

The City Of  
*Portland*



FISCAL YEAR 1999-2000

**ADOPTED BUDGET  
IN-BRIEF**

*City of Portland*  
**FY 1999-00 Adopted Budget**

*This document presents a brief overview of the major themes, priorities and decisions of the Adopted Budget for the Fiscal Year 1999-00. Portland's budget is published in three volumes, summarized here. The **Budget-in-Brief** presents City services by Portland's six distinct service areas and the Portland Development Commission. Another document, the **Summary Budget**, is designed as an accessible summary of the Adopted Budget, Volume One, and includes individual bureau budget information.*

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

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

Volume Two includes:

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

Volume Three includes:

- ◆ Capital Improvement Plan Project Detail

*The budget is also available on the internet at <http://www.ci.portland.or.us/finance>*

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

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

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

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

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

**Adopted Budget**  
*in Brief*  
**City of Portland, Oregon**  
**Fiscal Year 1999-00**

PROPERTY OF  
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*Mayor Vera Katz*  
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FY 1999-00 Adopted Budget in Brief

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## Budget Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the City of Portland, Oregon for its biennial budget for the biennium beginning July 1, 1998.

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 two years only. We believe this current budget document for the second year of the biennium, FY1999-00, continues to conform to program requirements.



## Budget Overview

### DECISION PROCESS

*Portland's biennial budget implements Council goals through long range strategic plans.*

Portland's budget document is a reflection of City policies, goals, and priorities. Reviewing how revenues are collected and spent, readers of the budget are actually watching policy at work. The two-year 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 citizens and leaders alike.

The City's strategic plan, Portland Future Focus, continues to provide an overall road map not just for the city, but also for its neighboring governments. It helps ensure that budgetary decisions are consistent with Portland's future vision. This strategic plan will be updated during the upcoming fiscal year.

The City's major bureaus also develop strategic plans and present five-year financial plans to assist the Council in weighing short-term decisions against long-range requirements. These plans support the City's strategic plan, Portland Future Focus. Council holds work sessions with key bureaus for purposes of further discussing short and long-term issues that need to be addressed in the budget process.

*Citizen involvement in the budget decision process is extensive.*

At the outset of the biennial budget process, the City Council convenes for purposes of reviewing overall goals and establishing priorities for the forthcoming budget process. As part of this, the Council conducts an extensive public information and survey process, titled "Your City-Your Choice", to obtain direct public input on city service priorities.

*Bureau program budgets have a long term perspective.*

The combination of these efforts to establish goals and priorities, to explore issues, and to contemplate long-range financial plans enables the Council to provide direction to the city's major bureaus prior to the submission of formal budget requests. This up front planning ensures that the each biennium budget responds to Council priorities not just for the two-year budget period, but also over the long-term.

### Council goals and priorities

The goals established by Council are:

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



**Background**

This budget represents the second year of a two-year budget as well as the second year under Measure 50 property tax limitation. Measure 50 was approved by voters in May 1997.

*Property values were rolled back in FY1996-97.*

Briefly, Measure 50 rolled property values back to 90 percent of FY1995-96 values or Real Market Value (RMV), whichever was less. These values were then adjusted by local assessors for new construction. Local government and school property tax levies were then reduced using a complex formula specified by Measure 50 and its implementing legislation.

*The General Fund permanent tax rate is \$4.5770 per \$1,000 of assessed value*

The City's tax base levy was reduced from approximately \$141.1 million to \$121.5 million for FY1997-98. The City's General Fund was given a tax rate of \$4.5770 per \$1,000 of Measure 50 assessed value. This is a fixed, permanent tax rate that was calculated using the Measure 50 reduced levy and rolled back values.

Assessed value growth is limited to 3 percent per year on existing properties plus new construction assessed value. Second year assessed value growth came in at 5.4 percent. This above average growth reflects, in part, a boom in office construction in the downtown area.

The City is planning, over the long term, on assessed value growth of about four percent per year. In good years, property tax revenue growth may exceed four percent. During bad years, revenue growth may slow to zero or may possibly be negative.

*This budget supports many policy and planning documents, such as the Portland Future Focus Strategic Plan, that promote the long-term health of the City.*

The budget supports three major comprehensive policy and planning documents. The major policy documents are the Portland Future Focus Strategic Plan, the Portland-Multnomah Benchmarks, and the Metro 2040 Regional Framework Plan.

Portland Future Focus is the comprehensive strategic plan focused on quality of life issues which has guided the City's policy making and budgetary decisions since its release in August 1991.

Portland-Multnomah Benchmarks track the City's progress in addressing performance according to six clusters: the economy; education; children and families; quality of life; governance; and public safety.

The Metro 2040 Regional Framework Plan addresses how and where growth should take place with a regional perspective rather than a limited jurisdictional perspective.

In addition to these major policy documents the City budget is guided by subordinate policies and plans which bring these overriding policy considerations down to the implementation level. Examples are the Portland Development Commission Five-Year Plan, various neighborhood and community plans, transportation planning documents, bureau specific strategic plans and five-year financial plans, and many others.

**Financial Considerations**

Even with increased understanding, we have remaining risks and unknowns which affect the construction of the Adopted Budget.

**Tax Increment Financing**

Lack of clarity on the statutes addressing tax increment financing and application of the methodology selected for each urban renewal area leaves the City with continuing uncertainty regarding resources for the urban renewal areas.

The application of the urban renewal statutes addressing tax increment financing and property taxation has been challenged in court and could result in lower tax increment resources available. Any decision on this legal challenge is not expected to take place until after the beginning of the new fiscal year. The City is prepared to adjust the budget of its urban renewal agency, the Portland Development Commission (PDC), if there is an adverse decision.

**Pension Management**

*The Fire and Police Disability and Retirement Fund (FPD&R) has an unfunded liability of \$913,000,000.*

**Fire and Policy Disability and Retirement Fund (FPD&R):** The most significant long term financial issue from the first year of the biennium budget continues to affect this year's budget, and in fact the issue has been exacerbated. The first year Budget Overview mentioned funding for the FPD&R. This remains a pay-as-you-go system with an unfunded liability as of June 30, 1998 of \$913 million.

The FPD&R funding challenge will be examined by a special group consisting of representatives from the affected unions, City administration, and private citizens.

*The Public Employees Retirement System (PERS) has an unfunded liability of approximately \$300,000,000.*

**Public Employees Retirement System (PERS):** This fiscal year, PERS added approximately \$300 million in unfunded liability to the City's requirements. (PERS is the retirement system which covers City employees not under the FPD&R system.) The increase in the unfunded liability is primarily due to an updated actuarial study and the increase in retirees selecting the Money Match option of payout.

The updated General Fund Five-Year Financial Plan has built in the capacity to address the PERS issue, once the final liability figure is determined. The current estimate is \$16 million per year citywide. This is \$16 million per year that would not therefore be available to spend on services to our citizens.

**State Shared Gas Tax Revenues**

The state legislature has not increased the gas tax in eight years. This has exacerbated the need for road maintenance and improvements. There is discussion on various bills addressing this issue at the state legislative session now in progress.

If an increase is not forthcoming, funding for transportation issues in the city becomes critical. Lack of an increase may drive the need for realignment of city funding priorities.

**Taxation of Centrally Assessed Intangible Property**

Legislative efforts at the state level to exempt intangible personal property continue during this legislative session. Passage of this exemption could result in the loss of significant resources to the city. This may have a material impact in the delivery of City services.

**Other Financial Considerations**

Other financial risks are not exclusive to Portland. The possible effects of energy deregulation remain undetermined; local and regional economic growth is slowing down; and, increased mandates from the federal government will affect our costs, specifically the decision to place nine fish runs which pass through the City on the endangered species list.

*Energy deregulation, slower regional growth, and new federal mandates may all have impact on future City financial obligations.*

## MAJOR BUDGET DECISIONS

The City of Portland promotes a coordinated approach to the delivery of City services. From a budgetary perspective, this means that any individual budgetary decision may cross bureaus, and will almost certainly support more than one of the Council goals listed at the beginning of this overview.

### Goal: Ensure decent, affordable housing

#### Housing Preservation

Affordable housing efforts are being enhanced. Our budget implements funding for the possible purchase of HUD Section 8 housing that expires this fiscal year. If housing units which are currently under the Section 8 umbrella are at risk of being lost as affordable housing, the City may temporarily purchase these properties. The intent is to work with non-profit organizations such as the Housing Authority of Portland to have them become the ultimate owners of these properties. We have budgeted up to \$1,810,000 in General Fund resources which through prudent use of debt financing, may leverage up to \$8.0 million to support this effort.

#### Housing Investment Fund

The City continues its efforts to promote the development of new affordable housing throughout the city. We have allocated an additional \$1,272,700 in General Fund resources to support additional development of new affordable housing units. This amount is above the \$6.8 million previously budgeted for FY1999-2000.

This additional General Fund support will leverage \$1.67 million in program income from previous General Fund expenditures on housing programs. Including funds from tax increment financing, federal support, and foregone revenues, we will budget over \$61 million to support housing goals in the next fiscal year.

### Goal: Build a livable City through good planning and well managed growth

#### 2040 Planning

Our Adopted Budget adds \$1,043,400 to support planning efforts focused on regional centers, main streets, town centers, and transit corridors. These efforts support the 2040 Regional Framework Plan produced by Metro, the organization responsible for managing overall growth in the region. Specific projects focus on the Gateway area, Hollywood, St. John's, North Macadam, I-405, and Civic Stadium.

This new appropriation augments the \$328,358 identified as a year one decision to be incorporated into this year two budget, for a total of \$1.4 million.

The budget also includes \$521,000 allocated in the first year of this biennium to begin implementation of strategies and objectives identified in the planning phase.

#### New Urban Renewal Areas

The City has established two new urban renewal areas to encourage and facilitate the revitalization and growth of businesses and neighborhoods. For FY1999-00 we may realize as much as \$772,000 to begin improvements in the Lents Town Center and River District urban renewal areas.

### Other Area Plans

Our Adopted Budget includes \$900,000 in funding for the continuation or start up of five separate area plans. These area plans are:

- ◆ NW Industrial Area
- ◆ Central Eastside
- ◆ West Downtown
- ◆ Pleasant Valley
- ◆ Willamette Greenway

*The City has many geographically focused planning efforts to improve neighborhoods and business districts.*

### Goal: Support quality education to produce well educated citizens

#### Public School Funding

To demonstrate that we are serious about turning the operation of the Portland Public School District (PPS) around, we have allocated \$3 million in one-time dollars to fund implementation of selected recommendations from the District's audit we funded last year.

We have also allocated the \$1 million promised to begin summer school programs that get our children to their grade level and help end the practice of social promotions.

We will also take over the supervision of the school police, which will require the addition of one police captain at a cost of \$95,000. This will enhance coordination between the PPS police agency and the Portland Police Bureau and allow reallocation of the funds saved by PPS for other priorities of the school system.

We have added \$300,000 per year for three years to expand after-schools programs through the Parks Bureau to fund Schools Uniting our Neighborhoods (SUN).

### Goal: Promote economic vitality and access to quality jobs for all

#### Workforce Development

This effort, previously housed within the Portland Development Commission (PDC), has successfully transitioned to a non-profit status to coordinate all workforce development efforts in the City and Multnomah and Washington counties. City support includes \$700,000 for the Youth Builders program targeted toward at-risk teens. The PDC will spend over \$2.7 million this year on job related programs in various locations around the city.

#### Economic Development

Through PDC, the Adopted Budget allocates \$54 million for economic development programs including such programs as:

- ◆ Transportation/Transit - \$26 million
- ◆ Business Development - \$9.7 million
- ◆ Business Services/Finance - \$2.2 million
- ◆ Neighborhood Commercial - \$5.1 million
- ◆ Targeted Industries Development - \$1.9 million

#### Business Retentions/Recruitment

We have allocated an additional \$100,000 above the previous commitment in on-going General Fund resources, to the Portland Development Commission to support efforts focused on retaining businesses in the city, and recruiting new businesses to locate in the city.

**Goal: Maintain a financially stable City**

The City of Portland has a national reputation as a financially well-managed City. This budget furthers that reputation through support of proactive approach to addressing on-going financial challenges.

**Capital Funding**

The Adopted Budget returns the City to the policy of increasing General Fund supported capital efforts by increasing this resource by \$1.0 million per year for the next five years. At that time the City will have \$8.0 million per year to cash finance capital needs. This cash financing option allows the City more flexibility to ensure the most efficient use of limited resources.

**Pension Liability Management**

The City will begin to address the unfunded liability issues of the two retirement systems. Options and planning will be finalized in FY1999-00. Financing of the PERS unfunded liability will be addressed before the close of the fiscal year. The FPD&R problem will take longer to process because it will require changes to the City Charter.

**Legislative and Regulatory support**

This budget allocates an additional \$96,565 in one-time funds to assist with representation at the legislature and Public Utilities Commission as well as the analysis and studies to support the City's positions on deregulation and other issues.

The Adopted Budget also allocates \$71,366 to our Cable Office. The increase is necessitated by the high growth in the number of telecommunications franchises.

**Water and Sewer rates**

As mentioned earlier, the City had to respond to requirements imposed by others that affect our bureaus and service delivery. Specific examples affecting the utility bureaus include the increased PERS costs and the Endangered Species listings.

The increase in the average single family water bill is less than the 5 percent originally estimated in the financial forecast. Rates are anticipated to increase 4.4 percent.

The increase in the average single family sewer bill is estimated to increase 9.4 percent, which keeps the rate increase well below the 10 percent threshold.

**Information Technology Strategic Plan**

The Adopted Budget continues funding of the Information Technology Strategic Plan (ITSP). Implementation of the ITSP includes \$866,500 plus \$553,000 specifically targeted to the corporate Geographic Information System. These efforts will support the City technology infrastructure, create efficiencies, and expand and improve access to information for our citizens.

**Grant Seeker Program**

The Adopted Budget includes \$95,000 to increase and expand citywide efforts in obtaining grants. The City will examine the return to the effectiveness to ensure this modest investment does indeed bring more funds to the City than the cost of the program.

*Pension Liability Management remains the most significant long term financial issue facing the City.*

*Water rates are anticipated to increase 4.4%, and Sewer rates are anticipated to increase 9.4%.*

*The City will invest in an effort to obtain and leverage grant resources.*

**Service Improvement Initiative (SII)**

The budget includes \$147,376 to continue the efforts of this initiative. SII is a collaborative process between labor and management. The efforts over the next fiscal year will focus on improving internal capabilities to be able to sustain the SII efforts over the long term using City employees. The areas of development are:

- ◆ Project design
- ◆ Organizational assessment and development
- ◆ Written resources and other media
- ◆ Training teams in problem solving and work practice improvement
- ◆ Work process analysis for improved service delivery

**Community Policing**

This budget continues funding for all police officer positions at the current level. This includes the continued funding of the 42 officers made possible through the federal COPS MORE grant. The General Fund Five-Year Financial Forecast includes on-going funding for these positions upon expiration of the grant.

**New Fire Station**

The citizens of Portland passed a \$53.8 million general obligation bond in support of public safety facilities in the fall of 1998. This bond issue is specifically targeted to the construction of two new fire stations, and seismic upgrades to others. The five-year financial forecast includes the operating and maintenance costs of this new station.

Construction on the second new station will not begin until the City can ensure adequate funding for operations and maintenance of the second facility.

**Youth Gun Anti-violence**

The budget includes \$100,000 in one-time General Fund resources to continue funding for this program. This program bolsters the efforts surrounding the after school programs for youth within the parks bureau budget.

**Parks Basic Infrastructure Support**

The Adopted Budget allocates \$1.9 million in General Fund support to address some of the highest priority capital needs of our parks. Projects include replacement of roofs and other necessary building repairs.

**Parks Maintenance**

The budget will continue to expand operating and maintenance support for parks by allocating an additional \$400,000 in on-going resources. This allocation will leverage the \$500,000 added in year-one of this biennium budget, \$150,000 added during the fiscal year and the \$198,000 previously identified as a year two decision to be incorporated into this budget. The total increase in Parks operations and maintenance appropriation over the biennium approaches \$1.2 million.

**Goal: Ensure a safe and peaceful community**

*The Adopted Budget continues funding for Community Policing positions and the construction and operating costs for one new fire station.*

**Goal: Maintain and improve our parks, green spaces, water and air sheds**

*Support for parks increases in this budget.*

**Endangered Species Act (ESA)**

In response to a federal listing of nine fish species as endangered, we have increased efforts to protect and improve the health of the Willamette and Columbia rivers as they pass through the City. This Adopted Budget includes over \$2.7 million to support this effort, \$721,000 of which is from the General Fund.

The ESA program is in addition to the \$1.0 billion dollar Combined Sewer Overflow project now underway.

**Sustainable Portland Commission**

The budget includes \$65,173 to increase support to the commission. This will focus more efforts on promoting the advancement of green industries. The efforts also promote business practices throughout the city, including internal City practices, which promote a sustainable future through the efficient use of limited resources.

**Mediation Center**

The mediation center, managed by the Office of Neighborhood Involvement, is restored to full funding through the allocation of \$215,000. The center supports programs to assist citizens in resolving disputes before they may rise to involvement by public safety officers.

**Homeless Youth**

Council made a mid-year commitment to assist the County in implementing the recommendations of a study on how best to address the problem of homeless youth. We gave the County \$250,000 in one-time funds in December 1998. This budget contains an on-going allocation of \$350,000 and a one-time expenditure of \$150,000.

**After School Programs**

The Adopted Budget allocates an additional \$300,000 for after school programs. This is a three-year commitment and includes an Asian youth outreach effort. This allocation is added to the previous \$300,000 one-time allocation incorporated into this year-two budget.

**Apprenticeship Program**

The Bureau of Purchases will oversee the expenditure of \$200,497 in on-going support for apprenticeship programs in Transportation and Parks. This support is to enhance these bureaus existing efforts.

**Parks Program Guide**

The budget continues funding in the amount of \$100,000 for a program guide. Distribution of the program guide has been successful in increasing use of parks and parks programs by under-represented citizens who may not have been aware of the opportunities available.

**Arts Support**

The budget commits \$200,000 per year for five years to the Portland Opera. This commitment follows the year-one budget efforts which previously added \$700,000 for the support of the arts. As is the practice with all City arts funding, the funds will be allocated to the Regional Arts and Culture Council for disbursement to the appropriate arts organizations.

**Goal: Promote the inclusion of under-represented neighborhoods and groups in participation in City activities and services**

*We continue to partner with Multnomah County in the coordinated delivery of services to our youth.*

**Goal: Keep the central City vital**

*We continue to increase support for our arts organizations through this allocation to the Portland Opera.*

**Transportation Support**

This budget contains the \$716,000 in the year two budget to support central business district sidewalk scrubbing, landscape maintenance, and the abandoned auto program.

**Central City Streetcar**

The project is now underway. It is intended to further the health of the downtown by efficiently connecting the city from the River District to Portland State University. City expenditures in support of this effort total \$14 million for FY 1999-00.

**Airport Lightrail**

This project is underway through a cooperative agreement with the City, TriMet, and private developers. The City effort is being managed by PDC. This spur will link the airport to downtown via the Gateway transit mall. The city will expend over \$23 million dollars in FY 1999-2000.

It is the intent of Council that all budget decisions and the associated projects further the city's growth and importance as an international city. This intent is evident in decisions regarding managing our growth, development of economic ties with the pacific rim, pursuit of targeted industries, improvements in transportation systems and economic development, increased support for the arts, workforce development, and continued support to ensure a highly educated citizenry.

Many of the individual budgetary decisions highlighted under the previous goals also support our efforts to become a more effective regional partner. Examples include:

- ◆ Support for Airport Light Rail
- ◆ Support for expansion of the Oregon Convention Center
- ◆ Development of the Central City Streetcar
- ◆ 2040 Planning efforts directed at locations outside the central city core
- ◆ Support for housing, particularly affordable housing
- ◆ Support for addressing the health of fish populations listed under the Endangered Species Act
- ◆ Support for the Regional Water Supply Plan
- ◆ Increased support for the arts and the regional facilities which house arts programs

**Goals: Build a multi-modal transportation system**

**Goal: Grow as an international City**

**Goal: Become a more effective partner in the region**



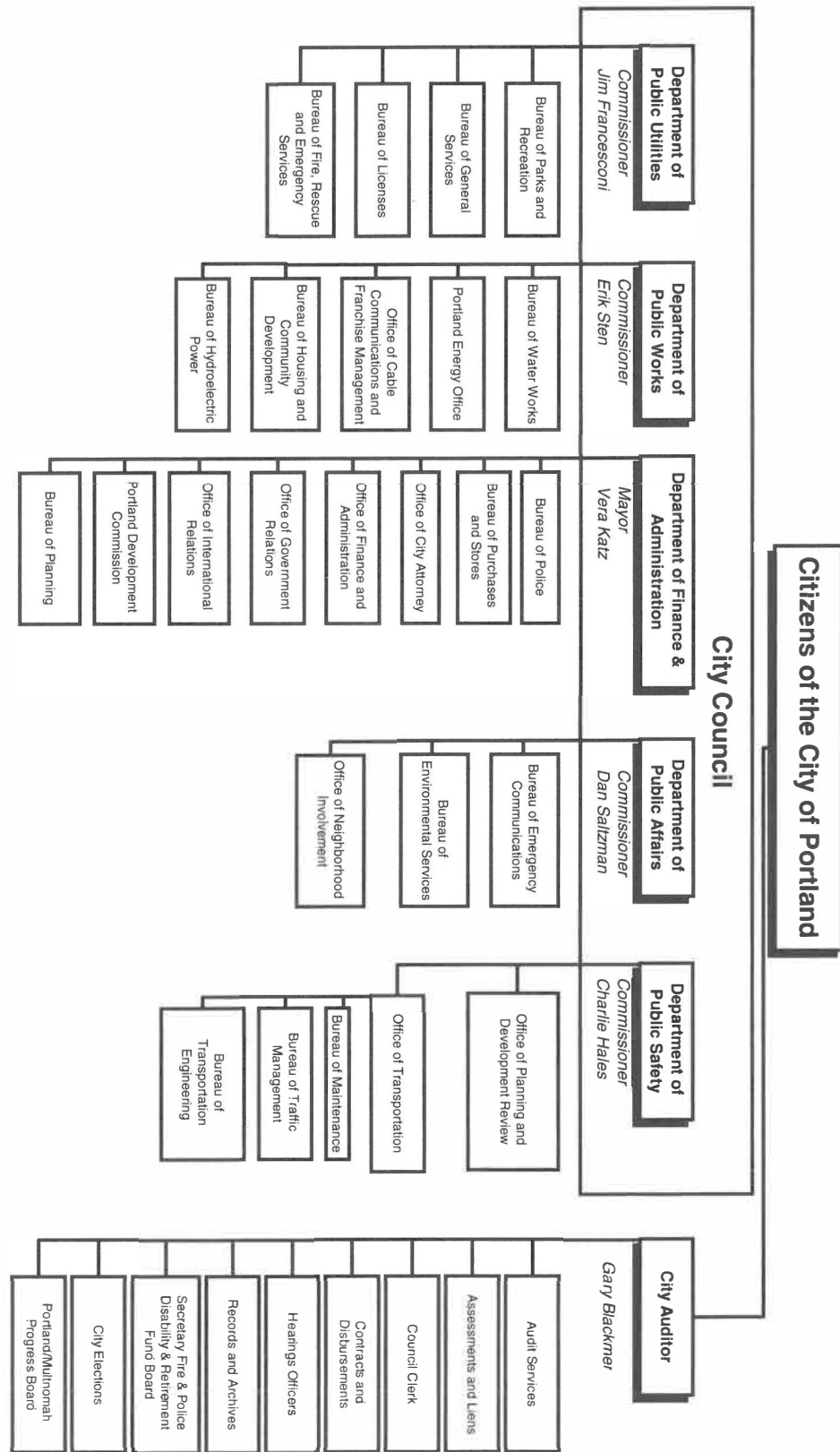


Figure 1: City Organizational Chart

CITY BUDGET SUMMARY CHARTS

Figure 2: Total City Budget - Resources by Major Category

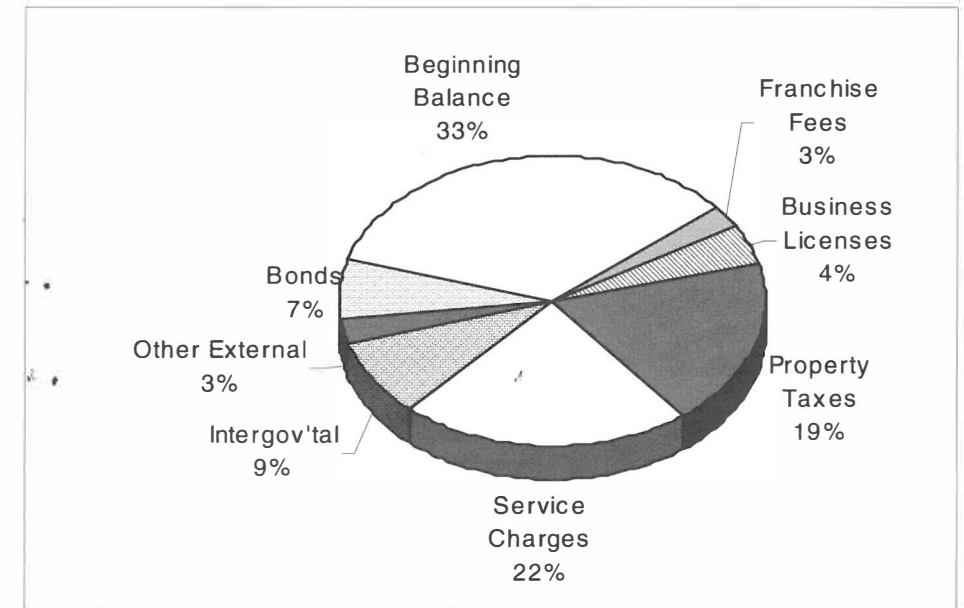
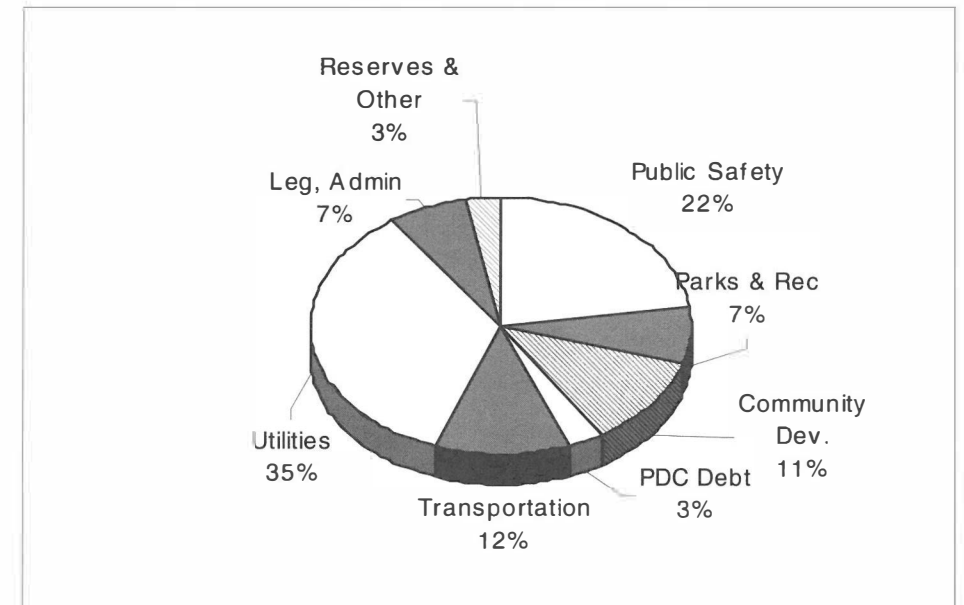
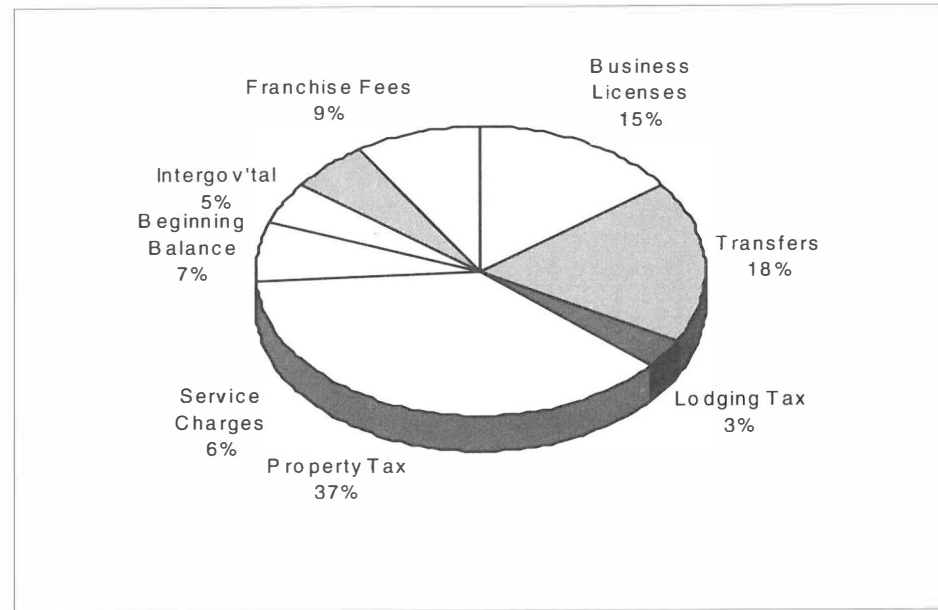


Figure 3: Total City Budget - Requirements by Service Area

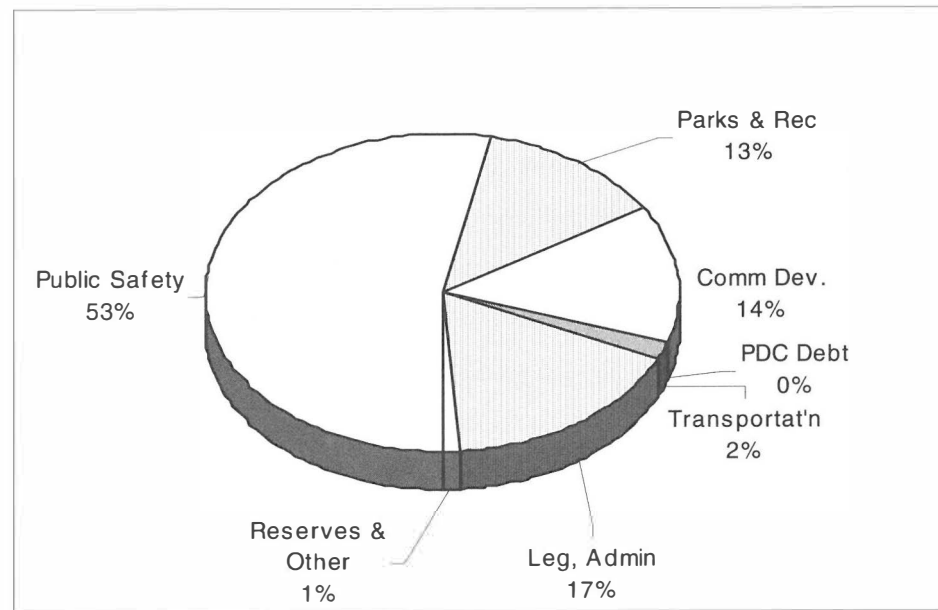


	FY1998-99 Revised	FY1999-00 Adopted	Dollar Change	Percent Change
Total City Budget				
Total Budget	\$ 1,770,761,376	\$ 1,768,177,196	\$ (2,584,180)	-0.15%
Less: Tax Anticipation Notes and Interfund Transfers	\$ (473,704,727)	\$ (476,843,949)	\$ (3,139,222)	0.66%
Net Budget	\$ 1,297,056,649	\$ 1,291,333,247	\$ (5,723,402)	-0.44%

**Figure 4: General Fund - Resources by Major Category**

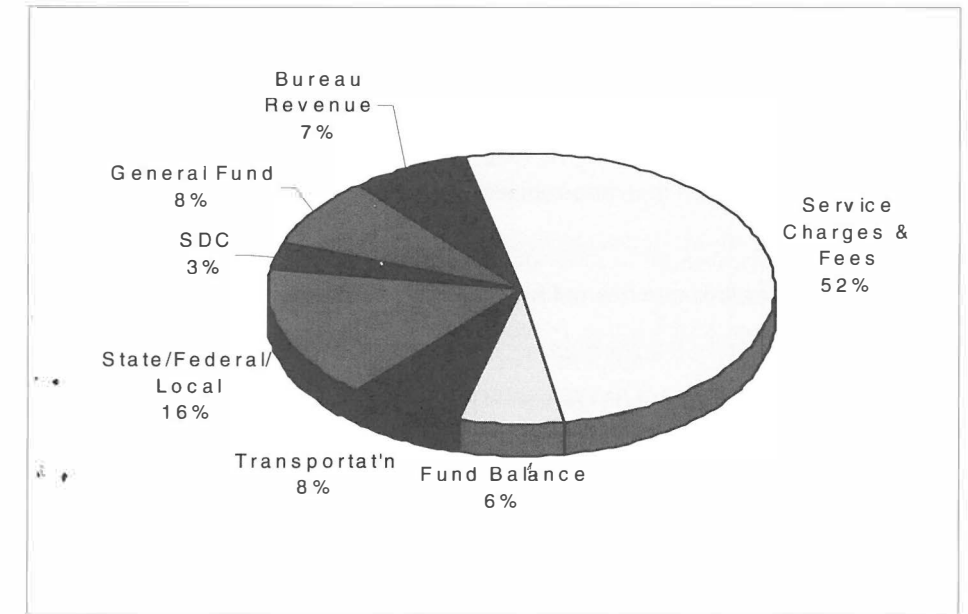


**Figure 5: General Fund - Requirements by Service Area**

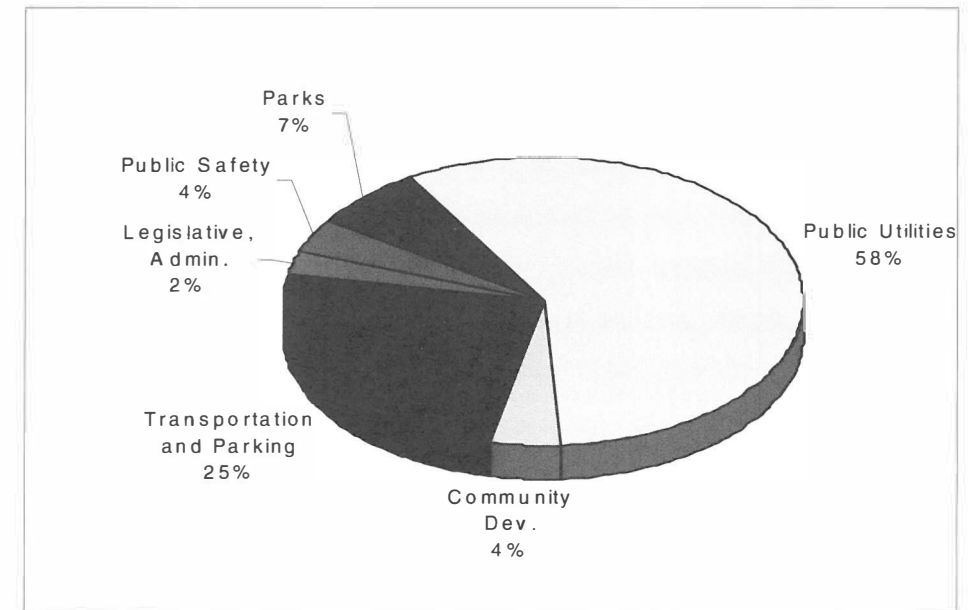


Revised FY1998-99	Adopted FY1999-00	Dollar Change	Percent Change
\$ 344,333,356	\$ 349,377,196	\$ 5,043,840	1.46%

**Figure 6: Capital Projects Funding Source**



**Figure 7: Capital Projects by Service Area**



**Expenditure Summary**

Public Safety	\$ 8,370,718	3.87%
Parks	\$ 14,751,472	6.83%
Public Utilities	\$ 124,555,671	57.65%
Community Dev.	\$ 9,649,510	4.47%
Transportation and Parking	\$ 53,634,524	24.82%
Legislative, Admin.	\$ 5,110,904	2.37%
<b>Total</b>	<b>\$ 216,072,799</b>	<b>100.00%</b>

**CITY TRENDS**

The following trends and Ten Year Comparison charts provide information of importance to city residents and management of the City. A review of these trends indicates:

**Rapid Growth**

Over the last ten years, primarily as a result of an aggressive annexation program, the city has experienced tremendous growth. The area served has increased by 7.24%, with residents served increasing by over 19.0%. Projections indicate that over the next two decades the Portland metropolitan area can expect 500,000 new residents

**Improved Efficiency**

The overall number of employees has increased by 13.4% over the last ten years. This growth rate has not kept pace with growth in population. When measured on a "per 1,000" population basis, positions have actually declined by 2.7% over the last ten years. In effect, the organization has become more efficient as the City has experienced growth and city government has responded to the various tax limitation measures. This decline per thousand residents includes the increase in positions, by 85, for FY 1999-00.

**Improved Financial Condition**

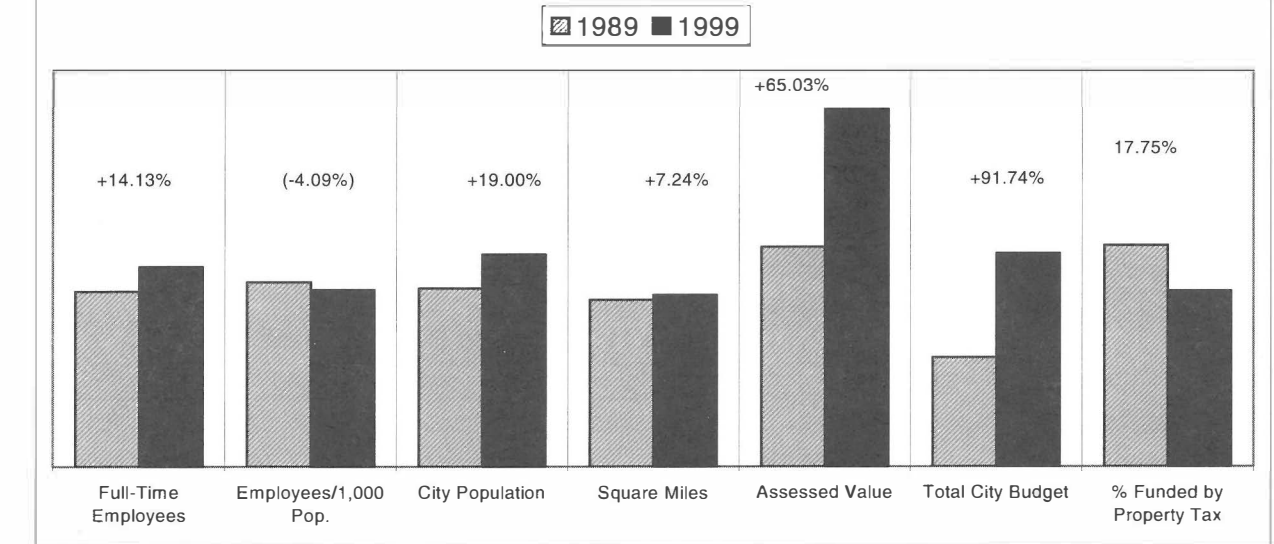
Budget growth has been fueled by a strong regional economy, an expanding service area, expanding services desired by citizens and improved property values. When adjusted for inflation, the budget has grown over 90% over the last ten years. However, as a result of the tax limitation measures passed by the voters in 1990 and 1996, the percent of the budget supported by property taxes has only increased by 17.7%. Because no sales tax is assessed either at the state or local level, this trend means that the City is becoming more reliant on other revenue sources, such as fees for service, business income tax, utility franchise fees, and lodging taxes.

**Figure 8: General Trends**

**City of Portland - Trends**

	July-98	July-99 (est.)	Change	%Change
Per Capita Income	\$28,447	\$29,414	\$967	3.3%
Unemployment	3.90%	3.80%	-0.10%	-2.63%
CPI (Jan 97-Jan 98)	3.30%	1.10%	-2.20%	-200.00%
Population	512,000	514,281	3,500	0.68%
Square Miles	146.6	146.6	0.0	0.0%
Real Market Value of property in the City of Portland - in billions	\$35.6	\$37.8	\$2.3	6.0%
Total Net Budget	\$1,240,408,216	\$1,267,414,141	\$27,005,925	2.1%

**Ten Year Comparisons**



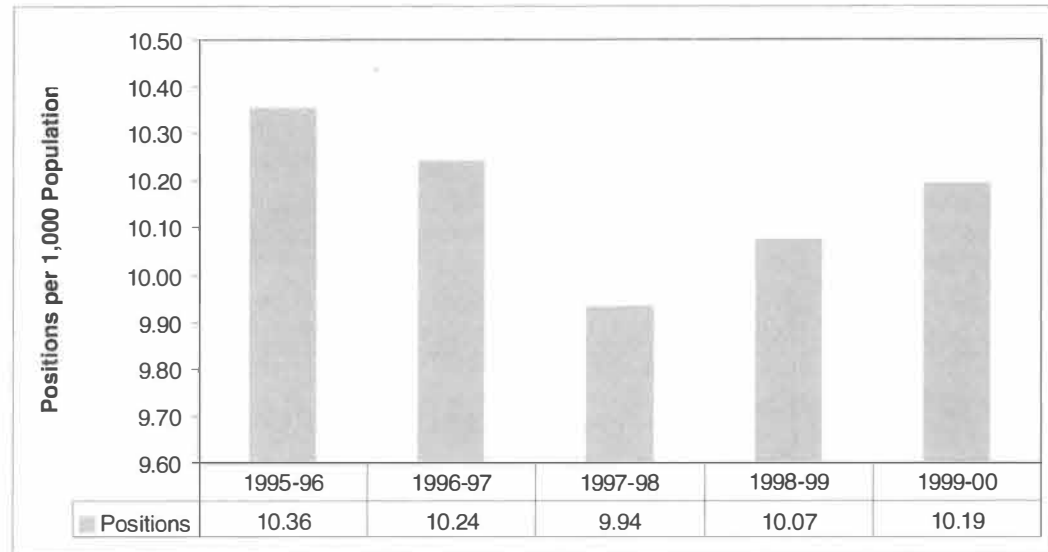
**Figure 9: Ten Year Comparison Table**

	1989	1999
Full-Time City Employees	4,594	5,243
City Employees per 1,000 Population	10.6	10.2
City Population (in thousands)	432,175	514,281
Square Miles in the City	136.7	146.6
Assessed Value of property in the City (in billions)	22.2	36.6
Total City Budget (in millions)	661	1,291
Percent of City Budget Funded by Property Tax	22.4%	17.7%

### TOTAL BUDGET POSITION AND OPERATING BUDGET TRENDS

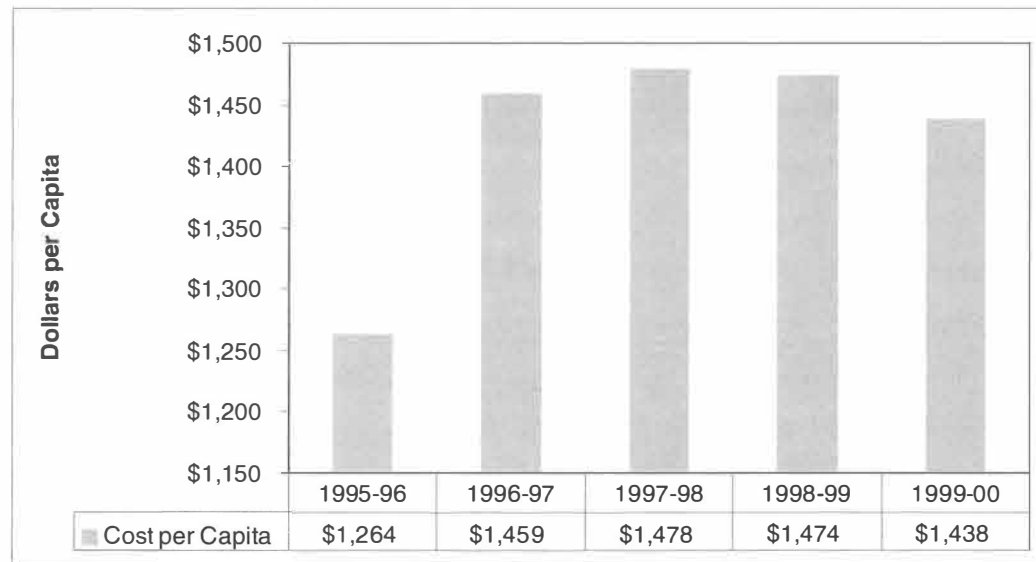
These figures display staffing and budget levels over time, on a per capita basis, and with the effects of inflation removed. The intent of the charts is to track real growth in positions and operating budget as a result of service level changes or expansion of service area.

**Figure 10: City Positions Trends**



Total positions per thousand have increased slightly from FY1998-99, continuing the modest increase since the imposition of Measure 50. The FY1999-00 budget authorizes 5,243 positions, an increase of 85 from FY1998-99 Revised Budget. The major increases are in Planning, Parks, Emergency Communications, and the Portland Development Commission.

**Figure 11: Operating Budget Trends**

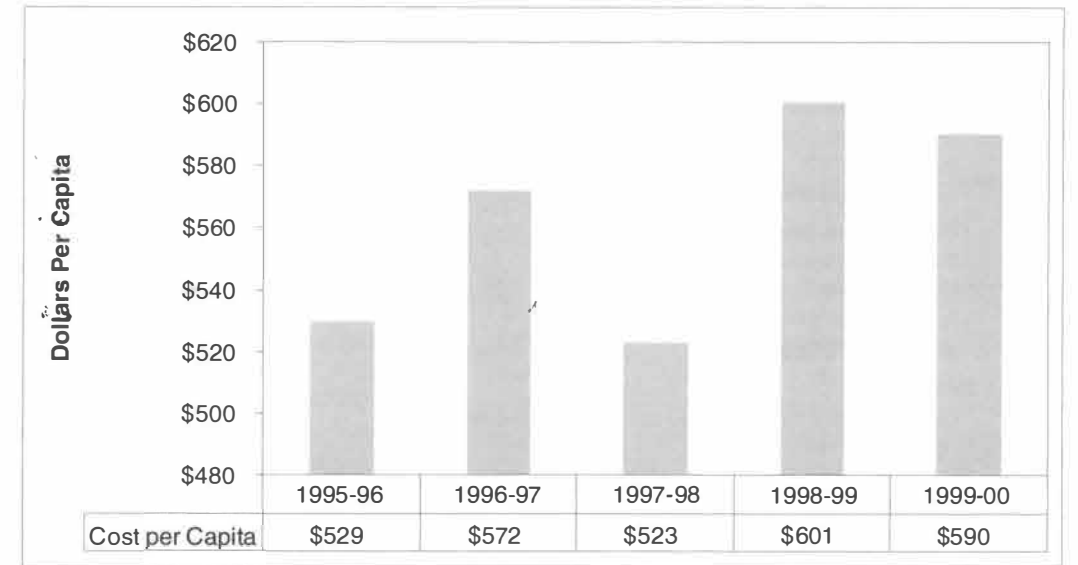


Operating cost per capita, adjusted for inflation, continues to decline from FY1997-98. Bureaus have been able to deliver services more efficiently.

### GENERAL FUND POSITION AND OPERATING BUDGET TRENDS

These figures display staffing and budget levels over time, on a per capita basis, and with the effects of inflation removed, for the General Fund only.

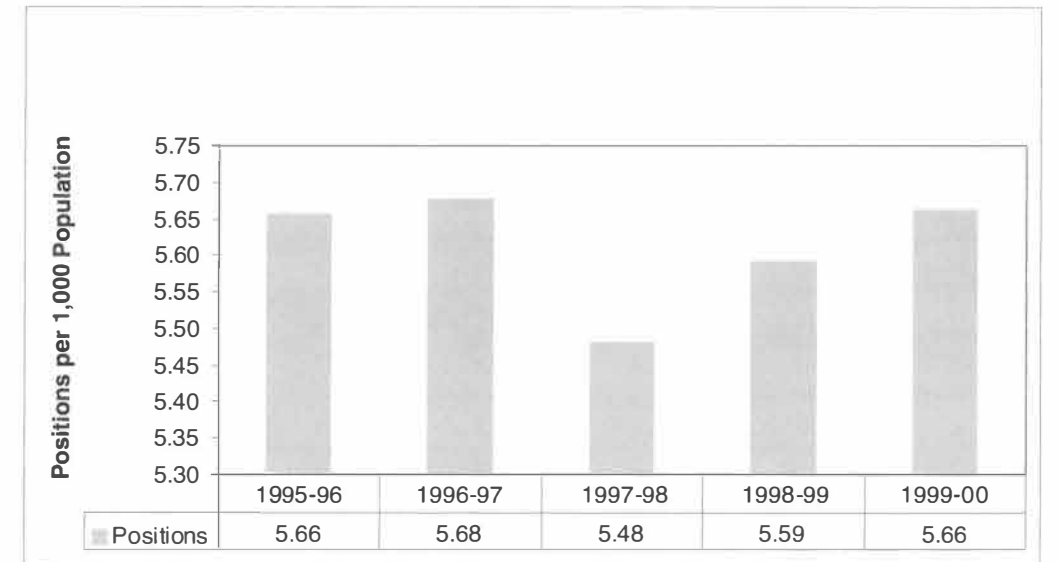
**Figure 12: General Fund Position Trends**



The decrease in FY1997-98 was a result the passage of tax limitation measures. Position increases in FY1998-99 are in response to citizen desires for increased levels of service. Parks has increased by over 40 positions in this biennium, primarily to support maintenance.

The FY1999-00 budget authorizes 2,913 positions, and increase of 34. Parks adds 11 positions, Planning adds 8, and Police adds 5.

**Figure 13: General Fund Operating Trends**



The operating budget per capita declines reflecting increased efficiency in service delivery.



**Total City Budget – Revenues and Expenses**

**TABLE 1**

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

	Revised FY 1998-99	Adopted FY 1999-00
<b>RESOURCES</b>		
<b>External Revenues</b>		
Property Taxes	221,820,506	229,160,303
Other Taxes	12,187,979	12,986,933
Licenses and Permits	103,186,375	107,096,377
Service Charges	256,070,605	266,923,812
Intergovernmental	131,509,730	110,105,320
Miscellaneous	55,700,346	57,045,702
Debt Proceeds	148,774,800	86,273,000
<b>Total External Revenues</b>	<b>929,250,341</b>	<b>869,591,447</b>
<b>Transfer from Other Funds</b>		
Service Reimbursements	108,431,510	119,959,210
Cash Transfers	345,273,217	336,884,739
<b>Total Transfers from Other Funds</b>	<b>453,704,727</b>	<b>456,843,949</b>
<b>Beginning Fund Balances</b>	<b>387,806,308</b>	<b>441,741,800</b>
<b>Total Budget</b>	<b>1,770,761,376</b>	<b>1,768,177,196</b>
<b>Less Interfund Transfers and Tax Anticipation Notes</b>	<b>(473,704,727)</b>	<b>(476,843,949)</b>
<b>NET BUDGET</b>	<b>\$ 1,297,056,649</b>	<b>\$ 1,291,333,247</b>
<b>REQUIREMENTS</b>		
<b>Bureau Expenses</b>		
Personal Services	351,609,178	367,136,969
External Materials & Services	315,755,076	305,104,315
Internal Materials & Services	107,189,038	119,781,210
Capital Outlay	212,549,407	163,388,144
Equipment Cash Transfers	1,242,472	178,000
<b>Total Bureau Expenses</b>	<b>988,345,171</b>	<b>955,588,638</b>
<b>Fund Level Expenses</b>		
Debt Service	167,413,979	173,562,040
Fund Level Cash Transfers	345,273,217	336,884,739
Inventory Increases	140,000	140,000
Contingency	224,258,053	243,633,486
<b>Total Fund Level Expenses</b>	<b>737,085,249</b>	<b>754,220,265</b>
<b>Total Appropriated Budget</b>	<b>1,725,430,420</b>	<b>1,709,808,903</b>
<b>Unappropriated Ending Balance</b>	<b>45,330,956</b>	<b>58,368,293</b>
<b>Total Budget</b>	<b>1,770,761,376</b>	<b>1,768,177,196</b>
<b>Less Interfund Transfers and Tax Anticipation Notes</b>	<b>(473,704,727)</b>	<b>(476,843,949)</b>
<b>NET BUDGET</b>	<b>\$ 1,297,056,649</b>	<b>\$ 1,291,333,247</b>

**Operating and Capital Budget by Service Area**

**TABLE 2**

This table summarizes the operating and capital expenditures included in bureau budgets for each fiscal year, by service area, and by bureau. Fund level requirements such as contingencies, reserves, debt principal, or interfund transfers are included for the city overall at the end of the table.

	Revised FY 1998-99			Adopted FY 1999-00		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
<b>Public Safety</b>						
Police	109,811,319	107,760	109,919,079	111,224,400	229,000	111,453,400
Fire	58,488,545	2,809,578	61,298,123	60,095,020	1,050,000	61,145,020
Fire & Police Disability & Retirement	56,421,055	0	56,421,055	59,277,514	0	59,277,514
Emergency Communications	12,781,076	0	12,781,076	13,230,303	0	13,230,303
Public Safety Capital	1,435,461	0	1,435,461	1,016,170	0	1,016,170
Other Public Safety	10,921,064	1,422,803	12,343,867	9,704,829	7,091,718	16,796,547
<b>Total Public Safety</b>	<b>249,858,520</b>	<b>4,340,141</b>	<b>254,198,661</b>	<b>254,548,236</b>	<b>8,370,718</b>	<b>262,918,954</b>
<b>Parks, Recreation &amp; Culture</b>						
Parks & Recreation	34,224,754	1,933,867	36,158,621	37,318,618	650,000	37,968,618
Parks Bond Construction Fund	0	23,286,493	23,286,493	0	5,233,356	5,233,356
Parks Construction Fund	0	2,678,564	2,678,564	0	2,938,950	2,938,950
Golf	4,308,463	1,319,829	5,628,292	4,526,453	3,815,000	8,341,453
Portland International Raceway	854,975	0	854,975	868,567	40,000	908,567
Other Parks, Recreation & Culture	15,249,900	682,558	15,932,458	8,882,007	2,074,166	10,956,173
<b>Total Parks, Recreation &amp; Culture</b>	<b>54,638,092</b>	<b>29,901,311</b>	<b>84,539,403</b>	<b>51,595,645</b>	<b>14,751,472</b>	<b>66,347,117</b>
<b>Public Utilities</b>						
Water	50,844,237	29,609,790	80,454,027	52,767,558	27,275,000	80,042,558
Hydropower	509,709	0	509,709	518,742	0	518,742
Environ Svcs-Sewer System	65,808,262	105,301,371	171,109,633	64,470,289	96,645,635	161,115,924
Environ Svcs-Refuse Disposal	2,039,261	0	2,039,261	2,245,549	0	2,245,549
Other Public Utilities	7,311,458	973,207	8,284,665	8,820,882	635,036	9,455,918
<b>Total Public Utilities</b>	<b>126,512,927</b>	<b>135,884,368</b>	<b>262,397,295</b>	<b>128,823,020</b>	<b>124,555,671</b>	<b>253,378,691</b>
<b>Community Development &amp; Services</b>						
Planning	8,801,125	0	8,801,125	10,631,401	0	10,631,401
Bureau of Community Develop	8,275,206	0	8,275,206	8,173,692	0	8,173,692
Office of Neighborhood Involvement	4,025,719	0	4,025,719	4,076,327	0	4,076,327
Cable & Franchise Management	1,586,740	0	1,586,740	1,717,565	0	1,717,565
Energy	1,156,537	0	1,156,537	953,906	0	953,906
Buildings	22,436,531	0	22,436,531	23,712,498	0	23,712,498
Cable Fund	2,546,072	0	2,546,072	2,850,600	0	2,850,600
LID Construction	1,528,830	8,901,174	10,430,004	1,521,952	9,649,510	11,171,462
Housing & Community Development	28,912,137	0	28,912,137	22,829,922	0	22,829,922
Other Community Develop & Svc.	28,637,975	0	28,637,975	29,045,638	0	29,045,638
<b>Total Community Development/Svcs</b>	<b>107,906,872</b>	<b>8,901,174</b>	<b>116,808,046</b>	<b>105,513,501</b>	<b>9,649,510</b>	<b>115,163,011</b>
<b>Transportation &amp; Parking</b>						
Transportation & Street Lighting	70,905,433	39,382,364	110,287,797	71,275,449	47,683,963	118,959,412
Parking Facilities	4,266,824	1,678,120	5,944,944	4,606,238	5,950,561	10,556,799
Autoport	0	0	0	0	0	0
Other Transportation & Parking	3,541,253	1,491,979	5,033,232	4,445,456	0	4,445,456
<b>Total Transportation &amp; Parking</b>	<b>78,713,510</b>	<b>42,552,463</b>	<b>121,265,973</b>	<b>80,327,143</b>	<b>53,634,524</b>	<b>133,961,667</b>
<b>Legislative/Admin/Support Svcs</b>						
City Attorney	4,242,719	0	4,242,719	4,370,120	0	4,370,120
City Auditor	4,577,519	0	4,577,519	5,205,262	0	5,205,262
Office of Finance & Administration	24,561,231	0	24,561,231	26,613,511	0	26,613,511
Mayor & Commissioners' Offices	3,813,040	0	3,813,040	3,862,128	0	3,862,128
Purchases & Stores	2,486,962	0	2,486,962	2,798,080	0	2,798,080
Licenses	3,039,286	0	3,039,286	3,214,814	0	3,214,814

**Operating and Capital Budget by Service Area**

**TABLE 2**

This table summarizes the operating and capital expenditures included in bureau budgets for each fiscal year, by service area, and by bureau. Fund level requirements such as contingencies, reserves, debt principal, or interfund transfers are included for the city overall at the end of the table.

	Revised FY 1998-99			Adopted FY 1999-00		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Office of Governmental Relations	654,243	0	654,243	674,523	0	674,523
General Services-Administration	1,436,840	0	1,436,840	1,426,900	0	1,426,900
Capital Improvement Fund	45,681	0	45,681	0	0	0
Communications Services	8,854,963	1,603,500	10,458,463	8,742,943	452,066	9,195,009
Facilities Services	9,317,496	28,197,453	37,514,949	11,624,583	4,658,838	16,283,421
Fleet Services	24,428,383	0	24,428,383	18,099,294	0	18,099,294
Printing & Distribution Services	6,502,448	0	6,502,448	6,727,014	0	6,727,014
Insurance & Claims	5,055,987	0	5,055,987	5,472,738	0	5,472,738
Workers' Compensation	4,224,887	0	4,224,887	4,578,093	0	4,578,093
Governmental Bond Redemption	0	0	0	10,000	0	10,000
Computer Services	5,390,708	0	5,390,708	5,692,314	0	5,692,314
Other Legislative/Admin/Support	10,687,447	0	28,802,685	9,580,977	0	32,350,002
<b>Total Legislative/Admin/Support</b>	<b>119,319,840</b>	<b>29,800,953</b>	<b>149,120,793</b>	<b>118,693,294</b>	<b>5,110,904</b>	<b>123,804,198</b>
<b>PDC Urban Renewal Debt</b>						
Tax Increment Debt (Interest Only)	15,000	0	15,000	15,000	0	15,000
<b>Total Expenditures</b>	<b>736,964,761</b>	<b>251,380,410</b>	<b>988,345,171</b>	<b>739,515,839</b>	<b>216,072,799</b>	<b>955,588,638</b>
<b>FUND REQUIREMENTS</b>						
Contingency			224,258,053			243,633,486
Interfund Cash Transfers			345,273,217			336,884,739
Debt Retirement			167,413,979			173,562,040
Inventory Increases			140,000			140,000
Unappropriated Ending Fund Balance			45,330,956			58,368,293
<b>TOTAL CITY BUDGET</b>	<b>\$</b>	<b>\$</b>	<b>\$1,770,761,376</b>	<b>\$</b>	<b>\$</b>	<b>\$1,768,177,196</b>
<b>Subtract "double count" caused by internal transfers and tax anticipation notes</b>			(473,704,727)			(476,843,949)
<b>NET CITY BUDGET</b>	<b>\$</b>	<b>\$</b>	<b>\$1,297,056,649</b>	<b>\$</b>	<b>\$</b>	<b>\$1,291,333,247</b>

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

Note 2: The differences between the Capital Improvements figures for the Adopted Budget and the CIP Summary section by Bureau are as follows:

A. The Adopted Budget is \$1,177,109 less than the CIP Summary due to the exclusion of the overhead charges, contingency and cash transfers for projects undertaken by the Bureau of General Services.

B. The Adopted Budget is \$1,493,561 greater than the CIP Summary for the Bureau of Environmental Services due to the fact that the capital activities associated with completing projects once they are turned over to operations are not included in the CIP section.

C. The Adopted Budget for the LID construction projects reflects the \$7,612,410 in transfers associated with projects. These requirements are not included in the CIP Summary.

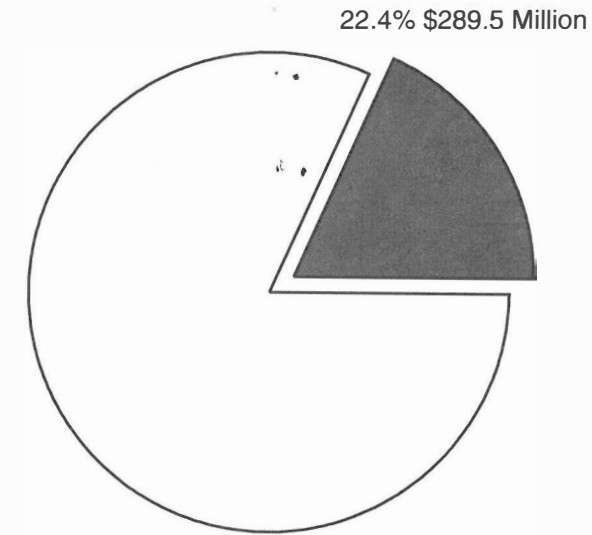
D. The Approved Budget does not include the \$27,840,892 associated with the PDC projects. These projects are contained in the CIP Summary.

**Public Safety**

Bureau of Emergency Communications  
Bureau of Fire, Rescue and Emergency Services

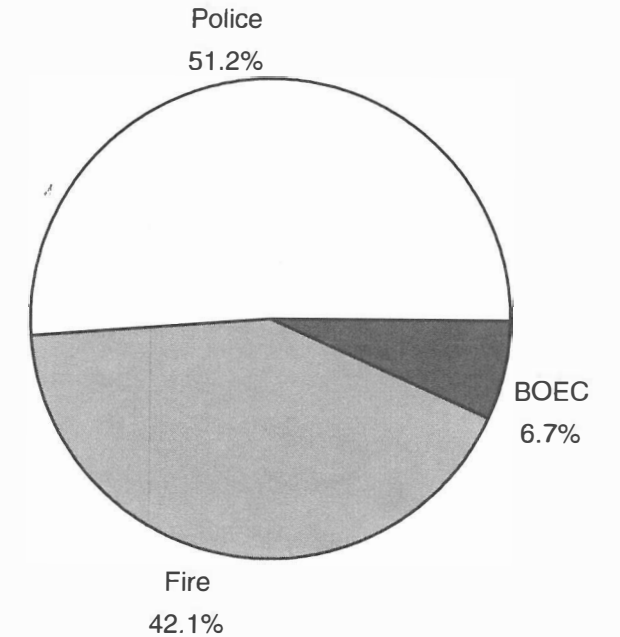
Fire & Police Disability & Retirement  
Bureau of Police

**Percent of City Budget**



City Budget = \$1.29 Billion

**Bureau Pie Chart**



**Service Area Overview**

Expenditures in Millions	Revised FY 1998-99	Adopted FY 1999-00	Change from Prior Year	Per Capita Change
Operating	249,858,520	254,548,236	4,689,716	-2.5%
Capital	4,340,141	8,370,718	4,030,577	84.7%
Allocated City Overhead Costs	4,949,200	5,305,539	356,339	2.6%
<b>Total Cost with Allocated Overhead</b>	<b>\$ 259,147,861</b>	<b>\$ 268,224,493</b>	<b>\$ 9,076,632</b>	<b>-0.9%</b>
Authorized Full-Time Positions	2,137	2,144	7	-3.9%

Note: Per capita change values are adjusted for inflation and population growth.

## Service Area Highlights

### MAJOR THEMES

#### Police Bureau

**Facilities:** The Police Bureau continues to need additional permanent or improved facilities for a training facility, property warehouse, additional precincts in outlying areas of Portland, the Mounted Patrol Unit, and the Traffic Division. A long range facilities plan will be developed in the next fiscal year to prioritize projects and explore financing options.

**School Police:** The Police Bureau has created a new captain's position to act as supervisor of the Portland School Police. Command control of the school police will now be a responsibility of the Portland Police Bureau. The officers of the Portland School Police will remain as employees of School District #1.

**Youth Gun Anti-Violence Task Force:** The Youth Gun Anti-Violence Task Force, formed in 1998, receives continued funding to help combat violence by targeted youth offenders aged 16 to 24. The goals of the task force are to track youth gangs and violent incidents, reduce or eliminate violence in neighborhood hot spots, and disrupt the flow of illegal guns to juveniles.

#### Fire Bureau

**Facilities:** A \$53.8 million bond measure for improving city emergency facilities was authorized in the November 1998 general election. This will allow the construction of several new fire stations, and the seismic retrofit of the remaining fire facilities. In addition, other improvements to emergency facilities will be made to address issues such as female firefighter accommodations, Americans with Disability Act (ADA) access, drug storage, pathogen cleanup, and combined community facility uses.

**Fire Apparatus:** Fire apparatus replacement funding has been continued at the rate of \$1 million per year from the capital set aside.

**Fire Training Program:** The Fire Training Program has made significant strides toward recruiting women and minority candidates. Since implementation three years ago, this program has increased the employment of women and minority employment of firefighters 139%.

#### Emergency Communications

**Expansion of the Portland Communications Center:** The bond measure approved in the November 1998 general election included a provision for expansion of the Emergency Communications Center. This expansion will allow the facility to handle the increased workload already being experienced by the 9-1-1 call center.

#### Fire and Police Disability & Retirement Fund

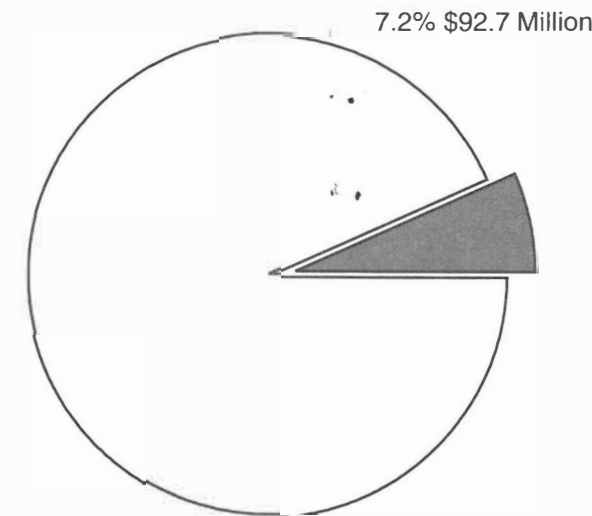
**Administrative Expenses:** The Fire and Police Disability and Retirement Fund administrative expenses are increasing by \$163,771 above the current service level to a total of \$1,505,315. This is primarily due to an addition of nurse case management to the Administration Program. The cost for this program is estimated at \$62,400. This is a new pilot program established in order to relieve increasing workload in the area of disability/medical claims management.

**Funded Pension System:** FPD&R continues to explore the possibility of becoming a fully funded pension plan. The current system relies on a tax levy authorized in 1948 which provides up to \$2.80 per \$1000 assessed value on property in the city.

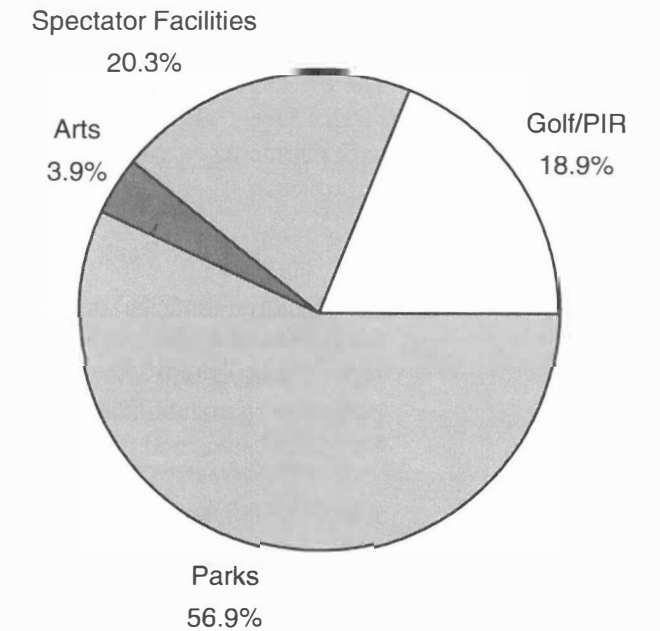
## Parks, Recreation and Culture

Portland Parks and Recreation

Percent of City Budget



Bureau Pie Chart



Service Area Overview

Expenditures in Millions	Revised FY 1998-99	Adopted FY 1999-00	Change from Prior Year	Per Capita Change
Operating	54,638,092	51,595,645	(3,042,447)	-9.6%
Capital	29,901,311	14,751,472	(15,149,839)	-52.8%
Allocated City Overhead Costs	2,534,532	2,226,544	(307,988)	-15.9%
<b>Total Cost with Allocated Overhead</b>	<b>\$ 87,073,935</b>	<b>\$ 68,573,661</b>	<b>\$ (18,500,274)</b>	<b>-24.6%</b>
Authorized Full-Time Positions	365	375	10	-1.6%

Note: Per capita change values are adjusted for inflation and population growth.

## Service Area Highlights

### DESCRIPTION

The Parks, Recreation and Culture Services Area includes services for Parks, Golf, Portland International Raceway, Regional Arts and Culture Council, Spectator Facilities funds, and Parks construction funds.

### MAJOR THEMES

#### Parks and Recreation

The FY 1999-00 Adopted Budget for Portland Parks & Recreation continues FY 1998-99 service levels while providing additional funding in three program areas: natural resource park maintenance, pilot programs for after school youth recreation, and park capital improvements.

#### Natural Resource Park Maintenance

Four hundred thousand dollars of ongoing funds and \$100,000 of one-time funds will allow the Bureau of Parks and Recreation to provide improved stewardship of natural resource parks. Funding will allow the bureau to hire two skilled ecologists and additional seasonal personnel to maintain natural areas. In addition, the funding will provide improved planning for natural areas and management of volunteer support for parks.

#### After-School Youth Recreation

One time funds of \$300,000 per year for three years will allow the development of pilot "full service school" programs to support youth and families, offering a variety of recreational and social services at school during non-school hours. This funding complements efforts by the State, Multnomah County, and Portland Public School District, and additional funding from the Annie Casey Foundation.

#### Parks Capital Projects

Increased General Fund dollars for parks capital projects in FY 1999-00 will support renovations/major repairs at:

- ◆ Multnomah Art Center (\$269,500).
- ◆ Pittock Mansion (\$205,000).
- ◆ Ankeny Dock (\$104,000).
- ◆ Fulton Community Center (\$55,000).
- ◆ Delta Park Maintenance Headquarters (\$80,500).
- ◆ University Park Community Center (\$711,000).
- ◆ Landslide repairs (\$452,000).
- ◆ Second of three (\$200,000) payments to OMSI for the purchase of its Washington Park building, which will become the new location of the Children's Museum.

#### Golf Fund

#### Progress Downs

A major renovation is planned in FY 1999-00 funded by golf debt.

### RACC

In the FY 1999-00 Adopted Budget, funding of \$200,000 is included for year two of a five year commitment to arts stabilization. In addition, \$200,000 is included for year two of a five year commitment to the ballet, and \$200,000 for year one of a five year commitment to the opera.

### Spectator Facilities Operating Fund

#### Parking Revenue System

An electronic parking revenue control system has been implemented to verify parking usage in order to account for parking revenues in the public garages located at the Rose Quarter.

#### Electronic Signs

The FY 1999-00 Approved Budget includes a \$200,000 cash transfer to the Transportation Fund for two message sign installations on the I-5 ramp to the Rose Quarter area. Adding these new signs will help the City to manage traffic during events at the Rose Quarter by providing real-time parking information and alternative parking choices to I-5 drivers.

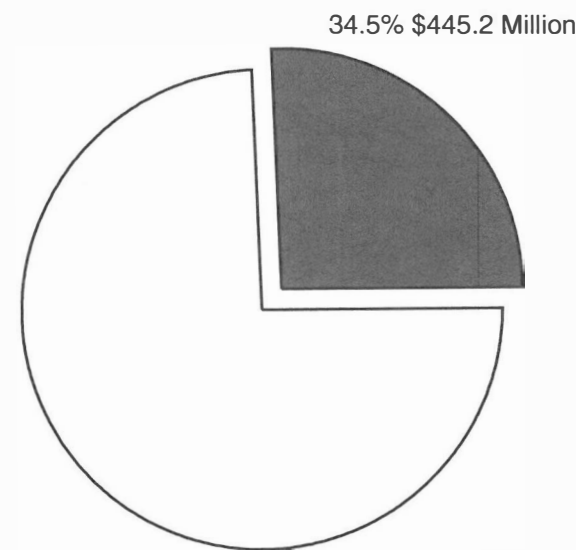


# Public Utilities

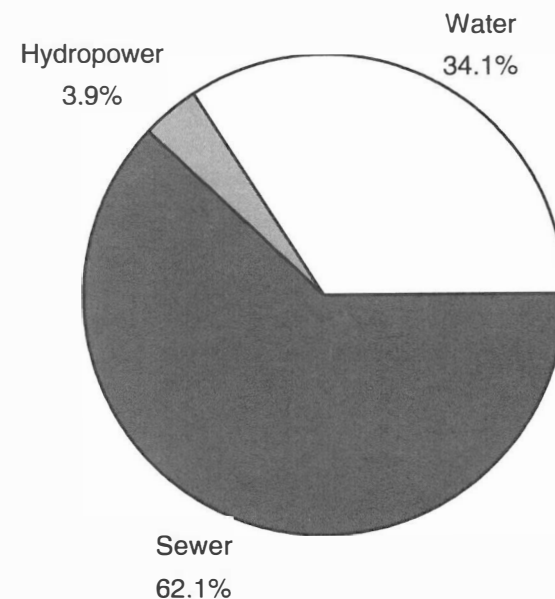
Bureau of Environmental Services

Bureau of Water Works

Percent of City Budget



Bureau Pie Chart



Service Area Overview

Expenditures in Millions	Revised FY 1998-99	Adopted FY 1999-00	Change from Prior Year	Per Capita Change
Operating	126,512,927	128,823,020	2,310,093	-2.5%
Capital	135,884,368	124,555,671	(11,328,697)	-12.2%
Allocated City Overhead Costs	4,562,407	5,173,897	611,490	8.6%
<b>Total Cost with Allocated Overhead</b>	<b>\$ 266,959,702</b>	<b>\$ 258,552,588</b>	<b>\$ (8,407,114)</b>	<b>-7.3%</b>
Authorized Full-Time Positions	979	987	8	-3.5%

Note: Per capita change values are adjusted for inflation and population growth.

## Service Area Highlights

### DESCRIPTION

The Public Utilities Service Area includes utility services provided by the City. These services include water and sewer service, and stormwater management functions. In addition, this service area includes administration of the Solid Waste Collection and Recycling Program, which is operated by private companies under franchise and permit systems for residential and commercial service, respectively.

### MAJOR THEMES

#### Utility Rate Increases

The Adopted Budget for FY 1999-00 includes an average effective rate increase for water service of about 4.4 percent. The average single family sewer rate increase is anticipated to be 9.4 percent. The sewer rate increases, unlike those for water, do not include provision for system development charge exemptions for affordable housing development. Solid waste collection and recycling rates will increase slightly effective July 1999.

### Bureau of Water Works

#### The Budget

The Bureau of Water Works' (the Water Bureau) Adopted Budget is \$80.0 million. This budget consists of an operating budget of \$52.7 million and a capital budget of \$27.3 million. The operating budget increased about \$2.1 million over the FY 1998-99 Revised Budget, but the capital budget decreased more than \$2.3 million.

#### Decision Packages

The five Water Bureau decision packages that have been approved include an addition of seven positions. The packages include funding for call center technology enhancements, conservation enhancements, staffing for wellfield maintenance and future aquifer storage and recovery, main flushing, and a new laboratory information management system. The cost of these decision packages in FY 1999-00 is about \$836,000.

#### Bond Credit Rating

The Water Bureau continues to be assigned an Aa1 revenue bond credit rating from Moody's Investor's Service. This rating, which is the highest achievable, is only held by six water utilities nationally.

### Bureau of Environmental Services

#### Position Changes

The Adopted Budget for the Bureau of Environmental Services (BES) includes the elimination of 15 operating positions and the creation of 12 new operating positions. Six of the new positions are to accomplish new work, and three will support the Endangered Species Act programs.

#### Budget Changes

There are operating budget increases of \$1.2 million to remove and dispose of biosolids associated with sludge lagoon renovation, \$489,000 for additional retirement obligations, \$200,000 for increased maintenance, and \$190,000 for additional GIS support. Offsetting these increases are reductions of \$500,000 for professional services, \$300,000 for utilities, \$250,000 for minor equipment, and \$200,000 for operating supply contracts.

## Service Area Highlights

### DESCRIPTION

The Community Development Service Area includes services for Housing and Community Development, Buildings, Cable, Energy, Mt. Hood Cable Regulatory Commission, Office of Neighborhood Involvement and Planning.

### MAJOR THEMES

#### Housing and Community Development

Housing and Community Development (BHCD) manages federal funds channeled to the City by the U. S. Department of Housing and Urban Development. Entitlement grants including Community Development Block Grant, HOME, Housing for People with Aids (HOPWA), and Emergency Shelter Grant will total \$17,667,000 for FY 1999-00. In addition, the bureau manages City General Funds appropriated to support youth, homeless, and public safety issues.

#### Buildings

Although the economy remains strong, the number of permits and inspections has decreased from the high levels achieved in recent years.

#### Office of Planning and Development Review

Based on the recommendations from the Blueprint 2000, the City Council created the Office of Planning and Development Review by merging the Bureau of Buildings and the Development Review Section of the Bureau of Planning. The goal is to improve and integrate development review, building permit and inspections functions of Building and Planning, and other review functions from Environmental Services, Transportation, Water, Fire, and Forestry through interagency agreements. Upon completion of the new development building, these functions will be collocated along with the Permit Center.

#### Cable

The Cable Office enforces cable service franchises, manages community use of the cable system, and works to maximize City franchise revenues. In FY 1999-00 the office will continue to oversee the Paragon and TCI Cablevision cable system merger and construction of the community institutional network, establish a franchise compliance program, and advocate for local government's role in receiving fair compensation for and managing the right-of-way.

#### Energy

The Energy Office continues to pursue options to protect the City's economic, environmental, and public interest goals within the framework of a changing electric utility environment. The City is working with local utilities, public interest groups and energy service providers to create new, market-based mechanisms to promote energy efficiency.

#### Mt. Hood Cable Regulatory Commission

As a result of franchise negotiations, over \$2 million in revenues from cable companies will be used to fund capital projects that enhance the cable and communications systems of public, educational, and governmental entities.

#### Office of Neighborhood Involvement

The office continues to provide a wide range of programs and services related to citizen participation, neighborhood, and community livability. The Adopted Budget includes an increase in support for the neighborhood network, increased staff in crime prevention and the Neighborhood Mediation Center, and continues the successful Graffiti Abatement Program.

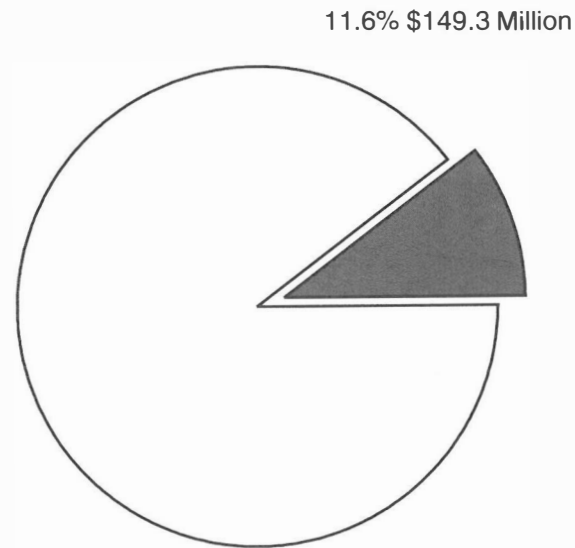
#### Planning

In 1999, the City Council adopted the recommendations from the Blueprint 2000 Stakeholders Team to reorganize the Bureau of Planning. Planning's Development Review Section will be merged with the Bureau of Buildings, and the long range planning activities will remain in Planning. In FY 1999-00 planning activities will focus on the Willamette River Greenway, NW Industrial Area Transition Study, West Downtown Planning, Pleasant Valley Urban Reserve Area, and an update to the City's existing strategic plan, Portland Future Focus.

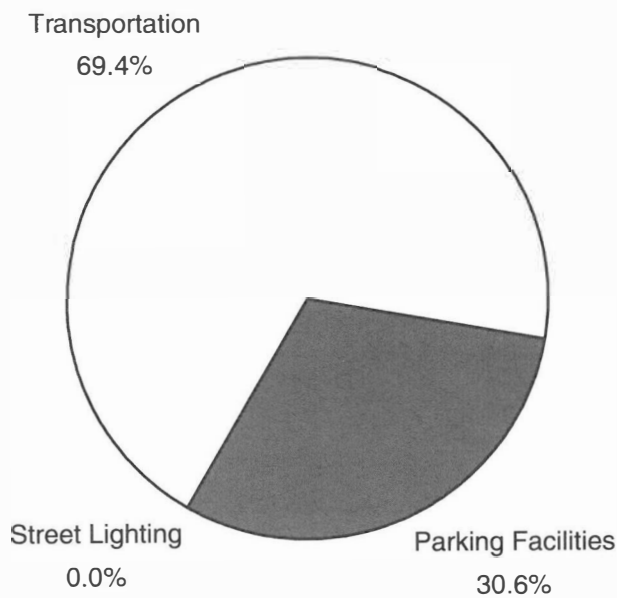
# Transportation and Parking

Office of Transportation

Percent of City Budget



Bureau Pie Chart



## Service Area Overview

Expenditures in Millions	Revised FY 1998-99	Adopted FY 1999-00	Change from Prior Year	Per Capita Change
Operating	78,713,510	80,327,143	1,613,633	-2.3%
Capital	42,552,463	53,634,524	11,082,061	20.7%
Allocated City Overhead Costs	2,951,517	3,130,327	178,810	1.5%
<b>Total Cost with Allocated Overhead</b>	<b>\$ 124,217,490</b>	<b>\$ 137,091,994</b>	<b>\$ 12,874,504</b>	<b>5.7%</b>
Authorized Full-Time Positions	716	711	(5)	-4.9%

Note: Per capita change values are adjusted for inflation and population growth.

## Service Area Highlights

### DESCRIPTION

The Transportation and Parking Service Area includes those funds and bureaus that plan, build, manage, maintain, and facilitate an effective and safe transportation system and provide access and mobility throughout the City.

The service area includes one bureau, the Office of Transportation, and its related funds, the Transportation Operating Fund, the Transportation Reserve Fund, and the Gas Tax Bond Redemption Fund.

The service area also includes several parking funds which are managed by the Bureau of General Services. There is one operating fund, the Parking Facilities Fund, which accounts for the operation and maintenance of six of the seven City owned parking garages in downtown Portland (the Smart Park system). The six locations are Third and Alder (Morrison Park East), 10th and Yamhill (Morrison Park West), 4th and Yamhill, Naito (or Front) and Davis (Old Town), O'Bryant Square, and 1st and Jefferson.

In addition to the Parking Facilities Fund, there are four bond redemption funds that account for the fee revenues and debt service for the construction of four of the Smart Park garages: Morrison Park East, Morrison Park West, 4th and Yamhill, and Old Town.

### MAJOR THEMES

#### Parking Facilities Fund

In FY 1998-99, the Autoport Fund was folded into the Parking Facilities Fund. The Parking Facilities Fund issued a revenue bond for \$29 million that will support the construction of the Central City Streetcar.

#### Bond Redemption Funds

In FY 1999-00 the 4th and Yamhill Bond Redemption Fund will be renamed the Parking Facilities Debt Redemption Fund, which will house all debt service associated with parking facilities.

#### The Office of Transportation (PDOT)

##### Budget Deficit

In FY 1999-00, PDOT faces a funding deficit of \$4.8 million, which results from the combined effects of age, usage, increasing size, decreasing purchasing power, and declining revenues.

##### Balancing the Budget

PDOT balanced its Adopted Budget at \$118.96 million with the following:

- ◆ \$716,000 one-time support from the General Fund as directed by Council in the FY 1998-99 Adopted Budget.
- ◆ \$1.8 million in one-time savings from a reduction in PDOT's savings plan (\$1 million), and a reduction in PDOT's year-end carryover, primarily of CIP (\$0.8 million).
- ◆ \$2.3 million of operating and CIP reductions.

**Reallocations:** The \$2.3 million in reductions above allow PDOT to shift funding to other projects or programs that were reduced or supported by one-time General Fund support in prior years, for example, reduction of the paving backlog.

**PDOT Charter:** In FY 1998-99, PDOT's management team developed the PDOT Charter which establishes a foundation for the prioritization and funding decisions that result in budget reductions and reallocations to core activities.

**Change from Prior Year**

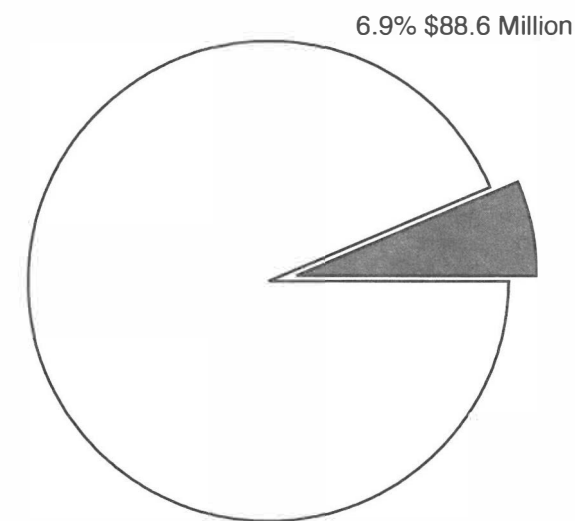
In FY 1999-00, PDOT will begin charging fees for development reviews consistent with a Citywide effort at cost recovery. This new revenue, projected at \$250,000, will allow PDOT to shift General Transportation Revenues which previously supported this program to other programs/services.

# Legislative, Administrative and Support Services

Office of the City Attorney  
 Office of the City Auditor  
 Bureau of General Services  
 Commissioner of Public Affairs  
 Commissioner of Public Safety  
 Commissioner of Public Utilities  
 Commissioner of Public Works

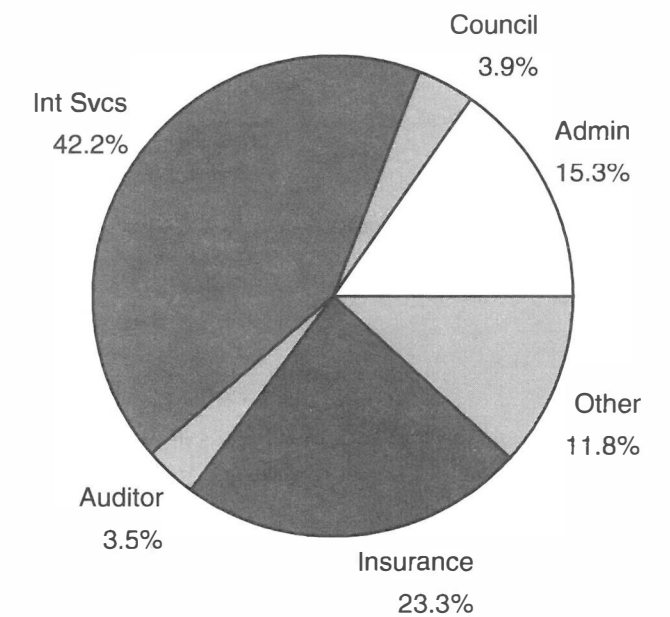
Office of Government Relations  
 Bureau of Licenses  
 Office of the Mayor  
 Office of Finance and Administration  
 Bureau of Purchases  
 Special Appropriations

**Percent of City Budget**



City Budget = \$1.29 Billion

**Bureau Pie Chart**



**Service Area Overview**

Expenditures in Millions	Revised FY 1998-99	Adopted FY 1999-00	Change from Prior Year	Per Capita Change
Operating	119,319,840	118,693,294	(626,546)	-4.8%
Capital	29,800,953	5,110,904	(24,690,049)	-83.6%
Allocated City Overhead Costs	1,845,740	2,812,261	966,521	45.9%
<b>Total Cost with Allocated Overhead</b>	<b>\$ 150,966,533</b>	<b>\$ 126,616,459</b>	<b>\$ (24,350,074)</b>	<b>-19.7%</b>
Authorized Full-Time Positions	581	594	13	-2.1%

Note: Per capita change values are adjusted for inflation and population growth.



## Service Area Highlights

### DESCRIPTION

The Legislative, Administrative and Support Services service area includes the bureaus which provide general internal support on a Citywide basis to all City bureaus (Attorney, Auditor, Finance & Administration, General Services, Government Relations, and Purchases), the offices of the Mayor and the four Commissioners, the Bureau of Licenses, and all Special Appropriations.

### MAJOR THEMES

#### City Attorney

The office continues to shift non-legal or quasi-legal work away from lawyers to non-attorney support personnel including paralegals, thus allowing staff to devote themselves to legal work.

#### Auditor

The Portland Multnomah County Progress Board has become part of the Auditors Office. The Board identifies, monitors, and reports on indicators (named Benchmarks) for important community-wide goals.

#### Finance & Administration

OF&A is relocating various divisions within the Portland Building as part of the Portland Building re-stack project.

Publication of the annual City budget document has been automated using a data base management system which draws information directly from the Citywide mainframe computer which stores data for the City.

#### General Services

BGS will finish the new Development Services Building at 1900 SW Fourth street in the summer of 1999.

Management of the Emergency Facilities General Obligation Bond construction projects will be done by BGS. Projects will include new fire stations, seismic retrofitting of existing stations, and expansion of the Portland Communications Center.

A new day care facility for City employees will be constructed on the first floor of the Portland Building at a cost of approximately \$400,000.

#### Purchases

Purchasing will be enhancing an existing apprenticeship program to provide apprentices to BES, Water, Parks, and Transportation.

#### Special Appropriations

Portland Area Schools will receive \$4 million in General Fund support.

Endangered Species will receive over \$700K in General Fund support.

Ballet and opera in Portland will each receive \$200K in General Fund support this year as part of a multi-year commitment to each.

## Elected Officials



Mayor Vera Katz

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

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

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

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

Our strong economy has once again made it possible for the City Council and citizens to work together to allocate resources to help us recover from the painful cuts mandated by Measures 47 and 50. I am pleased with the work we have been able to accomplish. I think the following accomplishments of this FY1999-00 budget are significant.

#### Education:

- ◆ Secured \$3 million to establish a City After School agenda to provide all kids with a safe place to go between 3:00 and 6:00 p.m.
- ◆ Secured \$2.5 million for Portland State University.

#### Parks:

- ◆ Exchanged 60 acres of school surplus lands for City's contribution of \$5.2 million to the Portland School District. Land will become City natural areas and parks.
- ◆ Completed Phase I of the Eastbank Esplanade with installation of the floating walkway.

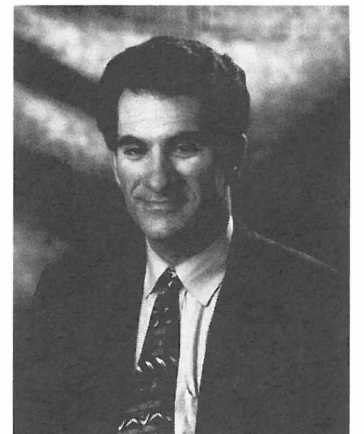
#### Public Safety:

- ◆ Secured \$175,000 for extended day learning centers for high-risk youth and helped organize 17 inner city churches to address youth violence.
- ◆ Worked with Gresham to re-open Fire Station 45 which will improve fire and emergency medical response times.

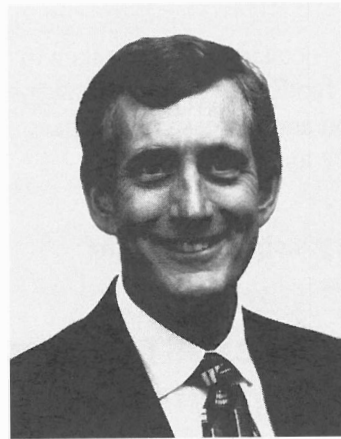
#### Neighborhoods:

- ◆ Established the Lents Urban Renewal District, capturing \$60+ million in property taxes for public improvements.
- ◆ Advocated for legislation that will be on the November 2000 ballot to restrict sex businesses through zoning.

It is a privilege to be able to work with so many talented and committed people – citizens, members of the City Council, and employees of the City – to improve our neighborhoods, strengthen our Central City and business districts, and secure the future for our children.



Commissioner Jim Francesconi



Commissioner Charlie Hales

I would like to thank the citizens who engaged in this year's budget process. Once again, your advice and comments were helpful in our tough decisions. I am pleased to once again support our public schools. I am also proud of the Council's approval and funding of the new streamlined Office of Planning and Development Review.

I continue my work in Salem to convince our State Legislature to accept their responsibility to adequately fund our public schools and transportation system. Dozens of key transportation projects as well as the funding of the Portland Office of Transportation remain dependent on legislative action. I am proud of this Council's strong stances against electronic video signs in Portland's neighborhoods, in support of building more light rail and in favor of design guidelines that protect the integrity of Portland's neighborhoods.

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

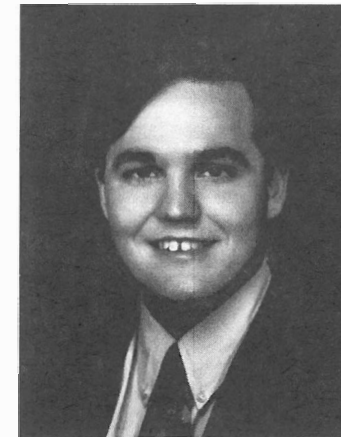
In my first six months as Portland City Commissioner, I had the opportunity to work with other commissioners and the Mayor in developing this second year budget. We have had limited money to work with in a time when we are faced with significant needs, but working cooperatively we have built a good budget, one that addresses some of those needs. I am honored to have been elected by the citizens of Portland to assist in this critical process.

As Commissioner-in-Charge of the Bureau of Environmental Services, one of my responsibilities is to address the issues facing the Willamette River. My portfolio also includes serving our community through the Office of Neighborhood Involvement, providing public safety to you through the Bureau of Emergency Communications (911); promoting "green" buildings and other sustainable policies through the Sustainable Portland Commission.

As we move into the new century, we will continue to look to you, Portland's citizens, for input and guidance as we proceed with building the most family friendly City. With your help we can continue building a rich, diverse and thriving Portland.



Commissioner Dan Saltzman



Commissioner Erik Sten

The framework for this year's budget was created last year when the Portland City Council laid out its two-year budget plan. In 1998, the City Council made significant investments in parks, housing and transportation to ease the strain of growth on our community's physical infrastructure. We also invested heavily in two of our community's most important institutions: arts and education.

In 1999, we have continued our commitment to all of these important community needs. We approved additional allocations to parks, schools, housing and the arts. We also addressed new challenges. Most notably, we created the City's Endangered Species Act (ESA) program. In addition to responding the legal requirements of the Act, the program will also help restore our local streams for the benefit of salmon and other threatened fish species.

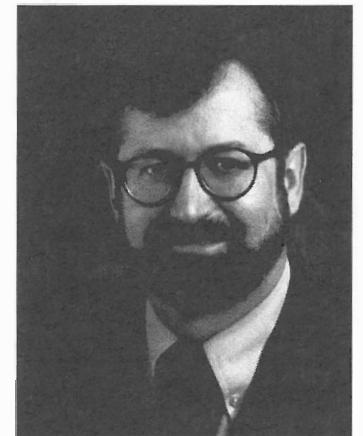
Unfortunately, the available resources in 1999 were far less than what was available in 1998. Most of the allocations were short-term or one-time-only commitments. Our challenge will come next year when we struggle to meet the city's growing needs within the property tax constraints recently set by voters. As we enter the new millennium, citizen participation in the budget process will become even more important as we work to set our community's funding priorities. I look forward to challenges ahead of us and hope that you will join the City Council to guide the next biennium budget process.

As I observed the budget-making of Portland in my first months as City Auditor I would like to point out something that is missing. In other jurisdictions, the decisions on how to allocate resources often get bogged down when officials raise questions about the reliability of information from an agency, or the efficiency of its services, or the quality of its efforts. I think we have all heard of these cases at the state and federal level. They usually involve important but complex questions that often get answered by brute force politics.

I am pleased to see that City Council looks to our audits to answer these questions in an objective and methodical way, and to raise our own questions on an on-going basis. The Auditor's Office has been extremely successful in effecting improvements in City services. As a result, Council can concentrate on allocating resources to our most important community needs rather than assembling hasty solutions based upon anecdotal information.

I am also pleased to see that the budget process begins with a review of the City's Financial and Budget Policy. The Office of Finance and Administration first developed the policy about ten years ago in response to our recommendations. With the intention of preserving the excellent financial condition of the City, this office monitors revenue and spending issues to provide regular, independent reports to Council. To help everyone to better understand City efforts and accomplishments in our community we also prepare a statistical report about the major bureaus. All of our reports are available to the public upon request or at our website.

As the newly-elected auditor I can take no personal credit for this important role that my office plays in the City of Portland budget process, but I am committed to carrying forward all that my predecessors and staff have accomplished.



Auditor Gary Blackmer

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**Division of Financial Planning**

Ken Rust, Director of Financial Planning

Mark W. Murray, Budget Coordinator

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