. There are 15 new positions associated with this program.

City of Portland - FY1998-99 Adopted Budget

Parks, Recreation and Culture

SERVICE AREA OVERVIEW

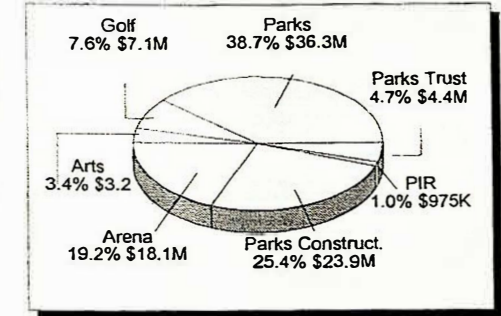
PERCENT OF BUDGET



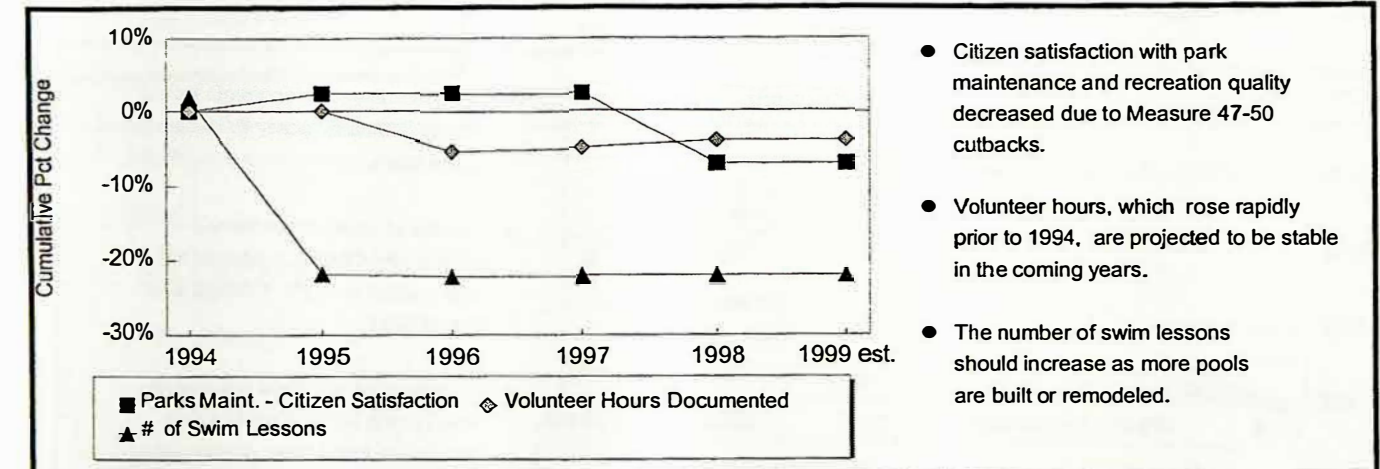
BUDGET DATA

1998-99 Budget	\$94.0 M
Change from 97-98:	-\$9.6 M
Change per Capita:	-9.9%
1998-99 Positions:	365
Change from 97-98:	31 FTE
Change per Capita:	8.5%

EXPENDITURES



HISTORICAL TRENDS

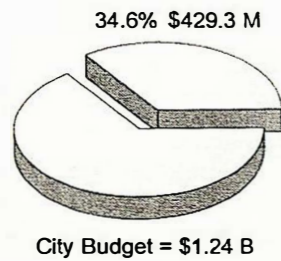


SIGNIFICANT BUDGET ISSUES

- ◆ The total FY 1998-99 Adopted Budget for Parks is \$37.3 million, down from \$45.1 million in the current year. The main contributors to this reduction are related Metro 26-26 Bonds and flood and landslide repairs which were budgeted at \$5 million in FY 1997-98. The FY 1998-99 Adopted Budget for Parks and Recreation "General Fund" (operating budget) is funded at \$25.2 million, a \$2.0 million increase from the previous year. This level funding keeps up with growth demands on the park system and restores much of the services that citizens received prior to Measures 47 and 50 reductions.
- ◆ Significant additions to the Parks in the FY 1998-99 Adopted Budget include: Council actions in FY 1997-98 resulting in increased ongoing operating and maintenance responsibilities which include natural areas acquired through the Metro 26-26 bond program, the development of Harney Park, and the Intel grant-funded computer lab at University Park Community Center; a \$500,000 restoration to park maintenance; \$387,000 for Juvenile Violence Prevention; Program Outreach at \$270,000; park planning; funding for the Interstate Firehouse Cultural Center; funding for the increased minimum wage approved by Oregon voters, the Americans with Disabilities Act (ADA) impacts on Parks' disabled citizens recreation program, and the "one call utility locate" procedure required by the State.
- ◆ Funding for Portland Parks capital projects is continued, primarily through the \$58.8 M bond issue approved by voters in 1994. Additional capital project funding: \$943,000 of General Fund dollars and Metro 26-26 funds.
- ◆ The Regional Arts and Culture Council (RACC) will receive current service level (CSL) funding of \$1,547,648 which maintains current service levels. The CSL for RACC is based on hotel motel room tax receipts. General support to the RACC was increased by \$250,000 on an ongoing basis. A five year commitment of \$200,000 in each year for Arts Stabilization, \$200,000 per annum for the Oregon Ballet Theater for the next five years, and finally, an additional \$50,000 of ongoing General Fund support for the Symphony in the Parks program.

City of Portland - FY 1998-99 Adopted Budget

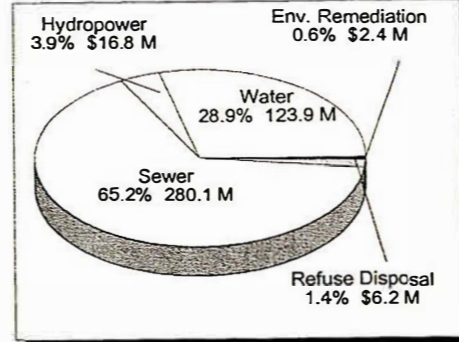
PERCENT OF BUDGET



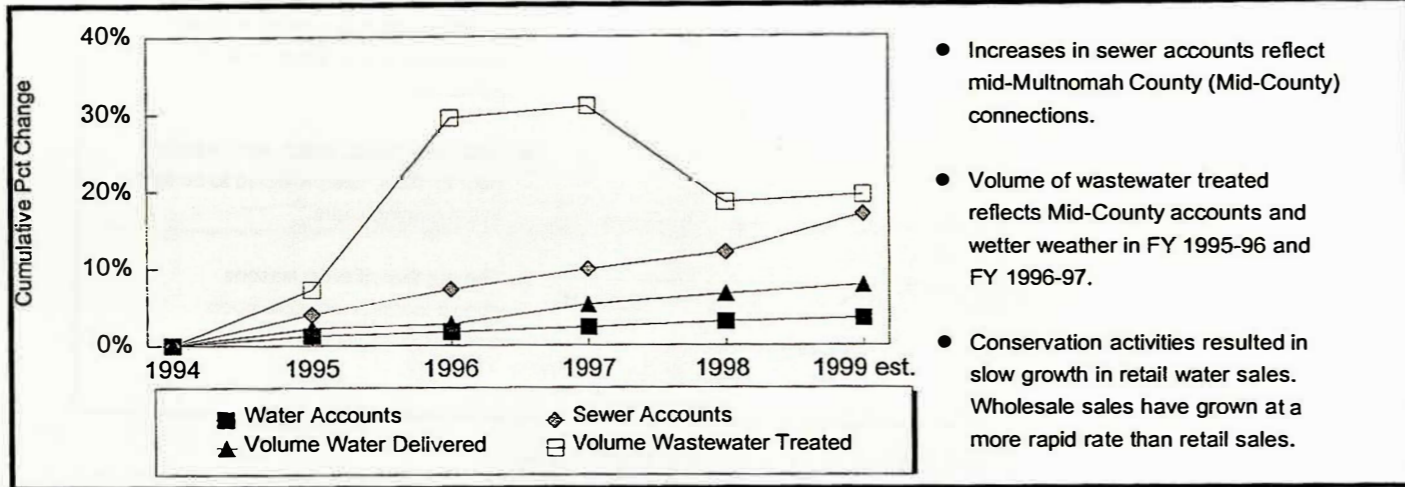
BUDGET DATA

FY 1998-99 Budget: \$429.3 M
 Change from 97-98: + \$37.5 M
 Change per Capita: 8.4%
 FY 1998-99 Positions: 970
 Change from 97-98: 7 FTE
 Change per Capita: -0.4%

EXPENDITURES



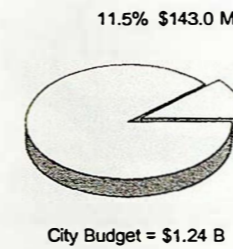
HISTORICAL TRENDS



SIGNIFICANT BUDGET ISSUES

- ◆ The Adopted Budget includes an average increase in water rates of 3.7% and an average increase in single-family sewer rates of 9.2% for FY 1998-99. Similar rates of increase for sewer service are anticipated for the subsequent two years, followed by lower rates of increase. Water rates are forecast to increase at about 5% annually after FY 1998-99.
- ◆ The Adopted Budget for the Bureau of Environmental Services (BES) includes the elimination of 10 operating positions (nine full-time positions and one permanent/part-time position, funded as one FTE) and the creation of 10 positions (three of which are for the construction program). Five of the positions are from converting contract personnel to city staff, which will yield net savings in operating and capital costs.
- ◆ The Water Bureau's operating budget of \$49.1 million is \$2.3 million higher than the FY 1997-98 Revised Budget. This operating budget represents an increase in per capita costs of 1.8%. The capital improvement program (CIP) budget of \$24.7 million is \$161,000 lower than the FY 1997-98 Revised Budget, a 4.5% per capita reduction. The Adopted Budget includes an increase of seven positions for CIP support staff and information technology.
- ◆ 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 held by six 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.

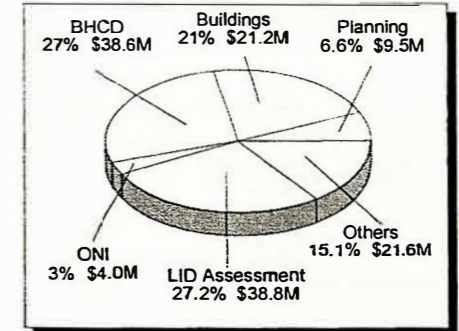
PERCENT OF BUDGET



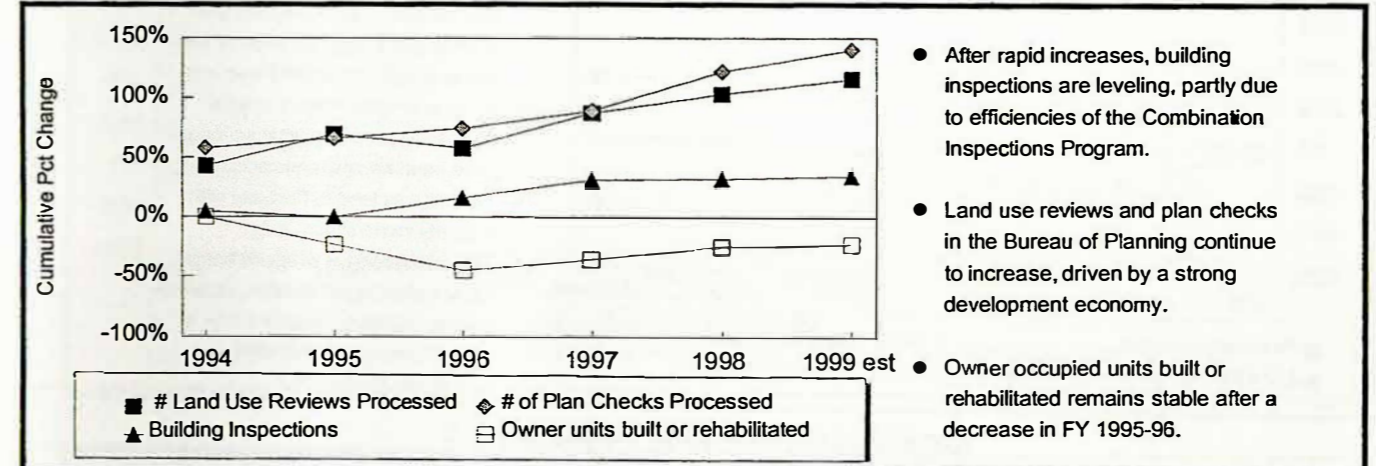
BUDGET DATA

FY 1998-99 Budget: \$143.0 M
 Change from 97-98: - \$2.7 M
 Change per Capita: -2.5%
 FY 1998-99 Positions: 422
 Change from 97-98: 31 FTE
 Change per Capita: 7.2%

EXPENDITURES



HISTORICAL TRENDS



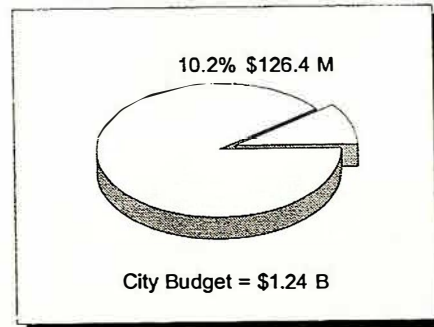
SIGNIFICANT BUDGET ISSUES

- ◆ The FY 1998-99 Adopted Budget contains additions which respond to the Bureau of Buildings' elevated workload and which help the bureau realize its strategic planning objectives. Additional staff in the plan review, commercial inspections, and combination inspections programs will assist the bureau in making timely inspections and plan reviews.
- ◆ Portland's planning challenge is to reinforce and strengthen the livability of its neighborhoods and its central city in the face of rapid regional growth. To maximize efficiency and effectiveness in meeting this challenge, the Planning Bureau is now organized in a team structure to carry out its work program. The FY 1998-99 Adopted Budget continues the major components of the FY 1997-98 work program, such as the SW Community Plan, land division code re-write, land use and permitting services, and code changes to implement the City's livable city principles and comply with the 2040 Functional Plan.
- ◆ Major changes are included in the Homeless and Public Safety program areas as the City and County are in the process of realigning roles and responsibilities for those systems. The FY 1998-99 Adopted Budget implements the strategy of the City, through the Bureau of Housing and Community Development (BHCD), assuming responsibility for funding and managing the Homeless Adult Singles System, and Multnomah County assuming responsibility for funding and managing services for the Domestic Violence System.

Transportation and Parking

SERVICE AREA OVERVIEW

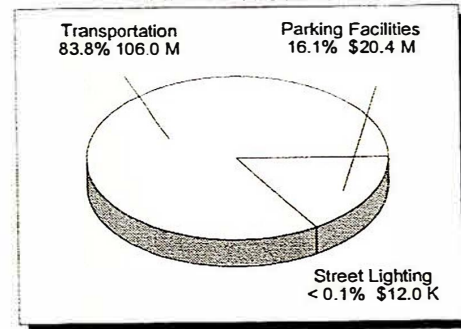
PERCENT OF BUDGET



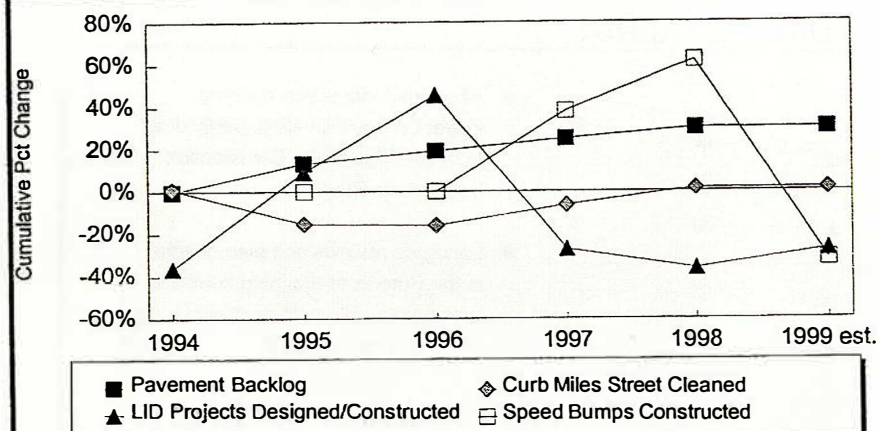
BUDGET DATA

1998-99 Budget	\$126.4 M
Change from 97-98:	+ \$9.0 M
Change per Capita:	7.0%
1998-99 Positions:	716
Change from 97-98:	-14
Change per Capita:	-2.6%

EXPENDITURES



HISTORICAL TRENDS



- Paving backlogs continue to grow as revenue sources do not keep pace with inflation. New General Fund support in FY 1998-99 helps to keep the backlogs constant for one year.
- Number of curb miles of streets cleaned is constant because there have been no new annexations.
- LID projects tend to fluctuate with property owners' demands.
- The measurement of speed bumps constructed began in 1996. Revenue constraints have reduced PDOT's ability to respond to demands for new speed bumps.

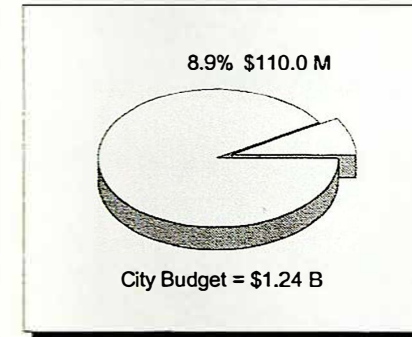
SIGNIFICANT BUDGET ISSUES

- ◆ The Office of Transportation (PDOT) continues to face revenue shortfalls. It estimated a gap of \$4.9 million prior to budget adoption. Gas tax revenues have not kept pace with inflation or with the demand for transportation services. The legislature has not approved a gas tax increase since 1993 and recently approved a reduction in the city/county share. The condition of Portland's transportation infrastructure continues to decline as growth in population and vehicle miles traveled places increased demands on the transportation system.
- ◆ The FY 1998-99 Adopted Budget reflects \$3.7 million in budget cuts for PDOT. These cuts represent service level reductions related to curb repair, roadside maintenance, leaf removal, neighborhood traffic calming, and community traffic safety programs, as well as deferral of many capital improvement projects for streets, structures, traffic signals, and pedestrian projects. In addition, the cuts include transfer of service to other City bureaus and transfer of debt service to another City fund. More than 20 programs or projects were partially or entirely cut or transferred to another bureau. The budget also includes the elimination of two management positions and the restructuring of program assignments.
- ◆ The FY 1998-99 Adopted Budget includes \$9.7 million in General Fund support as follows: \$5.3 million on-going support for street lighting operations and half of downtown street cleaning, \$0.6 million one-time support for street lighting capital improvements, and \$3.8 million new support for sustaining Portland's livability, such as the Abandoned Auto Program, downtown sidewalk scrubbing, landscape maintenance, selected main street development projects, congestion management, road repairs, safety projects, and other programs.
- ◆ The Bureau of General Services will transfer all resources and requirements of the Autoport Fund to the Parking Facilities Fund effective July 1, 1998.

Legislative/Administrative & Support Services

SERVICE AREA OVERVIEW

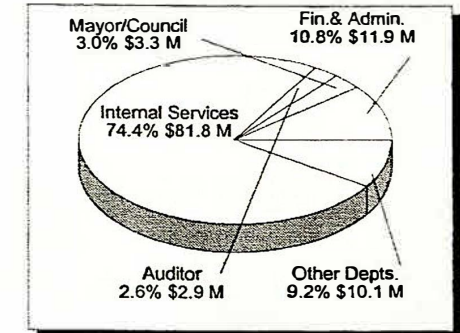
PERCENT OF BUDGET



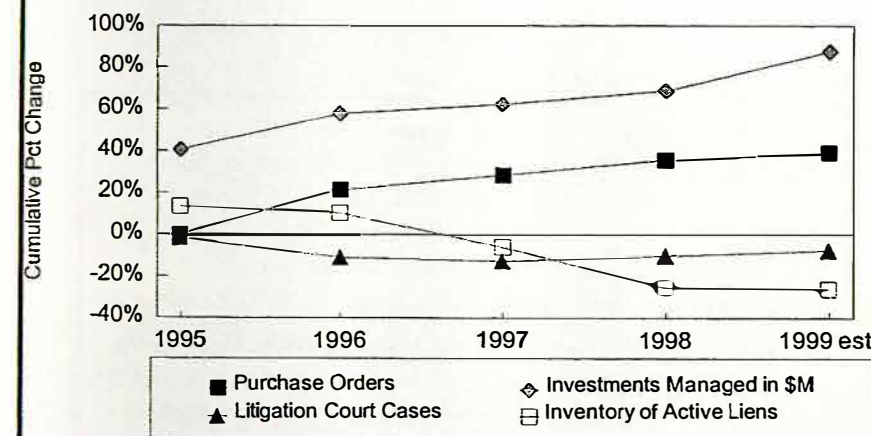
BUDGET DATA

1998-99 Budget	\$110.0 M
Change from 97-98:	-\$67.8 M
Change per Capita:	-38.6%
1998-99 Positions:	567
Change from 97-98:	19 FTE
Change per Capita:	2.8%

EXPENDITURES



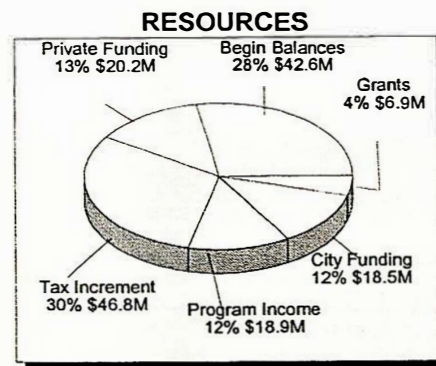
HISTORICAL TRENDS



- Purchase Orders have risen steadily for several years.
- Litigation decreased in FY 1996-97, but is expected to increase in future years.
- The City investment portfolio continues to grow as reserve funds increase and the City issues debt.
- Lien Assessment Accounts continue to decrease as the mid Multnomah county projects wind down.

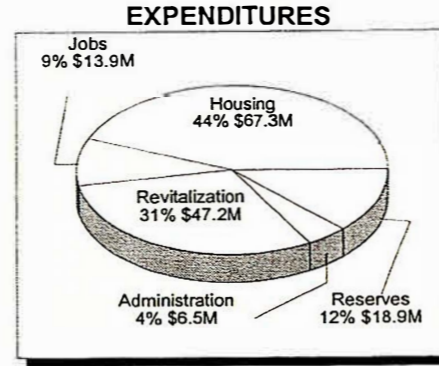
SIGNIFICANT BUDGET ISSUES

- ◆ As part of the City's overall technology strategic planning process, the administrative housing of the corporate geographic information system (GIS) has been moved from the Bureau of Planning to the Bureau of Information Technology in the Office of Finance and Administration.
- ◆ Finance and Administration continues its leadership in the development and implementation of a Citywide Information Technology Strategic Plan, together with planning for the transition of automated systems to the Year 2000. The work of the Citywide Service Improvement Initiative continues in collaboration with the City Council, City managers and labor. Efforts are directed toward building partnerships and projects which improve organizational performance.
- ◆ Two current issues will have a significant effect on the Bureau of Purchases in FY 1998-99. They are the continued implementation of the Fair Contracting and Employment Strategy, and a re-engineering of the procurement process.
- ◆ The Bureau of General Services will be managing the construction of the new development services building. This project will cost approximately \$28.7 million, and will be completed in 1999. The building will house the Planning Bureau, Bureau of Buildings, License Bureau, Portland Development Commission, Bureau of Housing and Community Development, and the Hearings Office.



BUDGET DATA

FY 1998-99 Budget: \$153.8 M
 Change from 97-98: + \$42.2 M
 Change per Capita: 36.9%
 FY 1998-99 Positions: 101
 Change from 97-98: 1 FTE
 Change per Thousand: 0.3%



SIGNIFICANT BUDGET ISSUES

- ◆ This budget reflects PDC's role as the City's implementing agency for the 2040 regional plan. PDC has organized its budget around Housing, Jobs, and Revitalization to illustrate its efforts towards meeting 2040 goals. PDC will intensify its efforts in emerging areas such as North Macadam, River District, and Outer Southeast (Lents area) and is currently undertaking feasibility studies to determine if new urban renewal areas are appropriate for each of these areas. PDC will move forward with the public discourse on the development of urban renewal plans during FY 1998-99 and FY 1999-2000.
- ◆ The FY 1998-99 PDC budget includes City General Fund support to ensure that projects in these areas move forward: \$74,700 in North Macadam, \$467,566 in OSE/Lents, and \$1,090,981 in River District. In addition, PDC is working jointly with the Bureau of Planning to begin community planning work and undertake storefront projects in Gateway, Hollywood, and St. Johns.
- ◆ PDC has been working with City Council to implement changes in urban renewal law related to Measure 50. These efforts affect the amount of tax increment funding PDC will receive to complete existing urban renewal plans
- ◆ \$46.8 million of tax increment revenue is included in PDC's FY 1998-99 budget to continue and start many projects included in the existing urban renewal plans, including: multifamily housing, airport light rail infrastructure development, Airport Way land acquisition and development, Eastbank Park, PSU Public Plaza, Greenway Development, improvements to Martin Luther King, Jr. Boulevard, Chinatown parking, Convention Center public improvements, and the Chinese Classical Garden.
- ◆ The budget includes \$16.5 million from a major new partnership with Fannie Mae to provide funds to support home ownership and repair for Portland residents.
- ◆ PDC's staffing has increased by 1 FTE for FY 1998-99 after decreasing by 28 positions in the previous year. PDC will contract out for services when this is more cost effective than maintaining internal staff.
- ◆ PDC's workforce development staff and budget has been transferred to the newly formed Workforce Development Board.

THE BUDGET PROCESS

Citizen Involvement Process

As part of this two-year budget process, the City Council significantly expanded opportunities for public input. This process, referred to as "Your City-Your Choice," is a community outreach program directed toward identifying needs to be addressed within the budget. The major elements of this effort consist of:

- Scientific telephone survey
- Informal, mass mailing survey of citizens
- Several community forums

In addition to the "Your City-Your Choice" public outreach process, other options exist for the public to actively participate in the budget process. The City uses the following systems to ensure this high level of citizen involvement:

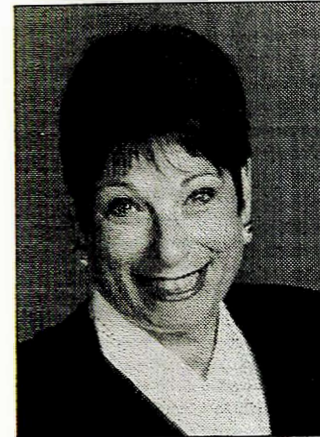
- **Budget Advisory Committees (BAC)** -- The committees are made up of appointed citizens who monitor bureau budgets and operations and identify issues for Council consideration.
- **Portland Utilities Review Board (PURB)** -- The PURB is an appointed body of 15 interested citizens who provide independent and representative customer review of water, sewer and solid waste financial plans, budgets, and rates.
 - ▶ **Direct Public Testimony** -- In addition to participating in the budget advisory committees and the PURB, citizens have several opportunities to personally testify on bureau budget requests. Specifically, citizens have an opportunity to testify at:
 - ▶ **Annual Budget Hearings** -- The Council, sitting as the Budget Committee, holds several public hearings before the budget is approved. The public can testify on any topic.
 - ▶ **Tax Supervising and Conservation Commission Hearing (TSCC)** -- The TSCC holds a public hearing on the City's budget. Public testimony is allowed during those hearings.
 - ▶ **Adopted Budget Hearing** -- Testimony is taken at the Council Session for the final adoption of the budget. This typically occurs in mid to late June.

The following chart outlines the basic budget process and its general time-line. In order to become more efficient and to encourage a long-range perspective, the City converted its budget process to a two year cycle. The first year is the full budget process with expanded public outreach. The second year of the budget process is normally an abridged process during which Council deliberates and takes public testimony on modifications to the adopted two year budget.

MAJOR PHASES OF BUDGET PROCESS

PLANNING & 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"> Budget Manual distributed to Bureaus. 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"> Council reviews bureau budget requests. Council hears testimony from public, bureau budget advisory committees and Budget Advisory Coordinating Committee. Council makes the allocation and policy decisions necessary to balance the budget. OF&A produces the Approved Budget document. Council gives preliminary approval to budget. 	<ol style="list-style-type: none"> Tax Supervising and Conservation Commission reviews the budget and holds public hearing. Council considers updated estimates and makes final decisions for the budget. Council adopts the budget. OFA produces the Adopted budget document 	<ol style="list-style-type: none"> Bureaus submit budget modifications. Adopted Budget second year modifications issued to Council. Public Hearings on modified second year budget. Adopted second year budget revised and approved by Council. Tax Supervising and Conservation Commission reviews budget. Council adopts the modified second year budget.

City of Portland Elected Officials



Mayor Vera Katz

I want to thank the Portlanders who guided my budget-making decisions. I have taken to heart your sense of urgency and priority for our city: provide funds for education; lower crime and increase public safety; and reduce traffic congestion and increase road repair. To that list I have added: provide quality wage jobs; and create and support livable neighborhoods.

As I reviewed the hundreds of budget requests, the following principles guided the development of this Adopted Budget. Specifically, to:

- Maintain city government financial stability;
- Minimize additional costs to taxpayers;
- Make investments in the city government that improve productivity;
- Leverage private and/or public funding;
- Meet neighborhood infrastructure needs;
- Follow through on community commitments; and
- Address most urgent community problems, even if outside the city's mission, that are essential to the city's quality of life.

This budget keeps faith with my commitment to do everything possible to protect and improve Portland's quality of life in the face of rapid change and growth -- for those of us who live and work here today and those who will follow us tomorrow.

As a result of the strong economy, the City was fortunate to have additional resources in this FY 1998-99 budget. This allowed the City Council to work with citizens to restore some of the painful cuts that we had made as a result of Measures 47 & 50 and to allocate some of those funds to one time special projects. For me, the most significant accomplishments of this Budget are:

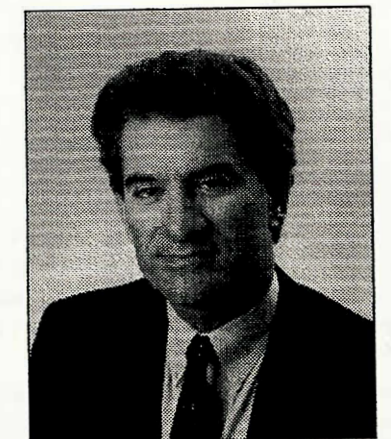
Education - Providing \$7.4 million in one time support to Portland Public Schools to help avoid teacher layoffs. In exchange, the City will receive surplus School land that could be used for Parks or housing, thus creating a win/win for Portland taxpayers.

Parks - This budget restores some of the parks' maintenance cuts and allows us to take good care of our neighborhood Parks. We set aside funds for **After School** programs to help children improve their math and science skills.

Public Safety - Working with the Mayor and the community, we developed a strategy to reduce Youth Gang Violence. We were able to allocate funds over the next two years to help provide employment and recreational opportunities to young men and women who want options to guns, drugs and violence.

Neighborhood Livability - The Council worked hard to continue to preserve and strengthen Portland's neighborhoods. Significant resources were allocated to affordable housing programs and projects to relieve traffic problems.

I sincerely appreciate the time and energy that the Council, City employees and the citizens devoted to developing this balanced budget. I look forward to working with you to insure that this money is well spent and that we continue to meet the challenges ahead with creativity, compassion, and in partnership with our citizens.



Commissioner Jim Francesconi



Commissioner
Gretchen Miller Kafoury

This is the last budget process I will be involved with as an elected official. In my years of public service, I have come to believe that the values of a community are reflected in the ways we spend public money. Although this was a long and difficult budget process, I am pleased to leave office with some sound decisions in place.

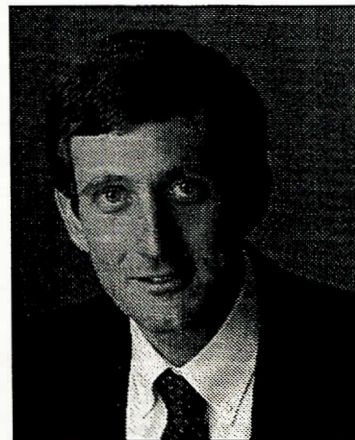
Our community voiced support for our public schools, the arts, affordable housing, and basic public safety. These are the elements of strong neighborhoods and vital communities, and the City Council agreed that funding these programs were essential to the well-being of our city. The City's contribution to the schools will help maintain a quality system and will provide new parkland in neighborhoods. Additional funding for affordable housing will allow us to preserve existing homes for low-income people when federal assistance expires. We will also be able to acquire land for future housing development for working families. In addition, we have enhanced the arts organizations that add to our quality of life by assuring basic operating support.

Above all, I want to ensure that all our citizens will receive basic timely response to life-threatening situations from our Bureau of Fire, Rescue, and Emergency Services. This year's budget preserves fire/medic positions and allows the flexibility to provide response where it's needed most. We will be placing more emphasis on prevention and on service equity citywide. I hope you will support our upcoming bond measure that will allow us to add new emergency response stations and upgrade our aging facilities for the 21st century. We must provide this essential service to our changing city, and I am very happy to have played a role in meeting this need through our budget decisions.

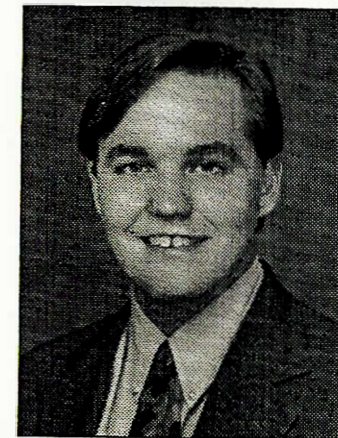
I would like to thank the citizens of Portland who became engaged in the budget process. Your advice and opinions were helpful in making tough decisions. Once again, I am pleased to support our public schools and affordable housing initiatives. We are also keeping our public safety bureaus and park system strong and fully staffed.

We must convince the State to adequately fund our public schools. Our children and grandchildren deserve it. Also there has been no increase in the State's transportation funding for several years, even for inflation. The purchasing power of the gas tax has dropped 16% since 1991, creating a serious backlog in street maintenance and repair. I will continue to work actively at the State level to ensure adequate funding of both education and transportation.

Portland is thriving. Our healthy downtown and vibrant neighborhoods make this one of the most enviable communities in America. I am proud of our legacy and with your help, am determined to pass on a beautiful City to our next generations.



Commissioner Charlie Hales



Commissioner Erik Sten

This was a good financial year for the City. The booming economy and unanticipated revenues from Ballot Measure 50 produced nearly \$20 million in new revenues. Our FY 1998-99 budget re-invests those resources in our community in a manner that will produce dividends for years to come.

Significant investments in parks, housing and transportation will ease the stress of growth on our community's physical infrastructure. We also invested heavily in two of our community's most important institutions: arts and education. While bricks and mortar are important, Portlanders expect and deserve a thriving arts community and healthy schools system for their children.

I am perhaps most proud of our decision to reduce the utility license fee on our city's water and sewer customers. While the reduction is minor, it does signal the City Council's willingness to assess its own system of taxes and assessments for fairness--an essential first step if we are ever to achieve meaningful tax reform in our community and our state.

My personal goal is to make sure that every dollar the City receives from the taxpayers will benefit the public. My office will follow up on budgeted resources with financial and performance audits.

The Auditor's Office mission is to provide accurate and objective information for decision making. In Portland, the Auditor also serves as city recorder, administering Council agenda and minutes, records and archives, assessments and liens, payments and hearings. The Auditor is responsible directly to the voters.

Audits will address these questions: Are the financial records accurate? Were services delivered efficiently? Were service results effective? All audit reports will be available to the public.



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