

CITY OF PORTLAND ADOPTED BUDGET

**BUDGET-IN-BRIEF
Fiscal Year
2008-2009**

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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 annual budget for the fiscal year beginning July 1, 2007.

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 communication device.

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

Mayor's Message



Office of Mayor Tom Potter
City of Portland

INTRODUCTION

This is the fourth budget I have prepared as Mayor, and it is possible to look back at each and trace the arc of Portland's economic resurgence, as well as draw some cautionary lessons that may help inform a City Council that will have a new Mayor and two new Commissioners next year.

My first budget was drafted at the end of a prolonged economic downturn, with the City facing a \$15.7 million deficit and a sixth straight year of budget cuts. Since then, Portland's economy has become vibrant again, and our city is routinely—and rightly—hailed as one of the nation's most livable, sustainable, and special places to live.

Our business license fee revenues showed a fourth straight year of growth this year, even as we implemented reforms that reduced fees paid by business. Crime continues to fall—down 23% since 2003. Portland's precincts are again open evenings, and more sworn officers are on the street. The City Council has pledged to reduce fossil fuel use by half over the next 25 years, and cut CO₂ emissions by 80% by 2050. Our riverfront is more welcoming with the generous gift from Dr. Robert Pamplin and family of the beautiful part of Ross Island. And our efforts to end homelessness continue to help individuals and families leave life on the streets forever.

My fourth budget reflects an economy that remains strong, with the City enjoying an additional \$33 million in General Fund resources above what is required to maintain services at last year's levels. Our budget work teams, which pair Commissioners with community advisors to review budget proposals with a strategic eye toward the needs of our entire city, reviewed \$116 million in new requests, and hundreds of citizens have directly participated in the development of this budget through work on bureau advisory committees and oral or written testimony.

I want to thank the City Commissioners and City Auditor, our community budget advisors, the neighborhood participants who came to budget forums, City bureau staffs, and the Office of Management and Finance for their help in creating this final Mayor's Proposed Budget. I especially want to thank our community budget advisors, Mary Edmeades, Helena Huang, Jon Kruse, Martin Medeiros, and Ayoob Ramjan, for the countless hours they have volunteered to make our city better. Finally, I want to welcome new Commissioner Nick Fish and congratulate Sam Adams on his election to be our next mayor. I wish them both the best.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

**City of Portland
Oregon**

For the Fiscal Year Beginning

July 1, 2007

Oliver S. Cox

President

Jeffrey R. Egan

Executive Director

As I watched this process unfold for the last time, I believe there are lessons to be shared with the next Council:

The City must fix its aging infrastructure now.

In 2010, the 800 MHz public safety radio system our emergency personnel depend on to protect our citizens will no longer be serviced by the company that manufactured it. One in four streets needs basic maintenance. The City's aging infrastructure needs an additional \$84 million in repairs each year just to keep things from getting worse, and that number is growing.

The next Council must develop a single, realistic process to assess the City's infrastructure needs, and then increase funding to pay for the necessary fixes. This means some new programs shouldn't be funded, and others delayed. To do otherwise means that the level of service residents currently expect of their City will decline.

Core services must come first.

Not only the core services represented by public safety, roads, and parks, but also the human infrastructure we have built over the last four years to invite more members of the community—and more diverse members of the community—into the decision-making process. We will open the doors of City Hall to more people through such acts as the Council's funding of a Human Rights Commission. Now they must remain open.

In Portland, of all places, we should save for a rainy day.

Every economy, no matter how strong, experiences up and downs. With the national economy slowing, the City is forecasting only \$5 million in one-time funds for FY 2009-10, or \$23 million less than for FY 2008-09. I am proposing that we use the fall budget monitoring process (BuMP) to capture any year-end surpluses and use them only for either capital needs to rebuild infrastructure, or as a resource for the next year. In recent years, due mostly to an improving local economy, the fall BuMP has turned into a mini budget process of its own. This has often resulted in funding new projects or programs that have not undergone scrutiny from the budget work teams and the community as part of the normal budget process. The Council recently adopted new financial policies that prescribe year-end surpluses be limited to the uses I suggested above. Council should abide by those policies.

Our entire budget must be more transparent.

Even the most diligent Portlander will find it difficult to decode the City's budget and determine whether we are spending money wisely. Although our printed budget documents in detail the items that we currently are funding, it doesn't reflect other, unfunded obligations and intergovernmental agreements that the Council has approved or committed to and that come with their own price tags which eventually must be paid. These "shadow" ongoing obligations carry their own price tag: in an economic downturn, when one-time money fails to reappear, immediate and potentially deep budget cuts will be required. The Milwaukie light rail, for instance, comes with a \$30 to \$60 million matching requirement that future Councils will need to find money for.

We should also make it easier for residents to understand how much we're investing in programs that are obviously ongoing but have no future funding in sight. General Fund bureaus asked to convert to permanent the positions of 29 employees who are being paid with "one-time" funds this year - money that is not expected to recur over the long-term - even though most of their programs are expected to continue. 13 such positions were indeed converted to permanent, but the rest continue as limited term. And 25 new limited term

positions are being added, some of which should be considered permanent. Creating positions in the hope that they can become permanent at some future date is adding to a pool of "shadow ongoing," future claims on ongoing resources that are not included in the five-year forecast. Council must shine a light into these shadows and begin to curtail this practice.

Other examples include programs aimed at reducing homelessness and promoting green businesses, both laudable programs the Council supports, but largely funded with one-time dollars. There are also some services that have money committed for implementation but not for ongoing operations, such as the East Portland pool, which has funds for construction and five years of operations but insufficient funding beyond that.

The Council must share a strategic, long-range plan for Portland's future, and stick with it.

The City is developing new, comprehensive plans that should provide a guide to how our city grows for the next 20 years. These plans—including an East Portland Plan—will also reflect the dreams of thousands of everyday Portlanders who shared their vision for their community's future during visionPDX.

But these plans will only matter if the Council not only shares the vision, but is able to work together on a common set of long-term goals and programs, making these the basis for future budget decisions. If not, it will be difficult to answer even simple budget questions in a downturn: What are the core services we must protect? How do we balance the need for sidewalks in Cully with a streetcar for east Portland?

The City must form more public-private partnerships.

Government is not the solution to every problem. Our City must work more closely with our business and civic communities to find solutions. Two years ago, our business community joined local governments to keep our schools strong. This year, the business community worked with government and social providers on the SAFE (Street Access for Everyone) initiative, which built benches and restrooms downtown, and increased services for our homeless community. These kinds of partnerships leverage tax dollars and make the community a true partner in finding real solutions.

Portland must work more closely with its regional partners.

Funding effective drug treatment strategies, building a regional training center for first responders, creating a comprehensive plan to stop domestic violence, and ending homelessness will require that we not only work closely with our regional partners, but that we include them at the very beginning of our work, not just at the end.

MAYOR'S APPROACH

In building this final budget, my priorities remain the same as when I built my first budget in 2005: to rebuild the core services and infrastructure that are government's truest purpose, to keep Portlanders safe and our city growing, and to make City Hall more open to every citizen, especially to those who have not historically felt welcome.

This Adopted Budget accomplishes those goals with these additional funds above current funding levels.

First, stabilize the core services and City infrastructure that are at the heart of every great city.

- ◆ \$6.0 million for Transportation, including:
 - ❖ \$2.0 million to replace an anticipated shortfall in gas tax revenues
 - ❖ \$1.6 million to finally build sidewalks and make other safety improvements for pedestrians, bicycles, and cars along NE Cully Boulevard
 - ❖ \$400,000 to continue streetlight replacement
 - ❖ \$250,000 to develop additional safe routes to schools
 - ❖ \$200,000 to eliminate a traffic safety investigation backlog
 - ❖ \$150,000 to continue improvements to the city's bicycle network
 - ❖ \$75,000 to begin planning for needed improvements to N/NE Killingsworth
 - ❖ Although PDOT's budget primarily relies on federal, state, and county sources, I am allocating \$800,000 to meet its projected budget shortfall to maintain current service levels
 - ❖ \$500,000 for a draft environmental impact statement for the proposed Milwaukie light rail

In the past three budget cycles, the City's General Fund has filled the gap in critical street maintenance and safety needs with over \$32 million. The General Fund cannot afford to continue to shore up transportation funding, which needs a new dedicated source of funding. The Street Safety and Maintenance fee proposed by Commissioner Adams, which I strongly support, would provide such a source.

- ◆ \$2.7 million to fully fund Portland Parks & Recreation's operating costs. The Parks levy that voters approved in 2002 has provided \$10.6 million per year to support new capital construction and operations, but will end this year. Council has determined to keep parks a priority core service, but without asking voters to dig deeper. In addition, Parks will be allocated:
 - ❖ \$500,000 for continued teen programs
 - ❖ \$366,000 to complete Marysville Park in partnership with Portland Public Schools
 - ❖ \$790,000 for deferred maintenance and to plan for maintenance facilities on Mount Tabor
 - ❖ \$1.1 million for various programs, including \$80,000 to support the Interstate Firehouse Cultural Center and \$275,000 for fitness equipment replacement at community centers, among others
- ◆ \$8.0 million to the Bureau of Housing and Community Development (BHCD), including:
 - ❖ \$4.3 million in one-time and \$490,100 in ongoing funding to continue the important work of the Ten-Year Plan to End Homelessness
 - ❖ \$1.0 million in one-time funds to support the Police Bureau Service Coordination Team with Housing Rapid Response services to link people in need to supportive housing
 - ❖ \$500,000 to reflect higher personnel costs of service providers
 - ❖ \$500,000 for rent assistance through the Schools, Families, Housing Initiative
 - ❖ \$900,000 for Housing Services and Permanent Support for Housing

- ❖ \$420,000 in one-time funds to support economic opportunity for both at-risk youth and adults and Project Clean Slate, which helps eliminate minor legal issues that act as barriers to employment and housing
- ❖ \$343,500 in one-time funds to support residents battling substance abuse through additional support for CHIERS and the Hooper facility

The \$6.9 million continues existing programs that have been funded with one-time funds. With this proposed funding, the City will have provided BHCD with \$37 million in General Fund allocations over the last four budget cycles (including \$26.6 million in one-time funds) to restore \$4.5 million lost to federal government entitlement grant cuts and to provide new programs to address chronic homelessness. However, the one-time portion of this funding may not be available in future budgets, and BHCD must work with the community and its governmental partners to identify and prioritize its most effective programs.

Second, strengthen public safety.

- ◆ \$9.6 million, including \$1.0 million in discretionary funds, to finance replacement of:
 - ❖ The 9-1-1 communications system used to dispatch all police, fire, and emergency medical personnel in Multnomah County
 - ❖ The 800 MHz system, used to carry voice and data traffic for all public safety personnel in Multnomah County, as the manufacturer will longer provide maintenance support after 2009
 - ❖ The Portland Police Data System, which is used by the Police Bureau and 19 other law enforcement agencies in the metropolitan area. The system—critical to officer safety, the apprehension of criminals, and the analysis of crime trends—is 24 years old and out of date.

Completion of the system will require approximately \$2.5 million annually over the next 15 years, funding that is built into this budget, and an additional \$18 million yet to be secured.

- ◆ \$2.8 million to the Portland Police Bureau:
 - ❖ \$1.4 million to replace the outdated mobile data computers the Police have been using and which have reached the end of their useful life
 - ❖ \$1.2 million for the Voluntary Substance Abuse Treatment program which addresses the root causes of drug abuse among chronic offenders. The money will be directed toward successful treatment programs, housing, and a police officer walking beat in targeted areas.
 - ❖ \$122,000 for sexual assault victim advocates
 - ❖ \$50,000 for Elders in Action volunteers at Police contact offices throughout the community

- ◆ \$45,000 to fund additional investigation staff for the Independent Police Review Division in the Auditor's Office
- ◆ \$2.2 million for a one-stop Domestic Violence Resource Center which will bring together law enforcement and domestic violence resources to protect one of the most vulnerable populations in Portland
- ◆ \$522,000 in ongoing and one-time funds for the Office of Youth Violence Prevention (OYVP) to reduce and eventually eliminate violence from the lives of our youth. OYVP has demonstrated success; it will need to find additional local, state, and federal partners in the future.
- ◆ \$275,000 to continue funding proven downtown livability programs, including:
 - ❖ \$25,000 to continue work with Multnomah County through the Local Public Safety Coordinating Committee on mental health issues facing our community
 - ❖ \$250,000 to build 24-hour restrooms in Old Town
- ◆ \$2.0 million to partner with other cities and counties in the region to secure a site for a Regional Public Safety Training Center. Currently, emergency personnel have no local training facilities, adding cost and time to preparing officers for duty.
- ◆ \$350,000 to finance co-locating an Emergency Coordination Center at the Bureau of Emergency Communications. The need for an enhanced ECC was one of the core lessons of the recent TOPOFF exercise. Total cost of the project is estimated at \$6 million.
- ◆ \$1.0 million to achieve a labor agreement with Portland's firefighters.
- ◆ \$304,000 for Portland Fire & Rescue to address deferred and neglected maintenance at the City's Fire Prevention Office and stations
- ◆ \$103,000 for Portland Fire & Rescue to add a Special Hazards Inspector to reduce unsafe conditions in buildings

Third, keep Portland businesses thriving.

- ◆ \$2.3 million to the Portland Development Commission to expand its efforts around small business development; focus City resources on targeted industries; continue citywide storefront grants that support façade improvements; provide low-interest loans to small, locally-owned companies for working capital and equipment purchases; and provide business technical assistance focused on improving firm competitiveness through lean manufacturing, zero waste, and export/marketing strategies
- ◆ \$500,000 to the Office of Sustainable Development to provide economic development assistance to new sustainable businesses and to make certain biofuels will meet or exceed the City's standards. This will complement the office's efforts in the coming year to expand Portland's residential and commercial recycling programs.

- ◆ \$742,000 to continue the City's commitment to expanding opportunity for minority, women, and emerging small businesses who want to contract with the City for services
- ◆ \$300,000 to support enhanced marketing of Portland's downtown
- ◆ \$80,000 to continue funding the Lewis & Clark legal clinic to provide critical legal assistance and advice for small and start-up businesses

Fourth, grow Portland's reputation as the nation's most livable city.

- ◆ \$245,500 to complete Tree Code Policy Planning
- ◆ \$309,969 increase (10%) to the Regional Arts & Culture Council (RACC)
- ◆ \$200,000 to support RACC's arts partners program
- ◆ \$250,000 in support of artist repertory theater's 25th anniversary celebration
- ◆ \$225,000 for improvements to the Portland Center for the Performing Arts
- ◆ \$275,000 to continue the planning work for the Willamette River, resulting in better public access to the river, protection and restoration of habitat, and revitalization of the waterfront and Macadam Boulevard
- ◆ \$1.8 million for the Bureau of Planning for the Central Portland Plan and Comprehensive Plan update. Funds will also be provided to enhance the Planning Bureau's district liaison program and support the Youth Planning program. All of these planning efforts are intended to ensure that the growth in the city is smart growth that reflects the community's aspirations.
- ◆ \$500,000 to implement the East Portland Action Plan, which has brought together neighborhood, business, and elected leaders with school officials, law enforcement, and City agencies to identify and prioritize short- and longer-term actions to improve livability in east Portland neighborhoods
- ◆ \$125,000 for additional small neighborhood grants to immediately fund planning projects to bring the Vision into Action
- ◆ \$50,000 for a pilot program to construct homes with high energy efficiency

All of the funding for these projects is one-time. The Bureau of Planning will need to request similar funding next year to continue or complete these projects.

Fifth, make Portland welcoming to every resident.

- ◆ \$377,000 to create the Office of Human Relations and restore the City's Human Rights Commission, which will provide a venue to address individuals' concerns of unfair treatment by local government because of their race, ethnicity, culture, immigration status, disability, or sexual preference
- ◆ \$103,250 to further address issues specific to immigrant and refugee populations in Portland as a part of the Office of Human Relations over the next two years
- ◆ \$1.0 million for the Office of Neighborhood Involvement (ONI) to enhance the capacity of district coalition office staffing; expand core ONI staff that can help neighborhoods resolve disputes; implement the recommendations of Community Connect, which will make government more accessible to residents; and assist underrepresented communities with finding their voice in the neighborhoods by giving them the organization and experience they need to make themselves heard

CONCLUSION

This budget reflects collaboration among the entire City Council, our staffs, and the community. The choices we have made were not easy; some important programs will not grow in the coming year, and others will not grow as much as hoped.

In my first Proposed Budget in 2005, I wrote that "working with our citizens, we have delivered a budget that makes our community stronger, makes our children more secure, and protects those among us most in need of our help." I believe this budget accomplishes those same goals.

Thank you,



Tom Potter

Mayor

Overviews

City Overview

INTRODUCTION

This section of the FY 2008-09 budget document provides general information on the city of Portland, its demographics, and its government management systems. The information will help the reader understand the environment in which decisions are reached during the budget process. This section will also make it easier to examine and understand other sections of this budget document.

Portland's budget document reflects City policies, goals, and priorities. In reviewing how revenues are collected and spent, readers of the budget are watching policy at work. The budget implements the City's long-range strategic and financial plans and serves as an operations guide for the government and its activities. It is also a communications tool, informing residents of the short- and long-term issues and challenges confronting the City. The budget document reflects the goals of residents and leaders alike.

CITY OF PORTLAND CHARACTERISTICS

Basic Statistics

The city of Portland, with a population of 568,380, comprises an area of approximately 145 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, Portland is the center of commerce, industry, transportation, finance, and services for a metropolitan area of more than two million people. (The Portland/Vancouver Primary Metropolitan Statistical Area includes the Oregon counties of Clackamas, Columbia, Multnomah, Washington, and Yamhill, as well as Clark County in Washington). Portland is the largest city in Oregon, the seat of Multnomah County, and the second largest city in the Pacific Northwest.

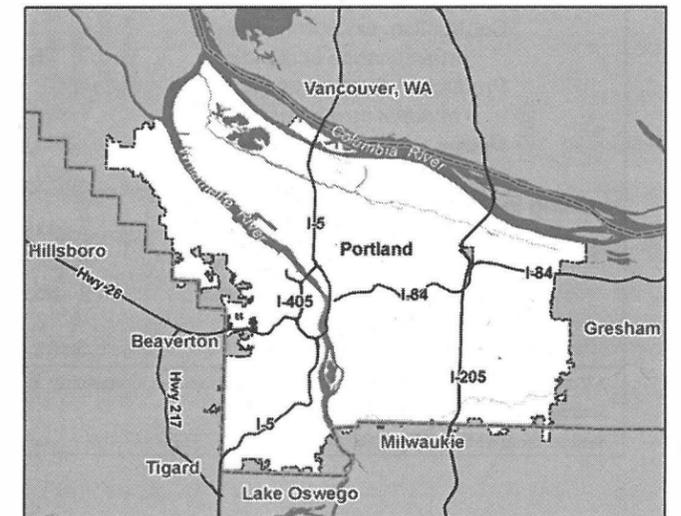
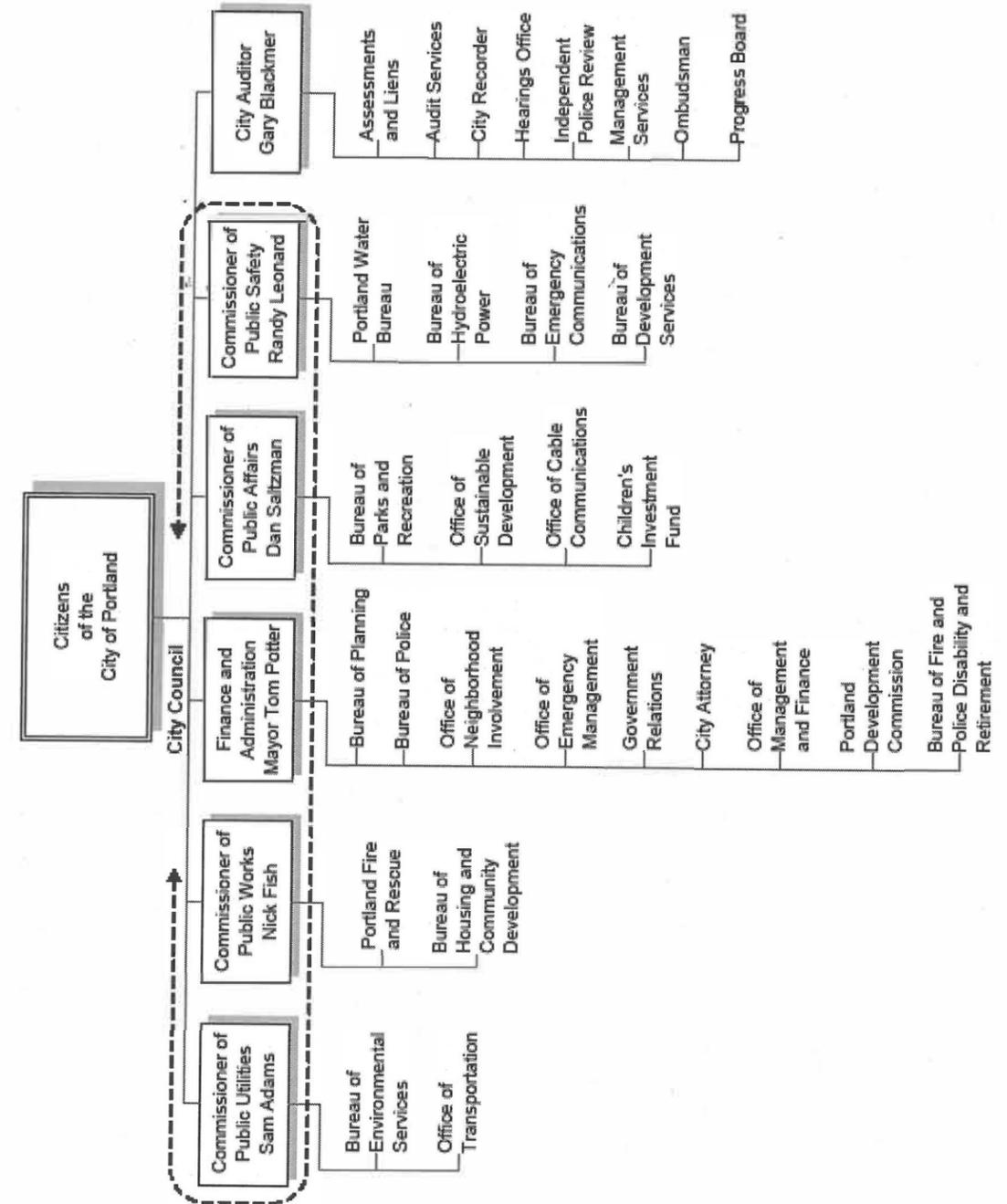


Figure 1: A Profile of Portland's Citizens

General Characteristics	2000	Percent of Total	2006	Percent of Total	Percent Change
City Population	529,121	---	539,950	---	2.0%
Male	261,565	49.4%	267,342	49.5%	2.2%
Female	267,556	50.6%	272,608	50.5%	1.9%
Age					
Median age (years)	35.2	---	36.4	---	3.4%
Under 5 years	32,300	6.1%	36,584	6.8%	13.3%
25 years and older	363,106	68.7%	379,962	70.4%	4.6%
65 years and older	61,163	11.6%	56,547	10.5%	-7.5%
Race/Ethnic Distribution					
One Race	507,166	95.9%	522,625	96.8%	3.0%
White	412,241	77.9%	421,842	80.7%	2.3%
Black or African American	35,115	6.6%	35,534	6.8%	1.2%
American Indian & Alaska Native	5,587	1.1%	7,170	1.4%	28.3%
Asian	33,470	6.3%	37,993	7.3%	13.5%
Native Hawaiian & other Pac. Is.	1,993	0.4%	2,001	0.4%	0.4%
Some other race	18,760	3.5%	18,085	3.5%	-3.6%
Two or more races	21,955	4.1%	17,325	3.2%	-21.1%
Hispanic or Latino (of any race)	36,058	6.8%	48,500	9.0%	34.5%
Household Population	514,129	---	526,107	---	2.3%
Average household size	2.30	---	2.24	---	-2.6%
Average family size	3.00	---	3.01	---	0.3%
Social Characteristics					
Population 25 years and over	363,851	---	379,962	---	4.4%
High school graduate or higher	311,725	85.7%	80,424	21.2%	-74.2%
Bachelor's degree or higher	118,698	32.6%	90,001	23.7%	-24.2%
Civilian veterans (18 years and over)	49,757	11.9%	37,848	7.0%	-23.9%
Speak language other than English at home (population 5 years and over)	84,128	16.9%	98,129	18.2%	16.6%
Portland at Work					
Management, professional, and related occupations	102,760	37.2%	114,402	41.5%	11.3%
Service occupations	41,444	15.0%	48,090	16.8%	16.0%
Sales and office occupations	73,250	26.5%	68,916	23.6%	-5.9%
Farming, fishing, and forestry	679	0.2%	748	0.2%	10.2%
Construction, extraction, and maintenance occupations	19,405	7.0%	19,548	7.5%	0.7%
Production, transportation, and material moving occupations	38,546	14.0%	32,732	10.5%	-15.1%
Median Household Income (dollars) ²	\$40,146	---	\$44,273	---	10.3%
Median Family Income (dollars) ²	\$50,271	---	\$57,952	---	15.3%
Housing in Portland					
Total Housing Units	237,307	---	251,348	---	5.9%
Owner-occupied housing units	124,767	55.8%	134,101	57.7%	7.5%
Renter-occupied housing units	98,970	44.2%	100,830	42.3%	1.9%
Vacant housing units	13,570	5.7%	16,417	7.8%	21.0%
Median home price ³	\$163,400	---	\$275,000	---	68.3%

¹ All data is from the US Census Bureau's 2006 American Community Survey, unless noted.
² Source: US Census Bureau, adjusted for inflation.
³ Source: local RMLS, May 2008

Figure 2: City of Portland Organization Chart



FORM OF CITY GOVERNMENT

The City of Portland, incorporated in 1851, is a home rule charter city. The City Charter is the basic law under which the City operates and can be amended only by a vote of the people. In 1913, a modified commission form of government was created, which is rare in cities as large as Portland. The City operates under the provisions of the City Charter and City Code, which are consistent with the Oregon Constitution and state law (the Oregon Revised Statutes). Nonemergency ordinances are passed by a simple majority vote of three of the five Council members.

The Charter provides for five nonpartisan Council members, called Commissioners, including the Mayor. They are elected at-large to four-year terms. The positions are full-time and salaried. The City Auditor is also elected and required by Charter to be a Certified Public Accountant. The Auditor is not part of the Council and has no formal voting authority.

The Mayor and Commissioners act as legislators and administrators.

The Mayor is the formal representative of the City and is responsible for assigning each of the Commissioners responsibility for one of five departments: Finance and Administration, Public Affairs, Public Safety, Public Utilities, and Public Works. The Mayor also decides which bureaus the Commissioners will manage. The Mayor can change these assignments at any time. Traditionally, the Mayor has been the Commissioner of Finance and Administration.

The Mayor and Commissioners act as legislators and administrators. Thus, Council members are responsible for both enacting and enforcing City laws, as well as administering bureaus under their supervision.

The Auditor receives and maintains all documents relating to the accounts and contracts of the City, including its debts, revenues, and financial affairs. The position is responsible for conducting financial and performance audits of City bureaus and their functions. In addition, the Auditor's Office serves as the Council Clerk, responsible for the processing and filing of all official Council actions.

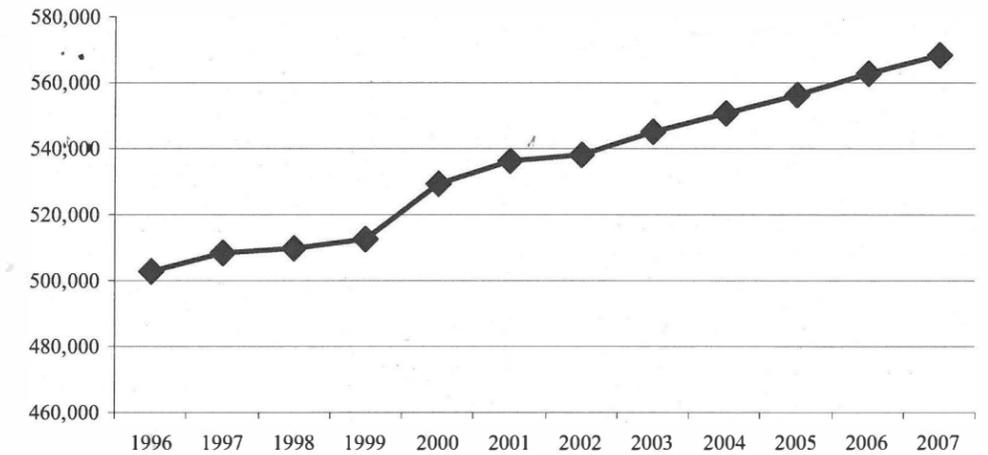
DEMOGRAPHIC DATA

Population

Since 2000 Portland's Population has been growing at 0.96% per annum, which is well below Metro average of 1.64.

Rapid increases can be a negative trend if service demands increase faster than revenue growth. Similarly, declines in population can reduce demand and revenue requiring cuts in expenditures. From 1996 to 2007, Portland's population increased by about 65,000. This is an overall increase of 13 % over twelve years or around 1.1% annually.

Figure 3: Portland's Population Growth

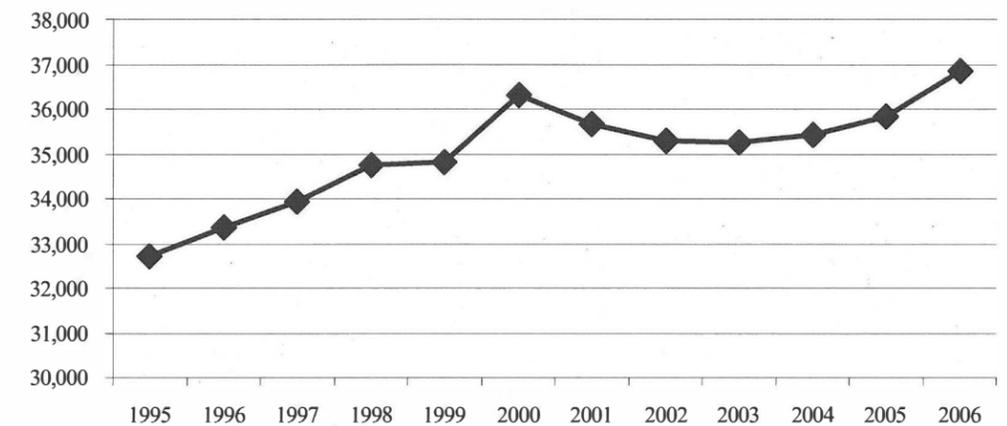


Per Capita Income

Portland's 2006 per capita income of \$36,845 is 10.6% higher than the state average.

Per capita personal income is one measure of community's ability to pay for government services. Declining per capita personal income is a warning trend indicating general economic problems and a potential decline in the ability of citizens to provide tax resources for government services. From 1995 to 2006 per capita personal income in Portland metro increased by 3.6 percent a year in nominal dollars or 1.1 percent in constant dollars. Since 2003, after three years of consecutive decline, real per capita personal income has grown 1.5 percent per year.

Figure 4: Portland's Per Capita Income (in 2006 dollars)



Budget Overview

BUDGET SUMMARY

Total City Budget

The total City budget is up by \$84 million from the FY 2007-08 Revised Budget.

Total Legal Budget

State of Oregon Local Budget Law requires reporting of the City's total budget. This is defined to include total operating costs and the internal transactions between funds. The total Adopted Budget for FY 2008-09 is \$3.26 billion, which reflects an \$84 million increase from the FY 2007-08 Revised Budget.

Total Net Budget

The total City budget overstates actual expenditures for programs, because it double counts internal transactions (internal materials and services and fund-level cash transfers). Such transactions occur between City funds, when one City agency provides services to another. Because this technically inflates the budget, the City usually references a net budget.

The net Adopted Budget is \$46 million more than the FY 2007-08 Revised Budget.

After eliminating the internal double count and \$30 million in tax anticipation notes, the City's net budget in FY 2008-09 is \$2.41 billion. Table 1 of the Financial Summaries provides greater detail of the total and net City budget figures. A summary is shown below.

Figure 5: Expenditures by Major Object Category

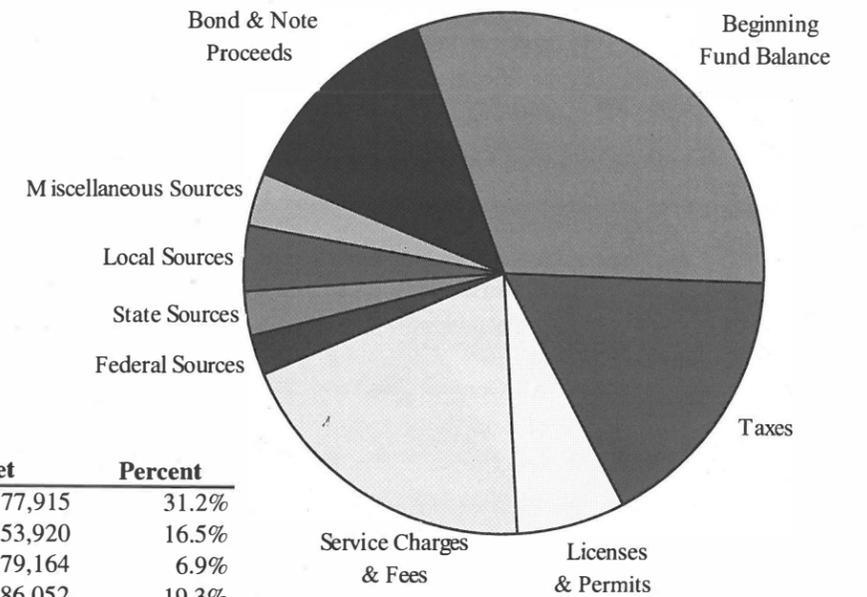
Major Object Category	Revised FY 2007-08	Adopted FY 2008-09	Dollar Change	Percent Change
Personal Services	\$ 523,382,388	\$ 546,279,689	\$ 22,897,301	4.4%
External Materials & Services	696,627,336	680,487,717	(16,139,619)	-2.3%
Internal Materials & Services	209,823,663	209,302,278	(521,385)	-0.2%
Capital Outlay	292,676,174	330,241,217	37,565,043	12.8%
Total City Bureau Expenses	1,722,509,561	1,766,310,901	43,801,340	2.5%
Contingency	429,484,607	449,378,393	19,893,786	4.6%
Ending Fund Balance	103,030,487	79,711,028	(23,319,459)	-22.6%
Debt Service	346,080,075	357,299,774	11,219,699	3.2%
Fund-level Cash Transfers	578,333,067	610,942,078	32,609,011	5.6%
Total City Budget	3,179,437,797	3,263,642,174	84,204,377	2.6%
Less Internal Transfers & Tax Anticipation Notes	(811,796,730)	(850,244,356)	(38,447,626)	4.7%
Total Net City Expenses	\$ 2,367,641,067	\$ 2,413,397,818	\$ 45,756,751	1.9%

Capital outlay expenditures are up \$45.3 million in the Transportation Operating Fund; \$33.1 million is for the Streetcar Eastside Extension project and streetcar vehicle purchases.

Total City Budget Charts

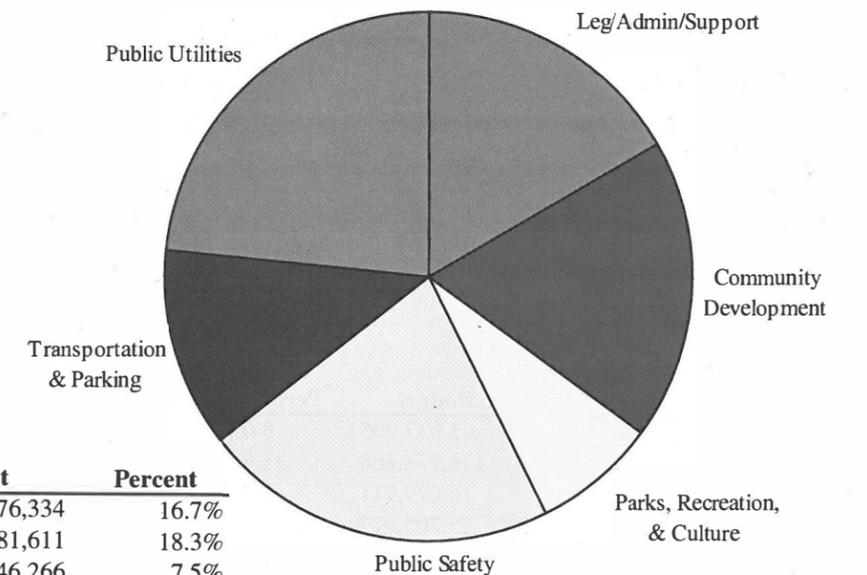
The following charts graphically summarize the total net City budget.

Figure 6: City Net Budget—Resources



Resource	Budget	Percent
Beginning Fund Balance	\$ 752,577,915	31.2%
Taxes	397,253,920	16.5%
Licenses & Permits	167,379,164	6.9%
Service Charges & Fees	464,786,052	19.3%
Federal Sources	64,498,753	2.7%
State Sources	65,949,868	2.7%
Local Sources	100,232,390	4.2%
Miscellaneous Sources	75,788,687	3.1%
Bond & Note Proceeds	324,931,069	13.5%
Total Net Budget	\$ 2,413,397,818	100.0%

Figure 7: Total City Bureau Expenses—Requirements by Service Area



Service Area	Budget	Percent
Leg/Admin/Support	\$ 294,276,334	16.7%
Community Development	323,081,611	18.3%
Parks, Recreation, & Culture	132,346,266	7.5%
Public Safety	381,250,434	21.6%
Transportation & Parking	215,861,930	12.2%
Public Utilities	419,494,326	23.7%
Total City Bureau Expenses	\$ 1,766,310,901	100.0%

General Fund Budget

General Fund resources are categorized as either discretionary or nondiscretionary. Discretionary resources are those that the City Council can allocate to programs and services in any area. In other words, these resources have few restrictions on how they can be allocated. General Fund discretionary resources are typically used to support such basic City services as police, fire, and parks.

Discretionary resources total \$391.5 million, 73.7% of the General Fund.

Discretionary resources include property taxes, utility license fees, business license fees, transient lodging taxes, state shared revenues (from cigarette taxes and liquor sales), interest income, and miscellaneous revenues and cash transfers into the General Fund. Nondiscretionary resources include grants, contract revenues, service reimbursements, and other revenues specifically dedicated to a particular purpose.

All General Fund resources are also categorized as either one-time or ongoing. An example of a one-time resource is an increase in beginning fund balance. While available in the specific year, it is not a resource that can be relied on in future years. An example of an ongoing resource is an increase in property tax revenues that would be sustained over time. The City budget uses a combination of one-time and ongoing resources to fund programs and services. City financial policies state that one-time resources may not be used to fund ongoing expenses.

The following charts summarize the City's General Fund budget. General Fund resources are discussed in detail in the Financial Overview, and Table 9 in the Financial Summaries section shows General Fund discretionary and total resources as well as General Fund bureau appropriations backed by discretionary revenue.

Figure 8: General Fund—Resources by Major Category

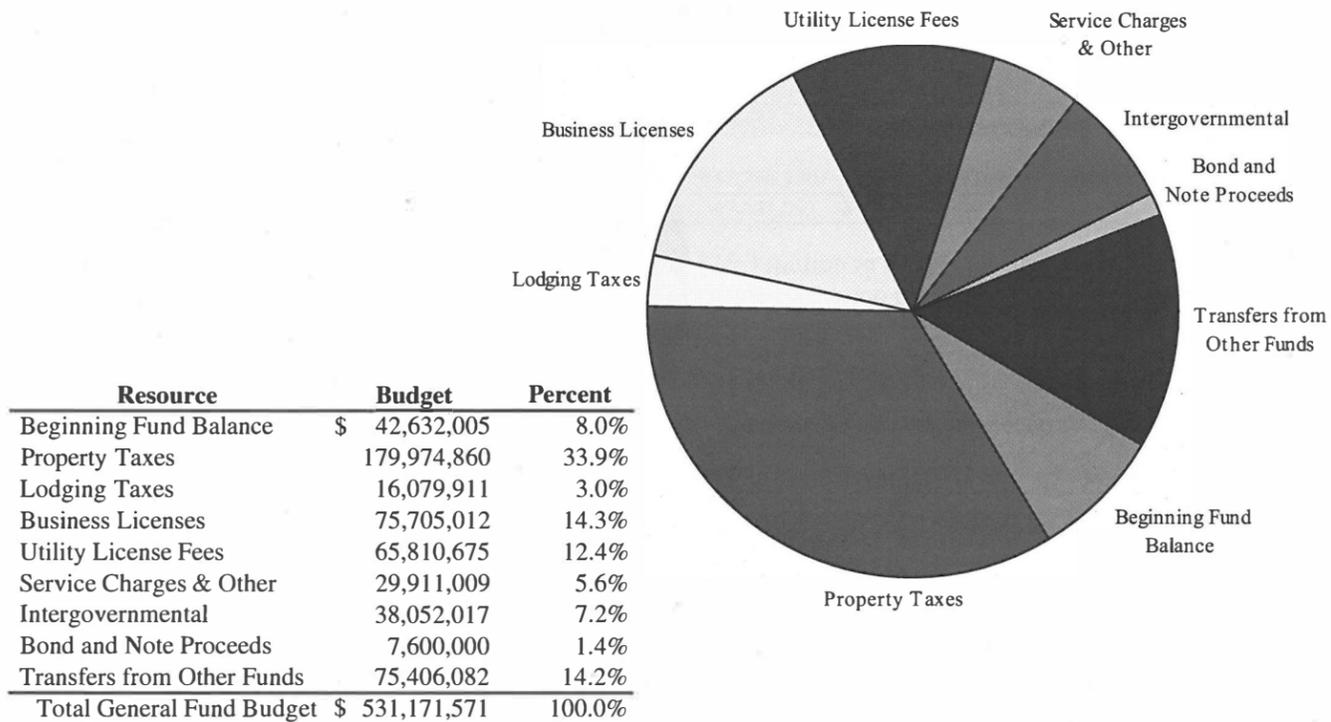
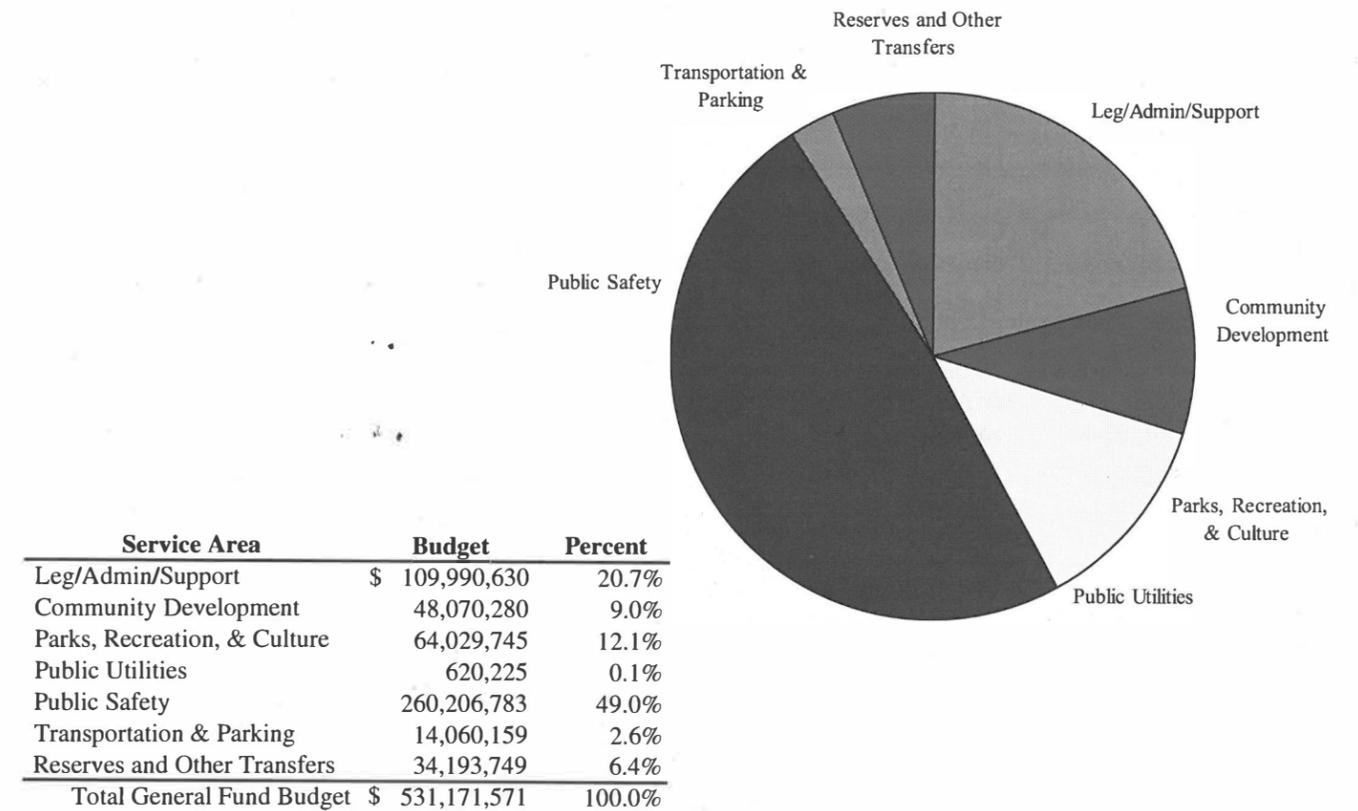


Figure 9: General Fund—Requirements by Service Area



Summary of Decisions by Council Goals

This section summarizes the Council's FY 2008-09 budget decisions by Council goal. Many of the decisions support more than one goal, which is consistent with the approach of the Mayor and Council to leverage efforts and funding.

Ensure a safe and peaceful community

- ◆ \$9.6 million, including \$2.5 million in ongoing funds for debt service. These funds will be used to replace three critical public safety infrastructure systems: 800 MHz radios, 9-1-1 dispatch, and police data. Also commit \$4 million pledged in last year's budget for 9-1-1 dispatch system replacement.
- ◆ Provide for purchase of suitable land for a regional public safety training center, to be supplemented with funds from partner jurisdictions
- ◆ Commit funds to finance a \$6 million Emergency Coordination Center, fulfilling a need that was called out in last year's TOPOFF emergency exercise
- ◆ Purchase additional jail beds from Multnomah County for a third year (\$456,000), targeted toward low-level repeat offenders
- ◆ 30 outpatient and 12 inpatient drug and alcohol treatment slots for chronic, low-level criminal offenders to reduce crime and help offenders become productive members of society
- ◆ Replace mobile digital computers for police officers with laptop computers and provide for licensing, maintenance, and a replacement reserve for the new laptops
- ◆ Continue domestic violence advocate positions in the Police Bureau
- ◆ Continue sexual assault victim advocate positions in the Police Bureau
- ◆ Add a half-time position to support Independent Police Review
- ◆ Establish a one-stop domestic violence center with \$1.8 million for implementation and \$422,000 in ongoing funds for staffing and program operations
- ◆ \$250,000 to offer treatment and case-management services to prostitutes who have frequent interactions with the justice system
- ◆ Continue implementation of the Street Access for Everyone initiative, providing day access facilities for the homeless
- ◆ Add a special hazards inspector position in Portland Fire & Rescue
- ◆ \$304,000 for deferred maintenance and repairs to Portland Fire & Rescue facilities
- ◆ Provide ongoing and one-time funding for the Office of Youth Violence Prevention, in addition to one-time funding for grants
- ◆ Continue with implementation of a citywide drug strategy
- ◆ Continue funding for the Local Public Safety Coordinating Committee

Promote economic vitality and opportunity

- ◆ \$889,000 for customer service improvements in the Bureau of Development Services, including technology upgrades and improvements
- ◆ \$500,000 for a sustainable economic development initiative in the Office of Sustainable Development, focused on sustainable food policy, sustainable business support, and biofuels
- ◆ \$3.6 million to the Portland Development Commission for economic development activities, including:
 - ❖ Continue another year of funding for storefront improvement grants and small business loans in targeted areas, expanding these successful programs beyond urban renewal districts (\$900,000)
 - ❖ \$1.3 million for a range of ongoing business retention and recruitment activities, including dedicated marketing for downtown businesses
 - ❖ \$250,000 for technical assistance provided by minority chambers of commerce

- ❖ \$310,000 in support of neighborhood business districts
- ❖ \$300,000 for targeted trade sector industries, including high-tech, "green" business, apparel manufacturing, and traditional industries
- ❖ \$100,000 to restore Brownfields for potential industrial uses
- ❖ \$100,000 for business success assistance, largely targeted to small and mid-sized businesses
- ◆ \$300,000 to enhance marketing of downtown
- ◆ A third year of funding to support Lewis & Clark Law School's popular and successful small business legal clinic, begun in FY 2006-07
- ◆ Provide for increased coordination between Portland Development Commission and Office of Sustainable Development to recruit and retain sustainable businesses
- ◆ Support for development of major Planning projects:
 - ❖ The second of three years' funding to update the City's Comprehensive Plan
 - ❖ The second of three years' funding to develop a long-range plan for the central city
- ◆ Enhanced funding for youth employment

Improve the quality of life in neighborhoods

- ◆ Complete a \$5.4 million commitment of ongoing General Fund support in future years to continue Portland Parks & Recreation programming and operations currently funded by the expiring Parks levy
- ◆ \$7.0 million for the Bureau of Housing and Community Development to support essential services that further goals such as eliminating homelessness, enhancing economic opportunities that lead to family wage jobs, providing Housing Rapid Response for persons in crisis, and promoting affordable housing
- ◆ Funding for a Human Rights Commission to improve community relations and access to City government
- ◆ Improve civic engagement with additional funding to the Office of Neighborhood Involvement
- ◆ A continued Schools, Families, Housing initiative, providing funds for rent assistance in targeted neighborhoods
- ◆ Implementation of the citywide visioning project (visionPDX) with funds for "Vision into Action" grants
- ◆ Continued funding for neighborhood district coalition offices to allow an additional community organizer position in each of the seven coalitions
- ◆ Develop a long-term plan for use of Mt. Tabor
- ◆ Implement a plan for East Portland developed in FY 2007-08
- ◆ Convert a rundown playground at Marysville School into a neighborhood park
- ◆ Construct and site 24-hour restrooms in selected neighborhoods
- ◆ Continue enhanced programming for teens in the parks system
- ◆ Continue support for the Interstate Firehouse Cultural Center
- ◆ Create a position to coordinate immigrant and refugee programs with a focus on breaking down barriers to their participation in City government

Protect and enhance the natural and built environment

- ◆ Complete the development of a new park in the Downtown Park Blocks (Park Block 5)

- ◆ Continued Downtown Transit Mall Renovation project, with collaboration among the bureaus of Water, Environmental Services (BES), and Transportation; PDC; and TriMet, to meet the scheduled completion date in 2009
- ◆ Continued work on the BES Combined Sewer Overflow (CSO) project, on schedule for completion in 2011
- ◆ Continue work to renovate and complete the East Portland Community Center with construction of a fitness center and swimming pool, to be completed in FY 2009-10
- ◆ Expand efforts to reclaim the Willamette River for public use and economic activity by completing the plan for the river's north reach and beginning planning for the south and central reaches
- ◆ Utilize urban renewal funding to plan, remodel, or complete several new park facilities, including a neighborhood park and a greenway in South Waterfront, "The Fields" neighborhood park in the Pearl neighborhood, Ankeny Plaza and Park, and Waterfront Park redevelopment to house Saturday Market
- ◆ Expand the invasive species eradication program in the parks
- ◆ Plan for compliance with the federally-mandated Long-Term 2 Surface Water Treatment (LT2) Rule for the City's Bull Run water supply
- ◆ Build new sewer connections, pipes, and pumps in an unsewered area south of Portland International Airport
- ◆ Design the planned rehabilitation of the Water Bureau's Interstate Avenue operations facility
- ◆ Begin implementation of the Habitat Conservation Plan to improve habitat conditions in the Bull Run watershed and Sandy River basin to contribute to the recovery of native fish populations
- ◆ Dedicate an additional \$391,000 for maintenance activities in Portland Parks & Recreation
- ◆ Increase the major maintenance reserve for the Portland Building
- ◆ Complete revisions to the City's tree policy and related City Code provisions

Operate and maintain an effective and safe transportation system

- ◆ The General Fund is providing \$6.0 million to the Office of Transportation (PDOT), with projects including:
 - ❖ \$2.0 million to cover a decrease in gas tax revenues
 - ❖ \$1.6 million for sidewalks, bike lanes, and street improvements to NE Cully Blvd.
 - ❖ \$800,000 to help bridge a funding gap in PDOT
 - ❖ \$500,000 toward a draft environmental impact statement for the proposed Milwaukie light rail line
 - ❖ \$400,000 to continue upgrades and needed equipment replacement for streetlights in the area around Keller Auditorium
 - ❖ \$250,000 to develop additional safe routes to schools
 - ❖ \$200,000 to augment traffic investigations and address a safety backlog
 - ❖ \$150,000 for the City's bicycle program
 - ❖ \$75,000 for N/NE Killingsworth St. planning efforts

Deliver efficient, effective, and accountable municipal services

- ◆ Continued funding for the Enterprise Business Solution project to implement and operate a new Citywide financial management system, which will go live in FY 2008-09
- ◆ Continue support for the City wellness policy and two positions in Human Resources to provide additional support for labor/management relations and coordinate the Family Medical Leave Act for the City
- ◆ Continue a position in Purchases to administer the Sheltered Market and Supplier Diversity program, designed to increase City contracts with minority-owned, women-owned, and emerging small businesses
- ◆ Continue a position to continue the Strategic Sourcing program to expand the effort to professional, technical, and expert contracts
- ◆ Revise the City's franchise renewal policies and implement related changes to the City Code
- ◆ Improve the City's efforts in e-government, and ensure compliance with regulations regarding online payments and security
- ◆ Establish a reserve in the Water Bureau to stabilize the rate impact of implementing the LT2 Rule

CAPITAL IMPROVEMENT PLAN

Overview

The FY 2008-09 Adopted Capital Improvement Plan (CIP) budget totals \$459.3 million, not including the Portland Development Commission. The Citywide CIP for FY 2008-09 through FY 2012-13 is projected to be \$1.6 billion. The General Fund Capital Set-Aside of \$1.9 million, net of debt service, is dedicated to the Public Safety Systems Revitalization Project.

FY 2008-09 Highlights

Public Safety

◆ Fire & Rescue Facilities GO Bond Program	\$12,438,909
◆ Public Safety Systems Revitalization Project	\$9,175,994
◆ Emergency Coordination Center	\$4,000,000
◆ Fire Apparatus Replacement	\$1,672,752

Parks, Recreation, and Culture

◆ South Waterfront Greenway/Neighborhood Park	\$9,525,000
◆ East Portland Community Center Pool	\$5,000,000
◆ Metro Bond Neighborhood Park Acquisitions	\$2,949,115

Public Utilities

◆ Combined Sewer Overflow Program	\$139,102,000
◆ Sewage Treatment Systems	\$6,758,000
◆ Bull Run Dams 1 & 2 Improvements	\$4,415,000
◆ Sandy River Crossing Conduit Relocation	\$3,900,000
◆ Interstate Facility Rehabilitation	\$3,738,000
◆ EPA LT2 Compliance Planning	\$1,000,000

Transportation

◆ Streetcar Eastside Extension & Vehicle Purchase	\$41,645,540
◆ Ledbetter Railroad Overcrossing	\$5,301,500
◆ East Burnside: Bridge to 14th Avenue	\$4,822,313
◆ 47th & Columbia Intersection	\$3,900,000

Legislative, Administrative, and Support

◆ Enterprise Business Solution Project	\$14,764,504
◆ New Archives Center	\$3,670,000
◆ 10th & Yamhill Parking Garage Redevelopment	\$3,500,000

Financial Overview

CITY FINANCIAL PLANNING PROCESS

The first step in the budget process is to prepare updated five-year financial forecasts for each major fund. In addition to the General Fund, specific forecasts are prepared for other major City funds, including Transportation, Environmental Services, and Water.

These plans, which forecast resources and expenditure requirements by fund over a five-year period, identify long-term service and financial issues requiring attention during the budget process. The plans aid Council by placing decisions in a long-range financial context for purposes of developing budgets that are balanced for the coming year and subsequent out-years of the forecast horizon.

GENERAL FUND FINANCIAL FORECAST

Overview

Financial Planning regularly generates five-year estimates of General Fund discretionary resources and requirements for Council. Discretionary resources are funds available to be allocated by Council without restriction. Discretionary resources include property taxes, utility license fees, business license fees, lodging tax revenues, state-shared (cigarette and liquor) revenues, some interest income, some court fines, some cash transfers into the General Fund, and small amounts of other miscellaneous revenues. Discretionary resources exclude grants, bureau contract and service reimbursement revenues, bureau fee and permit revenues, and other revenues dedicated for specific purposes.

The Council's financial planning process starts with the preparation of a five-year revenue forecast. The Office of Management and Finance (OMF) issues a five-year revenue forecast document, usually sometime in early November.

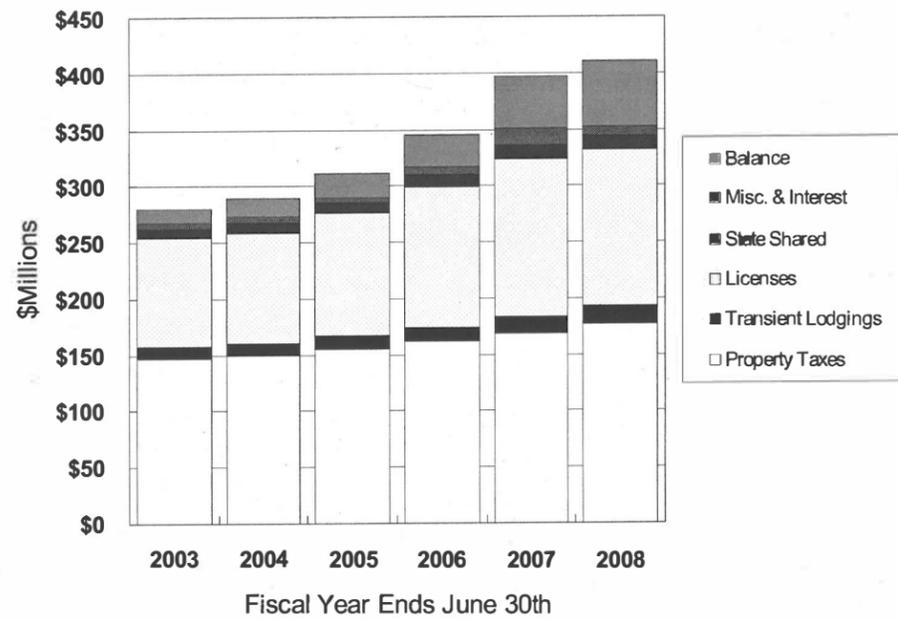
The five-year revenue forecast is used to develop the five-year financial forecast. The financial forecast compares estimated annual resources (revenue plus beginning fund balance) with projected costs of maintaining General Fund current appropriation levels (CAL). Initial revenue and financial forecasts were published in December 2007 and formally reviewed with Council. Both of these forecasts were updated in March prior to Council FY 2008-09 budget decision making. The revenue forecast was updated using the most recent financial and economic data. Estimated CAL requirements were also updated.

The discretionary 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. The outlook provides current information on the General Fund's financial condition, with the updated ending fund balance estimate fed into the financial forecast of General Fund resources.

Historical Resources

The figure below summarizes General Fund revenue growth over the past five years.

Figure 10: General Fund Discretionary Resources



Revenue growth over the past five years has averaged about 5.6% per year. The picture shows that revenue growth was flat to declining early in the period due to recession. Revenue growth returned to more normal historic levels over the past four years. The General Fund's beginning fund balance has averaged about \$30.6 million. Beginning balances have been higher than normal over the last several years due to above average under-expenditure of budgets and unanticipated revenue growth. Overall resource growth (revenues plus beginning fund balance) has averaged about 8.0 % per year, with most of this growth occurring over the last couple of years. The graph clearly shows a regional economy that was hit hard by the events of September 11th and the ensuing national recession. General Fund discretionary revenue growth for the three-year period ending FY 2003-04 was flat at best.

While revenue growth has improved, property tax revenue growth remains in the 3% to 4% range due to Measure 5/50 property tax limitations. Assessed value growth under Measure 50 is limited to 3% per year plus new construction. The General Fund's tax rate is permanently fixed at \$4.5770 per \$1,000 of Measure 50 taxable assessed value. Property tax revenues still constitute about 50% of General Fund discretionary revenues, and growth has averaged just 3.8% over the last five years. Growth on existing taxable assessed value has been somewhat less than the allowable 3%, and taxable value added to the tax rolls through new construction, outside of urban renewal districts, has been very weak with the exception of FY 2007-08. Overall, property tax revenues have grown at about 3.8%, but a large portion of this growth appears to be a one-time blip associated with a sharp increase in real market values that temporarily reduced compression on local government tax bills. For FY 2008-09 growth is expected to be about 3%.

**Forecast Assumption:
Shallow and Short
Recession**

Revenue growth outside of property taxes has rebounded sharply from recession lows. Both transient lodging taxes and business license revenues are up sharply over the last three years, as would be expected in the expansionary phase of the business cycle. Interest income has also rebounded, responding to higher short-term interest rates but will start to ebb with lower interest rates put in place by the Federal Reserve over the last 18 months.

At the end of FY 2007-08, consistent with Council Policy and previous five-year financial plans, the General Reserve Fund is expected to total about \$47.3 million and remains fully funded at the required 10% of revenues (net of borrowing proceeds and grant revenues). Thus, the City will begin FY 2008-09 with the General Reserve at or slightly above the required 10% level.

The key assumption underpinning Council's five-year financial plan is a mild recession that is short and shallow. Metro-area employment regained pre-recession peak levels only during the second quarter of FY 2005-06, and the regional economy entered the expansion phase for the current economic cycle. This trend appears to be reversing itself. First and second quarter of calendar year 2008 national employment numbers show consistent job losses while first quarter Gross Domestic Product (GDP) growth was barely 1%. Most observers expect that second quarter GDP growth will also be less than 1% or possibly negative, thus signaling the start of a recession

Oregon's economy and the Portland metropolitan area are doing somewhat better than the national economy, but more recent employment numbers clearly show that a slowdown is in progress. Oregon's March 2008 unemployment rate increased to 5.7% compared to just 5% a year earlier. Oregon March nonfarm payroll employment was barely above that of a year ago.

The fall revenue forecasts assumed that the national, state, and regional economies would continue to grow modestly. Thus, cyclical revenues such as business license and transient lodging tax revenues could be expected to grow modestly over the next couple of years. The deteriorating economic situation led to a March forecast that assumes a relatively short and shallow two-quarter recession during 2008.

The December resources forecast called for \$363.6 million of FY 2008-09 discretionary revenues along with a beginning fund balance of \$24.4 million. This forecast represented a marked improvement over the previous forecast done last June, registering sharp increases in transient lodging taxes, utility license and franchise fees, business license revenues, and fund interest income. The March forecast showed a \$3.1 million reduction in discretionary revenues and a \$3.5 million increase in beginning fund balance to \$27.9 million. The net change in forecast fund resources was about \$371,000. Business license and transient lodging revenues are expected to flatten out over the next 18 to 24 months reflecting much weaker local and national economic conditions. The business license revenue estimates continue to reflect Council's passage of Resolution #36473, which increased the owners' compensation deduction to \$80,000 a year and the gross receipts exemption to \$50,000 beginning in tax year 2007. For the FY 2008-09 Adopted Budget, discretionary resources stand at \$391.5 million. This resource forecast is \$19.1 million above the FY 2007-08 Adopted Budget of \$372.4 million.

Forecast details for specific revenues are as follows:

Property Taxes

As noted above, property taxes are expected to grow about 3% per year, reflecting the constitutional limits on taxable assessed value growth on existing values, plus new construction outside of the City's eleven urban renewal districts.

Business License

Business license revenues are forecast at \$75.7 million inclusive of expected audit recovery revenues. The fall forecast called for about \$77.0 million of FY 2008-09 revenues. This revenue estimate was revised downward by \$1.3 million in March, reflecting the expected impact of a softer regional economy and a national economy in recession. At the very least revenues are expected to flatten for FY 2008-09 and FY 2009-10 and then resume growing, reaching about \$87.5 million in the last year of the forecast.

Transient Lodging Taxes

Transient lodging taxes, which were at a low of \$10.7 million as recently as FY 2002-03, are expected to be about \$16.2 million for FY 2007-08 and are forecast at \$16.1 million for FY 2008-09. Like business license revenues, transient lodging tax revenues are also expected to flatten over the next year with growth resuming during FY 2009-10.

Utility License and Franchise Fees

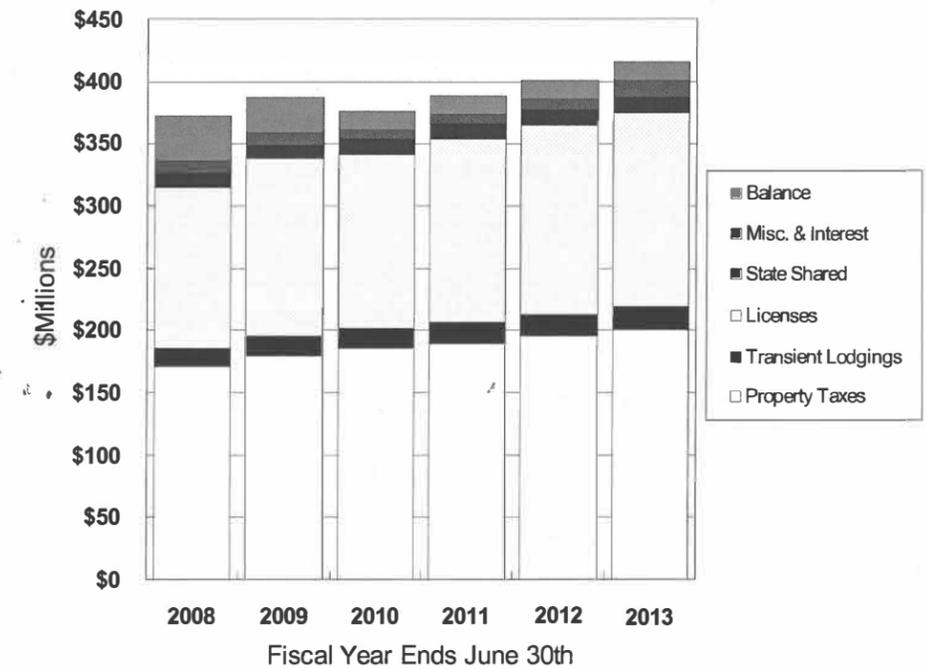
Utility license and franchise fees are expected to grow about 2.5% per year. Growth in this category remains constrained by water and sewer utility license revenues, which remain fixed at about \$16.9 million as a result of previous Council action. Revenues are to stay at this level until such time as a 5% tax rate produces revenues in excess of about \$17.0 million. No new revenues are expected until at least FY 2011-12. Other utility license and franchise fee revenues are growing more slowly, particularly in the energy sector where recent electric and natural gas rate decreases have cut into expected growth.

Cigarette and Liquor Taxes

Cigarette and liquor taxes distributed by the state are expected to grow by about 3%, with growth concentrated in liquor distributions. Cigarette tax revenues continue to stagnate at the \$1 million level.

The figure below summarizes the current five-year revenue forecast as of late March. Average annual revenue growth is projected at about 3.6%. Budget-to-budget revenue growth is currently forecast to be about 7.3%. Again, the critical forecast assumption is a mild recession with recovery taking hold sometime late in calendar year 2008.

Figure 11: Forecast Discretionary Resources



Financial Forecast Results

A much slower regional economy and national economic recession are the key factors driving the current financial forecast. At the margin, growth in the two basic cyclical revenues (business license and transient lodging tax revenues) are expected to flatten out over the next one to two years compared to previous forecasts.

The December 2007 financial forecast showed that:

- ◆ Sufficient resources would be available in FY 2008-09 to fund estimated General Fund CAL requirements, with an excess estimated of \$34.4 million. The December financial forecast broke the excess out into \$7.8 million in ongoing resources with the remaining \$26.5 million in one-time resources.
- ◆ Steadily declining amounts of one-time resources are likely to be available to Council through FY 2011-12.

This outcome was also partially the result of weaker healthcare benefits cost increases forecast for FY 2008-09 by AON, the City's health benefits consultant.

The December financial forecast was updated in early March and showed a deterioration in forecast revenues along with an increase in the expected compensation set-aside. The December forecast assumed a 3.3% cost of living adjustment (COLA) but the actual increase in the Portland-Salem Consumer Price Index-Wages (CPI-W) was 3.8%. Thus, in the March financial forecast update, expected requirements increased while forecast revenues were revised downward by about \$3.1 million.

Estimated ongoing requirements were about \$1.5 million higher due principally to the higher than expected CPI-W COLA number.

The revised March financial forecast showed ongoing resources available for the FY 2008-09 budget process, declining from \$7.8 million to \$5 million, while one-time resources available increased from \$26.5 million to \$28.2 million.

The March forecast has been updated to include General Fund financial results for FY 2007-08 through the end of accounting period 11. The discretionary beginning fund balance estimate has been increased to \$31.6 million. A small technical revenue adjustment also increased estimated revenues by about \$1.3 million net. These two changes brought March forecast discretionary resources up to \$391.5 million.

Five-Year General Fund Financial Plan

The Council takes a five-year approach to balancing the budget, although the budget itself is the first year of Council's five-year financial plan, ensuring that the long-range impact of major decisions is considered in developing the budget. This is even more important under current conditions, because Council's budget process will add requirements to ongoing program requirements.

Council Approach to Balancing the General Fund

As the financial forecast presently stands, Council's Adopted Budget balances the General Fund well above current FY 2008-09 ongoing CAL levels and ensures that requirements are in line with resources for the duration of the five-year financial forecast. A comparison of the financial forecast with Council's Adopted Budget shows that ongoing program funding has increased by about \$5 million. One-time funding in bureau budgets total about \$24.9 million. Council set-asides include additional one-time budgets. The figure below details the five-year financial plan. One outcome of "making room" for increases in health benefits costs is that the forecast still shows the availability of significant amounts of one-time resources in subsequent budget cycles. FY 2009-10 one-time resources are currently estimated at \$5.5 million, while in FY 2010-11 about \$5.2 million of one-time resources are still forecast to be available.

Figure 12: Five-Year Financial Plan

ITEM	2009	2010	2011	2012	2013
Resources	\$391,489,096	\$376,480,083	\$388,016,440	\$400,468,855	\$411,201,312
Transfer In From					
General Reserve Fund	\$0	\$0	\$0	\$0	\$3,814,934
Total Resources	\$391,489,096	\$376,480,083	\$388,016,440	\$400,468,855	\$415,016,246
Requirements					
Bureaus & Programs	\$310,003,790	\$334,774,778	\$348,970,042	\$363,974,286	\$379,285,510
One-Time Projects	\$24,994,766	\$5,449,678	\$5,225,519	\$2,026,822	\$200,000
Council Set-Asides	\$56,490,541	\$36,255,627	\$33,820,879	\$34,467,746	\$35,530,736
Total Requirements	\$391,489,096	\$376,480,083	\$388,016,441	\$400,468,855	\$415,016,246
Difference-GAP	\$0	\$0	\$0	\$0	\$0
Reserve Fund, Percent	10.8%	10.5%	10.6%	10.7%	10.1%

Uncertainties

The Council's Adopted Budget and financial plan balance the General Fund for the life of the five-year forecast. There are likely to be significant amounts of one-time money available over the next two budget cycles. This will provide the Mayor and Council with more flexibility in meeting future financial uncertainties that include:

- ◆ The current financial forecast and proposed five-year plan assume that projected increases in healthcare funding are resolved through implementation of the 95% employer and 5% employee cost sharing solution. This plan commits the City to paying 95% of expected health benefits premiums. There are two primary uncertainties. First, healthcare funding and premium cost projections are current best-estimate forecasts, and there could easily be a large, unfavorable shift in the numbers. Second, the City has secured this solution through labor contract negotiations. Current labor contracts do not run for the life of the forecast. A higher-cost alternative could result from out-year labor contract negotiations.
- ◆ Local economic conditions appear to be deteriorating and at the national level a recession is probably underway. The national economy is registering a rising unemployment rate as well as year-over-year job losses. This forecast is critically dependent on the assumption that the developing recession is relatively short and shallow; longer or deeper recession would mean a sharp downturn in business license and transient lodging revenues.
- ◆ Business license revenues are now collected and booked net of refunds and after adjustment for credits. Credit adjustments can either increase or decrease net revenues. As a result of this change, this revenue stream will tend to be more volatile. Forecasts will tend to be less accurate than in the recent past because there is still little historical data available to generate forecasts on a net revenue concept.
- ◆ Both the Parks and Children's local option levies expired at the end of FY 2007-08. Council's Adopted Budget and five-year financial plan includes a second \$2.7 million ongoing increase to Parks' FY 2010-11 CAL target; this completes the backfill of the ongoing programs funded by the soon-to-be expired Parks local option levy.

Forecast Risks

The principal risk to Council's Adopted Budget and five-year financial plan is emergence of recession conditions amid higher inflation. As this is being written, oil prices are hovering around the \$140 per barrel mark. The persistence of much higher energy costs has slowed the economy and reignited inflation. Financial markets are still beset by the fallout from the subprime mortgage crisis which has developed into a much more extensive and widespread financial crisis. These kinds of conditions can easily morph into a longer, deeper recession. Subsequent revenue forecasts could show lower revenues, making it difficult for Council to fund the higher service levels found in the FY 2008-09 Adopted Budget.

The second risk revolves around future labor contract negotiations. Current labor contracts only run to the middle of this five-year forecast horizon. The current financial forecast and Council's Adopted Budget assumes consumer price index (CPI) COLA and continuation of "95/5" health benefits premium sharing. Labor contracts in excess of CPI growth upset the forecast.

FINANCIAL OUTLOOK—MAJOR FUNDS

In addition to the General Fund, the Financial Overview includes the outlook for the City's other major funds: the Sewer System Operating Fund, the Transportation Operating Fund, and the Water Fund. The following table shows the actual expenditures or budgets for the General Fund, the three other major funds, and the sum of all other funds for FY 2006-07, FY 2007-08, and FY 2008-09.

None of the major funds budget an unappropriated ending balance; each of the funds manages its reserves differently. The General Fund's 10% reserves are maintained in the General Reserve Fund. For the Bureau of Environmental Services, the combined ending fund balances of the Sewer System Operating Fund and the (BES) Sewer System Rate Stabilization Fund must be equal to or greater than 10% of each year's operating expenses,

as defined by bond covenants. BES generally maintains 1% reserves in contingency in its operating fund and 9% in its rate stabilization fund. The Office of Transportation maintains a Transportation Reserve Fund but has been unable to fund it at the desired 10% level of discretionary revenues; the FY 2008-09 level is 2.29%. The Water Bureau's policy is to keep a minimum of \$12 million in operating reserves in Water Fund contingency, representing about 45 days of operating budget expenditures, and a further minimum of \$5 million in Water Construction Fund contingency. Water's actual financial reserves at any point are typically larger than these amounts, and vary with the timing of bond sales, the dates for scheduled debt service payments, season of the year, weather, and other factors.

Five-year financial plans are prepared by each of the City's major non-General Fund bureaus. These financial plans provide a multi-year framework within which revenues, expenditures, and capital financing options are presented. This multi-year perspective 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.

The FY 2008-09 budget is based upon bureaus' financial plans which were developed using information available through December 2007. The following is a brief overview of the updated financial outlook for the City's three major non-General Fund bureaus. For each fund, the chart shows total fund expenditures.

Figure 13: Summary of Major Funds

	General Fund	Sewer System Operating Fund	Transportation Operating Fund	Water Fund	All Other Funds
FY 2006-07 Actual					
Beginning Balance	\$ 70,212,844	\$ 25,478,156	\$ 29,471,441	\$ 28,268,859	\$ 618,636,581
External Revenues	363,367,439	235,165,839	133,259,055	88,358,328	\$ 989,034,460
Internal Revenues	104,082,013	183,251,029	66,117,333	64,439,689	\$ 331,340,247
Total Resources	537,662,296	443,895,024	228,847,829	181,066,876	1,939,011,288
Bureau Expenses	408,485,829	257,182,721	175,136,906	104,157,272	493,417,348
Fund-level Expenses	47,518,386	140,314,525	31,905,285	43,395,801	899,255,600
Ending Fund Balance	81,658,081	46,397,778	21,805,638	33,513,803	546,338,340
Total Requirements	537,662,296	443,895,024	228,847,829	181,066,876	1,939,011,288
FY 2007-08 Revised Budget					
Beginning Balance	\$ 65,143,399	\$ 31,202,272	\$ 18,336,450	\$ 27,745,488	\$ 475,105,604
External Revenues	354,589,037	210,723,399	124,523,695	95,306,507	988,605,216
Internal Revenues	105,603,353	212,863,261	48,857,044	61,989,066	358,844,006
Total Resources	525,335,789	454,788,932	191,717,189	185,041,061	1,822,554,826
Bureau Expenses	455,960,566	289,146,431	166,848,601	125,650,955	684,903,008
Fund-level Expenses	56,226,876	144,717,392	13,316,300	41,593,193	668,559,381
Contingency	13,148,347	20,925,109	11,552,288	17,796,913	366,061,950
Ending Fund Balance	-	-	-	-	103,030,487
Total Requirements	525,335,789	454,788,932	191,717,189	185,041,061	1,822,554,826
FY 2008-09 Adopted Budget					
Beginning Balance	\$ 42,632,005	\$ 27,000,000	\$ 33,407,180	\$ 28,724,429	\$ 620,814,301
External Revenues	385,460,366	227,723,496	134,822,318	97,950,200	844,863,523
Internal Revenues	103,079,200	205,712,510	76,286,856	70,420,134	364,745,656
Total Resources	531,171,571	460,436,006	244,516,354	197,094,763	1,830,423,480
Bureau Expenses	461,795,332	279,390,195	203,897,370	129,098,999	692,129,005
Fund-level Expenses	52,122,439	150,076,319	13,025,443	42,581,159	710,436,492
Contingency	17,253,800	30,969,492	27,593,541	25,414,605	348,146,955
Ending Fund Balance	-	-	-	-	79,711,028
Total Requirements	531,171,571	460,436,006	244,516,354	197,094,763	1,830,423,480

Bureau of Environmental Services

Bureau of Environmental Services (BES) operating programs continue to emphasize water quality through efforts at pollution prevention,

analytical services, drainage system maintenance, and watershed improvement programs. Capital costs continue to be the prime driver behind forecast rate increases. The largest category of capital improvement costs is the combined sewer overflow (CSO) program, followed by maintenance and reliability projects, and surface water management projects.

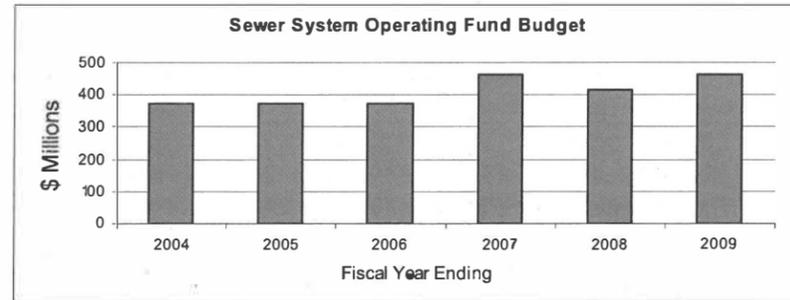
BES's estimated annual revenue requirement increases \$55.6 million over the forecast period. The five-year financial plan forecasts an increase of 5.75% in the average single-family sewer and stormwater bill for FY 2008-09 from \$47.79 to \$50.18, due to favorable bond rates and lower-than-anticipated participation in the Clean River Rewards stormwater discount program.

Operating Plan: Five-year operating budget reductions are projected for the Portland Harbor Superfund program, electrical savings at the Swan Island pump station and from a new co-generation plant at the Columbia Boulevard Treatment Plant, and from the Clean River Rewards program. Five-year increases to the operating budget include addition of a second sewer spot liner crew and associated equipment, increased CSO flows, improvements for asset management, resources to reduce the City's stormwater footprint and enhance watershed health, the enterprise business solution project, PERS and health costs, and insurance.

Capital Plan: CIP expenditures are projected to total \$649 million over the forecast interval (including inflation). The pattern of expenditures is influenced primarily by the timing of the Eastside CSO project. These expenditures are funded by sewer system revenue bonds, but also include substantial cash contributions (\$55 million over the five-year forecast interval) made possible by coverage requirements on sewer system revenue bonds.

Annual Operating and CIP Budgets: The BES operating budget for FY 2008-09 is \$237.4 million including expenditures of \$96.9 million for operating programs, \$5.2 million for General Fund overhead, \$12.8 million for utility license fees, \$121.2 million for debt payments to provide resources for the capital program and \$6.2 million for other items.

The capital budget for FY 2008-09 is \$188 million including expenditures of \$139.1 million for the CSO program, \$25.2 million for system maintenance and reliability, \$6.8 million for treatment systems, \$6.7 million for systems development, and \$10.2 million for surface water management projects.



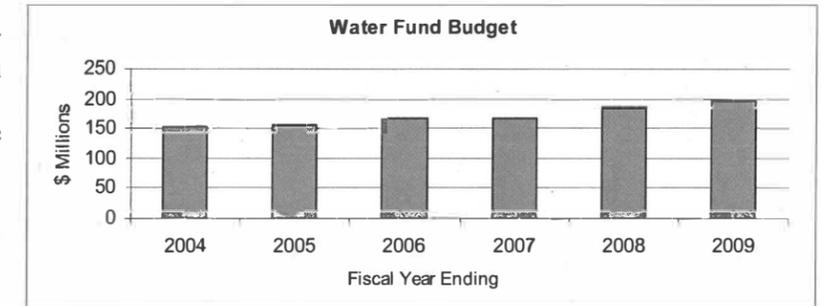
Water Bureau

The preliminary financial plan for the Water Bureau projected an average retail rate increase of 8.6% in FY 2008-09; the increase was approved by City Council. The factors

contributing to the FY 2008-09 retail rate increase include a reserve fund set-aside for a potential Long Term 2 Enhanced Surface Water Treatment Rule (LT2) compliance mandate, higher than anticipated levels of completion of capital improvement plan projects, the FY 2008-09 decision package requests, lower retail water demand, and higher inflation. These rates were then offset by a combination of changes in financing strategies, accounting methodology, and expenditure discounts resulting in a 8.6% rate increase for FY 2008-09, and proposed rates of 9.5% in FY 2009-10, 10.5% in FY 2010-11, and 8.5% in both fiscal years 2011-12 and 2012-13. The average single-family residential water bill will experience a total bill increase of approximately 8.1%.

Operating Budget: The operating budget of \$70.7 million for FY 2008-09 is an increase of \$3.8 million from the FY 2007-08 Revised Budget of \$66.9 million.

Capital Budget: The FY 2008-09 CIP budget of \$58.9 million reflects an increase of \$2.1 million from the FY 2007-08 Revised Budget. The increase in FY 2008-09 is largely due to revising the schedule for the security and maintenance work on the Mt. Tabor and Washington Park uncovered reservoirs (\$9.3 million), as well as the large projects of Sandy River Conduit Crossing (\$3.9 million), Bull Run Dam 2 Tower Improvements (\$2.0 million), and Conduit Trestles Improvements (\$4.3 million).

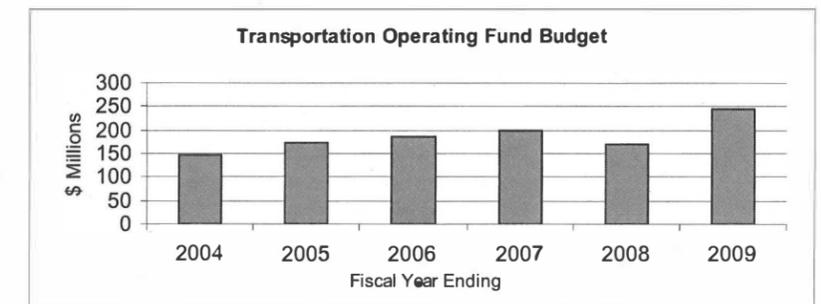


Office of Transportation

The Office of Transportation's five-year financial plan continues to exhibit imbalance between costs to maintain current service levels and anticipated general

transportation revenues (GTR). In the most recent financial forecast, the funding gap is projected to increase to an estimated cumulative total of \$11.3 million in FY 2012-13. In FY 2008-09, the bureau will receive \$2.8 million in General Fund one-time resources to partially address the projected funding gap, \$6 million for streetlight operations and maintenance, and \$5.2 million for various traffic safety and light rail improvements.

Total Budget: The FY 2008-09 Adopted Budget is \$244.5 million, reflecting a 27.5% increase over the FY 2007-08 Revised Budget. The increase is attributed to changes in the bureau's capital program.



Capital Budget: The capital budget is approximately \$96.5 million, of which \$5.8 million or 6% is funded by GTR. The remaining 94% of the capital budget is funded by grants, system development charges, permit fees, contracts, and the General Fund. The capital budget is significantly higher than previous years due to \$33.6 million budgeted for the eastside streetcar extension and \$8 million for the purchase of streetcar vehicles.

CITY DEBT MANAGEMENT

The City of Portland issues a variety of debt instruments to raise capital for construction projects, for the acquisition of equipment and facilities, and to refinance existing debt. Most of the City's debt is rated by one or more national rating agencies, including Moody's Investors Service and Standard & Poor's Corporation. Bond ratings are based on an independent analysis by financial market professionals and indicate the credit-worthiness of City's debt obligations. "Aaa" is the highest possible rating, and is based on analysis of four basic factors: economic condition, debt load, financial condition, and overall management of the City. Since 1973, the City's unlimited tax general obligation debt has been rated "Aaa" by Moody's. The City's various revenue bonds are rated between "A1" and "Aa1" by Moody's and "AA-" by Standard & Poor's.

Definition	Standard		
	Moody's	& Poor's	Fitch
<i>Prime, Maximum Safety</i> Highest rating assigned Very strong	Aaa	AAA	AAA
<i>High Grade, High Quality</i> Very strong security. Only slightly below best rating.	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
<i>Upper Medium Grade</i> Average security but more subject to adverse financial and economic developments	A1	A+	A+
	A2	A	A
	A3	A-	A-
<i>Lower Medium Grade</i> Adequate capacity to secure debt. Adverse developments may affect ability to meet debt service requirements.	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<i>Non-Investment Grade - Speculative</i>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
<i>Highly Speculative</i>	B1	B+	B+
	B2	B	B
	B3	B-	B-
<i>Substantial Risk - In Poor Standing</i>	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
<i>Extremely Speculative</i> May be in default	Ca	--	--
	C	--	--

The City's debt management policies prescribe the circumstances under which the City may refinance outstanding debt:

- ◆ Advance refundings, where the refunding bonds are issued more than 90 days before the redemption date of the refunded bonds
- ◆ Current refundings, where the refunding bonds are issued less than 90 days before the redemption date of the refunded bonds
- ◆ Debt restructurings

Advance Refundings: In order to reissue advance refunding bonds, the City must determine that the refunding is advantageous, legally permissible, and prudent, and that net present value savings equal at least 5% of the proceeds of the refunding bonds. Exceptions to this policy can be made with the approval of the Debt Manager and the Director of the Bureau of Financial Services. Notwithstanding City policy, Oregon law requires that advance

refunding bonds issued for the purpose of obtaining debt service savings, must attain present value savings of at least 3% of the proceeds of the bonds.

Current Refundings: The City may issue current refunding bonds, as defined for federal tax law purposes, when advantageous, legally permissible, and prudent, and when net present value savings equal or exceed \$100,000.

Debt Restructuring: The City may choose to refund outstanding indebtedness when existing bond covenants or other financial structures impinge on prudent and sound financial management. Savings requirements for current or advance refundings undertaken to restructure debt may be waived by the Debt Manager and the Chief Administrative Officer if such a restructuring is in the City's overall best financial interests.

The following is a brief summary of the City's existing debt and debt instruments, projected as of June 30, 2008.

General Obligation (GO) Debt

General Obligation (G.O.) debt is backed by the full faith and credit and unlimited taxing power of the City. Under current Oregon law, all general obligation debt (except for refunding bonds) must be approved by the voters. The City's outstanding GO debt includes:

- ◆ \$56.8 million in voter-approved general obligation bonds for park system improvements and emergency facilities improvements
- ◆ \$4.6 million in general obligation water bonds; these bonds are repaid from water user charges, but are secondarily backed by the City's general obligation pledge

Revenue Bonds

Revenue bonds are secured by, and payable from, specifically pledged revenue sources such as water or sewer user fees. The City's outstanding revenue bonds include:

- ◆ \$1.4 billion in sewer system revenue bonds
- ◆ \$308.3 million in urban renewal bonds
- ◆ \$195.4 million in water revenue bonds
- ◆ \$18.6 million in hydropower revenue bonds
- ◆ \$5.4 million in gas tax revenue bonds
- ◆ \$3.6 million in parking revenue bonds
- ◆ \$3.5 million in golf revenue bonds

General Fund-Backed Debt

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

- ◆ \$293.5 million in limited tax pension obligation bonds, of which approximately \$109 million is attributed to General Fund bureaus and approximately \$184.6 to non-General Fund bureaus
- ◆ \$125.1 million in limited tax revenue bonds for the Convention Center Expansion project (\$95 million), Civic Stadium (PGE Park) Improvement project (\$28.5 million), and Portland Center for Performing Arts improvements (\$1.6 million). The City has issued these bonds as part of an intergovernmental agreement known as the Visitor Development Initiative. While ultimately secured by the General Fund, these bonds are expected to be repaid with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax levied by Multnomah County.
- ◆ \$84.2 million in limited tax revenue bonds for building improvements and equipment acquisition

- ◆ \$23 million in arena limited tax revenue bonds. Proceeds of these bonds were used to refund bonds originally issued to finance certain public improvements relating to the Oregon Arena Project. These arena limited tax revenue refunding bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.
- ◆ \$23 million in limited tax revenue bonds issued to fund the Portland Streetcar project. These bonds are expected to be repaid from parking revenues, but are additionally secured by the General Fund.
- ◆ \$150.8 million in urban renewal lines of credit. It is expected these interim financing obligations will be retired with the proceeds of long-term tax increment bonds.
- ◆ \$20.6 million in limited tax housing revenue bonds
- ◆ \$49.5 million in limited tax improvement bonds
- ◆ \$17.1 million in lines of credit used to provide short-term and interim financing for local improvement district projects, the Children's Receiving Center, Parks land acquisition, and transportation projects.

Debt Limitation

Under Oregon law (ORS 287.004), the City's general obligation debt limit is equal to 3% of the City's real market valuation (\$84.3 billion), or about \$2.5 billion. Certain self-supporting bonds are exempted from this limitation. Currently the City has \$56.8 million outstanding in general obligation debt that is subject to the debt limitation.

Figure 14: Debt Limitation Criteria

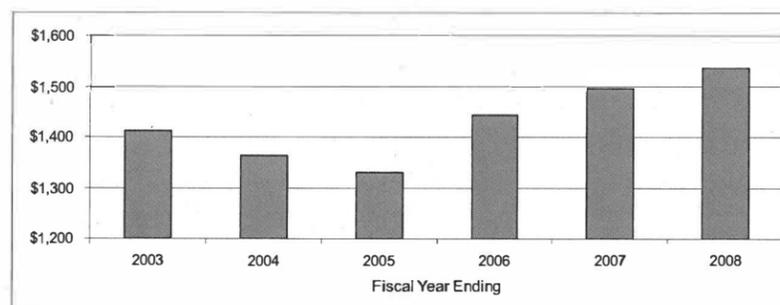
Criteria	Limit
FY 2007-08 Real Market Value	\$84,290,979,378
3% of Real Market Value	\$2,528,729,381
City outstanding debt subject to limit	\$56,770,000
Percent of limitation outstanding	2.25%
Debt margin	\$2,471,959,381

The figure below displays gross bonded debt per capita. Included in these figures are the City's outstanding general obligation bonds, limited tax improvement bonds, limited tax revenue bonds, and General Fund-backed lines of credit.

Figure 15: Gross Bonded Debt per Capita

In FY 2007-08 the City issued three series of refunding bonds to take advantage of lower interest rates and reduce the cost of the City's outstanding debt.

The City issued the First Lien Sewer System Revenue Refunding Bonds, 2008 Series A to refund the outstanding Sewer System Revenue Bonds, 1998 Series A and the City issued the Second Lien Sewer System Revenue Refunding Bonds, 2008 Series B to refund the outstanding Second Lien Sewer System Revenue Bonds, 2003 Series B. The City also issued the



Limited Tax Revenue Refunding Bonds, 2008 Series A (Development Services Building) to refund the outstanding Limited Tax Revenue Bonds, 1998 Series A.

In addition to the refunding bonds, the City issued about \$28.8 million in Limited Tax Revenue Bonds to fund the Portland Mall Revitalization Project (\$16.9 million) and the Archives Space Acquisition Project (\$11.9 million). The City also issued Downtown Waterfront Urban Renewal and Redevelopment Bonds to fund improvements in the Downtown Waterfront urban renewal area.

In FY 2007-08, the City borrowed approximately \$45.4 million on various lines of credit and state loans to fund capital projects including clean water, local improvement, urban renewal, home-ownership, and transportation projects.

Anticipated Debt Issuance in FY 2008-09

The City anticipates issuing the following debt obligations during FY 2008-09:

- ◆ \$80 million in Water System Revenue Bonds to finance improvements to the water system.
- ◆ \$26 million in Limited Tax Revenue Bonds to finance costs of the police traffic division relocation.
- ◆ \$30 million in urban renewal bonds for the River District urban renewal area
- ◆ \$60 million in urban renewal bonds for the South Park Blocks urban renewal area
- ◆ \$25 million in urban renewal bonds for the Interstate Corridor urban renewal area
- ◆ \$15 million in general obligation bonds for upgrades and improvements to emergency facilities
- ◆ \$8 million in limited tax improvement bonds to finance assessments

The City will likely incur additional indebtedness during FY 2008-09 for other capital needs. The amounts and specific types of debt instruments to be issued will be determined throughout the fiscal year.

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.

	Actual FY 2006-07	Revised FY 2007-08	Adopted FY 2008-09
RESOURCES			
External Revenues			
Taxes	372,348,520	393,870,640	397,253,920
Licenses and Permits	163,573,392	154,544,827	167,379,164
Service Charges	452,785,122	443,388,369	464,786,052
Federal Sources	50,181,340	51,939,271	64,498,753
State Sources	63,853,776	54,777,378	65,949,868
Local Sources	74,990,162	71,350,221	100,232,390
Miscellaneous	84,577,945	95,973,932	75,788,687
Debt Proceeds	546,874,864	507,903,216	354,931,069
Total External Revenues	1,809,185,121	1,773,747,854	1,690,819,903
Transfers from Other Funds			
Service Reimbursements	189,147,290	209,823,663	209,302,278
Cash Transfers	560,083,021	578,333,067	610,942,078
Total Transfers from Other Funds	749,230,311	788,156,730	820,244,356
Beginning Fund Balances	772,067,881	617,533,213	752,577,915
Total Budget	3,330,483,313	3,179,437,797	3,263,642,174
Less Interfund Transfers and Tax Anticipation Notes	(749,230,311)	(811,796,730)	(850,244,356)
TOTAL NET BUDGET	\$ 2,581,253,002	\$ 2,367,641,067	\$ 2,413,397,818
REQUIREMENTS			
Bureau Expenses			
Personal Services	484,615,546	523,382,388	546,279,689
External Materials & Services	517,975,873	696,627,336	680,487,717
Internal Materials & Services	189,147,290	209,823,663	209,302,278
Capital Outlay	246,641,367	292,676,174	330,241,217
Total Bureau Expenses	1,438,380,076	1,722,509,561	1,766,310,901
Fund-Level Expenses			
Debt Service	602,306,576	346,080,075	357,299,774
Fund-Level Cash Transfers	543,574,139	558,424,421	587,979,135
General Fund Overhead	16,508,882	19,908,646	22,962,943
Contingency	0	429,484,607	449,378,393
Total Fund-Level Expenses	1,162,389,597	1,353,897,749	1,417,620,245
Total Appropriated Budget	2,600,769,673	3,076,407,310	3,183,931,146
Unappropriated Ending Balance	729,713,640	103,030,487	79,711,028
Total Budget	3,330,483,313	3,179,437,797	3,263,642,174
Less Interfund Transfers and Tax Anticipation Notes	(749,230,311)	(811,796,730)	(850,244,356)
TOTAL NET BUDGET	\$ 2,581,253,002	\$ 2,367,641,067	\$ 2,413,397,818

Appropriation Schedule – FY 2008-09

TABLE 2

This table summarizes the major categories of expenditures, including fund-level expenses, by fund and by bureau. It does not include unappropriated ending balance.

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
GENERAL FUND					
Bureau of Housing and Community Development	16,342,840	0	0	0	16,342,840
Bureau of Planning	11,786,657	0	0	0	11,786,657
Bureau of Police	152,975,376	0	0	0	152,975,376
Commissioner of Public Affairs	2,943,449	0	0	0	2,943,449
Commissioner of Public Safety	715,998	0	0	0	715,998
Commissioner of Public Utilities	851,936	0	0	0	851,936
Commissioner of Public Works	769,829	0	0	0	769,829
Office of Cable Communications & Franchise Management	2,013,772	0	0	0	2,013,772
Office of the City Attorney	7,811,310	0	0	0	7,811,310
Office of the City Auditor	8,075,114	0	0	0	8,075,114
Office of Government Relations	1,157,089	0	0	0	1,157,089
Office of Human Relations	647,250	0	0	0	647,250
Office of Management & Finance	29,111,711	0	0	0	29,111,711
Office of the Mayor	2,905,312	0	0	0	2,905,312
Office of Neighborhood Involvement	7,296,571	0	0	0	7,296,571
Office of Sustainable Development	2,904,697	0	0	0	2,904,697
Citywide Projects Division	25,824,904	0	0	0	25,824,904
Revenue Bureau	9,992,468	0	0	0	9,992,468
Portland Fire & Rescue	87,610,332	0	0	0	87,610,332
Portland Office of Emergency Management	8,254,232	0	0	0	8,254,232
Portland Parks & Recreation	58,144,597	0	0	0	58,144,597
Special Appropriations	23,659,888	0	250,000	0	23,909,888
Total General Fund	461,795,332	0	250,000	0	462,045,332
Total Fund Requirements	0	17,253,800	51,872,439	0	69,126,239
TOTAL GENERAL FUND	\$ 461,795,332	\$ 17,253,800	\$ 52,122,439	\$ 0	\$ 531,171,571
OTHER MAJOR GOVERNMENT FUND					
Transportation Operating Fund	203,897,370	27,593,541	10,936,943	2,088,500	244,516,354
Total Other Major Gov't Fund	203,897,370	27,593,541	10,936,943	2,088,500	244,516,354
SPECIAL REVENUE FUNDS					
Assessment Collection Fund	206	76,771	348	0	77,325
Business License Surcharge Fund	302,420	0	1,500,831	0	1,803,251
Cable Fund	3,940,237	1,578,371	14,669	0	5,533,277
Campaign Finance Fund	997,690	865,463	341	0	1,863,494
Children's Investment Fund	11,822,752	1,000,000	25,000	0	12,847,752
Convention and Tourism Fund	3,257,253	44,609	7,393	0	3,309,255
Development Services Fund	42,782,025	3,829,573	3,124,230	0	49,735,828
Emergency Communication Fund	16,234,145	1,821,215	1,761,818	0	19,817,178
Grants Fund	420,273	0	48,090,602	0	48,510,875
General Reserve Fund	0	68,540,414	211,546	0	68,751,960
HOME Grant Fund	4,593,825	0	0	0	4,593,825
Housing and Community Development Fund	11,233,972	0	235,081	0	11,469,053
Housing Investment Fund	15,175,041	395,527	743,928	8,150,000	24,464,496
Parks Local Option Levy Fund	12,505,986	3,746,656	33,185	0	16,285,827
Portland Parks Memorial Trust Fund	898,110	1,560,006	0	0	2,458,116

Appropriation Schedule – FY 2008–09

TABLE 2

This table summarizes the major categories of expenditures, including fund-level expenses, by fund and by bureau. It does not include unappropriated ending balance.

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
Private for Hire Transportation Safety Fund	83,794	8,168	418	0	92,380
Property Management License Fund	4,502,378	0	0	0	4,502,378
Special Finance and Resource Fund	177,736,902	0	0	2,082,319	179,819,221
Transportation Reserve Fund	0	831,853	0	0	831,853
Total Special Revenue Funds	306,487,009	84,298,626	55,749,390	10,232,319	456,767,344
DEBT SERVICE FUNDS					
Airport Way Debt Service Fund	0	0	0	5,390,213	5,390,213
Bancroft Bond Interest & Sinking Fund	0	0	0	6,849,936	6,849,936
Bonded Debt Interest and Sinking Fund	0	0	0	7,891,412	7,891,412
Central Eastside Industrial District Debt Service Fund	0	0	0	4,586,858	4,586,858
Convention Center Area Debt Service Fund	0	0	0	11,183,163	11,183,163
Gas Tax Bond Redemption Fund	0	0	0	2,029,957	2,029,957
Gateway URA Debt Redemption Fund	0	0	0	2,253,300	2,253,300
Governmental Bond Redemption Fund	0	0	0	9,504,214	9,504,214
Interstate Corridor Debt Service Fund	0	0	0	9,832,359	9,832,359
Lents Town Center URA Debt Redemption Fund	0	0	0	7,449,539	7,449,539
North Macadam URA Debt Redemption Fund	0	0	0	6,737,917	6,737,917
Pension Debt Redemption Fund	136,000	0	4,000,000	23,176,929	27,312,929
River District URA Debt Redemption Fund	0	0	0	21,555,432	21,555,432
South Park Block Redemption Fund	0	0	0	7,295,971	7,295,971
Special Projects Debt Service Fund	0	0	0	6,171,703	6,171,703
Waterfront Renewal Bond Sinking Fund	822,645	0	0	10,198,420	11,021,065
Willamette Industrial URA Debt Service Fund	0	0	0	397,151	397,151
Total Debt Service Funds	958,645	0	4,000,000	142,504,474	147,463,119
CAPITAL PROJECTS FUNDS					
BFRES Facilities GO Bond Construction Fund	12,451,817	4,973,668	99,568	434,414	17,959,467
LID Construction Fund	1,476,336	4,891,266	4,628,537	1,954,250	12,950,389
Parks Capital Construction and Maintenance Fund	44,512,200	3,695,641	1,151,373	0	49,359,214
Total Capital Projects Funds	58,440,353	13,560,575	5,879,478	2,388,664	80,269,070
PERMANENT FUND					
Parks Endowment Fund	2,600	0	0	0	2,600
Total Permanent Fund	2,600	0	0	0	2,600
ENTERPRISE FUNDS					
Environmental Remediation Fund	5,514,732	1,071,725	45,769	0	6,632,226

Appropriation Schedule – FY 2008–09

TABLE 2

This table summarizes the major categories of expenditures, including fund-level expenses, by fund and by bureau. It does not include unappropriated ending balance.

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
Golf Fund	7,151,210	1,285,340	1,193,823	0	9,630,373
Golf Revenue Bond Redemption Fund	0	0	0	807,343	807,343
Hydroelectric Power Bond Redemption Fund	0	0	0	2,705,894	2,705,894
Hydroelectric Power Operating Fund	1,192,151	325,009	337,192	0	1,854,352
Hydroelectric Power Renewal and Replacement Fund	0	8,454,589	825,000	0	9,279,589
Parking Facilities Fund	11,880,766	7,202,025	4,223,325	0	23,306,116
Parking Facilities Debt Redemption Fund	0	0	0	3,071,375	3,071,375
Portland International Raceway Fund	1,598,311	491,821	84,942	274,204	2,449,278
Sewer System Construction Fund	100,000	22,184,000	196,466,000	0	218,750,000
Sewer System Debt Redemption Fund	0	0	0	121,206,330	121,206,330
Sewer System Operating Fund	279,390,195	30,969,492	149,921,674	154,645	460,436,006
Sewer System Rate Stabilization Fund	0	79,321,100	5,500,000	0	84,821,100
Solid Waste Management Fund	4,198,249	72,505	981,291	0	5,252,045
Spectator Facilities Operating Fund	2,883,516	6,202,895	172,109	5,963,931	15,222,451
Water Fund	129,098,999	25,414,605	41,456,520	1,124,639	197,094,763
Water Bond Sinking Fund	0	0	0	21,527,674	21,527,674
Water Construction Fund	0	10,677,295	71,181,961	0	81,859,256
Water Growth Impact Charge Trust Fund	0	0	1,912,526	0	1,912,526
Total Enterprise Funds	443,008,129	193,672,401	474,302,132	156,836,035	1,267,818,697
INTERNAL SERVICE FUNDS					
CityFleet Operating Fund	25,746,065	17,722,745	1,608,955	0	45,077,765
Facilities Services Operating Fund	36,869,379	15,721,956	1,491,603	6,877,857	60,960,795
Health Insurance Operating Fund	38,617,054	12,925,173	218,523	0	51,760,750
Insurance and Claims Operating Fund	9,640,122	18,191,313	437,040	0	28,268,475
Portland Police Association Health Insurance Fund	15,387	1,186,840	72,486	0	1,274,713
Printing & Distribution Services Operating Fund	7,578,153	2,222,479	471,105	0	10,271,737
Technology Services Fund	66,224,395	22,498,599	2,386,906	5,436,925	96,546,825
Workers' Compensation Self-Insurance Operating Fund	4,081,613	18,639,661	339,702	0	23,060,976
Total Internal Service Funds	188,772,168	109,108,766	7,026,320	12,314,782	317,222,036
FIDUCIARY FUNDS					
Fire & Police Disability & Retirement Fund	102,941,295	3,890,684	175,376	30,935,000	137,942,355
Fire & Police Disability & Retirement Reserve Fund	0	0	750,000	0	750,000
Fire & Police Supplemental Retirement Reserve Fund	8,000	0	0	0	8,000
Total Fiduciary Funds	102,949,295	3,890,684	925,376	30,935,000	138,700,355
TOTAL ALL FUNDS	\$1,766,310,901	\$ 449,378,393	\$ 610,942,078	\$ 357,299,774	\$ 3,183,931,146

Summary of Authorized Positions

TABLE 3

This table summarizes the number of regular permanent or limited term full-time and part-time positions authorized in each bureau or fund. Temporary part-time positions are not included.

	Actual FY 2005-06	Actual FY 2006-07	Revised FY 2007-08	Adopted FY 2008-09	Change
General Fund					
Bureau of Housing and Community Development	27.36	30.25	31.54	29.46	-2.08
Bureau of Licenses	81.07	0.00	0.00	0.00	0.00
Bureau of Planning	57.63	63.15	74.17	82.00	7.83
Bureau of Police	1,253.40	1,282.87	1,290.25	1,284.50	-5.75
Commissioner of Public Affairs	6.58	8.00	7.00	9.00	2.00
Commissioner of Public Safety	6.39	6.39	6.39	6.39	0.00
Commissioner of Public Utilities	8.67	8.50	8.50	8.50	0.00
Commissioner of Public Works	7.00	7.00	7.00	7.00	0.00
Office of Cable Communications & Franchise Management	6.80	6.80	8.80	8.80	0.00
Office of the City Attorney	46.30	47.23	52.35	52.35	0.00
Office of the City Auditor	59.07	47.91	47.50	47.50	0.00
Office of Government Relations	4.00	7.00	6.50	7.00	0.50
Office of Human Relations	0.00	0.00	0.00	4.00	4.00
Office of Management & Finance	176.19	180.52	193.92	201.77	7.85
Office of the Mayor	22.11	29.13	24.03	21.00	-3.03
Office of Neighborhood Involvement	55.24	35.71	39.50	38.15	-1.35
Office of Sustainable Development	17.70	19.64	25.46	20.60	-4.86
Citywide Projects Division	25.00	5.50	10.00	9.82	-0.18
Revenue Bureau	120.43	102.92	66.33	60.00	-6.33
Portland Fire & Rescue	712.29	735.37	755.17	756.00	0.83
Portland Office of Emergency Management	10.32	17.09	15.00	15.00	0.00
Portland Parks & Recreation	361.25	359.12	362.42	382.93	20.51
Special Appropriations	0.00	0.00	0.00	0.00	0.00
Total General Fund	3,064.80	3,000.10	3,031.83	3,051.77	19.94
Other Funds					
Bureau of Development Services	290.93	328.77	345.55	357.12	11.57
Bureau of Emergency Communications	136.33	141.25	141.17	140.00	-1.17
Bureau of Environmental Services	478.98	483.50	503.63	523.55	19.92
Campaign Finance Fund	1.00	0.00	0.00	0.00	0.00
Children's Investment Fund	3.55	3.35	2.50	3.25	0.75
Facilities Services Division	37.00	34.50	33.75	34.00	0.25
CityFleet Division	76.00	76.00	76.00	77.00	1.00
Bureau of Fire & Police Disability & Retirement	0.00	13.70	14.62	16.60	1.98
Golf Program	34.00	30.00	30.00	30.00	0.00
Health Administration	7.00	7.00	7.58	9.00	1.42
Hydroelectric Power Division	3.00	2.50	2.50	2.60	0.10
Bureau of Technology Services	200.72	219.18	227.72	230.80	3.08
Parks Capital Improvement Program	13.50	14.25	15.30	15.55	0.25
Portland International Raceway	5.00	5.00	6.00	6.00	0.00
Printing & Distribution Services Division	26.00	26.00	25.13	26.00	0.87
Office of Transportation	755.92	768.24	788.40	801.87	13.47
Risk Management Division	22.00	21.00	21.00	21.00	0.00
Solid Waste Management Fund	13.90	15.60	18.08	22.60	4.52
Water Division	486.62	657.95	664.44	666.40	1.96
Total Other Funds	2,591.45	2,847.79	2,923.37	2,983.34	59.97
TOTAL CITY	5,656.25	5,847.89	5,955.20	6,035.11	79.91

General Fund Revenues and Expenses

TABLE 4

This table summarizes the type 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 2007-08	Adopted FY 2008-09	Revised FY 2007-08	Adopted FY 2008-09
RESOURCES				
Property Taxes	171,508,684	179,974,860	171,508,684	179,974,860
Lodging Taxes	14,659,186	16,079,911	14,659,186	16,079,911
Business Licenses	64,531,784	75,705,012	64,531,784	75,705,012
Utility License Fees	64,031,616	65,810,675	64,031,616	65,810,675
Service Charges & Other	5,372,988	3,542,595	30,329,028	37,511,009
Intergovernmental	13,822,848	15,338,545	26,522,213	38,052,017
Transfers from Other Funds	2,046,066	2,465,089	88,609,879	75,406,082
Beginning Fund Balance	65,143,399	31,632,005	65,143,399	42,632,005
TOTAL GENERAL FUND RESOURCES	\$ 401,116,571	\$ 390,548,692	\$ 525,335,789	\$ 531,171,571
EXPENSES				
Bureau of Housing & Community Development	19,536,430	12,126,617	28,692,925	16,342,840
Bureau of Planning	10,632,242	9,860,027	12,234,477	11,786,657
Bureau of Police	130,782,244	135,251,568	149,976,764	152,975,376
Commissioner of Public Affairs	312,300	2,521,782	712,082	2,943,449
Commissioner of Public Safety	404,342	307,278	792,236	715,998
Commissioner of Public Utilities	317,069	316,855	816,976	851,936
Commissioner of Public Works	340,192	321,798	807,551	769,829
Office of Cable Communications & Franchise Management	2,060,929	1,815,994	2,283,847	2,013,772
Office of the City Attorney	1,991,990	1,789,361	7,643,248	7,811,310
Office of the City Auditor	3,295,194	3,677,694	6,933,555	8,075,114
Office of Government Relations	631,561	469,960	1,114,664	1,157,089
Office of Human Relations	0	647,250	0	647,250
Office of Management & Finance	17,790,726	15,152,708	58,097,154	64,929,083
Office of the Mayor	2,023,449	1,582,603	3,298,560	2,905,312
Office of Neighborhood Involvement	6,626,792	6,641,619	7,334,371	7,296,571
Office of Sustainable Development	2,553,412	1,155,845	4,970,315	2,904,697
Portland Fire & Rescue	81,359,176	81,372,040	88,866,435	87,610,332
Portland Office of Emergency Management	788,804	706,094	6,994,751	8,254,232
Portland Parks & Recreation	35,860,921	35,458,939	56,151,964	58,144,597
Special Appropriations	17,721,575	23,286,824	18,238,691	23,659,888
Total Bureau Expenses	335,029,348	334,462,856	455,960,566	461,795,332
Transfers to Other Funds	52,938,876	49,832,036	54,208,876	52,122,439
Debt Retirement	0	0	2,018,000	0
Contingency-Operating & Unforeseen	10,113,991	6,253,800	10,113,991	6,253,800
Contingency-Encumbrance Carryover	3,034,356	0	3,034,356	11,000,000
TOTAL GENERAL FUND EXPENSES	\$ 401,116,571	\$ 390,548,692	\$ 525,335,789	\$ 531,171,571

Certain minor cash transfers from General Fund bureaus are reflected in the bureau line and are excluded from Discretionary Transfers to Other Funds. These are the Parks transfer and Licenses transfer to the Governmental Bond Redemption Fund.

Operating and Capital Budget by Service Area

TABLE 5

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 service, or interfund transfers.

	Revised FY 2007-08			Adopted FY 2008-09		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Public Safety						
Bureau of Emergency Communications	16,449,597	0	16,449,597	16,234,145	0	16,234,145
Bureau of Police	149,976,764	0	149,976,764	152,975,376	0	152,975,376
Fire & Police Disability & Retirement	93,288,200	0	93,288,200	102,949,295	0	102,949,295
Portland Fire & Rescue	84,183,787	4,682,648	88,866,435	85,633,580	1,976,752	87,610,332
Portland Office of Emergency Management	6,994,751	0	6,994,751	8,254,232	0	8,254,232
Other Public Safety	11,907,702	5,325,004	17,232,706	788,145	12,438,909	13,227,054
Total Public Safety	362,800,801	10,007,652	372,808,453	366,834,773	14,415,661	381,250,434
Parks, Recreation, and Culture						
Golf	5,328,661	200,000	5,528,661	6,751,210	400,000	7,151,210
Parks Construction Fund	510,000	43,567,620	44,077,620	17,689	44,494,511	44,512,200
Parks Local Option Levy	13,904,554	0	13,904,554	12,505,986	0	12,505,986
Portland International Raceway	1,721,974	2,500,000	4,221,974	1,598,311	0	1,598,311
Portland Parks and Recreation	56,151,964	0	56,151,964	58,144,597	0	58,144,597
Spectator Facilities	2,665,182	1,345,000	4,010,182	1,922,516	961,000	2,883,516
Other Parks, Recreation, and Culture	4,445,330	0	4,445,330	5,550,446	0	5,550,446
Total Parks, Recreation, and Culture	84,727,665	47,612,620	132,340,285	86,490,755	45,855,511	132,346,266
Public Utilities						
Bureau of Environmental Services	94,066,157	195,080,274	289,146,431	91,418,195	187,972,000	279,390,195
Portland Water Bureau	70,143,279	56,752,250	126,895,529	71,394,150	58,897,000	130,291,150
Solid Waste Management	4,055,116	0	4,055,116	4,198,249	0	4,198,249
Other Public Utilities	6,996,420	0	6,996,420	5,614,732	0	5,614,732
Total Public Utilities	175,260,972	251,832,524	427,093,496	172,625,326	246,869,000	419,494,326
Community Development						
Bureau of Housing & Community Development	28,692,925	0	28,692,925	16,342,840	0	16,342,840
Bureau of Planning	12,234,477	0	12,234,477	11,786,657	0	11,786,657
Cable Fund	3,673,865	0	3,673,865	3,940,237	0	3,940,237
Children's Investment Fund	11,039,549	0	11,039,549	11,822,752	0	11,822,752
Development Services Fund	40,950,657	0	40,950,657	42,782,025	0	42,782,025
Housing & Community Development Fund	14,681,121	0	14,681,121	11,233,972	0	11,233,972
Local Improvement District Construction	1,606,584	0	1,606,584	1,476,336	0	1,476,336
Office of Cable Communications & Franchise Management	2,283,847	0	2,283,847	2,013,772	0	2,013,772
Office of Neighborhood Involvement	7,334,371	0	7,334,371	7,296,571	0	7,296,571
Office of Sustainable Development	4,970,315	0	4,970,315	2,904,697	0	2,904,697
Special Finance & Resource	169,770,170	0	169,770,170	177,736,902	0	177,736,902
Other Community Development	33,756,118	0	33,756,118	33,744,850	0	33,744,850
Total Community Development	330,993,999	0	330,993,999	323,081,611	0	323,081,611
Transportation and Parking						
Office of Transportation	107,568,310	59,280,291	166,848,601	109,633,496	94,263,874	203,897,370
Parking Facilities	5,455,903	1,100,000	6,555,903	5,866,398	6,014,368	11,880,766
Private for Hire Transportation Safety	80,000	0	80,000	83,794	0	83,794
Other Transportation and Parking	200,000	0	200,000	0	0	0
Total Transportation and Parking	113,304,213	60,380,291	173,684,504	115,583,688	100,278,242	215,861,930
Legislative, Administrative, & Support Services						
Business License Surcharge	3,265,489	0	3,265,489	302,420	0	302,420

Operating and Capital Budget by Service Area

TABLE 5

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 service, or interfund transfers.

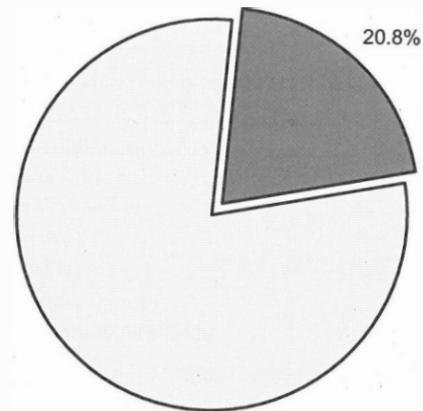
	Revised FY 2007-08			Adopted FY 2008-09		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Campaign Finance	1,898,562	0	1,898,562	997,690	0	997,690
Mayor and Commissioners' Offices	6,427,405	0	6,427,405	8,186,524	0	8,186,524
Office of the City Attorney	7,643,248	0	7,643,248	7,811,310	0	7,811,310
Office of the City Auditor	6,858,555	75,000	6,933,555	8,075,114	0	8,075,114
Office of Government Relations	1,114,664	0	1,114,664	1,157,089	0	1,157,089
Office of Human Relations	0	0	0	647,250	0	647,250
Office of Management and Finance	165,871,480	49,356,076	215,227,556	171,468,729	43,600,081	215,068,810
Other Leg, Admin, & Support Services	43,078,345	0	43,078,345	52,030,127	0	52,030,127
Total Legislative, Administrative, & Support Services	236,157,748	49,431,076	285,588,824	250,676,253	43,600,081	294,276,334
TOTAL EXPENDITURES	\$1,303,245,398	\$ 419,264,163	\$1,722,509,561	\$1,315,292,406	\$ 451,018,495	\$1,766,310,901
FUND REQUIREMENTS						
Contingency			429,484,607			449,378,393
Debt Retirement			346,080,075			357,299,774
Ending Fund Balance			103,030,487			79,711,028
GF Overhead Transfers			19,908,646			22,962,943
Other Cash Transfers			558,424,421			587,979,135
TOTAL CITY BUDGET	\$	\$	\$3,179,437,797	\$	\$	\$3,263,642,174
TOTAL NET CITY BUDGET	\$	\$	\$2,367,641,067	\$	\$	\$2,413,397,818

Public Safety

Bureau of Emergency Communications
 Portland Office of Emergency Management
 Portland Fire & Rescue
 Bureau of Fire & Police Disability & Retirement
 Bureau of Police

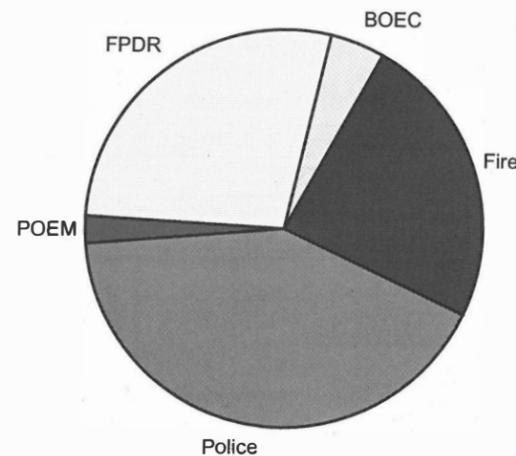
Percent of City Budget

Public Safety = \$368 Million



City Budget = \$1.77 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2007-08	Adopted FY 2008-09	Change from Prior Year	Percent Change
Operating	350,885,249	365,814,628	14,929,379	4.3%
Capital	4,682,648	2,200,752	-2,481,896	-53.0%
Total Expenditures	\$ 355,567,897	\$ 368,015,380	\$ 12,447,483	3.5%
Authorized Positions	2,216	2,212	-4.00	-0.2%

Service Area Highlights

DESCRIPTION

The Public Safety service area includes the Bureau of Emergency Communications (BOEC), the Bureau of Fire & Police Disability & Retirement (FPD&R), the Bureau of Police (PPB), Portland Fire & Rescue (PF&R), and the Portland Office of Emergency Management (POEM). These bureaus provide critical public safety services, such as police protection, fire and emergency medical response, 9-1-1 call taking, emergency dispatch, and disaster planning and response.

MAJOR THEMES

With the FY 2008-09 Adopted Budget, Council makes several large and significant investments in public safety infrastructure. Funds are appropriated to replace the backbone systems of fire and police emergency communications, the computer-aided dispatch system and the 800 MHz radio system; to replace the Portland Police Data System, used by police officers to access crime information; to replace the mobile data computers (MDCs) in police patrol cars; and to build a new, state-of-the-art emergency coordination center. However, with the exception of the MDC replacement, funds for these projects are budgeted at the internal service bureaus that will be responsible for most of the work, rather than directly at the public safety bureaus.

The FY 2008-09 public safety budget also commits resources to planning for future projects, specifically a regional public safety training center and a 3-1-1 public information system. Also notable in the public safety area are funds to implement a new contract for the Portland Firefighters Association. The terms of the new contract are expected to result in \$10.5 million in additional costs over five years, as compared with the terms of the previous contract.

Police Bureau

PPB's Adopted Budget for FY 2008-09 is nearly \$3.0 million higher than the bureau's FY 2007-08 Revised Budget. The increase is primarily attributable to the annual inflation adjustment in the General Fund allocation; however, Council also appropriated significant new General Fund resources to replace the computers in patrol cars. Major highlights of the bureau's FY 2008-09 budget are discussed below:

- Council has appropriated \$1.4 million to PPB and the Bureau of Technology Services to replace obsolete computers in patrol cars with modern laptops. In combination with the \$1.6 million available in replacement reserves, this amount will fully fund the project in FY 2008-09. The new laptops will bring a host of new efficiencies to officers in the field.
- The Service Coordination Team program targets lower-level, chronic criminal offenders for incarceration, substance abuse treatment, and housing assistance. The program was expanded to include more neighborhoods and additional drug and alcohol treatment beds in the fall 2007 budget monitoring process (BuMP). The FY 2008-09 budget fully funds the expanded program and also adds \$200,000 in overtime funds for officers to work on the program.
- Two limited term positions were added to PPB in the fall 2007 BuMP to serve as advocates for victims of sexual assault. Funding for these positions is continued in FY 2008-09.

- ◆ Council set aside \$2.0 million in General Fund contingency and the Office of Management and Finance (OMF) budget for the regional public safety training center project. Together with contributions from partner jurisdictions, these funds will be used to purchase land for the center and to continue planning in FY 2008-09.

Portland Fire & Rescue

The \$87.6 million FY 2008-09 Adopted Budget for PF&R is 1.4% less than its FY 2007-08 Revised Budget due to a reduction in grants and donations. Significant changes are:

- ◆ PF&R received \$1.5 million in ongoing appropriation, partially offset by a reduction of \$485,000 in one-time resources, to fund the terms of the new Portland Firefighters Association contract.
- ◆ As part of the Citywide budget balancing process, the FY 2008-09 Adopted Budget includes a reduction to PF&R's ongoing General Fund appropriation of \$195,444. The reduction is offset by an increase in one-time resources for the same amount in FY 2008-09. This gives the bureau one year to decide where to make the \$195,444 reduction to its budget.
- ◆ PF&R received \$304,000 in one-time funding for repairs and maintenance at the Gideon Prevention office building, the Emergency Medical Services office building, and several fire stations.
- ◆ The FY 2008-09 Adopted Budget includes \$104,000 in funding for a limited term inspector specialist position to enforce regulations pertaining to substandard buildings, nuisance rental properties, noncompliant/high-risk entertainment venues, and other dangerous buildings with a history of noncompliance.

Bureau of Emergency Communications

BOEC's FY 2008-09 Adopted Budget is \$2.2 million less than the bureau's FY 2007-08 Revised Budget, primarily due to the transfer of funds from BOEC to OMF for the computer-aided dispatch replacement project. The FY 2008-09 budget also appropriates \$100,000 in new General Fund resources to BOEC to create a 3-1-1 Implementation Plan. A 3-1-1 system would centralize and improve City response to most public inquiries.

Portland Office of Emergency Management

The FY 2008-09 budget for the POEM is \$1.3 million more than the FY 2007-08 Revised Budget. This is almost entirely because of a higher grant budget in FY 2008-09, caused by the timing of expenses for multi-year federal grants. After taking into account the annual inflation increase, POEM's General Fund allocation is essentially flat from FY 2007-08 to FY 2008-09. Two FY 2008-09 budget decisions impact POEM:

- ◆ Funding for a limited term community outreach and public information position at POEM is continued in FY 2008-09. The grant that originally supported this position expired in March 2007, and the position has been funded with one-time General Fund resources since.
- ◆ Council approved financing for an addition to the Portland Communications Center to house a new and expanded emergency coordination center and new administrative offices for POEM. Funds to cover the debt service in FY 2008-09 are included in the OMF budget.

Bureau of Fire & Police Disability & Retirement

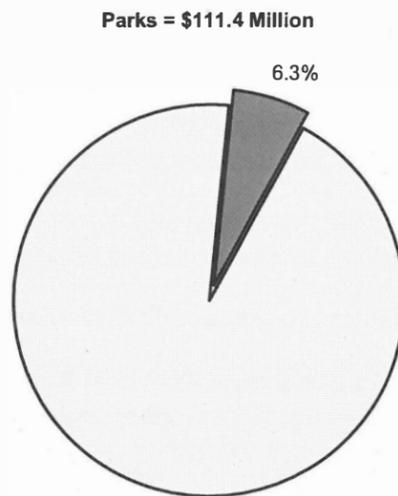
The FY 2008-09 Adopted Budget for FPDR is 10.4% higher than the FY 2007-08 Revised Budget. The increase is due both to a peak period of retirements for the Police and Fire Bureaus' sworn staff and to a City Charter change passed in November 2006 that places new sworn hires into the Oregon Public Employees Retirement System. With the Charter change, Portland begins to move from a pay-as-you-go retirement system to a prefunded one. A generation of Portland taxpayers will pay higher property taxes as contributions are made for both retirees and active employees, but future taxpayers will see lower tax rates.

FPDR is also adding a position to administer healthcare premiums for its retirees. Provisions of the Pension Protection Act of 2006 allow qualified public safety retirees to use up to \$3,000 per year from their retirement plan to pay healthcare premiums.

Parks, Recreation, and Culture

Portland Parks & Recreation

Percent of City Budget



City Budget = \$1.77 Billion

Service Area Overview

Expenditures	Revised FY 2007-08	Adopted FY 2008-09	Change from Prior Year	Percent Change
Operating	63,712,599	66,844,118	3,131,519	4.9%
Capital	46,267,620	44,562,200	-1,705,420	-3.7%
Total Expenditures	\$ 109,980,219	\$ 111,406,318	\$ 1,426,099	1.3%
Authorized Positions	414	434	20.00	4.8%

Service Area Highlights

DESCRIPTION

The Parks, Recreation, and Culture service area includes services for Parks, Golf, Portland International Raceway (PIR), and the Parks Capital Construction and Maintenance Fund.

MAJOR THEMES

Portland Parks and Recreation

Budget Changes

The FY 2008-09 Adopted Budget includes Council's decision to continue support of backfilling existing Parks Levy funding as the Parks Levy will expire in June 2008. Beginning in FY 2009-10, the \$2.7 million of General Fund resources approved in the FY 2008-09 Adopted Budget in addition to Council's previous commitment of \$2.7 million in FY 2007-08 Adopted budget, will support the Parks programs previously supported by the levy.

In addition to the levy backfill funding, the FY 2008-09 operating budget includes more than \$2 million of resources in the following areas:

- ◆ Continuing enhanced teen programming
- ◆ Replacement of deteriorating fitness equipment at Matt Dishman and other community centers
- ◆ Updating the Mt. Tabor Master Plan, including the maintenance facility and nursery
- ◆ Addressing the current backlog of trail planning with a .50 FTE trail planner position
- ◆ Continuance of the "Protect the Best" program for invasive species management
- ◆ Support the Bureau of Environmental Service's Grey to Green program with a tree inspector and botanic specialists dedicated to invasive species eradication and tree policy efforts
- ◆ Continuing support of the Interstate Cultural Firehouse and Camp Ky-O-Wa

Capital Improvement Plan

PP&R CIP budget totals \$49.7 million in FY 2008-09. Of this amount \$4.4 million is supported by the City's General Fund with remaining funding derived from grants, levy funds, PDC, Metro, and other sources. Significant projects in FY 2008-09 include:

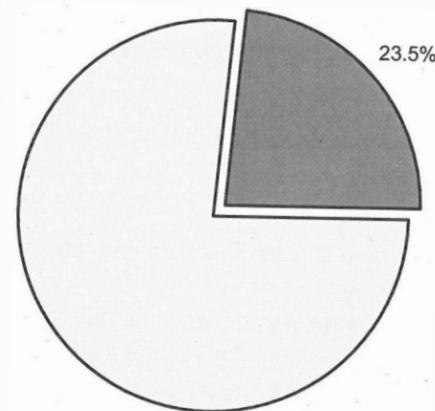
- ◆ Completion of the East Portland Community Center Pool
- ◆ University Park Community Center small gym renovation
- ◆ Completion of the Simon and Helen Director Park, previously known as South Park Block 5
- ◆ South Waterfront neighborhood park development and greenway
- ◆ Waterfront Park & Ankeny Street improvements
- ◆ Completion of Dickenson Park playground
- ◆ Marshall Park and Springwater Trail Bridges
- ◆ Riverplace Marina dock
- ◆ Pier Park lighting

Public Utilities

Bureau of Environmental Services
Water Bureau

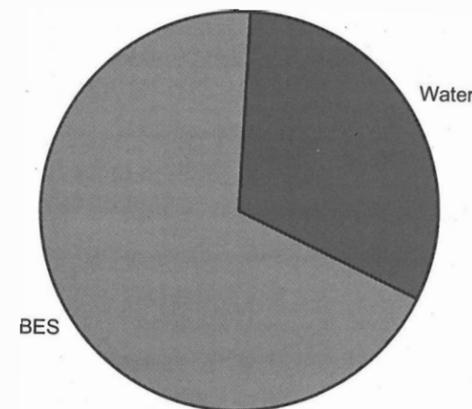
Percent of City Budget

Public Utility = \$415.2 Million



City Budget = \$1.77 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2007-08	Adopted FY 2008-09	Change from Prior Year	Percent Change
Operating	171,105,856	168,327,077	-2,778,779	-1.6%
Capital	251,832,524	246,869,000	-4,963,524	-2.0%
Total Expenditures	\$ 422,938,380	\$ 415,196,077	\$ -7,742,303	-1.8%
Authorized Positions	1,171	1,193	22.00	1.9%

Service Area Highlights

DESCRIPTION

The Public Utilities service area includes utility services provided by the City. These include water service provided by the Portland Water Bureau and sewer and stormwater management services provided by the Bureau of Environmental Services.

MAJOR THEMES

Utility Rate Increases

The Adopted Budget for FY 2008-09 includes an average effective retail rate increase of 8.6% for water service. The average single family sewer bill increase is 5.7%. The rate increase for sewer service is consistent with the planned increase. The water rate increase is higher than anticipated in the financial plan, largely due to increases in the capital program.

Portland Water Bureau

The FY 2008-09 Adopted Budget for the Water Bureau is \$129.6 million. The Water Bureau's budget consists of an operating budget of \$70.7 million (and \$1,192,151 for the Hydropower Division) and a capital budget of \$58.9 million. The operating budget increased about \$3.8 million from the FY 2007-08 Revised Budget and the capital budget increased approximately \$2.1 million.

The increase in the Capital Improvement Plan (CIP) from the FY 2007-08 Revised CIP is due in part to major CIP projects scheduled in FY 2008-09 including Downtown Transit Mall work, Conduit Vulnerability Reduction project, Sandy River Conduit Crossing, Dam 2 Tower Improvements, and LT2 Compliance.

The position count for the Water Bureau has increased by twenty positions for FY 2008-09 due to extending 11 limited term positions, adding five limited term positions for SAP data conversion, and adding four positions associated with two FY 2008-09 decision packages. The FY 2008-09 budget funds 640.5 full-time positions, 20.5 limited term positions, and 5.4 part-time positions.

Wholesale Water Contracts

Annual water sales to wholesale customers account for about 15-20% of the annual water sale revenues and about 40% of annual water demand. On June 2006, the City entered into new wholesale agreements with 13 cities and public water districts. Five of the 13 new wholesale agreements have a 10-year term, and eight new wholesale agreements have a 20-year term. Six smaller water companies signed five-year agreements with terms and provisions similar to the new wholesale agreement.

The major westside wholesale customers who signed 10-year contracts are considering the Willamette River as a future potential alternative water supply source, but any future decisions regarding selection of an alternate water supplier would not impact the City's wholesale water sales revenues until July 2016 at the earliest.

Long Term 2 Enhanced Surface Water Treatment Rule

In January 2006, the Environmental Protection Agency (EPA) issued a new drinking water rule under the Safe Drinking Water Act called the Long-Term 2 Enhanced Surface Water Treatment Rule (LT2). Compliance with LT2 would have impacts on two separate parts of Portland's water system.

First, the rule requires the City to provide additional treatment to the Bull Run water supply to either remove or inactivate Cryptosporidium. Second, the rule would require changes to how open drinking water reservoirs are managed and operated. The rule requires that water systems with uncovered finished water reservoirs, like those at Mt. Tabor Park and Washington Park, either cover the reservoirs or provide treatment at the outlets of the reservoirs to inactivate Cryptosporidium and other viruses.

In January 2005 the Portland City Council committed to pursue alternate forms of compliance for the LT2 rule. Soon after, the City met with EPA officials to encourage the agency to alter the final rule to include alternate approaches that would allow Portland to avoid building additional treatment infrastructure. When that effort failed, the City filed a legal challenge to the rule in the Washington, D.C. District Court of Appeals in early 2006. In November 2007 the court issued a decision rejecting the City's challenge and upholding the rule.

In response to the court ruling, the City is pursuing compliance strategies. Commissioner Leonard has directed the bureau to begin planning for compliance with the LT2 rule as written. In addition, Commissioner Leonard has directed the bureau to request a variance to the rule from the EPA. A variance could conceivably enable the bureau to avoid the expenses associated with building a new treatment plant or replacing open reservoirs if the City can demonstrate to the EPA that neither action is necessary. The FY 2008-09 has \$1.65 million budgeted to develop concurrent strategies in response to the LT2 Rule.

The FY 2008-09 Adopted Budget for operating and capital expenditures is \$284.9 million. This is an increase of \$30.9 million or 12.2% compared to the FY 2007-08 Adopted Budget. The increase is due to the carrying forward of nearly \$40 million of Capital Improvement Program (CIP) budget authority from the prior year to continue and accelerate Combined Sewer Overflow (CSO) abatement projects. Seventy-three percent of the CIP budget is attributable to the Eastside Tunnel project.

BES is adding 18.5 FTEs for FY 2008-09 including 8.0 FTE for the Grey to Green initiative and 6.5 FTE for improved development assistance and asset management.

Combined Sewer Overflows

The City is subject to Oregon Department of Environmental Quality (DEQ) administrative orders regarding overflows from the bureau's combined sewer and stormwater collection system. The City has agreed to eliminate CSO discharges that violate applicable water quality standards by December 1, 2011. The FY 2008-09 Adopted Budget includes \$138.1 million of CSO capital costs.

Portland Harbor Superfund

BES represents the City's interests related to the Portland Harbor Superfund site by working with DEQ to identify and reduce sources of contamination conveyed to the Willamette River via stormwater outfalls, and with other stakeholders to assess current and past land use practices within the lower-Willamette drainage basin. This information will be used over the next several years to assess the City's potential liability for cleanup activities. BES's FY 2008-09 Adopted Budget includes \$5.4 million of expenditures related to the Portland Harbor Superfund.

Bureau of Environmental Services

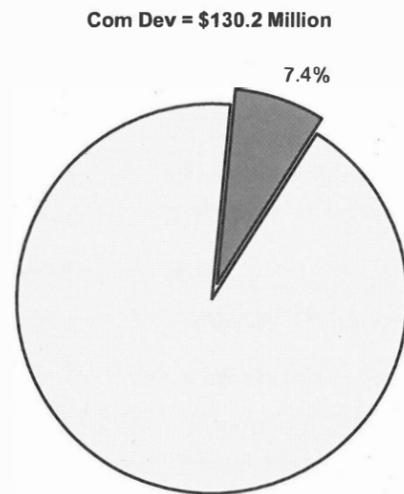
Grey to Green Watershed Initiative

This is a new initiative to protect and restore Portland's rivers and watersheds in response to City Council's vision of how Portland should reduce its stormwater footprint. The Grey to Green initiative will provide an additional \$50 million over the next five years to ensure Portland continues to grow and develop in a way that protects and enhances watershed health. The FY 2008-09 Adopted Budget includes \$5.2 million to begin implementing the five-year Grey to Green effort.

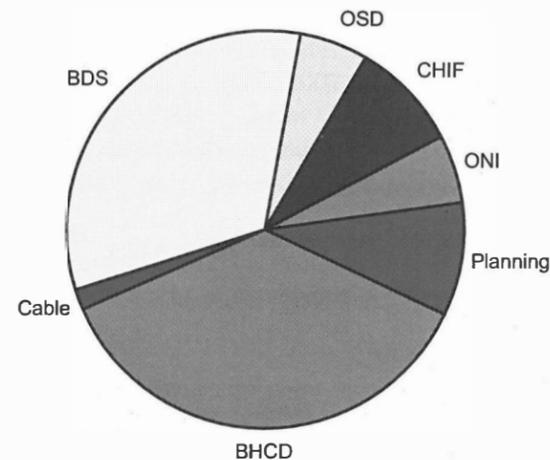
Community Development

Bureau of Housing and Community Development
 Bureau of Development Services
 Housing Investment Fund
 Children's Investment Fund
 Office of Cable Communications & Franchise Mgmt
 Office of Sustainable Development
 Office of Neighborhood Involvement
 Bureau of Planning

Percent of City Budget



Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2007-08	Adopted FY 2008-09	Change from Prior Year	Percent Change
Operating	147,196,277	130,150,401	-17,045,876	-11.6%
Capital	0	0	0	0.0%
Total Expenditures	\$ 147,196,277	\$ 130,150,401	\$ -17,045,876	-11.6%
Authorized Positions	546	562	16.00	2.9%

Service Area Highlights

DESCRIPTION

The Community Development service area includes programs in the Bureau of Development Services, Bureau of Housing and Community Development, Bureau of Planning, Office of Cable Communications and Franchise Management, Office of Neighborhood Involvement, Office of Sustainable Development, and the Children's Investment Fund.

MAJOR THEMES

Bureau of Development Services

The Bureau of Development Services (BDS) implements the City's policies, plans, and codes related to land use, building, and plumbing. The bureau ensures compliance with site-related regulations, such as erosion control, grading, and onsite stormwater treatment and disposal. BDS also enforces the zoning code, as well as structural, mechanical, plumbing, and electrical codes.

The FY 2008-09 Adopted Budget for BDS is \$40.9 million. This represents a 4.5% increase over the FY 2007-08 Revised Budget and a net addition of 11 FTE. BDS will increase fees for the following programs in FY 2008-09: Electrical (5.0%), Plumbing (5.0%), Facilities Permits (5.0%), Site Development (7.3%), Environmental Soils (5.0%), Signs (7.5%), Zoning (5%), Noise (5.0%), Neighborhood Inspections (5.0%), and Land Use Services (4.0%).

Bureau of Housing and Community Development

The Bureau of Housing and Community Development (BHCD) manages federal funds channeled to the City by the U.S. Department of Housing and Urban Development. Entitlement grants include the Community Development Block Grant (CDBG), HOME, Housing for People with AIDS, and the Emergency Shelter grant. The bureau is meeting the challenge of declining federal entitlement funds (CDBG and HOME) by analyzing each program's ability to meet strategic goals to make the most effective use of these diminishing resources.

The FY 2008-09 Adopted Budget addresses the bureau's reliance on one-time funding for ongoing programs by adding \$490,100 in ongoing support from PDC, but the remaining additional funding is with one-time resources. The budget includes several decision packages:

Two packages totalling \$3,180,990 in one-time General Fund dollars, including:

- ◆ \$255,000 in housing support services
- ◆ \$379,850 in economic opportunity initiative projects, including At-Risk Youth, Project Clean Slate and Trillium Artisans
- ◆ \$1,015,000 in rent assistance and \$829,100 in emergency shelter services
- ◆ \$343,500 for CHIERS and the Hooper facility and services
- ◆ \$250,000 for the federal benefits project
- ◆ \$40,000 for the Nines Hotel collaboration
- ◆ \$500,000 for cost of living increases to existing agencies that provide services under the bureau's three campaigns.

\$490,100 in HIF ongoing and \$1,807,200 in HIF one-time funds are allocated to further support these services:

- ◆ \$500,000 for permanent supportive housing
- ◆ \$145,800 in housing support services and \$45,000 for the Oregon Community Warehouse
- ◆ \$792,100 in rent assistance and \$490,100 in emergency shelter services
- ◆ \$284,900 for the Central City Concern - CEP III Project

\$1,209,676 in funding is transferred to BHCD to continue support for SAFE and Housing Rapid Response, two continuing cooperative efforts between BHCD and the Police Bureau.

Bureau of Planning

The Bureau of Planning helps to set goals and to create long-range plans and strategies to guide Portland's future. The bureau's efforts are focused on managing growth, promoting livability and economic health, and preserving the city's heritage and environment.

The FY 2008-09 Adopted Budget includes one-time funding to continue three major multi-year planning projects, including the Central Portland Plan, an update of the Comprehensive Plan, and Vision into Action. The budget also reflects a range of new and continued one-time planning projects and program enhancements including a limited term youth planner position to help implement the goals of the Children and Youth Bill of Rights, an urban demographer position, a plan for West Hayden Island, a Comprehensive Tree Policy, and a new sustainability program.

Cable Communications and Franchise Management

The Office of Cable Communications and Franchise Management administers utility and telecommunications franchises, protects the public's interest in cable communications, and regulates private use of telecommunications public rights-of-way. The FY 2008-09 Adopted Budget includes one-time funding for a limited time position to update and implement Utility License Fee reform, and to conduct a community needs assessment to identify and inventory communication and technology needs and interests related to cable-based communications for the communities within Portland.

Office of Neighborhood Involvement

The Office of Neighborhood Involvement (ONI) continues to coordinate efforts to make the city's neighborhoods more livable and to promote meaningful and diverse civic participation. Notable changes for FY 2008-09 include:

- ◆ A one-time allocation of \$268,000 for the Diversity and Civic Leadership Organizing Project to continue culturally-specific organizing, enhanced government collaboration with underrepresented groups, and capacity development to actively support and engage diversity
- ◆ A one-time allocation of \$31,000 to the Diversity and Civic Leadership Academy for translation services, interpretation, and child care costs to encourage underrepresented groups to participate in community meetings and events
- ◆ A \$39,912 one-time allocation for the Portland Citizens' Disability Advisory Committee to help promote civil, social, economic, political, and legal rights for persons with disabilities
- ◆ One-time resources of \$350,000 for additional coalition office staff
- ◆ One-time funding of \$30,000 to continue the Fund for Accessible Neighborhoods, which provides resources for translation, childcare, transportation, and accessibility

- ◆ One-time funds of \$278,612 for three limited term positions and associated materials and services in ONI to implement BIP #9 public involvement, to develop action plans and track effectiveness of ongoing programs, and to fund the Effective Engagement Solutions Program
- ◆ One-time funds of \$559,060 for the Mayor's Youth Violence Prevention Program to help decrease youth and gang violence. Funding is provided through an interagency with the Mayor's Office

Office of Sustainable Development

The Office of Sustainable Development (OSD) continues to pursue options to protect the City's economic, environmental, and public interest goals. OSD also oversees and regulates solid waste and recycling programs that operate within the city limits. Funding for OSD originates primarily from residential and commercial solid waste fees, grants, and charges to other bureaus. General Fund discretionary support, about \$1.2 million in FY 2008-09, represents 9.8% of OSD's total budget of \$11.8 million. OSD expects to receive at least \$300,000 from grants, contracts, and agreements, as they continue to leverage City funding with non-City sources.

The FY 2008-09 Adopted Budget includes one-time funds to support sustainable businesses. In addition, one-time funds are provided to continue the Sustainable Food Initiative as well as an enhanced effort to focus on improving the sustainability of City operations.

Children's Investment Fund

The Children's Investment Fund provides services to Portland's children with funds approved by the voters in a 2002 property tax levy. Under the terms of the ballot measure, these services are provided in three areas: early childhood, child abuse prevention and intervention, and after-school and mentoring. The ballot measure also limited the costs of administering the program to no more than 5% of expenditures.

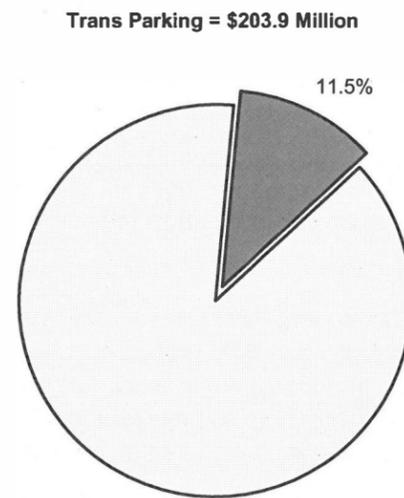
The Children's Investment Fund contracts with other local governments and nonprofit agencies to provide these services. Over 9,000 children receive assistance through programs including Head Start, health education and outreach, parent education, child care, and after-school programs that combine academic support with recreation and parent involvement. There is also a leverage fund that encourages private donations and provides matching funds to supplement these donations.

The FY 2008-09 Adopted Budget is \$14.4 million, including delinquent tax proceeds of \$236,000, interest revenue of \$345,000, and funds carried over from prior years totaling \$13.8 million.

Transportation and Parking

Office of Transportation

Percent of City Budget



City Budget = \$1.77 Billion

Service Area Overview

Expenditures	Revised FY 2007-08	Adopted FY 2008-09	Change from Prior Year	Percent Change
Operating	107,568,310	109,418,016	1,849,706	1.7%
Capital	59,280,291	94,479,354	35,199,063	59.4%
Total Expenditures	\$ 166,848,601	\$ 203,897,370	\$ 37,048,769	22.2%
Authorized Positions	788	802	14.00	1.8%

Service Area Highlights

DESCRIPTION

This service area includes the Office of Transportation (PDOT). A related service, parking facilities, is managed by the Office of Management and Finance and reported in the Legislative, Administrative, and Support service area.

The Transportation and Parking service area includes those programs that plan, build, manage, maintain, and facilitate an effective and safe transportation system and provide access and mobility throughout the city.

The Office of Transportation includes the following programs: Operations, Maintenance, Capital Improvement Program, and Business and Support Services.

PDOT provides streetlighting to all improved public streets according to City standards. Through a contract, Portland General Electric provides electricity for the street lights and maintenance for 81% of the City-owned streetlights. Transportation staff maintain about 16% of the system; the rest of the system is maintained by the Oregon Department of Transportation.

MAJOR THEMES

Portland Office of Transportation

In FY 2008-09, PDOT continues to face significant challenges in finding adequate resources to maintain a deteriorating infrastructure, to manage congestion, and to provide for a safe and reliable transportation system. In FY 2008-09, PDOT will receive \$14.1 million in General Fund discretionary: \$7.1 million ongoing for street lights, sustainability, and the Traffic Safety Account; and \$7 million one-time for Cully Blvd improvements, downtown mall extension, backfill of gas tax revenues, and other projects.

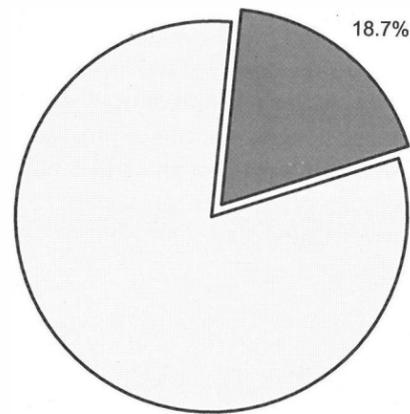
Legislative, Administrative, and Support

OMF Debt Service
 General Fund
 Office of the City Attorney
 Office of the City Auditor
 Commissioner of Public Affairs
 Commissioner of Public Safety
 Commissioner of Public Utilities

Commissioner of Public Works
 Office of Government Relations
 Office of Human Relations
 Bureau of Licenses
 Office of the Mayor
 Office of Management & Finance
 Special Appropriations

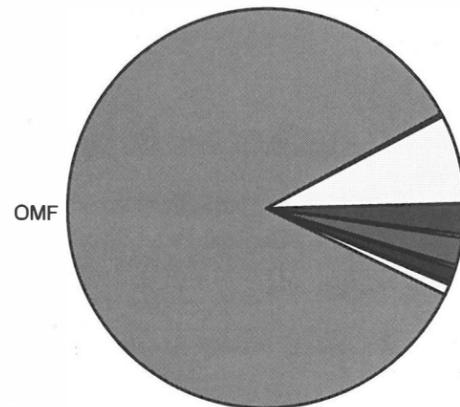
Percent of City Budget

Leg Adm = \$330.5 Million



City Budget = \$1.77 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2007-08	Adopted FY 2008-09	Change from Prior Year	Percent Change
Operating	260,473,847	264,608,429	4,134,582	1.6%
Capital	57,201,080	65,846,096	8,645,016	15.1%
Total Expenditures	\$ 317,674,927	\$ 330,454,525	\$ 12,779,598	4.0%
Authorized Positions	821	832	11.00	1.3%

Service Area Highlights

DESCRIPTION

The Legislative, Administrative, and Support service area includes the City's internal support bureaus, the offices of the Mayor, City Auditor, and Commissioners, and all Special Appropriations. The internal support bureaus are the Office of the City Attorney, the Office of Government Relations, the Office of Human Relations, and the Office of Management and Finance.

MAJOR THEMES

Attorney

The FY 2008-09 Adopted Budget for the City Attorney's Office is \$7.8 million. There are no major additions to the budget and no additional staff.

Auditor

The FY 2008-09 Adopted Budget for the Auditor's Office totals \$8.1 million, an increase of 16.5% over the FY 2007-08 Revised Budget. The Adopted Budget approves the realignment of several positions among programs as a result of workload requirements; no additional appropriation is necessary for the position changes. Additional funding will allow the Independent Police Review (IPR) program to hire a full-time, limited term Assistant IPR Director to facilitate increased monitoring of police services and more timely investigations. The Adopted Budget also includes \$20,000 to hire a consultant to produce a "bare-bones" model charter for a commission form of government.

Office of Management and Finance

The FY 2008-09 Adopted Budget for the Office of Management and Finance totals \$280.9 million. Significant budgetary actions include the funding for the Enterprise Business Solution project and the Public Safety Systems Revitalization Project in the Citywide Projects Division and the Regional Public Safety Training Center and the Emergency Coordination Center in the Facilities Services Division. Other significant budgetary items include funding for the Construction Disparity Study in the Bureau of Purchases and to extend several limited term positions, such as Labor Relations Coordinator, FMLA Coordinator, and Grants Analyst.

Special Appropriations

Special appropriations included in the FY 2008-09 Adopted Budget total \$23.9 million including fund transfers. Major items include \$3.4 million to the Regional Arts and Culture Council, \$3.5 million to the Portland Development Commission, and \$1 million for downtown services to keep downtown Portland a safe and attractive center for people and businesses.

Mayor and Commissioner Offices

The Mayor's Office extended limited term positions for the Office of Youth Violence Prevention, budget coordination, and school funding coordination. Support for some special projects that have typically been budgeted as Special Appropriations in past years are part of the FY 2007-08 Mayor's Office budget; the total for the four projects is \$525,000.

In FY 2008-09, funding for the One-Stop Domestic Violence Center of \$2,187,000 will be transferred to the Office of Commissioner of Public Affairs from the General Fund Special Appropriations.

Office of Government Relations

The FY 2008-09 Adopted Budget for the Office of Government Relations is \$1.2 million, which is a slight increase from the FY 2007-08 Adopted Budget amount of \$1.1 million.

Office of Human Relations

New in FY 2008-09 is the Office of Human Relations (OHR). The office will staff the Human Rights Commission and support the commission's work to eliminate discrimination and bigotry, to strengthen intergroup relationships, and to foster greater understanding, inclusion, and justice for those who live, work, study, worship, travel, and play in the City of Portland. OHR will also staff the Racial Profiling Committee and work to implement the recommendations of the Immigrant and Refugee Task Force. The office's Adopted Budget is \$647,250, of which \$358,955 is backed with General Fund one-time discretionary resources, and includes four positions, two of which are limited term.

Office of Management and Finance

Ken Rust, Chief Administrative Officer

Bureau of Financial Services

Jennifer Sims, Chief Financial Officer

Financial Planning Division

Casey Short, Manager

Drew Barden, City Economist
Kourosh (Ghaem) Maghami
Ingrid Fish
Nancy Hartline
Stacy Jones
Mike Johnson

Doug Le
Kezia MacAlistaire
Yung Ouyang
Jeremy Patton
Ruth Roth
Bob Tomlinson

Support Staff

Linda Rains
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Printing and Distribution Division

Collaborative team effort by staff in Printing and Distribution

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