



CITY OF PORTLAND ADOPTED BUDGET

BUDGET-IN-BRIEF
Fiscal Year 2010-11

Mural detail taken from "A Neighborhood in Motion"
At 7215 NE Sandy Blvd

Artists:

Angelina Marino
Gary Herd
Marlys Mick
Joel Heidel

Date: 2008
Medium: Acrylic
Dimensions: overall: 12' x 60'
area: 720 square feet

Funding Source: RACC's Public Art Mural Program/Private Funding

This mural reflects the surrounding community and its history, brought together by the mural process. A winding road with trucks and cars, a barbershop, grocers, soda jerk, war time workers, and unicyclist are among the many neighborhood images shown.

Artists, business owners and community members work together to revitalize and beautify their neighborhoods through the Public Art Murals Program. This City of Portland program is administered by the Regional Arts & Culture Council (www.racc.org) as part of its Public Art Program. New murals are reviewed by a public art advisory committee which includes artists, arts advocates and professionals as well as a representative from the City's Design Commission.

The program provides funding for murals that reflect a diversity in style and media and encourages artists from diverse backgrounds and range of experience to apply. Murals approved through this program become part of the City's public art collection.

Adopted Budget *In Brief*

City of Portland, Oregon Fiscal Year 2010-11

Mayor Sam Adams

Commissioner Nick Fish

Commissioner Amanda Fritz

Commissioner Randy Leonard

Commissioner Dan Saltzman

Auditor LaVonne Griffin-Valade

Mayor’s Message 1

Overviews 5

 City Overview 5

 Budget Overview 11

 Financial Overview 17

 Total City Budget – Revenues and Expenses 35

 Appropriation Schedule – FY 2010–11 36

 Summary of Authorized Positions 41

 General Fund Revenues and Expenses 42

 Operating and Capital Budget by Service Area 43

 Capital Budget by Bureau 45

 Capital Budget by Geographic Area 46

Public Safety 47

Parks, Recreation, and Culture 51

Public Utilities 53

Community Development 56

Transportation and Parking 59

Legislative, Administrative, and Support 61

This document is printed on 100% post-consumer waste recycled paper.

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, 2009.

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 Sam Adams
City of Portland

INTRODUCTION

This is the second budget that I have the privilege of presenting as Mayor. The City is still dealing with the effects of the worst global recession in more than a generation. The Great Recession has impacted Portlanders in many ways: higher unemployment, lower home values, and less economic security. My priorities outlined in this budget remain focused on returning the City to full prosperity, shoring up funding for core City services, supporting the most vulnerable in our community, and keeping all Portlanders safe and secure in their jobs, homes, and neighborhoods.

Addressing the City's Financial Challenges

Starting in late 2008 it was clear that our City was going to face the worst recession in decades. In addition to declining business license and other local revenues, the City had many ongoing programs and positions that were being funded with one-time revenue, creating a "shadow obligation" for the City to fund in the future. Considering these risks and factors, we started preparing early:

As Mayor-elect, I worked with the City Council to make mid-year reductions in fall 2008 in anticipation of declining revenues.

For the FY 2009-10 budget development process, we asked bureaus to propose programmatic reductions of up to 5 percent, most of which were included in the final Adopted Budget.

During the current fiscal year, we have continuously monitored and made adjustments to bureau spending based on the latest available data, allowing us to stay ahead of the financial crisis and avoid deeper, more damaging cuts.

In April, I implemented a citywide hiring freeze, directed bureaus to slow down all discretionary spending, and asked bureaus to find additional personnel savings, either from existing vacancies or from holding future positions vacant.

At the start of the FY 2010-11 budget process, I asked public safety bureaus to prepare 2% reductions, and non-public safety bureaus to prepare 4% reductions. These reductions, on top of the actions noted above, will produce enough savings to balance the General Fund and create some limited one-time resources that can be reprogrammed to the City's highest priority services.

Finally, I asked bureaus to be creative in terms of realignments and efficiencies that could save money without reducing services. And I asked them to consider new revenue sources, so long as they did not impact the City's most vulnerable populations.

Public Input and Stakeholder Involvement

For the second year, I asked bureaus to rank each discrete program and service they provide based on the program's relationship to the bureau's mission and its support from the community. This process provides valuable insight into each bureau's operations, and forces bureaus to weigh each proposed reduction against the alternatives and make strategic cuts in services. While programmatic cuts are always difficult, this approach ensured the protection of core City programs and services.

Bureaus also continued with the Budget Advisory Committee (BAC) process. These committees include management, labor, customers, and internal and external stakeholders. They review the bureau's draft budget request, weigh in on the program and service rankings, and provide input on the proposed reductions.

Finally, the City held three community forums, where we gathered specific input from Portland residents. The feedback Portlanders provided helped us prioritize services and focus on specific areas for improvement as well as areas that could be cut. We also conducted an extensive public information and survey process in order to statistically validate the input that was received at the community forums. Small groups, such as neighborhood coalitions and advocacy groups, were also given an opportunity to host Budget 101 sessions with their members, where members could both learn more about the City budgeting process as well as provide feedback and input about the programs that are most important to them.

MAYOR'S APPROACH

In building next year's budget, I had four key goals:

1. Keep the City on a sound financial footing to weather the economic downturn.
2. Protect essential City functions, such as public safety and infrastructure, and increase funding to help those most in need through mental health programs and housing assistance.
3. Make strategic investments to fuel a more equitable economic recovery.
4. Continue my efforts to increase bureau accountability and track bureau performance to ensure constant improvement and positive results.

Weathering the Economic Downturn

Balancing the FY 2010-11 budget meant cutting ongoing General Fund spending by \$5.3 million, or roughly 1.4 percent. In addition, the City has a number of important one-time funded programs that I believe are necessary to continue, such as housing and shelter services, public safety programs aimed at reducing "quality of life" crimes, and economic development funding that will aid in the City and the region's recovery.

The Adopted Budget keeps the City on a sound financial footing through a combination of administrative efficiencies and reductions in programs and services. Of the reductions, just over half come from administrative savings rather than programmatic cuts. Although some of the cuts will result in lost programs, by making prudent reductions, the Adopted Budget ensures that City spending is sustainable into the future. The City budget is not only balanced for FY 2010-11, it is also balanced over the entire five-year forecast, as required by Council policy.

Finally, the Adopted Budget does not use the General Fund reserves, which remain at 10 percent of General Fund revenues. Although the economic triggers have been met that would authorize Council use of the reserves, we did not tap those reserves for two reasons:

1. We may not have seen the bottom of the recession in terms of City revenues, and making prudent reductions now will keep us on a sustainable fiscal path;
2. The General Fund reserves are key to our ability to maintain the highest unlimited tax obligation bond rating possible, and jeopardizing that rating, which was recently reaffirmed by Moody's Investors Service, could cause the City's borrowing costs to rise.

Protecting Essential City Functions and Helping Those in Need

The Adopted Budget protects core city services while also helping those most in need during this economic crisis:

- ◆ Restores funding to keep a fire station open
- ◆ Maintains funding for one fire rescue that would otherwise have been cut
- ◆ Fully funds the CHIERS program and supports Multnomah County's sobering station
- ◆ Funds a prostitution rehabilitation and transition effort
- ◆ Continues the City's Service Coordination Team, which has shown positive results in reducing recidivism among those who commit quality of life crimes, at a reduced level
- ◆ Invests \$1.0 million to increase shelter bed capacity, especially for the high-demand women's shelter facilities
- ◆ Allocates \$2.5 million for the Portland Housing Bureau to meet increased demand for shelter services, rent assistance, and access services
- ◆ Contributes \$50,000 to the Oregon Food Bank as they work to combat our region's record level of hunger and food insecurity
- ◆ Invests \$540,000 to increase capacity to provide mental health services
- ◆ Continues assistance for low-income tax preparation (\$75,000), which provides an economic boost to the region by increasing federal tax returns.

Making Strategic Investments for a More Equitable Recovery

The Adopted Budget invests in key programs that will help local businesses grow and create jobs, as well address inequities in our community by supporting education and academic achievement:

- ◆ Directs the Portland Development Commission to reduce operating and administrative costs by 12.5% (\$4.0 million) and increase business finance programs, redevelopment loans, and storefront grants by \$5.6 million in Urban Renewal Areas across the city
- ◆ Supports economic development initiatives including \$500,000 to roll out the Neighborhood Main Street Revitalization program
- ◆ Allocates \$166,000 to continue investing in targeted, cluster-driven development and recruitment efforts
- ◆ Contributes \$500,000 towards the Summer Youth Connect scholarship program

- ◆ Commits \$425,000 to Summer Youth Connect jobs, serving 1,650 students county-wide.

Increasing Bureau Accountability

Again this year, I asked bureaus to put together a Bureau Baseline and a Program Summary Template. Together, these documents provide Council and citizens with a broad overview of each City bureau, its programs, and key performance measures. These documents increase transparency for our citizens by showing exactly what they are buying with their tax dollars, and holding bureaus accountable for meeting their goals. These documents are posted online with the Adopted Budget.

The budget also includes bureau Service and Performance Improvement plans, which list three key areas each bureau has identified that need improvement and how those improvements will be realized. This is the second year for this requirement, and bureaus are required to show progress against last year's plan.

CONCLUSION

I want to commend all the hardworking Portlanders - citizens and City employees alike - who participated in our community budget forums, employee budget forums, and other outreach efforts. With your input and feedback, we have been able to focus this budget on the programs and services that matter most to you.

National studies have shown that many cities have responded to the economic crisis with deep program cuts and delays and cancellations of capital projects. Portland is rejecting that trend. The City has made modest, prudent program reductions and has made every effort to fast-track capital projects that create jobs and positive economic returns to the city.

Portland will weather this economic storm. We are positioned to lead the nation in the green revolution and reap the economic rewards - living-wage jobs, new business ventures, and increased prosperity - of our sustainability leadership. But, we will only be able to lead if we continue to support all our citizens in their individual efforts to make a better life for themselves.

In these uncertain and financially trying times, this is a budget that gets to the heart of equity. It is a budget guided by both empathy and common sense. By investing in programs that most serve those with the greatest need, we are looking out for our most vulnerable neighbors - resident, business owner, or student. These basic needs are at the core of this budget.

Thank you,

Sam Adams

Mayor

Overviews

City Overview

INTRODUCTION

This section of the FY 2010-11 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 582,130, 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/Beaverton 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.

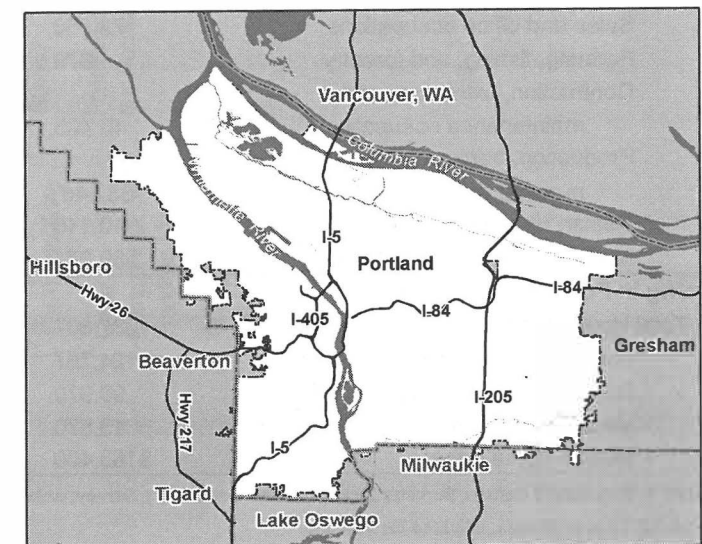


Figure 1: A Profile of Portland's Citizens

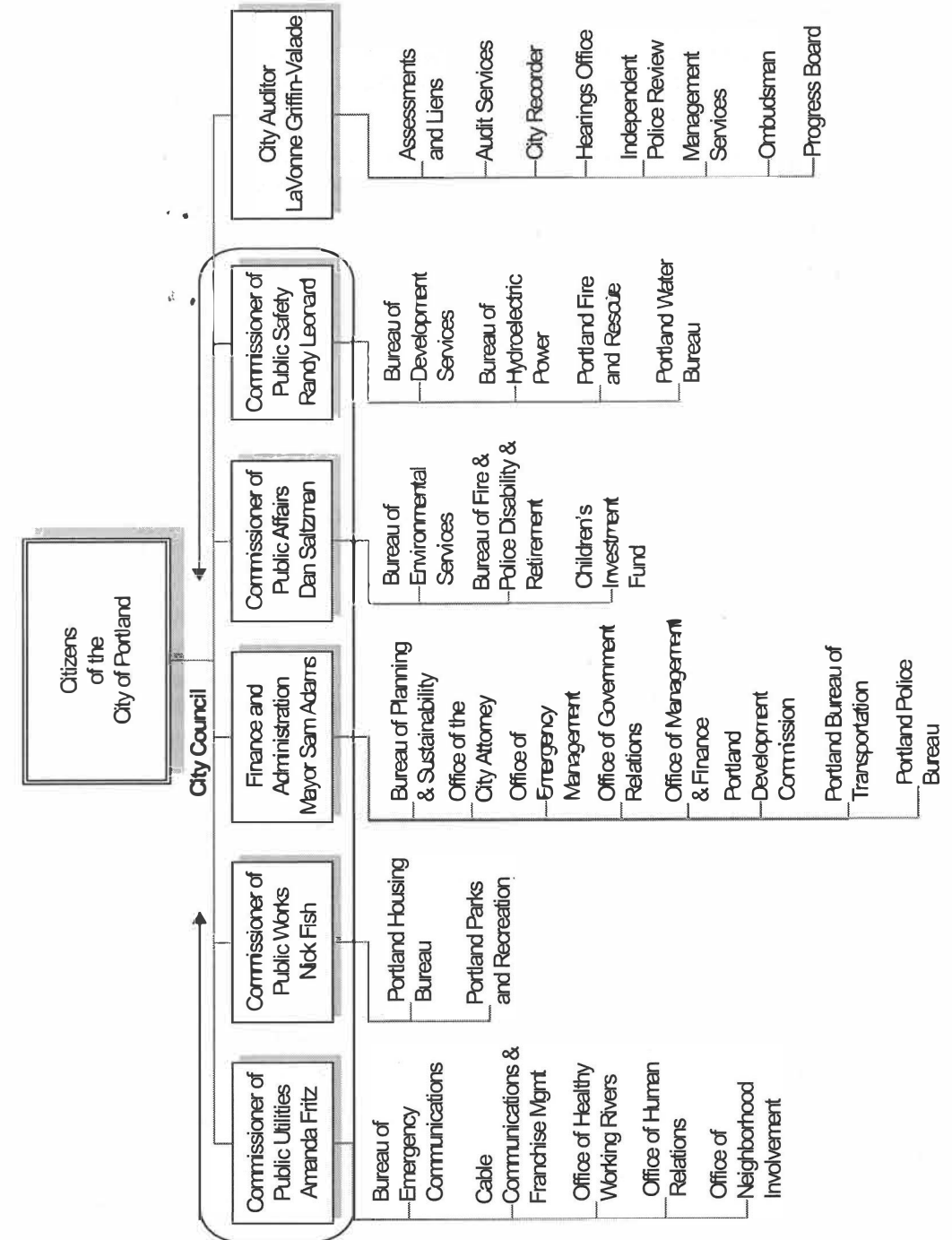
General Characteristics	2000	Percent of Total	2008	Percent of Total	Percent Change
City Population ¹	529,121	---	560,194	---	5.9%
Male	261,565	49.4%	275,432	49.2%	5.3%
Female	267,556	50.6%	284,762	50.8%	6.4%
Age Median age (years)	35.2	---	37.3	---	6.0%
Under 5 years	32,300	6.1%	39,037	7.0%	20.9%
25 years and older	363,106	68.7%	394,440	70.4%	8.6%
65 years and older	61,163	11.6%	58,041	10.4%	-5.1%
Race/Ethnic Distribution					
One Race	507,166	95.9%	535,827	95.7%	5.7%
White	412,241	77.9%	442,864	82.7%	7.4%
Black or African American	35,115	6.6%	35,805	6.7%	2.0%
American Indian & Alaska Native	5,587	1.1%	5,303	1.0%	-5.1%
Asian	33,470	6.3%	35,660	6.7%	6.5%
Native Hawaiian & other Pac. Is.	1,993	0.4%	2,796	0.5%	40.3%
Some other race	18,760	3.5%	13,399	2.5%	-28.6%
Two or more races	21,955	4.1%	20,194	3.6%	-8.0%
Hispanic or Latino (of any race)	36,058	6.8%	49,758	8.9%	38.0%
Household Population	514,129	---	544,850	---	6.0%
Average household size	2.30	---	2.30	---	0.0%
Average family size	3.00	---	3.04	---	1.3%
Social Characteristics					
Population 25 years and over	363,851	---	394,440	---	8.4%
High school graduate or higher	311,725	85.7%	355,031	90.0%	13.9%
Bachelor's degree or higher	118,698	32.6%	166,645	42.2%	40.4%
Civilian veterans (18 years and over)	49,757	11.9%	40,502	9.2%	-18.6%
Speak language other than English at home (population 5 years and over)	84,128	16.9%	92,007	17.7%	9.4%
Portland at Work					
Management, professional, and related occupations	102,760	37.2%	131,734	44.3%	28.2%
Service occupations	41,444	15.0%	49,225	16.6%	18.8%
Sales and office occupations	73,250	26.5%	64,650	21.7%	-11.7%
Farming, fishing, and forestry	679	0.2%	234	0.1%	-65.5%
Construction, extraction, and maintenance occupations	19,405	7.0%	16,687	5.6%	-14.0%
Production, transportation, and material moving occupations	38,546	14.0%	34,807	11.7%	-9.7%
Median Household Income (dollars) ²	\$40,146	---	\$50,979	---	27.0%
Median Family Income (dollars) ²	\$50,271	---	\$66,645	---	32.6%
Housing in Portland					
Total Housing Units	237,307	---	255,132	---	7.5%
Owner-occupied housing units	124,767	55.8%	139,177	54.6%	11.5%
Renter-occupied housing units	98,970	44.2%	98,025	38.4%	-1.0%
Vacant housing units	13,570	5.7%	17,930	7.0%	32.1%
Median home price ³	\$163,400	---	\$239,000	---	46.3%

¹ All data is from the US Census Bureau's 2008 American Community Survey, unless noted.

² Source: US Census Bureau, adjusted for inflation.

³ Source: local RMLS, May 2010

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.

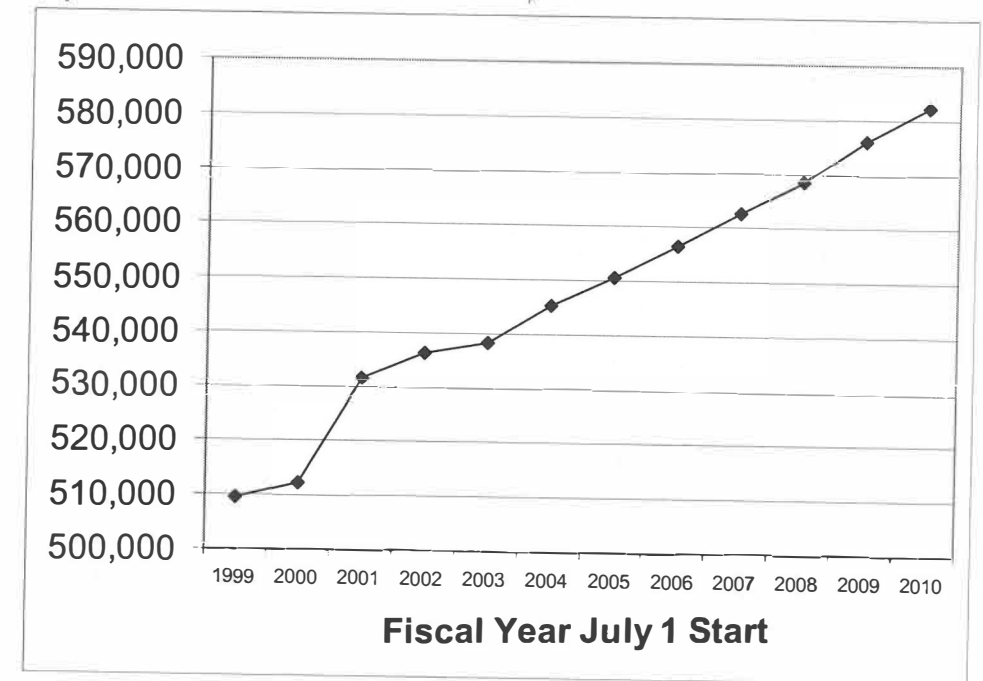
DEMOGRAPHIC DATA

Population

Since 2000, Portland's Population has been growing at 1.18% per annum, which is well below the Metro average of 1.48.

Rapid increases in population 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 July 1, 1998 to July 1, 2009 Portland's population increased by about 72,520. This is overall increase of about 14.2% over eleven years or about 1.1% annually.

Figure 3: Portland's Population Growth

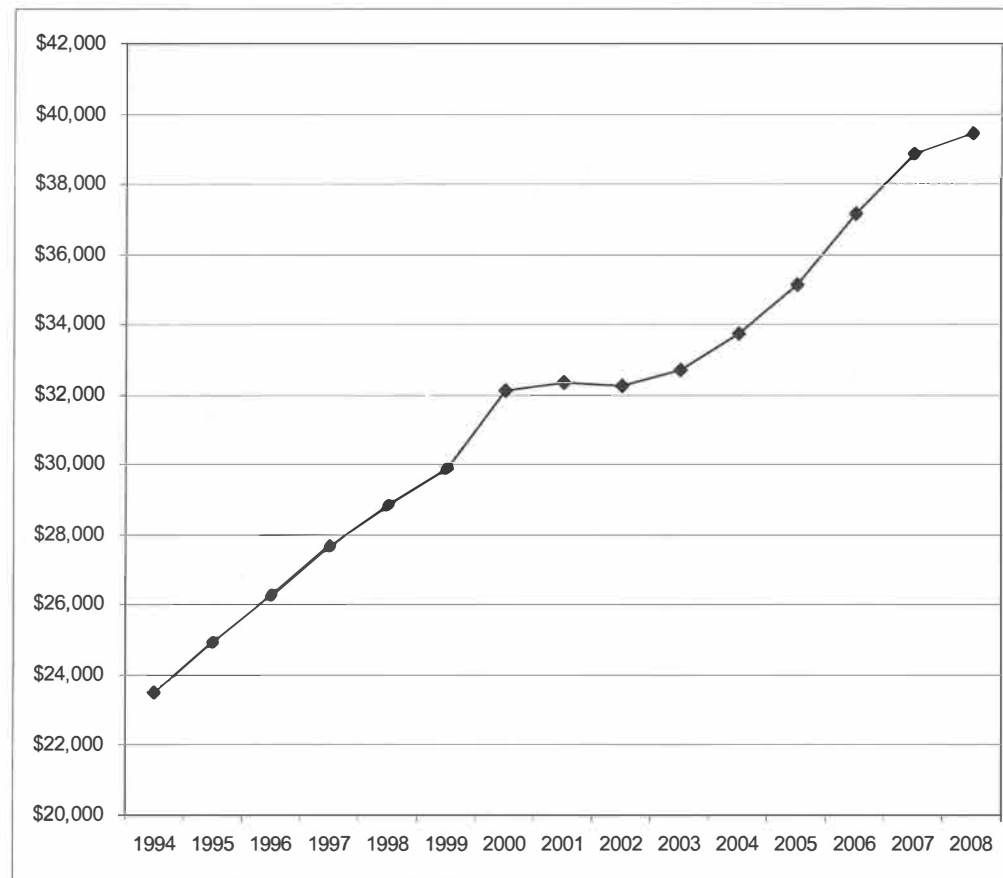


Per Capita Income

Portland's 2008 per capita income of \$39,436 is 8.4% higher than the state average.

Per capita personal income is one measure of a 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 local economy to generate tax resources for government services. From 1994 to 2008 per capita personal income in the Portland metro area increased by 3.8 percent per year in nominal dollars or by about 1 percent in constant dollars adjusted for inflation.

Figure 4: Portland's Per Capita Income



Budget Overview

BUDGET SUMMARY

Total City Budget

The total City budget is down by \$379.9 million from the FY 2009-10 Revised Budget.

Total Legal Budget

State of Oregon Local Budget Law requires the City to report its total legal budget. This is defined to include total operating costs and the internal transactions between funds. The total Adopted Budget for FY 2010-11 is \$3.43 billion, which reflects a \$379.9 million (10%) decrease from the FY 2009-10 Revised Budget. As shown in Figure 5, the decreases are in bureau expenses, contingency, debt service, and cash transfers. City bureau expenses decreased by \$135.5 million (7%), with the bulk of the reductions coming in capital expenditures.

Total Net Budget

Although state budget law requires that all expenditures within and between funds are documented in the legal budget, this overstates actual expenditures for programs because it double counts internal transactions (internal materials and services and 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 \$328.9 million less than the FY 2009-10 Revised Budget.

After eliminating the intracity transfers, the City's net budget in FY 2010-11 is \$2.58 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: Requirements by Major Object Category

Major Object Category	Revised FY 2009-10	Adopted FY 2010-11	Dollar Change	Percent Change
Personal Services	\$ 581,274,807	\$ 566,168,769	\$ (15,106,038)	-2.6%
External Materials & Services	740,954,461	693,766,170	(47,188,291)	-6.4%
Internal Materials & Services	186,788,895	183,237,403	(3,551,492)	-1.9%
Capital Outlay	433,714,975	364,062,777	(69,652,198)	-16.1%
Total City Bureau Expenses	1,942,733,138	1,807,235,119	(135,498,019)	-7.0%
Contingency	584,238,382	386,212,034	(198,026,348)	-33.9%
Ending Fund Balance	143,746,081	161,854,118	18,108,037	12.6%
Debt Service	429,198,934	412,187,975	(17,010,959)	-4.0%
Cash Transfers	709,971,954	662,454,168	(47,517,786)	-6.7%
Total City Budget	3,809,888,489	3,429,943,414	(379,945,075)	-10.0%
Less Intracity Transfers	(896,760,849)	(845,691,571)	51,069,278	-5.7%
Total Net City Expenses	\$ 2,913,127,640	\$ 2,584,251,843	\$ (328,875,797)	-11.3%

Resources for the net City budget are summarized in the figure below.

Figure 6: Resources by Major Object Category

Major Object Category	Revised FY 2009-10	Adopted FY 2010-11	Dollar Change	Percent Change
Beginning Fund Balance	\$ 615,638,863	\$ 821,400,396	\$ 205,761,533	33.4%
Taxes	429,012,511	448,098,081	19,085,570	4.4%
Licenses & Permits	148,685,188	143,236,948	(5,448,240)	-3.7%
Service Charges & Fees	486,008,349	498,333,610	12,325,261	2.5%
Intergovernmental	302,441,706	341,341,576	38,899,870	12.9%
Miscellaneous Sources	70,992,739	45,757,274	(25,235,465)	-35.5%
Bond & Note Proceeds	860,348,284	286,083,958	(574,264,326)	-66.7%
Internal Transfers	896,760,849	845,691,571	(51,069,278)	-5.7%
Total City Budget	3,809,888,489	3,429,943,414	(379,945,075)	-10.0%
Less Intracity Transfers	(896,760,849)	(845,691,571)	51,069,278	-5.7%
Total Net City Budget	\$ 2,913,127,640	\$ 2,584,251,843	\$ (328,875,797)	-11.3%

Major Resources

The largest resource categories in the net City budget are beginning balance, taxes, service charges and fees, intergovernmental revenues, and bond and note proceeds.

Beginning fund balance is increasing by \$205.8 million (33.4%).

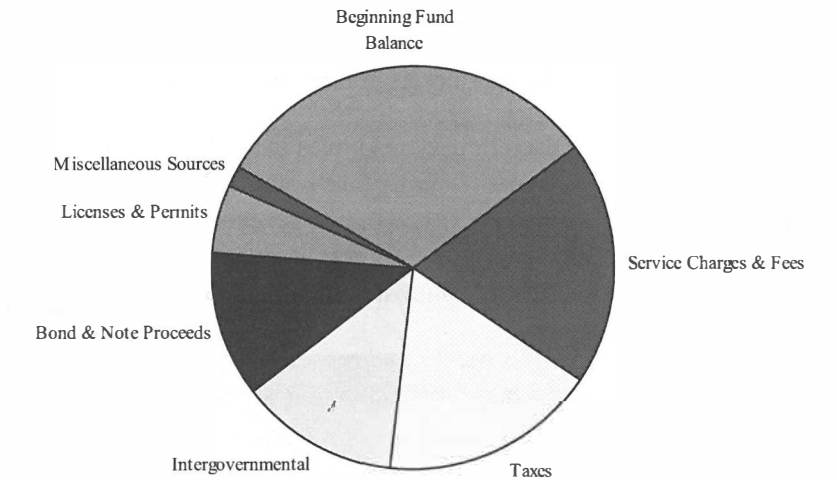
Tax revenues are increasing by \$19.1 million (4.4%), mostly reflecting continued growth in property taxes.

Service charges and fees are up \$12.3 million (2.5%). The FY 2010-11 average effective sewer and stormwater bill increase is 6.35% and the average effective water rate increase is 12.0%.

Intergovernmental revenues are increasing by \$38.9 million (12.9%).

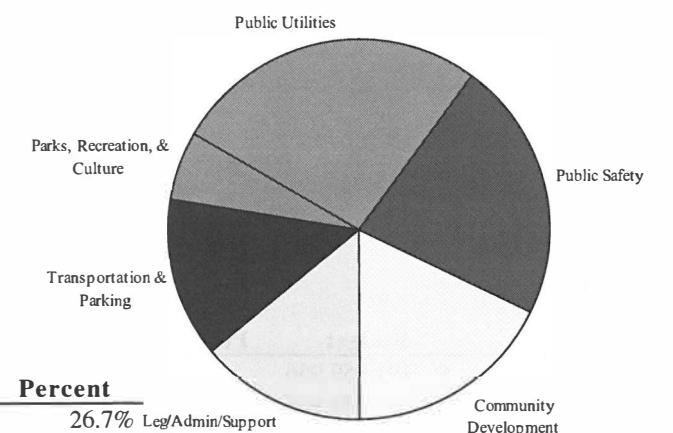
Bond and note proceeds are decreasing by \$574.3 million (66.7%).

Figure 7: City Net Budget—Resources



Resource	Budget	Percent
Beginning Fund Balance	\$ 821,400,396	31.8%
Service Charges & Fees	498,333,610	19.3%
Taxes	448,098,081	17.3%
Intergovernmental	341,341,576	13.2%
Bond & Note Proceeds	286,083,958	11.1%
Licenses & Permits	143,236,948	5.5%
Miscellaneous Sources	45,757,274	1.8%
Total Net Budget	\$ 2,584,251,843	100.0%

Figure 8: Total City Bureau Expenses—Requirements by Service Area



Service Area	Budget	Percent
Public Utilities	\$ 482,971,395	26.7%
Public Safety	396,680,613	21.9%
Community Development	318,118,989	17.6%
Leg/Admin/Support	251,374,748	13.9%
Transportation & Parking	251,002,081	13.9%
Parks, Recreation, & Culture	107,087,293	5.9%
Total City Bureau Expenses	\$ 1,807,235,119	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 \$369.6 million, 81.8% 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, 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 4 shows General Fund discretionary and total resources as well as General Fund bureau appropriations backed by discretionary revenue.

Figure 9: General Fund—Resources by Major Category

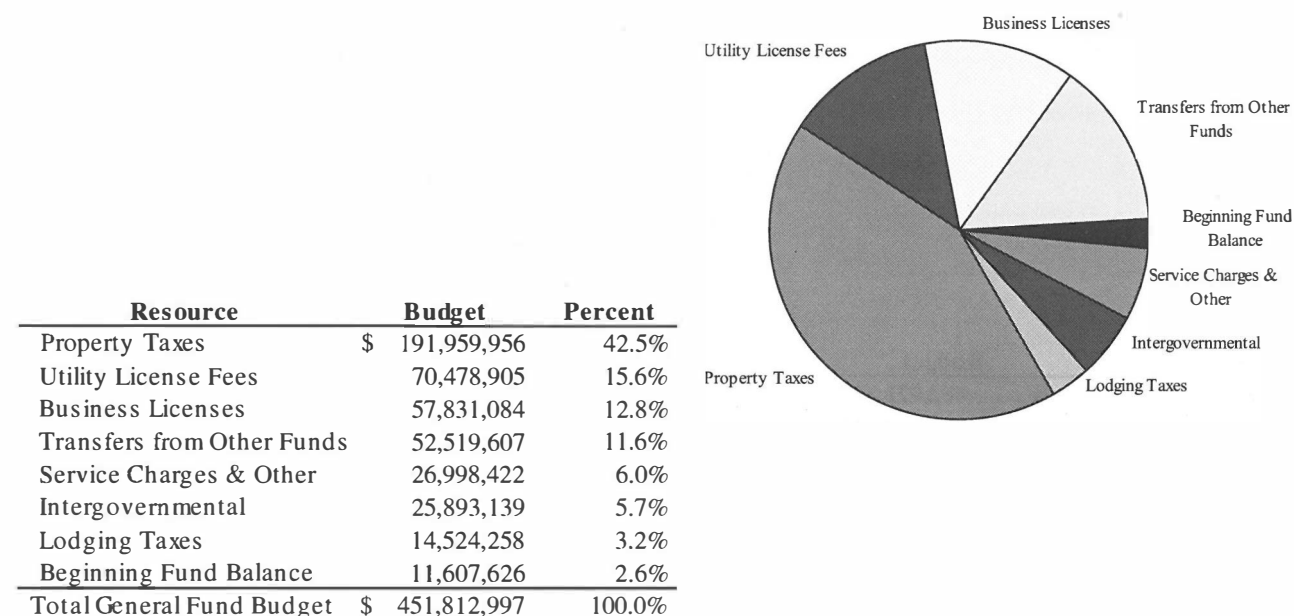
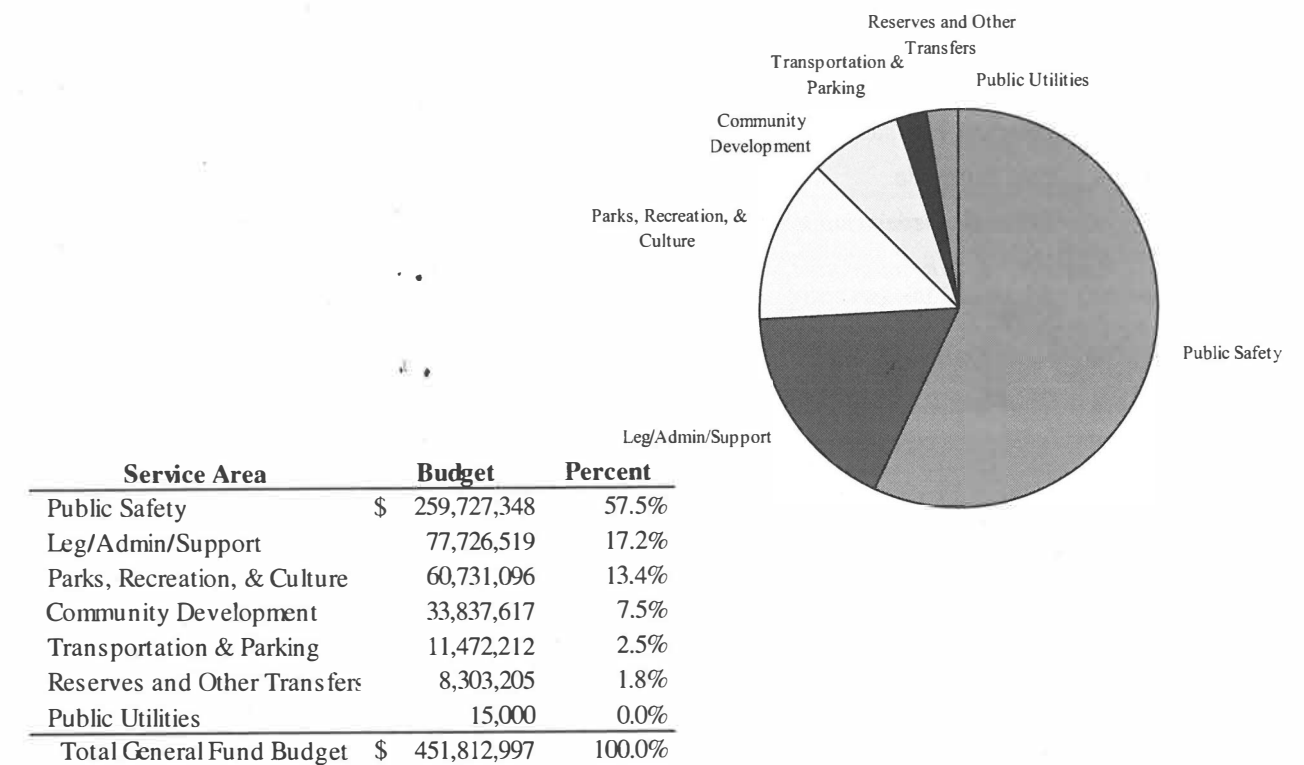


Figure 10: General Fund—Requirements by Service Area



CAPITAL IMPROVEMENT PLAN

Overview

The FY 2010-11 Adopted Capital Budget totals \$480.7 million, not including the Portland Development Commission. The Citywide Capital Improvement Plan (CIP) for FY 2010-11 through FY 2014-15 is projected to be \$1.9 billion.

FY 2010-11 Highlights

Public Safety

- ◆ Fire & Rescue Facilities GO Bond Program \$3,926,244
- ◆ Public Safety Systems Revitalization Project \$7,237,761
- ◆ Fire Apparatus Replacement \$543,239

Parks, Recreation, and Culture

- ◆ Laurelhurst Pond Dredging \$1,010,000
- ◆ South Waterfront Greenway \$1,050,000
- ◆ Swan Island Waud Bluff Trail \$1,140,000

Public Utilities

- ◆ Terminal Reservoir Improvements \$19,000,000
- ◆ Combined Sewer Overflow Program \$109,126,000
- ◆ Sewage Treatment Systems \$28,419,000

◆ Treatment Facilities Improvements	\$11,990,000
◆ Distribution Mains	\$6,900,000
◆ Transmission Mains	\$5,850,000
<i>Transportation</i>	
◆ Paving Preservation	\$2,800,000
◆ Streetcar Eastside Extension & Vehicle Purchase	\$62,036,332
◆ East Burnside	\$5,576,977
◆ Gibbs St. Pedestrian Bridge	\$2,570,250
<i>Legislative, Administrative, and Support</i>	
◆ Union Station Improvements	\$3,917,533
◆ New Archives Center	\$1,000,000
◆ CityFleet Replacement	\$7,248,909

Financial Overview

CITY FINANCIAL PLANNING PROCESS

The first step in the budget process involves preparing 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, Environment Services, Development Services, and Water.

These forecasts, which project 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 forecasts 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 five-year financial forecast horizon. Council reviews these plans during work sessions early in the budget process. At that time, bureau managers are given direction on identified issues that provides guidance for preparing and finalizing budgets.

A summary of these financial forecasts is included in this section. Due to its significance to the City's annual budget, the General Fund five-year financial forecast and financial plan is described in greater detail.

GENERAL FUND FINANCIAL FORECAST

Overview

Financial Planning regularly generates five-year estimates of General Fund discretionary resources and requirements for Council. Discretionary resources include revenues plus beginning balance that are allocated by Council without restriction, in accordance with Council priorities. Discretionary resources include property taxes, utility license fees, business license, 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 revenue, bureau overhead recovery, and other revenues dedicated for a specific purpose.

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 at the conclusion of this process, usually sometime in early November.

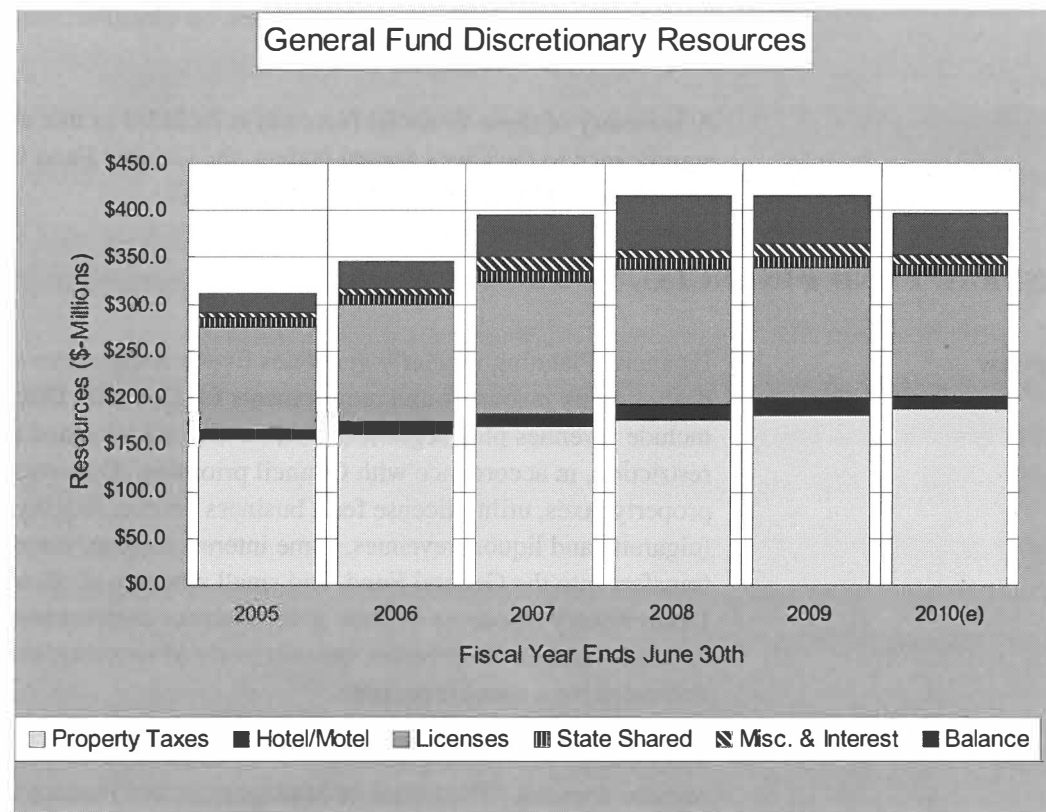
The five-year revenue forecast is used to develop the five-year financial forecast. The financial forecast compares estimated annual resources (revenue plus beginning fund balance) with projected costs of maintaining General Fund "current appropriation levels" (CAL). Initial revenue and financial forecasts were published in December 2009 and formally reviewed with Council. Both of these forecasts are typically updated prior to Council's approval of an Adopted Budget. The original December financial forecast was updated once:

"Both the revenue and financial forecasts were updated during late March. The revenue forecast was updated using the most recent financial and economic data. 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. This report is electronically distributed within the City and to numerous outside recipients. 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. The most recent beginning balance estimate reflects financial information available to OMF through April 30 2010.

Historical Resources

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

Figure 11: General Fund Discretionary Resources



Revenue growth over the past five years has averaged about 3.9% per year. The General Fund's beginning fund balance has averaged about \$41.7 million. Beginning balances have been higher than normal over the last several years due to under-expenditure of budgets and larger ending balances than budgeted. Revenue growth through the end of FY 2007-08 was also stronger than anticipated in revenue forecasts which aim to provide Council with trend revenue growth. Overall resource growth (revenues plus beginning fund balance) has declined to about 5.0 % per year reflecting a strong downturn in both the national and regional economies. The graph clearly shows the strong revenue growth over the period FY

2005-06 to FY 2007-08. General Fund discretionary revenue growth for the three-year period ending FY 2007-08 was about 6.3% per year. This was well above what could be considered "trend" growth in the 3% to 4% range. This financial environment, along with only modest inflation allowed the General Fund to modestly expand current appropriation levels and programs.

General Fund business license revenue growth averaged about 7.6% over the five-years ending FY 2008-09. Business license revenues declined in FY 2008-09 to about \$68.8 million from a peak of \$76.5 million realized in FY 2007-08. Estimated FY 2009-10 revenues are \$54.5 million. If the \$54.5 million FY 2009-10 year-end holds up the percentage decline since FY 2007-08 will work out to 28.7%. This steep decline in Business License revenues already far surpasses all previous recession related declines.

Utility license and franchise fees have grown steadily but more slowly averaging about 4.8% per year over the last five years. Growth has been weaker in this area due in part to the continuing decline in Qwest's franchise fee revenues and Council's action capping Water and Bureau of Environmental Services (BES) utility license fee revenues at FY 2004-05 levels. Qwest's franchise fee revenues are in a long slow decline as wireless and other telecom technologies displace traditional landline telecom technology. Traditional investor-owned electric utility franchise fees have also been growing very slowly. Recession, and past electric rate increases have combined to depress energy consumption and revenue growth. Northwest Natural implemented a large rate and revenue decrease in November of 2009. PGE does have a rate case before the Oregon Public Utilities Commission (OPUC) but resolution of this case will probably not occur until sometime during early calendar 2011.

Transient lodging tax revenues are cyclical like business license revenues and follow the business cycle. Transient lodging tax revenues peaked at \$19.6 million during FY 2008-09 but this number is the result of an accounting adjustment to revenue recognition that shifts fiscal year revenues to the twelve month period September through August. Netting out this accounting adjustment for FY 2008-09 puts actual revenues at an estimated \$15.3 million, down 6.7% from FY 2007-08's \$16.4 million. Although revenues grew strongly through the end of FY 2007-08, growth declined to about 1.9% between FY 2007-08 and FY 2008-09. The FY 2009-10 \$352 million year-end estimate amounts to a 3.6% out right decline in year-over-year revenues. This is likely to be the sharpest year over year decline in General Fund discretionary revenues, surpassing recessions of the 70s and 80s (growth never turned negative), Measures 5 and 50 (first year declines of -2.5% and -0.6% respectively) and the more recent "911" recession (growth of -1.4%).

State-shared cigarette and liquor tax revenues grew at a 4.2% rate over the last five years, with most of this growth occurring over the last couple of years. Miscellaneous revenues and interest income stagnated for most of the last five years due, in large part, to a much lower interest rate environment. During the last cycle General Fund interest income declined to \$583,848 but followed rising interest rates to an FY 2006-07 peak of \$4.5 million. Revenues are currently running at an annual rate of about \$40,000, mid-FY 2009-10. The low interest rate environment has sharply cut General Fund interest income revenue is expected to continue to decline over the next 12 to 18 months.

Forecast Assumption

Continued Recession Recovery in FY 2010-11: The November revenue forecast as well as the March update reflects the change in the national, state, and regional economies that has occurred over the last eighteen months. The national economy peaked during late calendar 2007 and has been in recession ever since. The Pacific Northwest was late to the party. Employment levels did not start to show stress until the end of calendar 2008 and the housing market was one of only two or three in the national not showing any year over year

declines until late in calendar 2008. Although the region followed the national economy into recession, it has made up for lost time. By March of 2010 Oregon's unemployment rate, at 11.4% (not seasonally adjusted) was among the highest in the nation. The metro area's unemployment rate has been in double digits, averaging about 11% every since February 2009. The deterioration in the State's economy throughout calendar 2009 and into 2010 has been swift and rapid. Although OMF prepared FY 2009-10 revenue estimates using the assumption of a mild recessionary dip, far worse economic conditions than expected led the Council to pare budgets mid-year so as to offset an expected drop in business license revenues and much higher General Fund expenditure rates. This deteriorating economic environment led to the creation of a November five-year revenue forecast that makes FY 2010-11 a year of continued recession. Thus, both business license and transient lodging tax revenues are expected to scrape along the bottom during FY 2010-11.

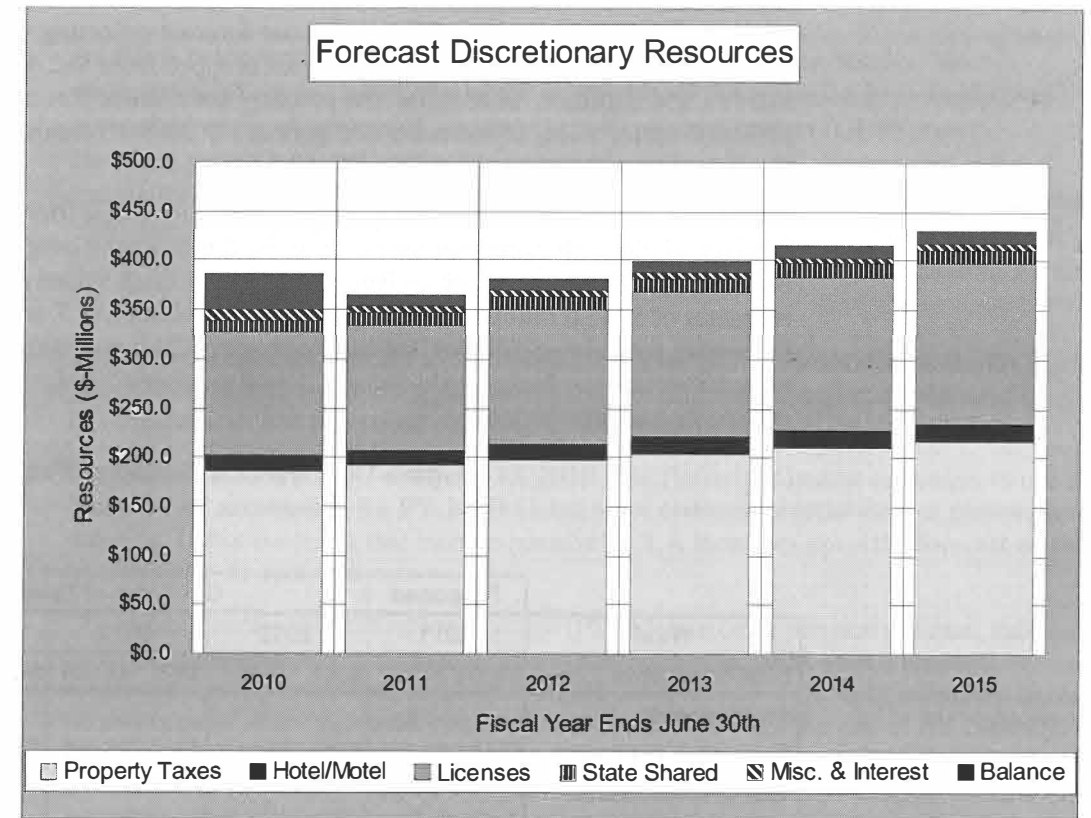
Specific revenue projections as they currently stand as of the March forecast are as follows:

- ◆ Transient Lodging Taxes -- The transient lodging revenue forecast calls for FY 2010-11 revenues of about \$14.5 million versus an expected FY 2009-10 year-end of about \$13 to \$14.5 million and a current year FY 2009-10 budget of \$15.7 million. Revenues are not forecast to surpass the pervious cycle's peak until FY 2013-14. Revenues are forecast to grow strongly during the last two years of the five year forecast horizon. Special events such as the recent NCAA regional and NBA playoffs might give revenues a temporary bump up.
- ◆ Utility License and Franchise Fees -- The March forecast projects very modest energy related revenue increases. Revenues are projected to continue to grow slowly but consistently over the life of the forecast. NW Natural implemented a large rate and revenue decrease in November of 2009. The price of natural gas has dropped to a six-year low and it is likely that NW Natural may put through a smaller fuel cost adjustment next fall that will entail another rate decrease leading to revenues below forecast. Water and BES license fees are expected to resume growth in the out-years of the forecast after having been capped for the last five years. Cable and telecom franchise and utility license revenues are expected to grow briskly over the five years while Qwest land line related revenues will continue to decline. Over all revenues are projected to grow at 3.3% per year. However, the General Fund does not benefit from this revenue growth. Last summer Council passed Ordinance #36441. This ordinance allocates all out-year revenues up to \$4.3 million above a previous revenue (spring of 2008) forecast to PBOT.
- ◆ Property Taxes -- Property taxes are expected to grow by about 3.1% annually over the life of the forecast. Revenue growth remains constrained by Measure 50 constitutional mechanics. In addition, the collapse of the residential housing market is expected to impact compression levels. Best estimates are that housing prices in the metro-area are down overall by about 20%. Previously OMF asked Multnomah County Assessment and Taxation to simulate FY 2008-09 property tax results assuming 10% and 15% real market value declines. The basic result of this analysis was increased levy compression. The forecast continues to use these simulation results and a higher delinquency rate which drops out-year revenue growth to between 2.8% and 2.9%. The City has no experience with this property tax system under the combined stresses of a deep recession and housing market collapse. OMF has attempted to prudently forecast property taxes using a delinquency and discount rate that is expected to hover around 6.5% for the life of the forecast along with a higher compression rate or levy loss assumption of 3.4%.

- ◆ Business License -- Revenues peaked at \$76.5 million (inclusive of audit recovery) in FY 2007-08. FY 2008-09 revenues declined to \$68.8 million with about \$7.2 million of this amount representing one-time revenues associated with code changes implemented by Council during FY 2008-09. Revenue Bureau staff currently estimates an FY 2009-10 year-end of between \$51 and \$52 million with another \$3 million in audit recovery. The forecast for FY 2010-11 has been set at \$56.8 million indicating the expectation of a small amount of growth towards the end of FY 2010-11. Revenues are forecast to grow moderately from this bottom but do not reach the previous cycle's peak until FY 2013-14, and do not surpass the previous peak until FY 2014-15.

Figure 12 summarizes the current five-year revenue forecast (as of early April). Average annual revenue growth is projected at about 3.6% but all of the revenue growth occurs in the out-years of the forecast. Budget-to-budget revenue growth, as of the end of March is forecast to be a negative 5.3%. The critical resource forecast assumption is a recession that bottoms out during FY 2010-11 along with the reemergence of some local area economic growth in FY 2010-11.

Figure 12: Forecast General Fund Discretionary Resources



December and March Financial Forecast Results

At this point both the State and regional economies are deeply mired in recession with consistent year-over-year monthly job losses and double digit unemployment rates. When viewed in terms of cyclical revenue impacts (business license and transient lodging tax revenues), this recession is deeper than the recession of the early 1980s and has already exceeded the length of all post World War II recessions. As noted above Oregon and metro-area unemployment rates remain stubbornly high.

This environment translated initially into a December resource forecast for FY 2010-11 of about \$371.0 million. The December financial forecast showed that:

- ◆ Sufficient resources would be available in FY 2010-11 and beyond to fund estimated General Fund CAL requirements of \$369.0 million leaving Council about \$2.0 for one-time projects and budgets.

The December financial forecast was updated in late March, early April, using more recent current year revenue and expenditure information. The March revenue forecast update decreased estimated FY 2010-11 revenues by \$5.0 million. This was partially offset by a \$2.7 million transfer of excess reserves. The beginning balance estimate was decreased from \$14.8 million to \$11.7 million using accounting reports through the end of April. The total decline in the resource forecast was \$5.9 million. The key revenue adjustment was a lowered FY 2010-11 business license revenue forecast reflecting very weak FY 2009-10 results. The business license revenue forecast dropped from \$62.4 million in December to March's \$56.8 million. In addition, the property tax revenue forecast dropped about \$500,000 on technical adjustments due to final FY 2009-10 results. Adopted Budget discretionary resources are \$369.6 million.

Figure 13 summarizes the Adopted Budget financial forecast (done off of Council's Adopted Budget) showing that the General Fund is balanced over the life of the forecast. Bureau CAL requirements are budgeted at \$333.9 million versus and initial December estimates of \$345.6 million. CAL targets are down about \$11.7 million compared to last December with about "\$5-plus" million in ongoing CAL reductions while the remainder represents one-time budget reductions. Council's Adopted Budget includes about \$13.5 million in one-time budgets.

Figure 13: Five-Year Financial Plan

ITEM	Proposed	Out-Years of Financial Forecast			
	2011	2012	2013	2014	2015
Total Resources	\$369,624,002	\$381,114,061	\$399,144,884	\$415,422,644	\$430,291,512
Requirements					
Bureaus & Programs	\$333,982,975	\$353,325,032	\$367,731,695	\$382,640,681	\$398,346,896
Est. CAL Reduction	\$0				
Planned One-Time	\$13,521,002	\$243,600	\$200,000	\$200,000	\$200,000
New One-Time	\$0	\$738,026	\$2,741,907	\$3,128,585	\$2,697,464
Council Set-Asides	\$22,120,025	\$26,807,403	\$28,471,282	\$29,453,378	\$29,047,152
Total Requirements	\$369,624,002	\$381,114,062	\$399,144,885	\$415,422,644	\$430,291,512
Difference-GAP	\$0	\$0	\$0	\$0	\$0
Reserve Fund, Percent	10.3%	10.0%	10.0%	10.1%	10.3%

The current financial forecast is based on two key assumptions:

- ◆ The economic recovery that appears to be taking hold at the national level will filter down to the local area economy with recovery taking hold in late FY 2009-10 or early FY 2010-11.
- ◆ The financial forecast assumes no general across-the-board wage and salary increases for FY 2010-11. All of the City's labor contracts are up at the end of FY 2009-10 and will be renegotiated over the next several months. Labor contract settlements with wage and salary increases upset the forecast and will lead to the need for further CAL reductions for the FY 2011-12 budget process

Uncertainties and Forecast Risks

Council's Adopted Budget and financial plan balances the General Fund for the life of the five-year forecast given revenue forecast assumptions for business license and transient lodging tax revenues. The forecast shows the development in the out-years of one-time money. This gives the Council's five-year financial plan some flexibility for the next budget cycle for FY 2011-12.

Future financial uncertainties that may upset the forecast include:

- ◆ As this is being written there is no economic recovery underway, locally. Most observers think, at this point, that at the national level the recession is probably over given the last three quarters of positive Gross Domestic Product (GDP) growth. However, recent jobs and unemployment numbers are not very encouraging either nationally or locally. This forecast is critically dependent on an economic recovery that starts late FY 2009-10 or early FY 2010-11. Continued high levels of unemployment along with weak or no job growth may lead to another of CAL budget reductions for the FY 2011-12 budget cycle.
- ◆ The current financial forecast and proposed five-year plan assumes double-digit increases in healthcare funding and shows the reemergence of higher escalation of healthcare costs and this could easily upset the financial forecast on the cost side.
- ◆ Current labor contracts all end June 30, 2010. The financial forecast continues to use a "no-COLA" assumption for FY 2010-11 but labor contract negotiations, at present, are ongoing. Labor contracts that include positive COLA increases upset the forecast on the requirements or cost side.
- ◆ The Public Employees Retirement System (PERS), like other pension systems, suffered large asset losses during calendar 2008 and early calendar 2009. PERS lowered employer pension contribution rates for the FY 2009-10 to FY 2010-11 biennium based on an actuarial study that used system earning results through the end of FY 2006-07. The financial forecast builds in the assumption that large employer contribution increases will have to occur beginning FY 2011-12. The size of the expected employer contribution rate increases will depend on system investment results over the next year. A lengthier and or deeper recession would likely upset the forecast through higher PERS employer contribution rates than currently included in the financial forecast for FY 2011-12.
- ◆ Business license revenues are now being collected and "booked" net of refunds and after adjustment for the buildup of credits. This revenue stream has now been shown to be much more volatile. Forecasts will tend to be less accurate than in the recent past because there is little or no historical data available to generate forecasts on a net revenue concept.

The principal risks to Council's five-year financial plan include a longer deeper recession locally and labor contract settlements that include FY 2010-11 wage and salary increases. Subsequent revenues forecasts, particularly for business licenses could easily show even lower revenues making it difficult for Council to fund even the reduced ongoing CAL levels as found in the Mayor's Proposed Budget. Finally, the State's most recent economic and revenue forecast shows that the Oregon must close a huge budget gap for the last year of the current biennium (FY 2010-11). The Governor has ordered across-the-board budget reductions of about 9%. The General Fund receives about \$12 to \$13 million in cigarette and liquor tax distributions from the State. If the State decides to reduce these distributions in order to help solve budget problems, Council may have to reopen its Adopted Budget and institute mid-year budget reductions.

CHANGES IN FUND BALANCE - ALL FUNDS

The following table shows the beginning fund balance, change in fund balance, and ending fund balance for each fund within the City. Please note that most funds do not budget ending fund balance. Anticipated unspent funds are typically budgeted in contingency. Please also note that reserves for debt service are displayed as ending fund balance in the following table, but are broken out separately in the fund detail pages of Volume 2.

Figure 14: Changes in Fund Balance

Fund	Beginning Balance	Change in Fund Balance	Ending Balance
General Fund	11,607,626	(11,607,626)	-
Transportation Operating Fund	18,709,000	(18,709,000)	-
Assessment Collection Fund	79,924	(79,924)	-
Emergency Communication Fund	7,814,847	(7,814,847)	-
Development Services Fund	410,309	(410,309)	-
Property Management License Fund	8,1610	(3,800)	77,810
Cable Fund	2,412,766	(1,474,745)	938,021
Private for Hire Transportation Safety Fund	191,115	(28,095)	163,020
Convention and Tourism Fund	221,967	5,903	227,870
General Reserve Fund	49,194,919	(49,194,919)	-
Transportation Reserve Fund	2,520,000	(2,520,000)	-
Housing Investment Fund	2,620,000	(2,620,000)	-
Campaign Finance Fund	75,902	(75,902)	-
Parks Local Option Levy Fund	5,725,011	(5,725,011)	-
Children's Investment Fund	4,875,468	(4,875,468)	-
Portland Parks Memorial Trust Fund	1,698,131	(1,698,131)	-
Police Special Revenue Fund	504,000	(504,000)	-
River District URA Debt Redemption Fund	6,579,950	(1,845,000)	4,734,950
Bonded Debt Interest and Sinking Fund	100,000	(100,000)	-
Waterfront Renewal Bond Sinking Fund	6,578,418	(11,445)	6,566,973
Interstate Corridor Debt Service Fund	3,634,824	5,083,244	8,718,068
South Park Blocks Redemption Fund	8,376,584	89,396	8,465,980
Airport Way Debt Service Fund	839,000	199,011	1,038,011
Gas Tax Bond Redemption Fund	5,485	(5,485)	-
Lents Town Center URA Debt Redemption Fund	4,194,000	(688,000)	3,506,000
Central Eastside Ind District Debt Service Fund	1,777,000	(1,777,000)	-
Bancroft Bond Interest and Sinking Fund	15,948,373	(3,419,219)	12,529,154
Convention Center Area Debt Service Fund	2,306,543	(2,306,543)	-
North Macadam URA Debt Redemption Fund	2,399,579	(2,399,579)	-
Gateway URA Debt Redemption Fund	130,000	(130,000)	-
Willamette Industrial URA Debt Service Fund	60,000	(60,000)	-
B FRES Facilities GO Bond Construction Fund	4,666,556	(4,666,556)	-
Local Improvement District Construction Fund	5,936,160	(5,936,160)	-
Parks Capital Construction & Maintenance Fund	4,491,996	(4,491,996)	-
Parks Endowment Fund	182,294	(19,672)	162,622
Sewer System Operating Fund	42,200,000	(42,000,000)	200,000
Hydro electric Power Operating Fund	348,607	(348,607)	-
Water Fund	47,295,512	(47,295,512)	-
Golf Fund	1,651,376	(1,651,376)	-
Portland International Raceway Fund	644,858	(644,858)	-
Solid Waste Management Fund	3,299,128	(1,411,629)	1,887,499
Parking Facilities Fund	8,400,057	(8,400,057)	-
Spectator Facilities Operating Fund	5,853,404	(5,853,404)	-
Environmental Remediation Fund	500,000	(500,000)	-
Sewer System Debt Redemption Fund	45,050,000	(99,300)	44,950,700
Golf Revenue Bond Redemption Fund	640,358	(280)	640,078
Hydro electric Power Bond Redemption Fund	4,383,500	46,490	4,429,990
Water Bond Sinking Fund	10,320,038	6,276,000	16,596,038
Sewer System Construction Fund	238,500,000	(238,500,000)	-
Water Construction Fund	33,224,757	12,753,684	45,978,441
Sewer System Rate Stabilization Fund	60,800,000	(60,800,000)	-
Hydro electric Power Renewal Replacement Fund	9,222,708	(9,222,708)	-
Health Insurance Operating Fund	15,537,885	(15,537,885)	-
Facilities Services Operating Fund	15,435,886	(15,435,886)	-
City Fleet Operating Fund	16,696,667	(16,696,667)	-
Printing & Distribution Services Operating Fund	1,760,000	(1,760,000)	-
Insurance and Claims Operating Fund	18,982,168	(18,982,168)	-
Workers' Comp Self Insurance Operating Fund	18,597,228	(18,597,228)	-
Technology Services Fund	32,859,076	(32,859,076)	-
EBS Services Fund	2,653,729	(2,653,729)	-
Fire & Police Disability & Retirement Fund	8,793,144	(8,793,144)	-
Fire & Police Disability & Retirement Res Fund	750,000	(750,000)	-
Fire & Police Supplemental Retirement Res Fund	50,953	(8,060)	42,893

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 2008-09, FY 2009-10, and FY 2010-11.

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 Bureau of Transportation maintains a Transportation Reserve Fund but has been unable to fund it at the desired 10% level of discretionary revenues; the FY 2010-11 level is 2.8%. The Water Bureau's policy is to keep a minimum of \$15 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 2010-11 budget is based upon bureaus' financial plans which were developed using information available through December 2009. 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 15: Summary of Major Funds

	General Fund	Sewer System Operating Fund	Transportation Operating Fund	Water Fund	All Other Funds	Total
FY 2008-09 Actual						
Beginning Balance	\$75,205,021	\$37,402,527	\$20,237,739	\$29,468,857	\$673,926,268	\$836,240,412
External Revenues	379,991,687	226,524,344	78,125,868	98,729,575	727,775,247	\$1,511,146,721
Internal Revenues	79,710,762	180,751,715	40,930,205	71,090,488	360,304,643	\$732,787,813
Total Resources	534,907,470	444,678,586	139,293,812	199,288,920	1,762,006,158	\$3,080,174,946
Bureau Expenses	406,702,441	247,200,110	117,742,019	126,090,202	577,928,973	\$1,475,663,745
Fund-level Expenses	59,084,377	159,939,411	12,116,118	42,545,299	673,448,871	\$947,134,076
Ending Fund Balance	69,120,652	37,539,065	9,435,675	30,653,419	510,628,314	\$657,377,125
Total Requirements	534,907,470	444,678,586	139,293,812	199,288,920	1,762,006,158	\$3,080,174,946
FY 2009-10 Revised Budget						
Beginning Balance	\$48,268,516	\$25,051,401	\$21,641,887	\$26,631,475	\$494,045,584	\$615,638,863
External Revenues	370,751,118	240,289,193	89,903,267	109,441,233	1,487,103,966	\$2,297,488,777
Internal Revenues	73,484,070	305,787,833	71,914,222	87,642,945	357,931,779	\$896,760,849
Total Resources	492,503,704	571,128,427	183,459,376	223,715,653	2,339,081,329	\$3,809,888,489
Bureau Expenses	435,358,452	381,150,148	164,094,674	132,750,891	829,378,973	\$1,942,733,138
Fund-level Expenses	54,224,975	165,738,000	14,620,766	44,480,451	860,106,696	\$1,139,170,888
Contingency	2,920,277	24,040,279	4,743,936	46,484,311	506,049,579	\$584,238,382
Ending Fund Balance	0	200,000	0	0	143,546,081	\$143,746,081
Total Requirements	492,503,704	571,128,427	183,459,376	223,715,653	2,339,081,329	\$3,809,888,489
FY 2010-11 Adopted Budget						
Beginning Balance	\$11,607,626	\$42,200,000	\$18,709,000	\$47,295,512	\$701,588,258	\$821,400,396
External Revenues	370,028,051	252,143,196	96,894,026	116,812,560	926,973,614	\$1,762,851,447
Internal Revenues	70,177,320	260,816,386	52,936,858	78,297,307	383,463,700	\$845,691,571
Total Resources	451,812,997	555,159,582	168,539,884	242,405,379	2,012,025,572	\$3,429,943,414
Bureau Expenses	415,163,031	318,998,821	147,073,380	148,199,637	777,800,250	\$1,807,235,119
Fund-level Expenses	35,941,255	196,917,682	12,605,821	62,712,710	766,464,675	\$1,074,642,143
Contingency	708,711	39,043,079	8,860,683	31,493,032	306,106,529	\$386,212,034
Ending Fund Balance	0	200,000	0	0	161,654,118	\$161,854,118
Total Requirements	451,812,997	555,159,582	168,539,884	242,405,379	2,012,025,572	\$3,429,943,414

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 sewage treatment systems projects.

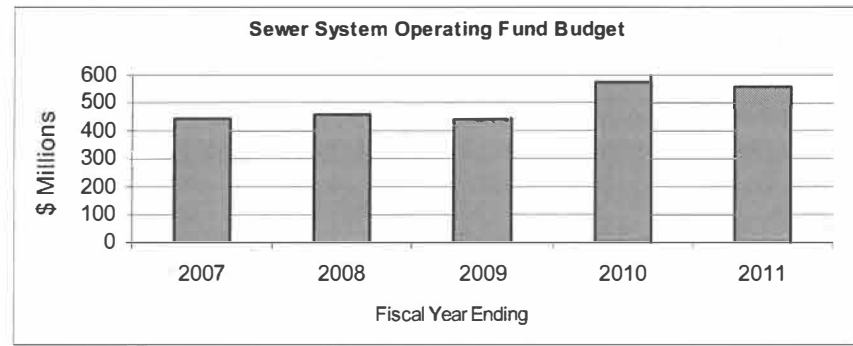
BES's estimated annual revenue requirement increases \$89.0 million over the forecast period from FY 2011-15. The five-year financial plan forecast is an increase of 6.35% in the FY 2010-11 average single-family monthly sewer and stormwater bill from \$50.15 to \$53.33.

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 additional resources for sewer pipe inspection and repair of sewer laterals, increased CSO flows, improvements for asset management, and resources to reduce the City's stormwater footprint and enhance watershed health.

Capital Plan: CIP expenditures are projected to total \$603 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 (\$104.5 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 2010-11 is \$299.7 million including expenditures of \$102.6 million for operating programs, \$5.5 million for General Fund overhead, \$12.8 million for utility license fees, \$150.9 million for debt payments on bonds that have funded the capital program and \$27.9 million for cash transfers to other funds for future reserves.

The capital budget for FY 2010-11 is \$222.0 million including expenditures of \$109.1 million for the CSO program, \$50.5 million for system maintenance and reliability, \$28.4 million for treatment systems, \$10.6 million for systems development, and \$23.4 million for surface water management projects.



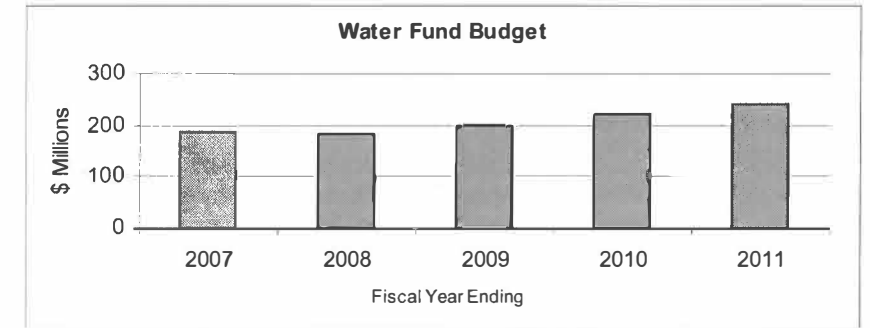
Water Bureau

The preliminary 5-year financial plan for the Water Bureau projected an average effective retail rate increase of 12.9% for FY 2010-11. City Council approved

a retail rate increase of 12% for FY 2010-11. The primary factors contributing to the FY 2010-11 retail rate increase include funding related to the Long Term 2 Enhanced Surface Water Treatment Rule (LT2) compliance mandate, the Interstate Facility project, and lower retail water demand. Future years' rates are estimated at about 13% per year for the next four years. The average single-family residential water bill will experience a total bill increase of 12% for FY 2010-11.

Operating Budget: The operating budget of \$75.5 million for FY 2010-11 is an increase of \$1.1 million from the FY 2009-10 Revised Budget of \$74.4 million.

Capital Budget: The FY 2010-11 CIP budget of \$72.7 million reflects an increase of \$13.7 million from the FY 2009-10 Revised CIP Budget. The increase in the FY 2010-11 CIP budget is primarily to implement projects to ensure compliance with Federal Safe Drinking Water regulations. The Water Bureau will continue design work on a water treatment system and water storage facilities to comply with the LT2 rule.



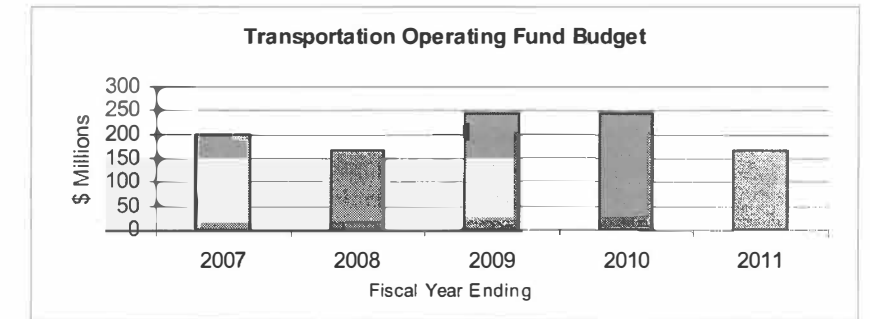
Office of Transportation

The Portland Bureau of Transportation (PBOT) has an opportunity to address some of its deferred capital maintenance and provide for capital projects

that will improve transportation safety and provide multi-modal improvements. The 2009 Oregon State Legislature passed HB 2001, the "Jobs and Transportation Act". This legislation will provide PBOT an estimated \$92 million over the five year forecast.

In FY 2010-11, the bureau received \$11.4 million in General Fund one time resources for: streetlight operations and maintenance, various traffic safety capital improvements, and other transportation operations.

Total Budget: The FY 2010-11 Adopted Budget is \$290 million, reflecting 13% decrease from the FY 2009-10 Revised Budget. This reflects the decreased personal services and external materials and services support tied to completed capital projects.



Capital Budget: The capital budget is approximately \$135.6 million for FY 2010-11; a \$10 million reduction from the FY 2009-10 Adopted Budget. This is primarily due to in the Centers and Main Streets and the Freight and Industrial Area program area reductions where several projects were completed in FY 2009-10. Over the five-year Capital Improvement Plan (CIP) approximately 10% of the revenue for transportation projects comes from GTR. The remaining 90% is funded by grants, system development charges, permit fees, contracts, and the General Fund.

CITY DEBT MANAGEMENT

The City of Portland issues a variety of debt instruments to raise capital for construction projects and 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.

On May 3, 2010, Moody's Investors Service released their new, recalibrated "Global Scale Ratings" for Oregon local governments. According to Moody's, "this recalibration does not reflect an improvement in credit quality or a change in our credit opinion for rated municipal debt issuers. Instead, the recalibration will align municipal ratings with their global scale equivalent. A key driver for the recalibration is the market's increasing desire for rating comparability between municipal and non-municipal sectors given the growing number of "cross-over" investors active in both tax-exempt and taxable markets." The recalibration raised the Moody's rating of the City's first and second lien sewer and water revenue bonds, the gas tax and parking revenue bonds, and the River District and Interstate Corridor urban renewal and redevelopment bonds.

Figure 16: Debt Ratings

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	--	--
<i>Default</i>	--	--	DDD
	--	--	DDD
	--	D	D

General Obligation (GO) Debt

Since 1973, the City's unlimited tax general obligation debt has been rated "Aaa" by Moody's. With the recalibration by Moody's, the City's First Lien Water System Revenue Bonds are also rated Aaa. The City's limited tax revenue bonds are rated Aa1 by Moody's. The underlying ratings for most other types of City revenue bonds are between "Aa3" and "Aa1" by Moody's and "AA" by Standard & Poor's. Many of the City's revenue bonds are insured and had carried the triple-A rating of the bond insurer. However, with turmoil in the bond insurance industry, including widespread downgrades by the rating agencies, the effective rating for a significant portion of the City's insured bonds is the underlying rating, which currently is higher than the insured rating.

The following is a brief summary of the City's existing debt and debt instruments, projected as of June 30, 2010.

General Obligation (GO) 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:

- ◆ \$58.9 million of voter-approved general obligation bonds for park system improvements and emergency facilities improvements
- ◆ \$1.6 million of 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:

- ◆ \$1.46 billion of sewer system revenue bonds
- ◆ \$353.4 million of urban renewal bonds
- ◆ \$323.7 million of water revenue bonds
- ◆ \$15.0 million of hydroelectric power revenue bonds
- ◆ \$5.5 million of gas tax revenue bonds
- ◆ \$2.2 million of golf revenue bonds
- ◆ \$1.9 million of parking revenue bonds

General Fund-Backed Debt

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

- ◆ \$280.2 million of limited tax pension obligation bonds, of which approximately \$104.0 million is attributed to General Fund bureaus and approximately \$176.2 to non-General Fund bureaus
- ◆ \$119.1 million of limited tax revenue bonds for projects related to an intergovernmental agreement known as the Visitor Development Initiative, which includes outstanding bonds for the Convention Center Expansion project (\$91.6 million), Civic Stadium (PGE Park) Improvement project (\$26.1 million), and Portland Center for Performing Arts improvements (\$1.4 million). 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 and, for the Civic Stadium bonds, from revenues generated from Spectator Facilities operations.
- ◆ \$82.0 million of limited tax revenue bonds for building improvements and equipment acquisition

- ◆ \$19.4 million of arena limited tax revenue bonds. Proceeds of these bonds were used to refund bonds originally issued for 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.
- ◆ \$20.2 million of limited tax revenue bonds issued to refund bonds originally issued to pay for the Portland Streetcar project. These bonds are expected to be repaid from parking revenues, but are additionally secured by the General Fund.
- ◆ \$12.4 million of limited tax revenue bonds for improvements to the Portland Transit Mall. These bonds are expected to be repaid with revenues from the City's parking meters.
- ◆ \$19.5 million of limited tax housing revenue bonds
- ◆ \$63.1 million of limited tax improvement bonds
- ◆ \$2.2 million of bonds issued for improvements in the South Waterfront area of the City
- ◆ \$171.6 million of principal on urban renewal lines of credit. It is expected these interim financing obligations will be retired with the proceeds of long-term urban renewal and redevelopment bonds.
- ◆ \$7.9 million of principal on lines of credit used to provide short-term and interim financing for local improvement district projects, the extension of the Portland streetcar and the City's share of improvements to PGE Park for Major League Soccer .

Debt Limitation

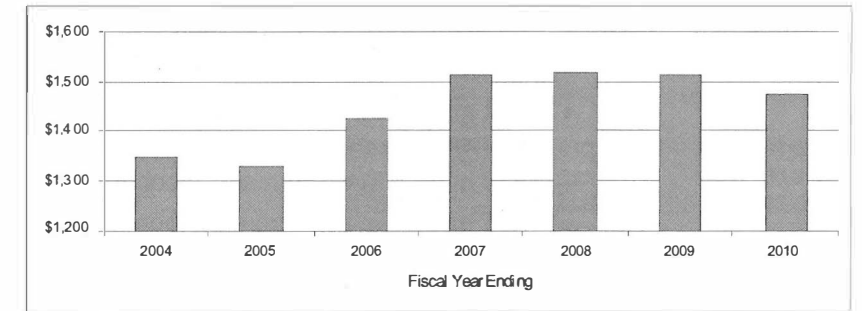
Under Oregon law (ORS 287.004), the City's general obligation debt limit is equal to 3% of the City's real market valuation (\$89.0 billion), or about \$2.7 billion. Certain self-supporting bonds are exempted from this limitation. The City's debt policies are more restrictive, specifying that general obligation debt can be no more than 0.75% of real market value, or approximately \$667.7 million for FY 2009-10. Currently the City has \$58.9 million of outstanding general obligation debt that is subject to these debt limitations.

Figure 17: Debt Limitation Criteria

Criteria	Limit
FY 2009-10 Real Market Value	\$89,022,110,363
3% of Real Market Value	\$2,670,663,311
City outstanding debt subject to limit	\$58,890,000
Percent of limitation outstanding	2.21%
Debt margin	\$2,611,773,311

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 18: Gross Bonded Debt per Capita



The City periodically assesses opportunities to refund bonds for economic savings. Additionally, there are times when existing bond covenants or other financial structures impinge on prudent and sound financial management. In such cases, the City may choose to refund debt for restructuring purposes.

The City's debt management policies prescribe the circumstances under which the City may refinance outstanding debt. In order to issue advance refunding bonds (i.e., bonds in which the call or maturity date of the refunded bonds is more than 90 days from the date of issuance of the refunding bonds), net present value savings must 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. The City may issue current refunding bonds (bonds in which the call or maturity date of the refunded bonds is 90 days or less from the date of issuance of the refunding bonds) when net present value savings equal or exceed \$100,000. 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.

In FY 2009-10 the City issued four series of refunding bonds to provide economic savings. The City issued the General Obligation Emergency Facilities Refunding Bonds, 2009 Series A to refund the General Obligation Emergency Facilities Bond, 1999 Series A; the General Obligation Parks Refunding Bonds, 2010 Series A to refund the General Obligation Parks Refunding Bonds, 2001 Series A; the Water System Revenue and Refunding Bonds, 2010 Series A to refund the 2011- 2017 maturities of the Water System Revenue Bonds, 2000 Series A and finance capital projects; and, the Limited Tax Revenue Refunding Bonds, 2010 Series A to refund the Limited Tax Revenue Bonds, 1998 Series B, 1999 Series B and 2002 Series A.

In addition to the refunding bonds, the City issued about \$17.6 million of Limited Tax Revenue Bonds, to finance the Computer Aided Dispatch project and takeout the Enterprise Business Solution Project line of credit; \$66.7 million of First Lien Water System Revenue Bonds to pay for various improvements to the Water System; 22.3 million of Limited Tax Improvement bond to finance assessments; \$36.9 million of Lents Urban Renewal and Redevelopment Bonds to finance urban renewal improvement and takeout the line of credit; \$160.0 million line of credit to provide interim financing of sewer system improvements.

In FY 2009-10, the City borrowed approximately \$51.5 million on various lines of credit and state loans to fund capital projects including clean water, local improvement and urban renewal.

Anticipated Debt Issuance in FY 2010-11

The City anticipates issuing the following debt obligations during FY 2010-11 (amounts are approximate):

- ◆ \$450 million in Sewer System Revenue Bonds to finance improvements to the sewer system
- ◆ \$82 million in Water System Revenue Bonds to finance improvements to the water system
- ◆ \$50 million in urban renewal bonds for the North Macadam urban renewal area
- ◆ \$65 million in urban renewal bonds for the Interstate Corridor urban renewal area
- ◆ \$39 million in urban renewal bonds for the Central Eastside urban renewal area
- ◆ \$8 million in limited tax revenue bonds to finance facilities
- ◆ \$5 million in limited tax revenue bonds to finance development services system

The City will likely incur additional indebtedness during FY 2010-11 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 2008-09	Revised FY 2009-10	Adopted FY 2010-11
RESOURCES			
External Revenues			
Taxes	405,407,671	429,012,511	448,098,081
Licenses and Permits	158,844,256	148,685,188	143,236,948
Service Charges	449,085,404	486,008,349	498,333,610
Intergovernmental	120,305,150	302,441,706	341,341,576
Miscellaneous	70,794,457	70,992,739	45,757,274
Debt Proceeds	306,709,783	860,348,284	286,083,958
Total External Revenues	1,511,146,721	2,297,488,777	1,762,851,447
Transfers from Other Funds			
Service Reimbursements	178,436,836	186,788,895	183,237,403
Cash Transfers	554,350,977	709,971,954	662,454,168
Total Transfers from Other Funds	732,787,813	896,760,849	845,691,571
Beginning Fund Balances	836,240,412	615,638,863	821,400,396
Total Budget	3,080,174,946	3,809,888,489	3,429,943,414
Less Intracity Transfers	(732,787,813)	(896,760,849)	(845,691,571)
TOTAL NET BUDGET	\$ 2,347,387,133	\$ 2,913,127,640	\$ 2,584,251,843
REQUIREMENTS			
Bureau Expenses			
Personal Services	540,910,069	581,274,807	566,168,769
External Materials & Services	570,311,159	740,954,461	693,766,170
Internal Materials & Services	178,436,836	186,788,895	183,237,403
Capital Outlay	186,005,681	433,714,975	364,062,777
Total Bureau Expenses	1,475,663,745	1,942,733,138	1,807,235,119
Fund-Level Expenses			
Debt Service	392,783,099	429,198,934	412,187,975
Fund-Level Cash Transfers	554,350,977	709,971,954	662,454,168
General Fund Overhead	0	0	0
Contingency	0	584,238,382	386,212,034
Total Fund-Level Expenses	947,134,076	1,723,409,270	1,460,854,177
Total Appropriated Budget	2,422,797,821	3,666,142,408	3,268,089,296
Unappropriated Ending Balance	657,377,125	143,746,081	161,854,118
Total Budget	3,080,174,946	3,809,888,489	3,429,943,414
Less Intracity Transfers	(732,787,813)	(896,760,849)	(845,691,571)
TOTAL NET BUDGET	\$ 2,347,387,133	\$ 2,913,127,640	\$ 2,584,251,843

Appropriation Schedule – FY 2010–11

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	
Bureau of Development Services					
Development Services Fund	28,453,135	1,792,787	2,369,009	696,274	33,311,205
Total Bureau of Development Services	28,453,135	1,792,787	2,369,009	696,274	33,311,205
Bureau of Emergency Communications					
Emergency Communication Fund	17,192,067	1,161,360	490,881	138,736	18,983,044
Total Bureau of Emergency Communications	17,192,067	1,161,360	490,881	138,736	18,983,044
Bureau of Environmental Services					
Environmental Remediation Fund	5,555,758	611,919	81,959	856	6,250,492
Grants Fund	4,158,534	0	0	0	4,158,534
Sewer System Construction Fund	0	31,372,387	228,842,613	0	260,215,000
Sewer System Debt Redemption Fund	0	0	0	151,294,300	151,294,300
Sewer System Operating Fund	318,998,821	39,043,079	195,011,848	1,905,834	554,959,582
Sewer System Rate Stabilization Fund	0	31,250,000	30,000,000	0	61,250,000
Total Bureau of Environmental Services	328,713,113	102,277,385	453,936,420	153,200,990	1,038,127,908
Bureau of Fire & Police Disability & Retirement					
Fire & Police Disability & Retirement Fund	109,977,454	8,599,222	384,734	32,844,224	151,805,634
Fire & Police Disability & Retirement Res Fund	0	0	750,000	0	750,000
Total Bureau of Fire & Police Disability & Retirement	109,977,454	8,599,222	1,134,734	32,844,224	152,555,634
Bureau of Planning & Sustainability					
General Fund	9,488,213	0	0	0	9,488,213
Grants Fund	1,611,543	0	0	0	1,611,543
Solid Waste Management Fund	5,378,638	0	235,601	37,063	5,651,302
Total Bureau of Planning & Sustainability	16,478,394	0	235,601	37,063	16,751,058
Cable Communications & Franchise Management					
Cable Fund	5,126,275	1,064,000	17,726	0	6,208,001
General Fund	1,816,671	0	0	0	1,816,671
Total Cable Communications & Franchise Management	6,942,946	1,064,000	17,726	0	8,024,672
Commissioner of Public Affairs					
Children's Investment Fund	16,233,771	2,430,479	25,000	0	18,689,250
General Fund	1,481,769	0	0	0	1,481,769
Total Commissioner of Public Affairs	17,715,540	2,430,479	25,000	0	20,171,019
Commissioner of Public Safety					
General Fund	750,716	0	0	0	750,716
Total Commissioner of Public Safety	750,716	0	0	0	750,716
Commissioner of Public Utilities					
General Fund	852,706	0	0	0	852,706

Appropriation Schedule – FY 2010–11

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	
Total Commissioner of Public Utilities	852,706	0	0	0	852,706
Commissioner of Public Works					
General Fund	900,148	0	0	0	900,148
Total Commissioner of Public Works	900,148	0	0	0	900,148
Office of the City Attorney					
General Fund	8,586,319	0	0	0	8,586,319
Total Office of the City Attorney	8,586,319	0	0	0	8,586,319
Office of the City Auditor					
Assessment Collection Fund	1,321	80,565	38	0	81,924
Bancroft Bond Interest and Sinking Fund	0	0	3,500,000	8,612,741	12,112,741
Campaign Finance Fund	393,353	0	15,050	0	408,403
General Fund	9,037,735	0	0	0	9,037,735
Local Improvement District Construction Fund	1,508,940	5,258,651	10,580,698	1,605,088	18,953,377
Total Office of the City Auditor	10,941,349	5,339,216	14,095,786	10,217,829	40,594,180
Office of Government Relations					
General Fund	1,202,964	0	0	0	1,202,964
Total Office of Government Relations	1,202,964	0	0	0	1,202,964
Office of Human Relations					
General Fund	589,509	0	0	0	589,509
Total Office of Human Relations	589,509	0	0	0	589,509
Office of Management & Finance					
Airport Way Debt Service Fund	0	0	0	5,587,700	5,587,700
BFRES Facilities GO Bond Construction Fund	4,039,961	544,431	104,077	0	4,688,469
Bonded Debt Interest and Sinking Fund	0	0	0	8,462,209	8,462,209
Central Eastside Ind District Debt Service Fund	0	0	0	7,360,963	7,360,963
CityFleet Operating Fund	27,569,377	16,722,038	923,580	278,804	45,493,799
Convention and Tourism Fund	3,240,154	45,943	13,803	0	3,299,900
Convention Center Area Debt Service Fund	0	0	0	12,756,020	12,756,020
EBS Services Fund	8,033,938	1,247,899	44,967	4,115,950	13,442,754
Emergency Communication Fund	3,880,696	1,098,509	0	1,177,500	6,156,705
Facilities Services Operating Fund	28,722,587	20,834,653	802,652	5,787,716	56,147,608
Fire & Police Supplemental Retirement Res Fund	8,860	0	0	0	8,860
Gateway URA Debt Redemption Fund	0	0	0	3,366,649	3,366,649
General Fund	48,501,015	708,711	30,201,131	5,485,124	84,895,981
General Reserve Fund	0	46,632,705	2,807,651	0	49,440,356
Governmental Bond Redemption Fund	120,000	0	0	4,943,469	5,063,469
Grants Fund	2,118,058	0	0	0	2,118,058
Health Insurance Operating Fund	43,726,355	14,820,309	561,945	26,660	59,135,269

Appropriation Schedule – FY 2010–11

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	
Insurance and Claims Operating Fund	9,636,862	19,900,316	507,677	52,061	30,096,916
Interstate Corridor Debt Service Fund	0	0	0	14,196,910	14,196,910
Lents Town Center URA Debt Redemption Fund	0	0	0	10,335,006	10,335,006
North Macadam URA Debt Redemption Fund	0	0	0	15,542,591	15,542,591
Pension Debt Redemption Fund	0	0	138,477	3,261,591	3,400,068
Printing & Distribution Services Operating Fund	6,818,842	1,950,406	327,185	94,481	9,190,914
Private for Hire Transportation Safety Fund	30,000	0	585	0	30,585
Property Management License Fund	4,370,400	0	0	0	4,370,400
River District URA Debt Redemption Fund	0	0	0	30,289,548	30,289,548
South Park Blocks Redemption Fund	0	0	0	7,185,715	7,185,715
Special Finance and Resource Fund	117,973,120	0	0	2,180,231	120,153,351
Special Projects Debt Service Fund	0	0	0	6,449,843	6,449,843
Spectator Facilities Operating Fund	11,795,993	5,328,714	104,323	6,777,758	24,006,788
Technology Services Fund	45,305,123	32,527,119	1,942,114	1,833,304	81,607,660
Waterfront Renewal Bond Sinking Fund	0	0	0	10,196,161	10,196,161
Willamette Industrial URA Debt Service Fund	0	0	0	875,688	875,688
Workers' Comp Self Insurance Operating Fund	4,522,245	18,005,742	228,532	48,698	22,805,217
Total Office of Management & Finance	370,413,586	180,367,495	38,708,699	168,668,350	758,158,130
Office of the Mayor					
General Fund	4,010,334	0	0	0	4,010,334
Total Office of the Mayor	4,010,334	0	0	0	4,010,334
Portland Development Commission					
General Fund	3,475,126	0	0	0	3,475,126
Total Portland Development Commission	3,475,126	0	0	0	3,475,126
Office of Neighborhood Involvement					
General Fund	6,439,822	0	5,000	0	6,444,822
Total Office of Neighborhood Involvement	6,439,822	0	5,000	0	6,444,822
Portland Bureau of Transportation					
Gas Tax Bond Redemption Fund	0	5,485	0	1,085,550	1,091,035
Grants Fund	97,559,295	0	0	0	97,559,295
Parking Facilities Fund	6,339,406	8,196,030	3,132,019	2,858,550	20,526,005
Transportation Operating Fund	147,073,380	8,860,683	5,780,038	6,825,783	168,539,884
Transportation Reserve Fund	0	2,540,000	0	0	2,540,000
Total Portland Bureau of Transportation	250,972,081	19,602,198	8,912,057	10,769,883	290,256,219

Appropriation Schedule – FY 2010–11

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	
Portland Fire & Rescue					
General Fund	92,391,092	0	0	0	92,391,092
Grants Fund	669,343	0	0	0	669,343
Total Portland Fire & Rescue	93,060,435	0	0	0	93,060,435
Portland Housing Bureau					
Community Development Block Grant Fund	16,484,806	0	0	0	16,484,806
General Fund	9,989,120	0	5,000	0	9,994,120
Grants Fund	6,979,778	0	0	0	6,979,778
Headwaters Apartment Complex Fund	487,658	100,000	0	775,294	1,362,952
HOME Grant Fund	4,996,522	0	0	0	4,996,522
Housing Investment Fund	10,716,889	751,227	2,238,572	0	13,706,688
Tax Increment Financing Reimbursement Fund	67,987,537	2,118,572	0	0	70,106,109
Total Portland Housing Bureau	117,642,310	2,969,799	2,243,572	775,294	123,630,975
Portland Office of Emergency Management					
General Fund	1,677,672	0	0	0	1,677,672
Grants Fund	8,627,687	0	0	0	8,627,687
Total Portland Office of Emergency Management	10,305,359	0	0	0	10,305,359
Portland Parks & Recreation					
General Fund	58,634,107	0	245,000	0	58,879,107
Golf Fund	6,963,928	1,994,735	1,016,330	119,354	10,094,347
Golf Revenue Bond Redemption Fund	0	0	0	807,280	807,280
Grants Fund	2,768,860	0	0	0	2,768,860
Parks Capital Construction & Maintenance Fund	21,762,291	630,753	1,307,636	67,226	23,767,906
Parks Endowment Fund	20,512	0	0	0	20,512
Parks Local Option Levy Fund	960,952	4,066,773	801,828	0	5,829,553
Portland International Raceway Fund	1,551,220	854,044	49,176	296,918	2,751,358
Portland Parks Memorial Trust Fund	1,862,411	390,390	0	0	2,252,801
Total Portland Parks & Recreation	94,524,281	7,936,695	3,419,970	1,290,778	107,171,724
Portland Police Bureau					
General Fund	155,337,993	0	0	0	155,337,993
Grants Fund	1,959,516	0	0	0	1,959,516
Police Special Revenue Fund	918,272	0	1,728	0	920,000
Total Portland Police Bureau	158,215,781	0	1,728	0	158,217,509
Portland Water Bureau					
Hydroelectric Power Bond Redemption Fund	0	0	0	2,716,810	2,716,810
Hydroelectric Power Operating Fund	680,007	128,598	347,971	14,608	1,171,184
Hydroelectric Power Renewal Replacement Fund	0	9,622,308	125,000	0	9,747,308
Water Bond Sinking Fund	0	0	0	28,306,371	28,306,371
Water Construction Fund	0	11,427,460	76,183,069	0	87,610,529

Appropriation Schedule – FY 2010–11

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	
Water Fund	148,199,637	31,493,032	60,201,945	2,510,765	242,405,379
Total Portland Water Bureau	148,879,644	52,671,398	136,857,985	33,548,554	371,957,581
TOTAL CITYWIDE APPROPRIATION	\$1,807,235,119	\$ 386,212,034	\$ 662,454,168	\$ 412,187,975	\$ 3,268,089,296

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 2007–08	Actual FY 2008–09	Revised FY 2009–10	Adopted FY 2010–11	Change
Bureau of Development Services	346.88	358.28	306.68	156.37	-150.31
Bureau of Emergency Communications	141.33	140.00	144.00	144.00	0.00
Bureau of Environmental Services	503.94	522.65	538.94	545.97	7.03
Bureau of Fire & Police Disability & Retirement	15.20	15.67	16.03	16.70	0.67
Bureau of Planning & Sustainability	78.46	82.97	116.64	106.33	-10.31
Cable Communications & Franchise Management	8.80	8.80	8.80	8.80	0.00
Commissioner of Public Affairs	10.00	14.70	17.50	14.80	-2.70
Commissioner of Public Safety	7.00	6.39	6.39	6.39	0.00
Commissioner of Public Utilities	8.50	9.00	9.00	9.00	0.00
Commissioner of Public Works	7.00	7.00	8.00	8.80	0.80
Office of the City Attorney	53.15	54.15	57.40	57.90	0.50
Office of the City Auditor	47.60	48.00	48.50	48.00	-0.50
Office of Government Relations	6.50	7.00	7.00	7.00	0.00
Office of Human Relations	0.00	4.00	4.00	4.00	0.00
Office of Management & Finance	670.97	674.68	670.72	672.83	2.11
Office of the Mayor	24.40	17.00	23.00	25.16	2.16
Office of Neighborhood Involvement	39.78	41.33	39.20	36.59	-2.61
Portland Bureau of Transportation	792.86	798.33	741.75	752.29	10.54
Portland Fire & Rescue	753.17	759.25	749.40	746.65	-2.75
Portland Housing Bureau	31.46	29.26	34.00	67.00	33.00
Portland Office of Emergency Management	15.17	17.00	15.42	15.39	-0.03
Portland Parks & Recreation	416.85	437.32	444.71	426.74	-17.97
Portland Police Bureau	1,291.24	1,287.58	1,253.13	1,235.56	-17.57
Portland Water Bureau	656.91	672.62	644.91	645.00	0.09
TOTAL CITY	5,970.45	6,059.58	5,905.12	5,757.27	-147.85

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 2009-10	Adopted FY 2010-11	Revised FY 2009-10	Adopted FY 2010-11
RESOURCES				
Property Taxes	186,129,048	191,959,956	186,129,048	191,959,956
Utility License Fees	70,347,235	70,239,023	70,347,235	70,239,023
Business Licenses	56,230,090	57,831,084	56,230,090	57,831,084
Lodging Taxes	15,674,351	14,524,258	15,674,351	14,524,258
State Shared Cigarette & Liquor	12,276,689	12,867,392	12,276,689	12,867,392
Beginning Fund Balance	48,268,516	11,607,626	48,268,516	11,607,626
Cash Transfers	7,891,749	6,796,588	9,738,714	7,500,490
Court Fines	2,851,614	2,562,265	4,659,614	4,683,034
Interest Income	1,554,088	1,148,805	2,618,918	2,179,696
Local Sources and Other Miscellaneous	50,000	50,000	17,591,859	10,105,418
Overhead, Service Reimbursements	0	0	47,048,576	45,581,352
Service Charges, Permits & Fees	0	0	21,920,094	22,733,668
TOTAL GENERAL FUND RESOURCES	\$ 401,273,380	\$ 369,586,997	\$ 492,503,704	\$ 451,812,997
REQUIREMENTS				
Bureau of Planning & Sustainability	9,385,111	7,954,192	14,199,592	9,488,213
Bureau of Police	145,609,533	141,839,937	163,084,764	155,337,993
Commissioner of Public Affairs	3,030,322	297,028	3,711,140	1,481,769
Commissioner of Public Safety	302,973	318,943	736,470	750,716
Commissioner of Public Utilities	315,805	317,366	835,946	852,706
Commissioner of Public Works	318,993	340,105	825,229	900,148
Office of Cable Communications & Franchise Mgmt	1,877,363	1,796,671	2,049,906	1,816,671
Office of the City Attorney	2,069,565	1,604,135	8,663,301	8,586,319
Office of the City Auditor	4,149,662	4,022,552	8,802,246	9,037,735
Office of Government Relations	487,001	483,718	1,210,904	1,202,964
Office of Human Relations	689,438	589,509	689,438	589,509
Office of Management & Finance	16,417,181	14,517,202	37,307,635	37,332,230
Office of the Mayor	1,655,680	2,174,441	3,274,816	4,010,334
Office of Neighborhood Involvement	6,139,891	5,873,747	6,798,964	6,439,822
Portland Development Commission	0	3,475,126	0	3,475,126
Portland Fire & Rescue	89,866,600	86,828,244	95,242,919	92,391,092
Portland Housing Bureau	12,902,464	9,447,387	13,004,000	9,989,120
Portland Office of Emergency Management	665,605	670,170	1,650,701	1,677,672
Portland Parks & Recreation	41,233,588	40,742,746	58,587,910	58,634,107
Special Appropriations	14,254,232	11,025,230	14,682,571	11,168,785
Total Bureau Expenses	351,371,007	334,318,449	435,358,452	415,163,031
Total Bureau Expenses	351,371,007	334,318,449	435,358,452	415,163,031
Contingency - Operating & Reserve	2,920,277	708,711	2,920,277	708,711
Overhead Recovery True-Up	(45,988)	947,623	0	0
Pension Bond Principal & Interest	6,638,060	5,485,124	6,638,060	5,485,124
Transfers to Other Funds	40,390,024	28,127,090	47,586,915	30,456,131
TOTAL GENERAL FUND REQUIREMENTS	\$ 401,273,380	\$ 369,586,997	\$ 492,503,704	\$ 451,812,997

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 2009-10			Adopted FY 2010-11		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Public Safety						
BFRes Facilities GO Bond Construction	124,405	6,250,918	6,375,323	113,717	3,926,244	4,039,961
Bureau of Emergency Communications	17,156,491	5,853,194	23,009,685	17,192,067	3,880,696	21,072,763
Office of Emergency Management	7,426,316	0	7,426,316	10,305,359	0	10,305,359
Portland Fire and Rescue	94,782,765	2,198,007	96,980,772	92,517,196	543,239	93,060,435
Fire & Police Disability & Retirement	105,968,116	0	105,968,116	109,986,314	0	109,986,314
Portland Police Bureau	170,576,448	0	170,576,448	157,297,509	0	157,297,509
Police Special Revenue	1,096,246	0	1,096,246	918,272	0	918,272
Total Public Safety	397,130,787	14,302,119	411,432,906	388,330,434	8,350,179	396,680,613
Parks, Recreation, and Culture						
Golf	6,920,555	250,000	7,170,555	6,713,928	250,000	6,963,928
Portland Parks and Recreation	58,977,410	4,772,361	63,749,771	58,857,185	2,545,782	61,402,967
Parks Construction	4,223,435	17,716,988	21,940,423	1,068,145	20,694,146	21,762,291
Parks Endowment	13,987	0	13,987	20,512	0	20,512
Parks Local Option Levy	945,941	0	945,941	960,952	0	960,952
Parks Memorial Trust	2,107,058	0	2,107,058	1,862,411	0	1,862,411
Portland International Raceway	1,620,044	0	1,620,044	1,551,220	0	1,551,220
Special Appropriations	5,202,481	0	5,202,481	767,019	0	767,019
Spectator Facilities	6,481,419	0	6,481,419	11,795,993	0	11,795,993
Total Parks, Recreation, and Culture	86,492,330	22,739,349	109,231,679	83,597,365	23,489,928	107,087,293
Public Utilities						
Bureau of Environmental Services	99,494,954	286,964,498	386,459,452	101,174,965	221,982,390	323,157,355
Portland Water Bureau	73,798,576	59,592,179	133,390,755	75,523,637	72,676,000	148,199,637
Environmental Remediation	6,656,098	0	6,656,098	5,555,758	0	5,555,758
Hydroelectric Power Operating	858,727	0	858,727	680,007	0	680,007
Solid Waste Management	4,023,757	0	4,023,757	5,378,638	0	5,378,638
Total Public Utilities	184,832,112	346,556,677	531,388,789	188,313,005	294,658,390	482,971,395
Community Development						
Cable Comm and Franchise Mgmt	7,897,794	0	7,897,794	6,942,946	0	6,942,946
Children's Investment	15,366,129	0	15,366,129	16,233,771	0	16,233,771
Convention and Tourism	3,295,250	0	3,295,250	3,240,154	0	3,240,154
Development Services	36,532,166	0	36,532,166	28,453,135	0	28,453,135
HOME Grant	8,886,315	0	8,886,315	4,996,522	0	4,996,522
Bureau of Housing	23,257,636	0	23,257,636	16,968,898	0	16,968,898
Headwater Apartment Complex	0	0	0	487,658	0	487,658
Housing & Community Development	11,606,760	0	11,606,760	16,484,806	0	16,484,806
Housing Investment	16,246,734	0	16,246,734	10,716,889	0	10,716,889
Office of Human Relations	689,438	0	689,438	589,509	0	589,509
Local Improvement District Construction	1,474,866	0	1,474,866	1,508,940	0	1,508,940
Office of Neighborhood Involvement	6,848,964	0	6,848,964	6,439,822	0	6,439,822
Bureau of Planning and Sustainability	20,442,686	0	20,442,686	11,099,756	0	11,099,756
Portland Development Commission	395,832	0	395,832	3,475,126	0	3,475,126
Property Management License	4,484,506	0	4,484,506	4,370,400	0	4,370,400
South Park Block Redemption	652,443	0	652,443	0	0	0
Special Appropriations	8,089,984	0	8,089,984	150,000	0	150,000
Special Finance & Resource	144,935,887	0	144,935,887	117,973,120	0	117,973,120
Tax Increment Financing Reimburse	864,874	0	864,874	67,987,537	0	67,987,537

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 2009-10			Adopted FY 2010-11		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Waterfront Renewal Bond Sinking	844,919	0	844,919	0	0	0
Total Community Development	312,813,183	0	312,813,183	318,118,989	0	318,118,989
Transportation and Parking						
Bureau of Transportation	113,509,007	172,747,594	286,256,601	108,975,513	135,657,162	244,632,675
Parking Facilities	10,459,454	0	10,459,454	6,339,406	0	6,339,406
Private for Hire Transportation Safety	0	0	0	30,000	0	30,000
Total Transportation and Parking	123,968,461	172,747,594	296,716,055	115,344,919	135,657,162	251,002,081
Legislative, Administrative & Support Services						
Assessment Collection	411	0	411	1,321	0	1,321
Business License Surcharge	11	0	11	0	0	0
Campaign Finance	808,247	0	808,247	393,353	0	393,353
Office of the City Attorney	8,663,301	0	8,663,301	8,586,319	0	8,586,319
Office of the City Auditor	8,802,246	0	8,802,246	9,037,735	0	9,037,735
CityFleet	22,214,112	7,991,039	30,205,151	20,320,468	7,248,909	27,569,377
Enterprise Business Solution Services	11,256,379	0	11,256,379	7,713,178	320,760	8,033,938
Facilities Services	35,835,104	7,429,050	43,264,154	22,967,726	5,754,861	28,722,587
Government Bond Redemption	120,000	0	120,000	120,000	0	120,000
Government Relations	1,210,904	0	1,210,904	1,202,964	0	1,202,964
Health Insurance Operating	43,851,066	0	43,851,066	43,726,355	0	43,726,355
Insurance and Claims	12,006,386	250,000	12,256,386	9,386,862	250,000	9,636,862
Management & Finance - Gen Fund	37,113,881	193,754	37,307,635	36,271,033	1,061,197	37,332,230
Management & Finance - Grants	2,116,534	1,021,858	3,138,392	1,618,058	500,000	2,118,058
Mayor and Commissioners' Offices	9,539,101	0	9,539,101	7,995,673	0	7,995,673
Printing & Distribution	7,719,571	0	7,719,571	6,818,842	0	6,818,842
Special Appropriations	1,390,106	0	1,390,106	10,251,766	0	10,251,766
Technology Services	45,860,316	10,630,403	56,490,719	43,705,444	1,599,679	45,305,123
Workers' Compensation	4,876,746	250,000	5,126,746	4,272,245	250,000	4,522,245
Total Legislative, Administrative & Support Services	253,384,422	27,766,104	281,150,526	234,389,342	16,985,406	251,374,748
TOTAL EXPENDITURES	\$1,358,621,295	\$ 584,111,843	\$1,942,733,138	\$1,327,980,337	\$ 475,214,821	\$1,807,235,119
FUND REQUIREMENTS						
Contingency			584,238,382			386,212,034
Debt Retirement			429,198,934			412,187,975
Ending Fund Balance			143,746,081			161,854,118
General Fund Overhead Transfers			24,377,465			21,634,837
Other Cash Transfers			685,594,489			640,819,331
TOTAL CITY BUDGET	\$	\$	\$3,809,888,489	\$	\$	\$3,429,943,414
TOTAL NET CITY BUDGET	\$	\$	\$2,913,127,640	\$	\$	\$2,584,251,843

CAPITAL BUDGET

TABLE 6

This table summarizes Capital Improvement Plan project costs by bureaus within each service area.

Service Area	Bureau	Prior Years	Revised FY 2009-10	Adopted FY 2010-11	Capital Plan				5-Year Total
					FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	
Legislative, Administrative, and Support									
Office of Management and Finance		10,015,368	36,284,855	26,347,352	46,263,533	31,339,811	20,959,260	16,248,767	141,158,723
Total Legislative, Administrative, and Support		10,015,368	36,284,855	26,347,352	46,263,533	31,339,811	20,959,260	16,248,767	141,158,723
Parks, Recreation, and Culture									
Parks		8,574,445	13,061,567	23,489,928	69,459,281	98,019,014	98,770,992	57,365,810	347,105,025
Total Parks, Recreation, and Culture		8,574,445	13,061,567	23,489,928	69,459,281	98,019,014	98,770,992	57,365,810	347,105,025
Public Safety									
Fire		3,399,032	2,198,007	543,239	1,831,410	1,886,353	1,942,943	2,001,232	8,205,177
Total Public Safety		3,399,032	2,198,007	543,239	1,831,410	1,886,353	1,942,943	2,001,232	8,205,177
Public Utilities									
Environmental Services		398,005,842	239,616,997	221,982,390	92,215,000	86,863,000	99,438,000	102,465,000	602,963,390
Water		120,134,822	45,497,000	72,676,000	124,505,000	173,125,000	109,275,000	96,475,000	576,056,000
Total Public Utilities		518,140,664	285,113,997	294,658,390	216,720,000	259,988,000	208,713,000	198,940,000	1,179,019,390
Transportation and Parking									
Transportation		15,220,130	132,496,241	135,657,162	95,318,542	15,194,785	6,633,785	6,498,785	259,303,059
Total Transportation and Parking		15,220,130	132,496,241	135,657,162	95,318,542	15,194,785	6,633,785	6,498,785	259,303,059
Total City Capital Plan		\$555,349,639	\$469,154,667	\$480,696,071	\$429,592,766	\$406,427,963	\$337,019,980	\$281,054,594	\$1,934,791,374

TABLE 7

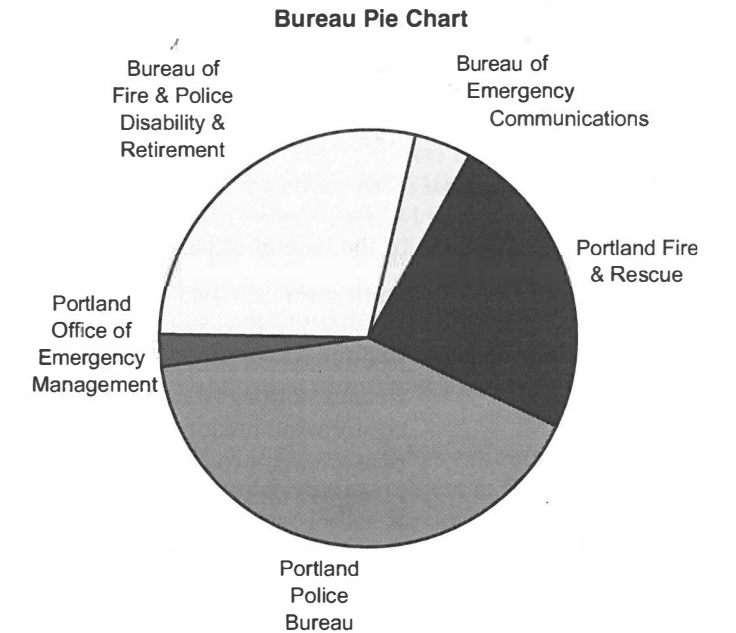
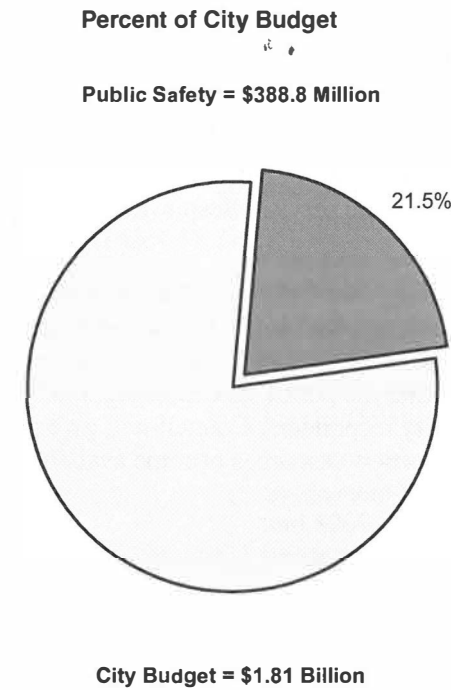
CAPITAL BUDGET

This table summarizes capital costs by geographic area within each Service Area.

Service Area	Revised		Adopted	Capital Plan				
	Prior Years	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	5-Year Total
Legislative, Administrative, and Support								
Central City	5,765,082	197,952	1,000,000	0	0	0	0	1,000,000
Citywide	3,614,053	31,038,741	9,712,595	26,821,719	25,870,162	16,300,237	11,823,411	90,528,124
East	0	4,000,000	837,328	7,872,238	0	0	0	8,709,566
Northeast	0	642,600	570,600	0	0	0	0	570,600
Northwest	0	0	3,917,533	2,425,141	0	0	0	6,342,674
Southeast	424,763	241,440	2,507,948	246,653	0	0	0	2,754,601
Southwest	211,470	164,122	1,418,296	337,256	0	0	0	1,755,552
Undetermined	0	0	6,383,052	8,560,526	5,469,649	4,659,023	4,425,356	29,497,606
Total Legislative, Administrative, and	10,015,368	36,284,855	26,347,352	46,263,533	31,339,811	20,959,260	16,248,767	141,158,723
Parks, Recreation, and Culture								
Central City	0	0	20,000	1,452,000	10,552,000	1,980,000	675,548	14,679,548
Citywide	6,638,132	5,857,981	12,369,966	19,422,281	22,470,014	22,491,992	12,727,262	89,481,515
East	0	0	0	3,946,000	4,247,000	6,108,000	0	14,301,000
North	377,459	2,914,239	3,892,962	12,623,000	17,420,000	8,200,000	2,200,000	44,335,962
Northeast	176,534	589,620	1,720,000	7,363,000	10,825,000	11,259,000	8,869,000	40,036,000
Northwest	165,900	750,000	2,000,000	6,367,000	7,579,000	9,552,000	6,875,000	32,373,000
Southeast	1,112,324	2,889,727	2,437,000	5,426,000	20,904,000	39,180,000	19,113,000	87,060,000
Southwest	104,096	60,000	1,050,000	12,860,000	4,022,000	0	6,906,000	24,838,000
Total Parks, Recreation, and Culture	8,574,445	13,061,567	23,489,928	69,459,281	98,019,014	98,770,992	57,365,810	347,105,025
Public Safety								
Citywide	3,399,032	2,198,007	543,239	1,831,410	1,886,353	1,942,943	2,001,232	8,205,177
Total Public Safety	3,399,032	2,198,007	543,239	1,831,410	1,886,353	1,942,943	2,001,232	8,205,177
Public Utilities								
Central City	6,125,913	3,592,000	4,507,000	13,312,000	14,248,000	12,750,000	25,150,000	69,967,000
Citywide	149,171,719	41,053,000	46,215,078	42,925,000	45,150,000	75,596,000	63,980,000	273,866,078
East	291,709,971	69,549,000	78,883,000	56,219,000	83,568,000	60,306,000	45,468,000	324,444,000
North	6,978,838	56,866,000	54,106,000	21,119,000	13,324,000	5,725,000	7,406,000	101,680,000
Northeast	2,470,119	9,814,000	14,813,000	7,068,000	15,404,000	1,402,000	835,000	39,522,000
Northwest	4,574,742	36,557,000	20,200,000	3,733,000	7,332,000	9,803,000	11,130,000	52,198,000
Southeast	21,562,760	23,554,997	23,343,312	14,413,000	9,890,000	10,472,000	22,495,000	80,613,312
Southwest	1,875,037	20,395,000	25,801,000	13,781,000	14,722,000	10,509,000	9,426,000	74,239,000
Undetermined	33,671,565	23,733,000	26,790,000	44,150,000	56,350,000	22,150,000	13,050,000	162,490,000
Total Public Utilities	518,140,664	285,113,997	294,658,390	216,720,000	259,988,000	208,713,000	198,940,000	1,179,019,390
Transportation and Parking								
Central City	0	0	170,000	0	0	0	0	170,000
Citywide	5,625,532	53,985,571	77,973,036	63,544,061	8,429,785	6,508,785	6,373,785	162,829,452
North	2,142,133	20,594,163	16,346,819	1,212,004	125,000	125,000	125,000	17,933,823
Northeast	2,282,703	34,916,124	15,952,258	0	0	0	0	15,952,258
Northeast/Southeast	0	1,872,461	382,567	1,100,000	0	0	0	1,482,567
Northwest	1,438,059	5,581,128	1,397,649	0	0	0	0	1,397,649
Southeast	958,052	2,639,113	4,727,953	9,822,630	1,000,000	0	0	15,550,583
Southwest	2,773,651	12,907,681	18,543,880	19,639,847	5,640,000	0	0	43,823,727
Undetermined	0	0	163,000	0	0	0	0	163,000
Total Transportation and Parking	15,220,130	132,496,241	135,657,162	95,318,542	15,194,785	6,633,785	6,498,785	259,303,059
Total City Capital Plan	\$555,349,639	\$469,154,667	\$480,696,071	\$429,592,766	\$406,427,963	\$337,019,980	\$281,054,594	\$1,934,791,374

Public Safety

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



Service Area Overview				
Expenditures	Revised FY 2009-10	Adopted FY 2010-11	Change from Prior Year	Percent Change
Operating	396,998,222	388,207,857	-8,790,365	-2.2%
Capital	2,198,007	543,239	-1,654,768	-75.3%
Total Service Area Requirements	\$ 399,196,229	\$ 388,751,096	\$ -10,445,133	-2.6%
Authorized Positions	2,178	2,158	-20.00	-0.9%

Service Area Highlights

DESCRIPTION

The Public Safety service area includes the Bureau of Emergency Communications (BOEC), the Bureau of Fire & Police Disability & Retirement (FPDR), the Portland Police Bureau (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

The FY 2010-11 budget for public safety showed reductions across most bureaus. Although a few bureaus were able to achieve some efficiencies with the reductions, for example, PPB and BOEC, the decreases in PF&R's budget resulted in a slight reduction in service due to the inability to fund both of the emergency medical rescue units that the bureau had in FY 2009-10 (only one is funded for FY 2010-11). Other bureaus were either relatively unaffected (POEM) or did not experience any reductions (FPDR). However, the FY 2010-11 public safety budget protects and maintains essential services despite the implementation of the budget reductions.

During FY 2010-11 the public safety bureaus along with Office of Management and Finance are directed to continue to refine the funding plan for the Public Safety Systems Revitalization Program (PSSRP) and report back to Council in a work session presentation. Because of the vital role PSSRP plays in protecting the public and ensuring timely and coordinated response from the City's public safety responders, Council will give priority consideration to one-time and ongoing funding as new resources become available to the General Fund in future financial forecasts.

Portland Police Bureau

The Police Bureau's Adopted Budget for FY 2010-11 is \$13.5 million lower than its FY 2009-10 Revised Budget. Discretionary General Fund revenue decreased by \$3.8 million, other revenues (including tow revenue, alarm fees and other payments for service) decreased by \$4.0 million, Police Special Revenue Fund by \$200,000, and grants by \$5.5 million. Grant revenue is expected to increase as the year progresses, while the \$8.0 million decline in General Fund, other revenue, and donations is expected to remain unchanged.

FY 2010-11 discretionary General Fund resources include \$1.8 million for full staffing that was previously held in contingency and has been included in the bureau's budget for FY 2010-11.

The Adopted Budget for the Police Bureau includes \$1.45 million in ongoing budget reductions and \$2.4 million in one-time reductions. It eliminates 10 positions across the bureau and holds an additional 24 positions vacant to generate one-time savings. In addition to the 2% reductions Council requested from public safety bureaus in this budget, the Police Bureau budget reduces an additional \$1.0 million in FY 2010-11 to refund a portion of the \$5.2 million requested in the 2010 Spring BMP for compensation set-aside and full staffing contingency.

Major highlights of the bureau's FY 2010-11 budget are discussed below:

- ◆ The majority of cuts (approximately \$3.0 million) were realized through eliminating or keeping vacant 34 non-sworn positions. Sworn positions have been preserved in order to retain the investment PPB officers represent in both recruitment and training.
- ◆ Many of the non-sworn position cuts are dispersed. Exceptions include six desk clerks (after-hours clerks at East and North Precincts and front desk coverage at the Traffic and Training Divisions) and 12 background investigators (who aid in hiring and whose workload is expected to be lighter due to higher bureau staffing levels). Nine non-sworn cuts will be filled by sworn officers transferred from other duties.
- ◆ Position reductions also entail a reorganization of the Office of Accountability and Professional Standards, which will be reorganized under the Internal Affairs Captain. The manager, a Senior Management Analyst, and two administrative support positions will be held temporarily vacant and reassessed at the end of the fiscal year.
- ◆ Additional efficiencies in the bureau include adjustments in fleet rotation (i.e. keeping cars in use longer, resulting in \$134,000 in annual ongoing savings), a \$342,000 decrease in interagency billings from the Office of Management and Finance, and a \$195,000 (30%) decrease in the bureau's interagency agreement with the City Attorney.
- ◆ The budget includes \$600,000 in other revenues to offset General Fund losses. These one-time increases include \$500,000 from asset forfeiture and \$100,000 in support for the Mounted Patrol Unit offered by the Friends of the Mounted Patrol.
- ◆ One-time budget increases continue funding for three programs: \$1.77 million for continuation of portions of the current Service Coordination Team (SCT) program, a 31% reduction from the FY 2009-10 one-time appropriation; \$911,000 to continue to support private contracts for the Central City Concern Hooper Inebriate Emergency Response Service (CHIERS) program and sobering stations; and \$125,000 for overtime for the Prostitution Coordination Team.
- ◆ New one-time funded programs include \$106,000 for crisis intervention/mental health assessment training, \$50,000 for a pilot in-car video camera project in 5 patrol vehicles, and \$200,000 for implementation of the Independent Police Review Ordinance passed in March 2010.

Portland Fire and Rescue

The \$93.0 million FY 2010-11 Adopted Budget for PF&R is 4.0% less than its FY 2009-10 Revised Budget mostly due to a substantial reduction in grant revenue. Significant changes include:

- ◆ As part of the Citywide budget reduction process, a portion of a fire station is funded using one-time funds of \$655,000.
- ◆ Also as a part of the reduction process, the bureau's apparatus replacement budget has been reduced by \$1.1 million or 61.3%. The bureau further reduced its apparatus replacement budget by an additional \$146,000 to pay for an office support specialist and a senior administrative specialist for one year.
- ◆ PF&R received about \$563,000 in one-time funding for one emergency medical rescue unit. The bureau had two of these units funded one-time for FY 2009-10.
- ◆ All General Fund bureaus either had to forego their FY 2009-10 COLA funding or had to return the funds if they requested them for that year, and PF&R requested \$1.12 million for that purpose. Since the bureau was allowed to return the funds over three years, the bureau returned about \$373,000 to the General Fund for FY 2010-11.
- ◆ Finally, the bureau received \$200,000 in one-time funds to complete the purchase of a rescue boat.

Bureau of Emergency Communications

BOEC's FY 2010-11 budget is about \$648,000 (or 3.3%) lower than its FY 2009-10 Revised Budget. The bureau took a 2.4% reduction in its discretionary allocation from the General Fund which also involved a 1% reduction in revenues from partner jurisdictions. The bureau decided to reduce its overtime budget for these reductions. In addition, since all General Fund bureaus either had to forego their FY 2009-10 COLA funding or had to return the funds if they needed them for that year, BOEC returned an additional \$547,000 to the General Fund for the COLA that it received.

The total budget for the Emergency Communications Fund, which includes BOEC's budget as well as that of the Computer Aided Dispatch (CAD)-Next project, is about \$25.1 million. The CAD-Next portion of the fund is about \$6.2 million. BOEC is scheduled to go live with the new CAD system in April 2011.

Portland Office of Emergency Management

The FY 2010-11 budget for POEM is \$2.9 million higher than its FY 2009-10 Revised Budget. This is almost entirely because of a higher grant budget in FY 2010-11. Four FY 2010-11 budget decisions impact POEM:

- ◆ The Adopted Budget includes a 2.0% (or \$14,155) reduction to POEM's General Fund appropriation resulting in the reduction of a vacant assistant financial analyst position that works with the City's central grants office from 0.5 to 0.39 FTE. In addition, POEM will reduce its out of town travel budget by \$7,051.
- ◆ POEM requested \$12,698 of compensation set-aside in the FY 2009-10 spring budget monitoring process. General Fund bureaus were directed to forego their FY 2009-10 COLA funding or return the requested funds. Therefore \$12,698 will be taken out of POEM's FY 2010-11 external materials and services budget.
- ◆ The bureau's General Fund allocation has been reduced by \$8,068 as a result of reduction packages for the City's internal service operations.
- ◆ A budget note is included in the FY 2010-11 budget directing the General Fund to pay the its portion of POEM's ongoing debt service for the Emergency Communications Center beginning July of 2011. The budget note also directs bureaus to pay their share to the Facilities Services Operating Fund through interagencies. Ongoing operations and maintenance expenses will be charged to the General Fund and the overhead model beginning in FY 2012-13.

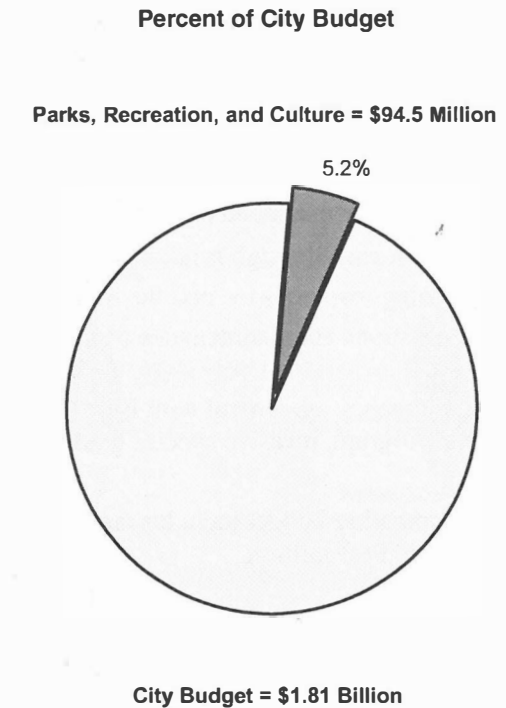
Bureau of Fire & Police Disability & Retirement

The FY 2010-11 Adopted Budget for FPDR is almost 1.2% higher than its FY 2009-10 Revised Budget. Overall estimated expenditures for retirement programs increased by 5.6% over the FY 2009-10 Revised Budget, including a 72% increase in reimbursements to the Police and Fire Bureaus for the contributions they make to the Public Employees Retirement System. With regards to disability and death benefits, expenditures are estimated to decrease by 9.1% from the FY 2009-10 Revised Budget.

FPDR increased its contingency from 5% of bureau level expenditures to 7% for FY 2010-11, an increase of \$2.0 million. Risks for the year necessitating the increase include legal challenges, uncertainty regarding the new collective bargaining agreements for members, and the new firefighter cancer presumption legislation.

Parks, Recreation, and Culture

Portland Parks & Recreation



Service Area Overview

Expenditures	Revised FY 2009-10	Adopted FY 2010-11	Change from Prior Year	Percent Change
Operating	74,808,430	71,034,353	-3,774,077	-5.0%
Capital	22,739,349	23,489,928	750,579	3.3%
Total Service Area Requirements	\$ 97,547,779	\$ 94,524,281	\$ -3,023,498	-3.1%
Authorized Positions	445	427	-18.00	-4.0%

Service Area Highlights

DESCRIPTION

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

MAJOR THEMES

Portland Parks & Recreation Operating Budget

The FY 2010-11 Adopted Operating Budget is \$58.9 million, of which more than \$40.7 million are General Fund resources. The operating budget reflects 380.2 FTE in FY 2010-11. Some of the significant elements of the budget include:

- ◆ \$300,000 for continuing enhanced teen programming
- ◆ \$50,000 to continue pass-through funding for the Police Activities League
- ◆ \$100,000 in ongoing resources to fund the Summer Playground program
- ◆ \$100,000 for operations and maintenance of facilities and sites that will go into service in FY 2010-11
- ◆ A continued interagency agreement with Bureau of Environmental Services for the Protect the Best program, invasive species eradication, natural area restoration, and tree inspections

Additionally Parks operating budget includes targeted across-the-board reductions to Parks programs totalling over \$1.3 million.

Parks Construction and Maintenance Program

Parks' FY 2010-11 CIP budget is \$23.8 million. Of this amount, more than \$1.0 million is supported by the City's General Fund with remaining funding derived from grants, system development charges, the Portland Development Commission, Metro, and other sources. The Adopted Budget includes 10.5 FTE.

Portland International Raceway

The FY 2010-11 Adopted Budget for PIR includes \$2.1 million in program fee revenues, \$1.6 million in bureau level expenditures, and \$1.2 million in fund level expenditures that include contingency and debt service. The Adopted Budget includes 6.0 FTE.

Golf Program

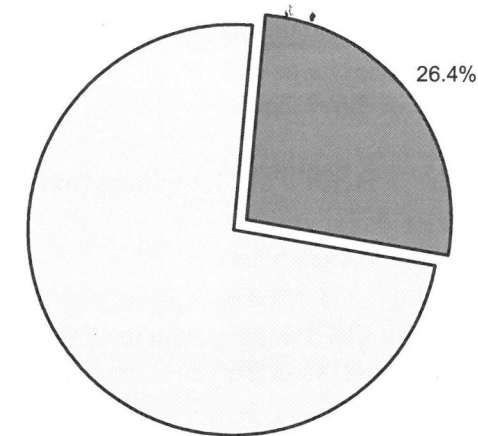
The FY 2010-11 Adopted Budget for the Golf program is \$10.1 million of which \$7.0 million is bureau level expenditure and \$3.1 million is comprised of contingency and debt service expenditures. Revenues for the Golf program are primarily derived from rounds of golf played and golf course concessions. The Golf program does not receive any General Fund resources. The FY 2010-11 Adopted Budget includes 29.0 FTE.

Public Utilities

Bureau of Environmental Services
Portland Water Bureau

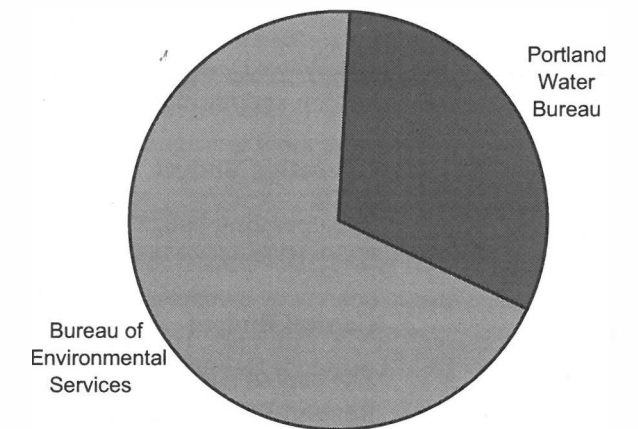
Percent of City Budget

Public Utilities = \$477.6 Million



City Budget = \$1.81 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2009-10	Adopted FY 2010-11	Change from Prior Year	Percent Change
Operating	180,808,355	182,934,367	2,126,012	1.2%
Capital	346,556,677	294,658,390	-51,898,287	-15.0%
Total Service Area Requirements	\$ 527,365,032	\$ 477,592,757	\$ -49,772,275	-9.4%
Authorized Positions	1,184	1,191	7.00	0.6%

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 (BES).

MAJOR THEMES

Utility Rate Increases

The Adopted Budget for FY 2010-11 includes an average monthly effective retail rate increase of 12% for water service. The average monthly single family sewer bill increase is 6.35%.

Portland Water Bureau

The Water Division's budget of \$148.2 million is composed of the operating budget of \$75.5 million and the capital budget of \$72.7 million.

Operating Budget

The operating budget of \$75.5 million represents an increase of \$1.1 million from the FY 2009-10 Revised Budget of \$74.4.

Capital Budget

The capital budget of \$72.7 million is an increase of \$13.7 million from the FY 2009-10 Revised Budget. For additional information refer to the Water Bureau Capital Improvement Program (CDIP) section of the budget submission.

Staffing

The budget continues to fund 642.6 FTE. This includes 14 limited-term FTE that will end on June 30, 2011.

Rate Increase

The Bureau's average effective in-city retail rate increase is 12.0% for FY 2010-11.

EPA's Long Term 2 Enhanced Surface Water Treatment Rule

Treatment: The LT2 rule requires treatment of the Bull Run surface water supply by April 1, 2014. The bureau has begun design and planning the construction of a \$100 million UV treatment plant. In addition, the bureau is performing sampling and data collection to apply for a treatment variance. The bureau will request a variance from the surface water treatment requirements of the rule from EPA. A variance could conceivably enable the bureau to avoid the expenses associated with building treatment infrastructure if the city can demonstrate to the EPA that due to the nature of the Bull Run source, such action is unnecessary. An application for the variance is expected to be made in 2011.

Open Finished Drinking Water Reservoirs: EPA has approved the bureau's plan to comply with the covered storage requirements of the rule. The plan describes how the bureau intends to build additional and replace existing enclosed drinking water storage and establishes the deadlines to disconnect Mount Tabor and Washington Park open reservoirs from the drinking water system as of December 31, 2015 and December 31, 2020, respectively. In 2009, the bureau requested direction from EPA on the process for requesting a variance for the open reservoir requirements of the LT2 rule to which the EPA has responded that a variance option is not applicable to uncovered finished water reservoirs.

Bureau of Environmental Services

The FY 2010-11 Adopted Budget for operating and capital expenditures is \$328.7 million, \$64.4 million or 16.4% lower than the Revised Budget for FY 2009-10. The CIP decreases nearly \$65 million over the current year which is primarily due to decreases in Combined Sewer Overflow (CSO) abatement, specifically the Balch Consolidation Conduit, Portsmouth Force Main and Eastside CSO projects.

BES's operating budget is 0.5% (\$580,000) higher than the FY 2009-10 Revised Budget. The small increase is the result of budget reductions of 4% from the FY 2009-10 budget coupled with increases to align the bureau with current work plans.

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 water quality standards by December 1, 2011. The FY 2010-11 Adopted Budget includes \$109.1 million of CSO capital costs.

Portland Harbor Superfund

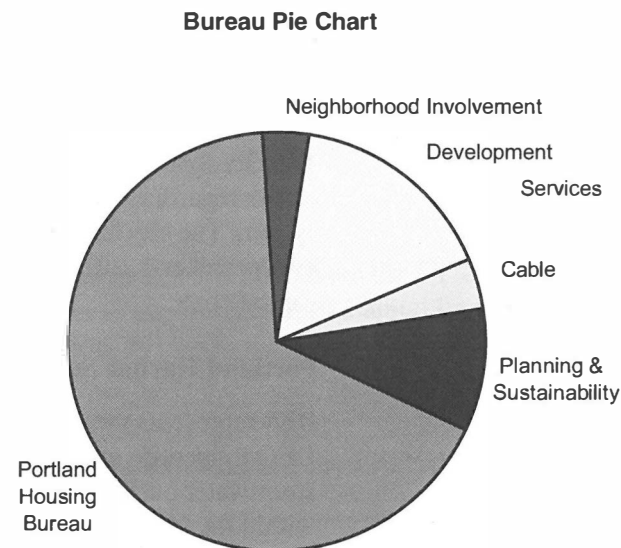
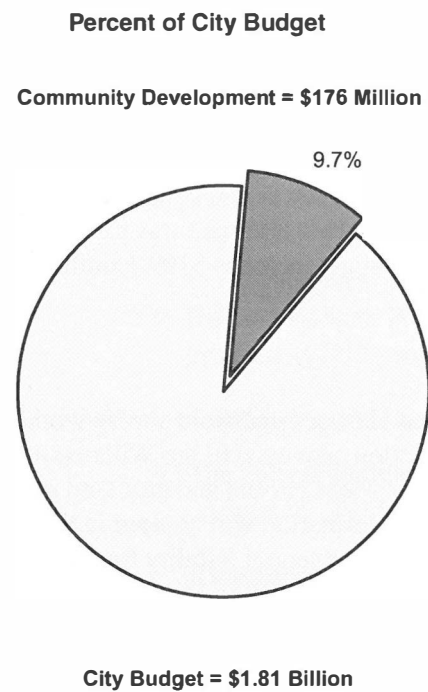
BES represents the city's interests on the Portland Harbor Superfund site by working with DEQ to identify and reduce sources of contamination conveyed to the Willamette River via stormwater outfalls, and with other stakeholders to assess current and past land use practices within the lower Willamette drainage basin. This information will be used in the Superfund process over the next several years to assess the city's potential liability for cleanup activities. The FY 2010-11 Adopted Budget includes \$5.4 million of expenditures related to the Portland Harbor Superfund.

The Office of Healthy Working Rivers

The Office of Healthy Working Rivers (HWR) will integrate environmental restoration, economic development, and community involvement for the Portland segments of the Willamette and Columbia Rivers. HWR will facilitate river-related projects contributing to City and regional economic prosperity, and implement habitat improvement projects to restore and protect riparian ecological functions. The FY 2010-11 Adopted Budget includes funding of \$931,334 for six positions, as well as funding for technical support.

Community Development

Cable Communications & Franchise Management
 Bureau of Development Services
 Portland Housing Bureau
 Office of Neighborhood Involvement
 Bureau of Planning & Sustainability
 Office of Sustainable Development
 Portland Development Commission



Service Area Overview

Expenditures	Revised FY 2009-10	Adopted FY 2010-11	Change from Prior Year	Percent Change
Operating	136,607,686	175,956,607	39,348,921	28.8%
Capital	0	0	0	0.0%
Total Service Area Requirements	\$ 136,607,686	\$ 175,956,607	\$ 39,348,921	28.8%
Authorized Positions	505	375	-130.00	-25.7%

Service Area Highlights

DESCRIPTION

The Community Development service area includes programs in the Bureau of Development Services (BDS), Portland Housing Bureau (PHB), Bureau of Planning and Sustainability (BPS), Office of Cable Communications and Franchise Management, Office of Neighborhood Involvement (ONI), the Office of Sustainable Development (now merged with the Bureau of Planning), and the Portland Development Commission.

MAJOR THEMES

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 2010-11 Adopted Budget for BDS is \$28.5 million. This represents a 22.1% decrease over the FY 2009-10 Revised Budget and a net reduction of 151 FTEs. As the construction industry faces perhaps the most severe post-World War II recession ever, revenues will be monitored closely throughout the year to ensure that the bureau maintains its fiscal health while continuing to providing excellent service to the industry and ensuring the safety of Portland's built environment.

Portland Housing Bureau

The FY 2010-11 Adopted Budget of \$123.6 million reflects the full consolidation of affordable housing and homelessness functions in the Portland Housing Bureau. Tax increment financing (TIF) resources as well as the management of all housing-related assets are budgeted in the bureau.

Discretionary General Fund resources in the bureau total \$9.4 million, of which \$3.5 million is one-time only. This one-time only figure is net of a 1% one-time cut to ongoing resources requested of all bureaus. In addition to funding a number of services to be continued from the FY 2009-10 budget, the Adopted Budget includes \$1.0 million for additional shelter services and placement assistance to meet program demands driven by the current economic recession.

Bureau of Planning and Sustainability

The FY 2010-11 Adopted Budget for BPS is \$16.5 million. This represents a 21.0% decrease over the program Adopted Budget for FY 2009-10. Significant changes include: the addition of \$870,522 in General Fund one-time funding for various multi-year projects including the Comprehensive Plan Update and Youth Planning; the addition of \$575,644 of one-time funds from other local government partners for various multi-year projects; and \$233,668 in ongoing and \$73,913 in one-time General Fund reductions to meet Citywide reduction targets.

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 2010-11 Adopted Budget makes permanent a limited term position to assist with the nearly tripling of utility licenses due to recent City Code changes.

Office of Neighborhood Involvement

ONI continues to coordinate efforts to make Portland neighborhoods more livable and to promote meaningful and diverse civic participation.

The FY 2010-11 Adopted Budget for ONI is \$6.44 million. This includes reductions of \$226,452 and 1.6 FTE and an add package that restores \$441,519 in funding and 1.4 FTE. The Adopted Budget includes one-time funding of \$515,921 and includes funding for the Graffiti Abatement program, Mediation and Facilitation program, and outreach for the East Portland Action Plan.

Portland Development Commission

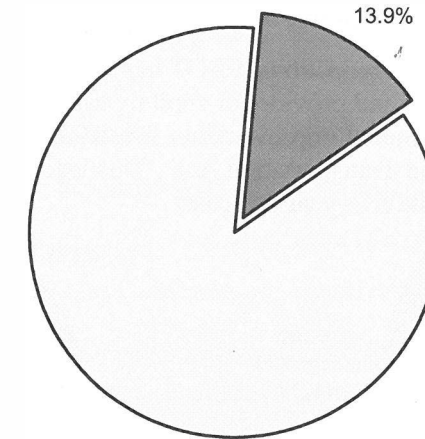
The FY 2010-11 Adopted Budget of \$3.5 million reflects the Portland Development Commission's (PDC) General Fund allocation. In the FY 2010-11 budget, this allocation shows as a separate bureau section. In prior years, PDC's General Fund allocation has been budgeted in Special Appropriations. PDC utilizes City General Fund for citywide economic development and economic opportunity programs.

Transportation and Parking

Portland Bureau of Transportation

Percent of City Budget

Transportation and Parking = \$251 Million



City Budget = \$1.81 Billion

Service Area Overview

Expenditures	Revised FY 2009-10	Adopted FY 2010-11	Change from Prior Year	Percent Change
Operating	123,968,461	115,314,919	-8,653,542	-7.0%
Capital	172,747,594	135,657,162	-37,090,432	-21.5%
Total Service Area Requirements	\$ 296,716,055	\$ 250,972,081	\$ -45,743,974	-15.4%
Authorized Positions	742	752	10.00	1.3%

Service Area Highlights

DESCRIPTION

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 service area consists of one bureau, the Portland Bureau of Transportation (PBOT).

MAJOR THEMES

Bureau of Transportation

PBOT's Adopted Budget for FY 2010-11 is \$251 million for bureau level expenses and includes \$135 million for capital projects. The FY 2010-15 Capital Improvement Plan (CIP) totals \$259 million and of this amount, \$46 million is comprised of Gas Tax Revenue.

After years of budget reductions, PBOT has an opportunity to address some of its deferred capital maintenance and provide for capital projects that will improve transportation safety and provide multi-modal improvements. The 2009 Oregon State Legislature passed HB 2001, the "Jobs and Transportation Act". This legislation will provide PBOT an estimated \$92 million over the five-year forecast.

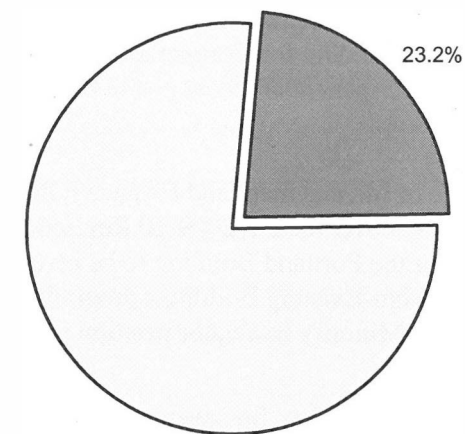
Legislative, Administrative, and Support

Office of the City Attorney
 Office of the City Auditor
 Office of Government Relations
 Office of Human Relations
 Office of Management & Finance

Office of the Mayor
 Commissioner of Public Affairs
 Commissioner of Public Safety
 Commissioner of Public Utilities
 Commissioner of Public Works

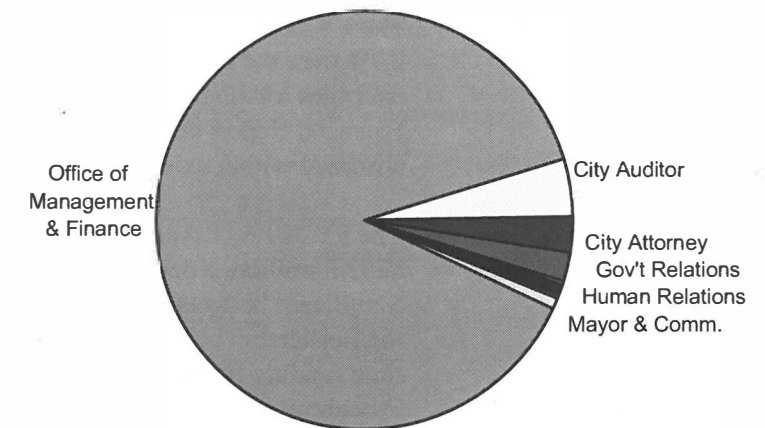
Percent of City Budget

Legislative, Administrative, and Support = \$419.4 Million



City Budget = \$1.81 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2009-10	Adopted FY 2010-11	Change from Prior Year	Percent Change
Operating	445,430,141	394,645,951	-50,784,190	-11.4%
Capital	39,870,216	24,792,346	-15,077,870	-37.8%
Total Service Area Requirements	\$ 485,300,357	\$ 419,438,297	\$ -65,862,060	-13.6%
Authorized Positions	852	854	2.00	0.2%

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

Office of the City Attorney

The FY 2010-11 Adopted Budget for the City Attorney's Office is \$8.58 million. This includes mandatory reduction packages totalling \$84,579 and the FY 2009-10 compensation set-aside reduction of \$177,000. An add package funded via \$210,690 interagency with the Portland Housing Bureau increases staff by 1.5 FTE, a full time Deputy City Attorney and a half-time Legal Assistant.

Office of the City Auditor

The FY 2010-11 Adopted Budget for the Auditor's office totals \$9.0 million, an increase of 2.7% over the FY 2009-10 Revised Budget. The budget includes mandatory reduction packages totaling \$163,178, increased interagency funding for Comprehensive Annual Financial Report audit enhancements, and a new permanent archivist position that was absorbed within existing bureau resources.

Office of Management and Finance

The FY 2010-11 Adopted Budget for the Office of Management and Finance (OMF) totals \$252.3 million, a decrease of approximately 13.4% over the FY 2009-10 Revised Budget. Significant budgetary actions include funding for the Portland Building to be certified for the Leadership in Energy and Environmental Design-Existing Buildings program and one-time funding for Stimulus Program staffing and a Minority Evaluator position in Procurement Services.

Other significant budget decisions include: one-time funding for seven revenue-generating positions in the Revenue Bureau and a Human Resources Technician position to respond to new Human Resources responsibilities incurred as a result of adopting new payroll business processes. To meet the City's growing technology needs, EBS services expanded by six positions and the Public Safety Systems Revitalization Project received conditional approval to implement replacement of the 800 MHz Radio system.

Special Appropriations, previously budgeted as a separate entity, but now budgeted within OMF, are primarily used for General Fund expenditures that are not specific to a bureau and often provide Citywide benefit. These include payments to non-City agencies, funding for some City programs, and some City set-asides. Some special appropriations are one-time allocations while others are ongoing.

Special Appropriations included in the FY 2010-11 Adopted Budget total \$11.2 million. Major items funded include \$3.7 million to the Regional Arts and Culture Council, \$540,000 to the Mental Health Crisis program, and nearly \$1.1 million for Downtown Services to keep downtown Portland a safe and attractive center for people and businesses. Funding to Portland Development Commission for economic development and economic opportunity programs is no longer in Special Appropriations but in a separate business area.

Mayor and Commissioner Offices

The FY 2010-11 Adopted Budget for the Office of the Mayor is \$4.0 million, an increase of 22.5% over the FY 2009-10 Revised Budget. The budget includes mandatory reduction packages totaling \$45,333, and \$618,500 of one-time funding to continue the Education program. The budget also reflects the transfer of the Youth Violence Prevention program and the Police Bureau management responsibilities from the Commissioner of Public Affairs to the Mayor's Office.

The other four commissioners office budgets remain relatively unchanged, except for the mandatory 4% reductions taken by all.

Office of Government Relations

The FY 2010-11 Adopted Budget for the Office of Government Relations is \$1.2 million, a decrease of 0.7% from the FY 2009-10 Revised Budget. The budget includes mandatory reduction packages totaling \$21,544, mostly taken in travel and outreach efforts.

Office of Human Relations

The FY 2010-11 Adopted Budget for the Office of Human Relations is \$589,509 which reflects a 4% reduction to their CAL target. The Adopted Budget includes funding to continue the efforts of the Human Rights Commission, the Education and Peace Building program, and the New Portlander program.



Office of Management and Finance

Ken Rust, Chief Administrative Officer

Bureau of Financial Services

Richard Goward, Chief Financial Officer

Financial Planning Division

Andrew Scott, Manager

Drew Barden, City Economist

Claudio Campuzano

Ingrid Fish

Tess Jordan

Doug Le

Kourosh Maghami

Yung Ouyang

Jeremy Patton

Seth Reeser

Lisa Shaw

Bob Tomlinson

Kezia Wanner

Support Staff

Linda Rains

Sharon Wolf

Printing and Distribution Division

Collaborative team effort by staff in Printing and Distribution

Financial Planning Division
1120 SW Fifth Avenue, Room 1250
Portland, Oregon 97204
(503) 823-5288

Website: <http://www.portlandonline.com/omf/index.cfm?c=26608>