Adopted Budget

City of Portland, Oregon

Fiscal Year 2007-08 Volume One

Citywide Summaries and Bureau Budgets

Mayor Tom Potter
Commissioner Sam Adams
Commissioner Randy Leonard
Commissioner Dan Saltzman
Commissioner Erik Sten
Auditor Gary Blackmer

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Table of Contents

User's Guide
Mayor's Message
Overviews
City Overview
Budget Overview
Financial Overview
Budget Notes
Financial Summaries 6
Guide to the Financial Summaries
Total City Budget – Revenues and Expenses
Appropriation Schedule
Summary of Bureau Expenses by Fund
Summary of Revenues by Fund
Total Revenues and Expenses by Fund by Fiscal Year
Tax Levy Computation
Urban Renewal Certification
Summary of Authorized Positions
General Fund Revenues and Expenses
Operating and Capital Budget by Service Area 8
Historical Funds and Appropriations
Summary of Indebtedness – Debt Outstanding
Summary of Indebtedness – Debt Service
Principal Over the Life of the Debt
Interest Over the Life of the Debt
Summary of Defeased Indebtedness
Public Safety Service Area
Bureau of Emergency Communications
Bureau of Fire & Police Disability & Retirement
Bureau of Police
Portland Fire & Rescue
Portland Office of Emergency Management
Parks, Recreation, and Culture Service Area
Portland Parks & Recreation

Table of Contents

Parks & Recreation Division	
Golf Division	
Parks Capital Improvement Division	
Portland International Raceway Division	226
Public Utilities Service Area	
Bureau of Environmental Services	237
Water Bureau	273
Water Division	290
Hydroelectric Power Division	302
Community Development Service Area	309
Bureau of Development Services	
Bureau of Housing and Community Development	
Bureau of Planning	
Cable Communications and Franchise Management	379
Children's Investment Fund	
Office of Neighborhood Involvement	
Office of Sustainable Development	413
Transportation and Parking Service Area	433
Office of Transportation	435
Legislative, Administrative, and Support Service Area	
Bureau of Licenses	467
Office of the City Attorney	469
Office of the City Auditor	479
Office of Government Relations	
Office of Management and Finance	503
OMF Business Operations Division	
Citywide Projects Division	
EBS Ongoing Support Division	
Financial Services Division	
Human Resources Division	
Health Administration Division	
Purchases Division	
Revenue Division	
CityFleet Division	

Table of Contents

Facilities Services Division	584
Printing & Distribution Services Division	599
Risk Management Division	608
Technology Services Division	618
Office of the Mayor	635
Commissioner of Public Affairs	641
Commissioner of Public Safety	645
Commissioner of Public Utilities	649
Commissioner of Public Works	653
Special Appropriations	659
Glossary	666
Acronyms	671

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, 2006.

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.



User's Guide

The FY 2007-08 Adopted Budget document consists of two volumes. Volume One contains general information and an overview of the Adopted Budget for the City of Portland, as well as the budgets for individual City bureaus and offices. Volume Two provides detailed information about the City's funds and capital projects.

VOLUME ONE - BUREAU BUDGETS

Mayor's Message

A message from Mayor Tom Potter about the challenges, opportunities, and uncertainties he and the four City Commissioners faced in preparing the FY 2007-08 budget. The message highlights the Mayor's budget priorities and the principles adhered to in crafting the budget.

Overviews

City Overview

The City Overview gives general information about the City of Portland, including its demographics and government management systems.

Budget Overview

The Budget Overview presents the total City budget from a number of technical perspectives, discusses significant changes to funds, and outlines the City's overall budget process. It also summarizes key budget decisions and delineates the links between those decisions and City Council goals and strategic issues.

Financial Overview

The Financial Overview lays out the City's financial planning process, fiscal structure, and related policies. This section also includes the five-year forecast, a discussion of City debt management, and highlights of key revenue and expenditure trends.

Budget Notes

The Budget Notes section lists issues for which Council requires further analysis or action. The notes generally direct a bureau to undertake a particular assignment.

Financial Summaries

These summaries show Citywide revenues and expenses in total and by service area, as well as General Fund revenues and expenses and authorized positions. Tables at the beginning of Volume One summarize the City budget across all funds, list bureau expenses and total City expenses by fund, and detail the City's capital improvement plan. The Appropriation Schedule, tax levy computations, and urban renewal tax certifications are also included. This section concludes with tables related to the City's debt obligations.

Service Area Information

City bureaus are categorized into service areas based on the nature of their programs and services. Each service area section of the budget document begins with a description of the service area and budget highlights for bureaus in that service area. This is followed by the Adopted Budget for each bureau in the service area. The City's six service areas are:

- Public Safety
- Parks, Recreation, and Culture
- Public Utilities

- Community Development
- Transportation and Parking
- Legislative, Administrative, and Support

VOLUME TWO - CITY FUNDS & CAPITAL PROJECTS

Fund Summaries by Service Area

Presented in the same service area order as Volume One, these sections detail the resources and expenditures of each City fund. A brief description of each fund's purpose and relevant trends and issues are incorporated with fund financial information.

Figure 1 in the Volume Two User's Guide lists the funds by managing agency, linking the Volume One bureau presentations with the Volume Two funds information.

Capital Projects by Service Area

These sections describe each of the City's capital projects by bureau. Project information is displayed by geographic location and includes funding sources, expenditure history, and five-year forecasts.

PORTLAND DEVELOPMENT COMMISSION (PDC) ADOPTED BUDGET

As required by the City's Charter, the PDC Adopted Budget is incorporated here by reference. See the PDC web site for PDC's FY 2007-08 Adopted Budget: http://www.pdc.us/pubs/.

QUESTIONS

If you have any questions about the use of the budget document or the City's budget, please call the Financial Planning Division in the Office of Management and Finance at (503) 823-5288.

Mayor's Message



Office of Mayor Tom Potter City of Portland

INTRODUCTION

This is the third budget I have prepared, and it reflects both Portland's continued economic resurgence in the past two years as well as the real changes the City Council and I continue to make to include the community in these most basic decisions affecting the livability of our neighborhoods and health of our city.

I want to thank the City Commissioners and City Auditor, our community budget advisors, the neighborhood participants who came to budget forums, City bureau staffs, and the Office of Management and Finance for their help in creating the City's FY 2007-08 Adopted Budget.

Two years ago, Portland was facing another General Fund deficit – the continuation of a five-year trend – and more cuts to core services. That trend began reversing itself last year, and this FY 2007-08 Adopted Budget now presents us with an opportunity to restore, enhance, and protect those basic services that the community looks to its government to provide – green parks and safe neighborhoods, affordable housing and good roads, family wage jobs, and a healthy environment.

Two years ago, I also worked with the City Council in creating a new budget process that paired Commissioners with advisors from the community on teams charged with thinking strategically about the needs of our entire City rather than individual bureaus, while working as transparently and publicly as possible. More community advisors were invited into the process last year, and for FY 2007-08 these work groups collectively have spent 350 hours working tirelessly – and creatively – to match our community's needs with our City's resources.

On behalf of all Portlanders I want to thank our community budget advisors, Mary Edmeades, Helena Huang, Jon Kruse, Martin Medeiros, and Ayoob Ramjan, for all they have done to make our city better. Their contributions, the vision of our work teams, and the feedback gathered at community forums make this budget truly reflective of the community's priorities.

I believe it is impossible to create a budget that anticipates the future without first having an understanding of where we are now. Our City's financial future is more secure since voters approved reforms to the Fire & Police Disability & Retirement system in November, and our bond rating has been recently upgraded. In the months ahead, the work gathered from the Visioning Project will inform the creation of a strategic plan that will link the aspirations of Portlanders to the actions of future City Councils. We are making our streets safer and more inviting for all Portlanders as we build more public restrooms and benches, and open day centers that will provide services and shelter for our homeless. Police officers are receiving Crisis Intervention Training that will make them better able to respond to the needs of every resident, and our precincts are now open until midnight.

Our 10-Year Plan to End Homelessness has helped more than 1,000 individuals and 700 families to begin a new life off the streets. We are helping make our air cleaner with the Council's commitment to providing our community with biodiesel choices. Earlier this year, the Council voted to reduce the tax burden on our business community – especially our small businesses – by \$3 million and make the Business License Fee more equitable. And Portland's reputation for nurturing sustainable business practices continues to grow.

I believe that Portland is not only thriving, but envied.

Finally, I want to thank Commissioners Sam Adams, Randy Leonard, Dan Saltzman, and Erik Sten, and Auditor Gary Blackmer, for their insight, critical thinking, and partnership. Together, we are fulfilling the promises we made to the community last year at this same time to build a more family-friendly city, create more sustainable economic development, enhance the safety of our neighborhoods, find more alternative sources of energy, and begin rebuilding Portland's aging infrastructure.

APPROACH TO PREPARING THE BUDGET

Portland's economy is the healthiest it has been since 2001.

This growth was reflected in November, when the City Council allocated almost \$23 million in one-time funds toward much-needed programs that will improve our roads, replace worn equipment in our parks, help close the home ownership gap between whites and minorities, curtail youth violence, and begin funding a Human Relations Commission that will create greater cohesion in our community by promoting mutual respect and open communication.

Much of this money was used to give an early start to programs that are part of a series of five Council-wide initiatives that we have inaugurated this year to help organize City priorities for investments, encourage collaboration among bureaus and agencies, and focus Citywide activities. These initiatives will encourage the Council to continue collaborating on an integrated, strategic vision that informs all our spending decisions.

The initiatives include:

- The Children and Youth Bill of Rights, sponsored by the Mayor's Office, educating Portlanders about the needs for, and availability of, services for children and how best to fill any gaps.
- Safe Streets, sponsored by Commissioner Adams, targeting pressing transportation safety and maintenance needs, and reducing the number of traffic injuries and fatalities.
- Schools/Families/Housing, sponsored by Commissioner Sten, linking the future success and stability of neighborhood schools with the housing, community development, and transportation needs of families.

- Sustainable Industries/Clean Energy, sponsored by Commissioners Saltzman and Leonard, promoting renewable energy, energy efficiency, transportation biofuels, and green building opportunities.
- Community Safety, sponsored by the Mayor's Office, preparing residents for disasters, enhancing livability, and improving police performance.

We begin the new budget year with continued upbeat economic news: an additional \$37 million in the General Fund above what is required to maintain services at the prior year's levels.

In the midst of this good news, our first obligation is to remain prudent managers of the taxpayers' money. Additionally, we must keep in mind the changing circumstances in other parts of our community.

Last year, for instance, the City provided Portland's school districts with emergency funds to ensure quality education continued in the face of state cuts. This year, Multnomah County faced daunting challenges in preparing its budget. The City's Adopted Budget includes funds to support some community services previously funded by the county.

While more than \$90 million in worthwhile requests were made for the \$37 million surplus, I believe Portlanders expected us to follow five key principles as we made our decisions:

• First, stabilize core services, and begin to restore those that have been diminished during lean years.

Stabilizing core services

- \$2.3 million to begin moving the Bureau of Housing and Community Development (BHCD) to ongoing funding, to offset years of cuts at the federal level that have eroded its ability to help Portlanders most in need. \$3.8 million in one-time funding also supports BHCD's 10-Year Plan to End Homelessness, and expand affordable housing and economic opportunities to those in our community most in need. (This follows \$3.9 million added last fall.)
- * Extend a \$2 million revolving line of credit to expand opportunities for home ownership through Operation Home.
- * \$2.7 million in the General Fund forecast to fund half of the Portland Parks and Recreation's operating costs now covered by a local option levy. The Parks levy voters approved in 2002 has provided \$5 million annually for programs and maintenance but will end in 2008. The City Council has determined not to ask voters to renew the levy. Council has agreed to fund half of the potential shortfall and find the remainder before levy funds are depleted.

Restoring core services

* \$1.4 million to restore two rescue units to give Portland Fire & Rescue needed resources to respond to emergency medical calls, as well as a battalion district to improve on-scene emergency management.

\$1.5 million to put more sworn Police officers on the street. The Community Safety initiative will hire civilians so four Police sergeants and five officers can return to precinct or patrol duties, add seven detectives to close more investigations, and add crime prevention staff in central, northeast, and north Portland to help the community address neighborhood crime and livability problems.

• Second, rebuild critical infrastructure that is the foundation of our city.

The Adopted Budget includes an average effective sewer and stormwater bill increase of 5.2% (\$2.08 per month) and an average effective water rate increase of 5.1% (64 cents per month) for a typical single-family residential customer. These rate increases will continue funding the Big Pipe project and maintenance on Portland's water system, including work to make the major transmission lines from Bull Run more secure from natural or human interruption.

The Adopted Budget adds General Fund support for \$25 million in capital projects.

- * \$439,000 in first-year financing for a \$10.8 million partnership with Portland State University to share a new downtown building that will house an expanded City archive, making it more accessible to researchers and the public while expanding the space to provide capacity for the coming decades.
- * \$4.8 million committed toward upgrading the computer-aided dispatch system used by 9-1-1 operators to route police, fire, and emergency calls (\$4.0 million), and to complete the Council Crest radio tower replacement (\$800,000).
- * \$276,000 to finance \$3.5 million to move the Police Traffic division from its current substandard facility to another existing building.
- * \$5.0 million to the Safe Streets initiative and its focus on safety and improving the most dangerous streets and intersections. (\$5.5 million was provided last fall.)
- * \$150,000 for the Peak Oil program to reduce the City's oil and natural gas consumption by 50% within 25 years.
- * \$2.6 million in additional support for Parks' capital projects such as dredging Laurelhurst pond, restoring Oaks Bottom, converting the old gym at University Park to a multi-use room, and adding community gardens. \$1.8 million was also provided in the fall for skateboard parks and playground equipment.

♦ Third, create a vibrant business climate.

- * \$3 million in reduced Business License Fee revenue to make the fee more equitable and reduce impact on businesses.
- \$1.14 million for the Sustainable Industries/Clean Energy initiative and other efforts by the Office of Sustainable Development (OSD). This includes \$350,000 for biofuels outreach, education, and grants; \$575,000 for the retention and recruitment of sustainable industries and to promote the Solar Now! program which helps residents install rooftop solar panels; \$150,000 for green building; \$15,000 for development of a sustainable economic development plan; and \$50,000 for efforts to acquire renewable energy for City operations.
- * \$1.1 million to PDC to use for small business loans and storefront improvement grants outside of urban renewal areas.
- * \$120,000 to fund the Lewis & Clark legal clinic to provide critical legal assistance and advice for small and startup businesses.

* \$150,000 in ongoing support for downtown marketing to sustain businesses while the Transit Mall undergoes a much needed \$200 million facelift.

• Fourth, strive to improve Portland's livability.

- \$940,000 for the Street Access for Everyone program, including funds to provide day centers for the homeless; public restrooms and benches; and a Project Respond unit for Portland Police, to assist persons with mental illness who are involved with law enforcement.
- * \$100,000 for the Black Parents Initiative, which will work with the faith community and the African-American community to build stable family relationships.
- \$1.8 million to continue Project 57, which funds 57 jail beds, and the Voluntary Substance Abuse Treatment (VSAT) program, which provides treatment for a small group of repeat offenders with addictions.
- * \$1.8 million for the Bureau of Planning to complete visionPDX and continue work on the Central Portland Plan and Comprehensive Plan update, to ensure that the growth in the city is smart growth that reflects the community's aspirations.

• Fifth, help the community engage their government and participate in civic life.

- \$125,000 for the East Portland Action Plan, which will bring together neighborhood, business, and elected leaders with school officials, law enforcement, and City agencies to identify and prioritize short- and longer-term actions to improve livability in east Portland neighborhoods.
- \$200,000 to start a Human Relations Commission that will provide a venue to address individuals' concerns of unfair treatment by local government because of their race, ethnicity, or culture.
- \$580,000 for the Office of Neighborhood Involvement to increase funding for each district coalition office for the first time in 15 years and to help underrepresented groups develop leadership and organizing skills to gain more access to government.
- * It should be noted that this budget also reflects the work in the past year to align the goals of the City's elected officials with the goals and budget of the semi-autonomous Portland Development Commission. The FY 2007-08 budget process marks the first time that members of the PDC Commission and the City Council joined together as a team to publicly work toward this alignment. The PDC/City Council Budget Work Group spent more than 20 hours in a positive, thorough, and informative process whose end result is a fiscally responsible budget for PDC that is aligned with both the PDC Commission's and the City Council's objectives. The work group was also fortunate to have four Urban Renewal Advisory Committee members join them for some deliberations to offer community input.

CONCLUSION

This budget reflects an unprecedented level of collaboration among the entire City Council, our staffs, and the community. While this budget reflects months of work, it also foreshadows some of the work that lies ahead.

For instance, the City cannot continue postponing significant upgrades to its critical infrastructure without risking our quality of life. Currently, the City is facing \$83 million in unmet annual infrastructure needs to repair and maintain its roads and parks and other community assets.

While we have taken important steps this year to fill some needs, I am going to propose that in the future we commit 25% of any unanticipated beginning fund balance to infrastructure.

We also know that the City's public safety needs are pressing. We need to upgrade our emergency radio system, which will serve the entire region. We need to quit losing valuable time and money sending our public safety personnel elsewhere for critical training, and instead build a regional training center in the Portland area. And we need to consolidate our emergency preparedness efforts in a single Emergency Operations Center.

All of these are critical needs, and will require us to bring proposals to the voters in the future to finance them.

I hope Portlanders will continue to participate in government as this budget is implemented over the next year, as so many of you participated in developing it. As always, we want to hear from you.

Thank you,

Tom Potter

Mayor

Overviews

City Overview

INTRODUCTION

This section of the FY 2007-08 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.

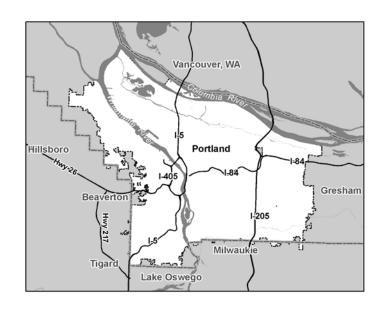
Portland's budget document reflects City policies, goals, and priorities. In reviewing how revenues are collected and spent, readers of the budget are watching policy at work. The budget implements the City's long-range strategic and financial plans and serves as an operations guide for the government 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 562,690, 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 2 million people. (The Portland/Vancouver Primary Metropolitan Statistical Area includes the Oregon counties of Clackamas, Columbia, Multnomah, Washington, and Yamhill, as well as Clark County in Washington). Portland is the largest city in Oregon, the seat of Multnomah County, and the second largest city in the Pacific Northwest.





Recreation

Natural Areas

Portland is situated in the heart of a vast and diverse recreational area encompassing desert, marine, forest, and mountain environments. The city is a convenient point of departure for Pacific Ocean beaches, located 78 miles to the west, and the forested Cascade Mountains to the east.

Nearby Cascade mountain peaks, the Columbia Gorge, and city parks provide abundant opportunities for lovers of the outdoors. Among the snow-capped peaks is 11,235-foot Mt. Hood, one of the world's most climbed mountains and home of the world famous Timberline Lodge, only 60 miles from Portland. There are two major ski resorts on the mountain. On a clear day, Mt. St. Helens, an active volcano, is visible to the north.

The Columbia River Gorge National Scenic Area is within 20 miles of downtown Portland. The gorge presents opportunities for swimming, hiking, boating, sailing, and camping, and is a world center for windsurfing.

The city, with one of the highest parks-per-capita ratios in the United States, prides itself on its many beautiful parks, forests, trails, and wetlands. These include the 40-Mile Loop (a trail circling the city that is now much more than 40 miles long); Forest Park, at 5,000 acres the largest wilderness park in the United States; Tom McCall Waterfront Park, built on the site of a freeway dismantled in 1974; and Tryon Creek State Park.

Visitor Opportunities

Known as the City of Roses, many tourist and business visitors are drawn to Portland's attractions. The Oregon Symphony and Portland Opera, the annual Rose Festival, art and historical museums, the Oregon Museum of Science and Industry, the Western Forestry Center, the Classical Chinese and Japanese Gardens, the International Rose Test Garden, and the Oregon Zoo are some of Portland's cultural and recreational highlights.

Portland's professional sports teams include the Trail Blazers of the NBA; the indoor lacrosse team, the LumberJax; and the Winter Hawks hockey team. The city's main arena, the Rose Garden, was opened in October 1995 as a private-public joint venture. The renovation of the city's Civic Stadium, now called PGE Park, brought the Triple A Beavers baseball team and Timbers professional soccer team to Portland.

The Economy

Overview

A diverse economy is key to Portland's future.

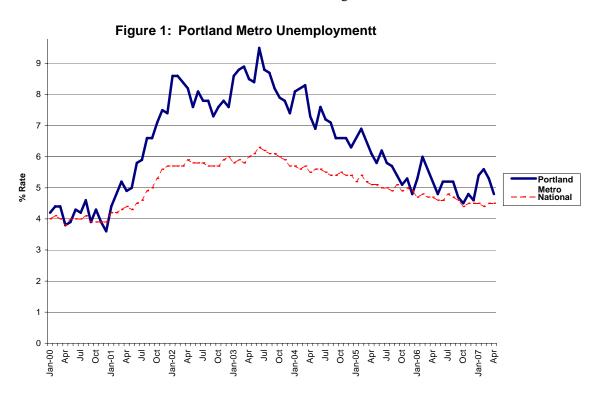
Portland's economy has slowly diversified over the past decades. Steady growth in nontraditional sectors, such as the manufacture of electrical equipment, instruments, and related products, has helped Portland's economy adapt to national and global trends.

Semiconductor manufacturers, such as Intel and Wacker Siltronic, have established major facilities in the region. Tektronix, Nike, and Freightliner, health systems Providence, Kaiser Permanente, and Legacy, as well as retailers Safeway, Albertsons, and Fred Meyer are some of the other major non government employers in the Portland metropolitan area. Major public empoyers include Oregon Health and Science University (OHSU) and Portland State University.

Recent Trends

Unemployment in Portand has remained above the national average since 2001.

As of June 2007 the Portland metroplitan area has fully recovered from a significant economic recession that plagued the region since 2001. As of April 2007 the unemployment rate in the Portland metropolitan area was at 4.8%, down from a high of 9.1% in June 2003. The region's economy has been buttressed by a strong housing market. The median housing price in the Portland metro area increased by 11.2% between April 2006 and April 2007. Housing affordability continues to be a problem in Portland as growth in housing prices far outpaces growth in household income. The inflation-adjusted median household income in Portland for 2005 was \$42,287, a 5.3% increase from 2000. See the *Financial Overview* in this section for more detailed information relating to Portland's financial forecast.



Shipping and Other Port Facilities

The Port of Portland manages shipping facilities and the Portland International Airport. The Port of Portland, the governmental unit responsible for air and marine port facilities, offers outstanding opportunities for expanding export industries, investments, business, and travel. Portland's deep water location on the Columbia River gives it substantial geographic and economic advantages for freight shipping. The Columbia River shipping channel is maintained at a depth of 40 feet from the Portland harbor to the Pacific Ocean, 110 miles downstream. Portland is the largest wheat export port in the country. The Port also manages Portland International Airport (PDX). The airport handled nearly 13.9 million passengers in 2005 and is served by 18 passenger carriers providing more than 500 flights daily to over 100 cities in the U.S. and Canada, as well as daily flights to Mexico, Germany, and Japan. PDX is also served by 14 air cargo carriers, including Korean Air and Air China, which provide nonstop cargo links to Asia. Adjacent to PDX, the Port is moving ahead with a 120-acre mixed-use development of office, hotel, and retail space.

Downtown and Surrounding Redevelopment Projects

The City of Portland balances housing, retail, and office space in its development plans.

The City's financial commitment to its downtown has resulted in one of the nation's most attractive urban cores. Development activity has balanced well with strong gains in housing, retail, and office space. Through 2002, the downtown area experienced one of the strongest building expansions in its history. Development continues at a high level in the nearby Pearl and South Waterfront districts.

The City of Portland maintains strong historic preservation and multifamily housing programs. The preservation of downtown housing and historic structures has created a unique urban atmosphere. The blend of old and modern facilities enhances downtown livability. This livability is exemplified by the Pearl District, a modern mix of loft apartments, condominiums, small shops, and galleries, built in an area north of downtown formerly used for warehouses and factories.

The North Macadam district, composed of 409 acres along the Willamette River, was the last large piece of undeveloped land close to the downtown area when it was designated an urban renewal district in 1999. The successful RiverPlace project in this district is a 73-acre mixed-use development that includes apartments, restaurants, shops, and office space.

Over \$1.3 billion in new development is planned for South Waterfront.

The River Blocks, a development in the area called South Waterfront along the Willamette River in downtown Portland, is the city's newest urban renewal project. It is expected to include \$1.3 billion in new investment. Former industrial land on the waterfront is being converted into a new neighborhood with a mix of jobs, housing, retail, and recreational facilities, including parks and a pedestrian path connecting the area to the rest of downtown Portland.

Transportation and Land Use

TriMet: Tri-County Metropolitan Transportation District

TriMet provides transit services to about 575 square miles of the metropolitan area. TriMet operates 93 bus lines and a light rail system. In 2006, TriMet provided 63.1 million bus trips and more than 307,000 daily trips on buses and light rail. System ridership continues to grow, as ridership has increased for 18 consecutive years. TriMet figures show the system eliminated 200,100 daily car trips, or 62.5 million trips in 2006.

The downtown Transit Mall is at the heart of TriMet's regional system.

The centerpiece of the system is the downtown Transit Mall. Forty-seven bus routes go through this 36-block area, providing easy connections between buses and light rail. The Transit Mall is at the center of Fareless Square, which includes the heart of downtown Portland and extends to the Lloyd Center on the east side of the Willamette River. The Portland Mall Revitalization Project, expected to be completed in 2009, is intended to enliven SW 5th and 6th avenues, the center of the mall, and bring light rail to the heart of downtown Portland between Union Station and Portland State University.

Growth of Regional Light Rail System

TriMet continues to expand the light rail system.

TriMet's nationally recognized light rail system, known as MAX, runs on a 33-mile line between Hillsboro (18 miles to the west of downtown) and Gresham (15 miles to the east). In 2001, a 5.5-mile spur to the Portland airport was added, and the 5.8-mile Interstate line opened in May 2004. Portland is one of only nine major metropolitan cities in the nation with a public transportation rail system running from the city center to the airport.

A new Interstate-205 MAX line, scheduled for completion in 2009, will run 6.5 miles from northeast Portland's Gateway Transit Center to Clackamas Town Center and then to the city of Milwaukie. The growth in MAX lines has added significant economic value to the region. To date, \$6 billion has been invested in new development within walking distance of the 64 MAX stations.

Portland Streetcar Expansion

The Portland Streetcar complements bus and light rail transit.

Working with TriMet, the City completed a 2.1 mile streetcar line in October 2001. The line runs from Northwest Portland, through the rapidly developing Pearl District, to Portland State University's urban plaza. This successful system is now coupled with development of the South Waterfront area, as the streetcar is being extended to the new development along the Willamette River, passing through River Place and terminating at the River Blocks. The new Lowell extension to the South Waterfront District is expected to open in September 2007.

As part of the development of the long neglected east bank, the City opened the East Bank Esplanade, a 1.5 mile trail running along the river opposite the downtown skyline. The trail includes a 1,200-foot floating walkway, the longest of its kind in the United States. Developed for walkers, joggers, bicyclists, and people in wheelchairs or on skates, the new esplanade gives visitors unparalleled views of downtown Portland and provides a unique perspective on the river and Portland's east side.

Metro

Metro is the country's only elected regional government.

Under Oregon land use law, the Portland area is surrounded by an urban growth boundary. Metro, the country's only elected regional government, manages the boundary and growth within it. Balancing growth with the maintenance of natural amenities is one of the region's major challenges. Citizen desire for parks and natural areas was demonstrated through passage of a \$227 million Metro park and nautral areas bond measure in 2006. Funds from the bond will be used to preserve natural areas at the regional, local, and neighborhood levels.

The Region and Its Environment

Portland is one of the first cities in the country to have waterways listed under the Endangered Species Act. Portland works to maintain a high quality of life and a healthy environment. Under the Endangered Species Act, steelhead and salmon within Portland-area watersheds were listed as threatened species. In that context, the City must carefully balance environmental, recreational, and commercial concerns as it develops both banks of the Willamette River through the River Renaissance project.

Post-Secondary Education

Portland State University's new urban plaza sits along the city's recently developed streetcar line.

Portland State University (PSU), one of three large state universities in Oregon and the largest in the Portland area, is located on a campus encompassing more than 28 blocks adjacent to the downtown business and commercial district. As part of its nationally recognized University District Plan, PSU opened a new public administration building and urban plaza in 2001, and built a new \$70 million Northwest Center for Engineering, Science, and Technology center nearby, which opened in 2006.

Many fine schools dot the Portland landscape.

The Portland area also hosts many other notable institutions, including public, private, and health-oriented schools. Portland, Mount Hood, and Clackamas community colleges provide excellent and affordable two-year programs for many area residents. Private institutions like Lewis and Clark College, Reed College, and the University of Portland have each graduated outstanding leaders in diverse fields. Three health science institutions are found in Portland: Oregon Health and Science University, National College of Naturopathic Medicine, and Western States Chiropractic College.

These educational assets, plus clean water and air, cultural diversity, architectural beauty, and the relative ease of getting around, combine to make Portland a popular, livable city. Portland is consistently rated as one of the best cities in the United States in which to live.

Figure 2: A Profile of Portland's Citizens

		Percent	2005/	Percent	Percent
General Characteristics	2000	of Total	2006	of Total	Change
City Population ¹	529,121		562,690		6.3%
Male	261,565	49.4%	253,078	48.2%	-3.2%
Female	267,556	50.6%	260,549	49.6%	-2.6%
Age Median age (years)	35.2		36.2		2.8%
Under 5 years	32,300	6.1%	33,946	6.5%	5.1%
5 to 24 years	133,715	25.3%	118,430	22.6%	-11.4%
25 to 44 years	183,604	34.7%	174,171	33.2%	-5.1%
45 to 64 years	118,339	22.4%	133,548	25.4%	12.9%
65 years and older	61,163	11.6%	53,532	10.2%	-12.5%
Race/Ethnic Distribution					
One Race	507,166	95.9%	493,045	93.9%	-2.8%
White	412,241	77.9%	408,462	82.8%	-0.9%
Black or African American	35,115	6.6%	32,009	6.5%	-8.8%
American Indian & Alaska Native	5,587	1.1%	4,342	0.9%	-22.3%
Asian	33,470	6.3%	36,536	7.4%	9.2%
Native Hawaiian & other Pac. Is.	1,993	0.4%	1,890	0.4%	-5.2%
Some other race	18,760	3.5%	9,806	2.0%	-47.7%
Two or more races	21,955	4.1%	20,582	3.9%	-6.3%
Hispanic or Latino (of any race)	36,058	6.8%	43,324	8.3%	20.2%
Household Population	514,129		513,627		-0.1%
Average household size	2.30		2.25		-2.2%
Average family size	3.00		3		0.0%
Social Characteristics					
Population 25 years and over	363,851		361,251		-0.7%
High school graduate or higher	311,725	85.7%	320,935	88.8%	3.0%
Bachelor's degree or higher	118,698	32.6%	140,273	38.8%	18.2%
Civilian veterans (18 years and over)	49,757	11.9%	39,664	7.6%	-20.3%
Speak language other than English at home					
(population 5 years and over)	84,128	16.9%	87,862	16.7%	4.4%
Portland at Work			,		
Management, professional, and					
related occupations	102,760	37.2%	110,261	41.5%	7.3%
Service occupations	41,444	15.0%	41,799	16.8%	0.9%
Sales and office occupations	73,250	26.5%	65,585	23.6%	-10.5%
Farming, fishing, and forestry	679	0.2%	1,014	0.2%	49.3%
Contruction, extraction, and					
maintenance occupations	19,405	7.0%	17,647	7.5%	-9.1%
Production, transportation, and					
material moving occupations	38,546	14.0%	27,056	10.5%	-29.8%
Median Household Income (dollars) ²	\$40,146		\$42,287		5.3%
Median Family Income (dollars) ²	\$50,271		\$55,321		10.0%
Housing in Portland	+ 1		,		
Total Housing Units	237,307		245,274		3.4%
Owner-occupied housing units	124,767	55.8%	129,055	57.7%	3.4%
Renter-occupied housing units	98,970	44.2%	99,112	42.3%	0.1%
Vacant housing units	13,570	5.7%	17,107	7.8%	26.1%
Median home price ³	\$163,400		\$285,000		74.4%
Housing unit building permits issued	1,798		2,553		42.0%
1 1 2 2 1 1 2 2 1 2 2 1 2 2 1 2 2 1 2	.,		_,,,,,,		

¹ City total pop. nos. are from PSU's Population Research Center, 2006. All other data is from the US Census Bureau's 2005 American Community Survey, unless noted.

² Source: US Census Bureau, adjusted for inflation.

³ Source: local RMLS, April 2007

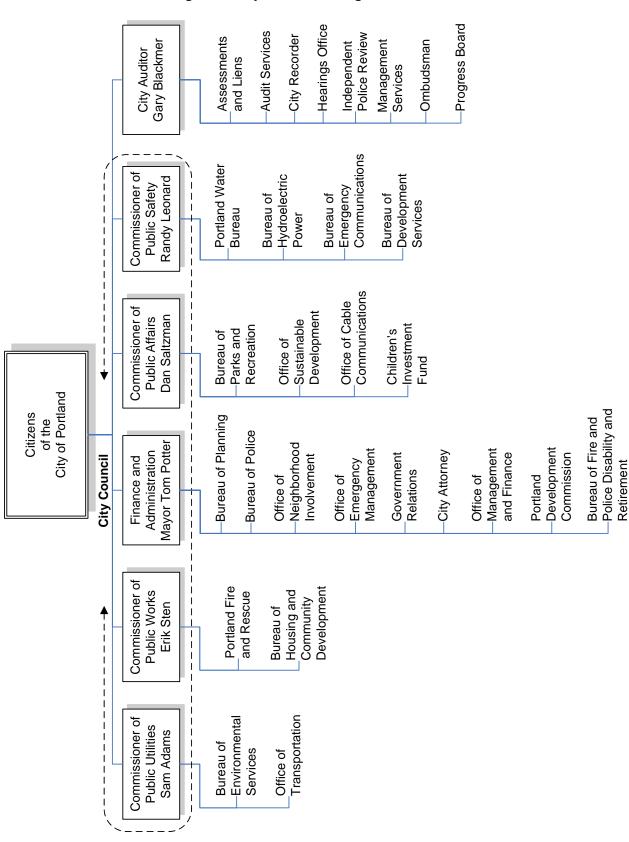


Figure 3: City of Portland Organization Chart

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). Non emergency 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

As the regional economy slowly recovers, population growth is increasing.

Rapid increases can be a negative trend if service demands increase faster than revenue growth. Similarly, declines in population can reduce demand and revenue requiring cuts in expenditures. Total city population has increased about 11% over the past ten years - from 501,646 to 562,690; the compounded annual rate of growth was 1.1%.

570,000 560.000 550,000 540,000 530.000 520,000 510,000 500.000 490,000 480,000 470.000

Figure 4: Portland's Population Growth

Per Capita Income

Portland's 2005 per capita income of \$35,430 is 9.7% higher than the state average. Declining income per capita is a warning trend indicating general economic problems and a potential decline in the ability of citizens to provide tax resources for government services.

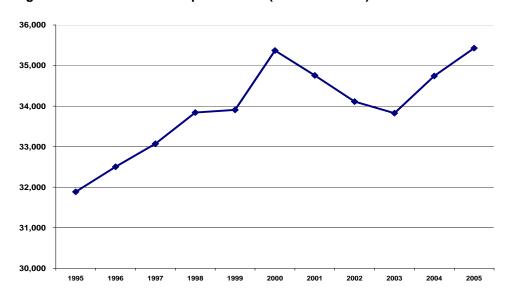


Figure 5: Portland's Per Capita Income (in 2005 dollars)

Income per capita increased yearly until 2001 and the recession. As of 2005 per capita income is on the increase as the local economy improves. The total increase is approximately 9.0% over the past ten years, to an estimated \$35,430 in 2005.

Job Growth

Declines in the number of jobs indicate potential problems with economic vitality and can contribute to higher unemployment rates.

Over 22,000 jobs were added in Multnomah County from 1994 to 2003. However, the recession of 2001 clearly affected job growth, with 2006 annual employment levels (most recent available) still below the County's peak in 2000. Job growth has been most significant in services, construction, transportation, and local government, with retail jobs showing the greatest decline.

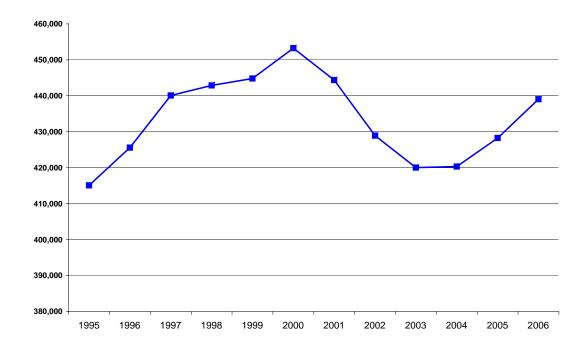
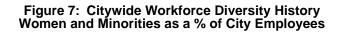


Figure 6: Multnomah County Employment

WORKFORCE DIVERSITY

The Council has directed that all City bureaus develop a workforce reflecting the rich cultural diversity of Portland as a community. Figure 7 on page 19 indicates that the percentage of all City employees who are women has roughly stabilized at just over 31% in 2007. The percentage of minority employees hovers at just over 15%.

Figure 8 on page 19 is current as of June, 2007. It shows female and minority employment as a percentage of total employment within City bureaus, with a slight increase in diversity being reported in 2007.



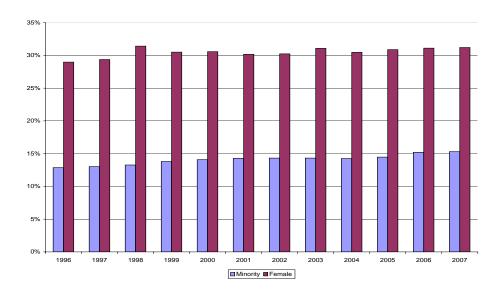


Figure 8: Citywide Workforce Diversity by Bureau—2007

	Comple Compleyees as a	Minarity Employees as a	
	Female Employees as a Percent of Total	Minority Employees as a Percent of Total	Total Employees
Police	26.8%	12.3%	Total Employees 1,234
Portland Fire and Rescue	9.1%	15.7%	, -
	24.9%	16.7%	
Portland Office of Transportation	42.3%	19.9%	-
Office of Management and Finance			
Water	23.0%	13.4%	-
Bureau of Environmental Services	31.5%	13.3%	-
Parks and Recreation	34.4%	11.5%	
Bureau of Development Services	44.8%	12.2%	-
Auditor	66.0%	17.0%	
Bureau of Emergency Communication	72.2%	9.8%	
Office of Neighborhood Involvement	50.0%	26.0%	
Planning	52.0%	12.0%	
Attorney	58.5%	9.8%	
Office of Sustainable Development	66.7%	5.9%	-
Mayor's Office	68.2%	36.4%	
Bureau of Housing and Community Development	80.0%	40.0%	
Commissioner of Public Utilities (Sam Adams)	33.3%	55.6%	9
POEM	75.0%	25.0%	8
Commissioner of Public Works (Erik Sten)	42.9%	42.9%	7
Cable	50.0%	16.7%	6
Commissioner of Public Affairs (Dan Saltzman)	33.3%	33.3%	6
Commissioner of Public Safety (Randy Leonard)	50.0%	33.3%	6
Children's Investment Fund	100%	0	2
Government Relations	33%	0	3
City Totals	1,632	786	5,311

Budget Overview

A GUIDE TO THE BUDGET OVERVIEW

The City of Portland budget document for FY 2007-08 serves as a fiscal, programmatic, and policy information reference. The document is organized to provide Citywide information at levels of increasing detail, from citywide and service area overviews to sections for each bureau.

Within the Budget Overview, the City's budget decisions and financial information are presented from a variety of perspectives. There is special emphasis on the General Fund, as it encompasses the discretionary resources available to the City and thus represents the most flexibility for allocating funds to specific programs. In most instances, dollar amounts in the Budget Overview are shown in comparison with the Revised Budget for FY 2006-07. In the following pages, you will find information on:

- The total City budget
- The General Fund budget
- Highlights of budget decisions by City goal
- Highlights of the Capital Improvement Plan
- A description of the budget process

Summary financial tables are located in the Financial Summaries section of this document.

BUILDING A BUDGET TO MEET CITY GOALS

FY 2006-07 was the first in many years that did not require spending cuts to balance the General Fund. In FY 2007-08 funds are available to advance the Council's goals, as set out below. These goals are informed by the City's mission, vision, and values, and the goals in turn helped define the Council's budget focus areas.

For the FY 2007-08 budget, City Council members reaffirmed five priority focus areas they endorsed for FY 2006-07 and furthered them by creating five Citywide initiatives based on the focus areas. In addition, the City is completing a two-year visioning process that engaged thousands of Portlanders in identifying a fresh, current vision for the City's future. This process will provide the backdrop for a City strategic plan to be developed over the next two years, which will help drive budget decisions in the future.

Council Vision, Mission, Values, and Goals

Vision

We aspire to be a beautiful, safe, and clean city of choice for ourselves and future generations—a city with a healthy and sustainable economy, strong businesses, vital neighborhoods, a diverse population, excellent schools, a vibrant downtown, an honest government that is open and participatory, extensive recreational and cultural opportunities, a healthy environment, and sufficient housing stock to meet our needs.

Mission

The City of Portland is a responsive and accessible local government that strives to continually identify and seize opportunities to improve the quality of life in our community. We work to support civic excellence and effective, responsive community and intergovernmental partnerships.

We provide urban services to meet the public health and safety, transportation, environmental, recreational, planning, and neighborhood livability needs of our citizens and visitors. We are responsible for providing clean and safe drinking water and for the maintenance of the City's water system. We are responsible stewards of our City's fiscal health and resources. We utilize a diverse, skilled, and dedicated workforce to provide seamless service to our citizens and visitors. We strive for excellence in all we do.

Values

- **Commitment:** We believe that service to our citizens and customers is our most important job. We will make sure that people can count on us to be responsive to the needs of the community.
- **Integrity:** Whenever we make a decision, provide a service, or deal with citizens and customers, we act with honesty and integrity. People learn from interacting with us that they can continue to trust us. We treat all people equally and equitably.
- **Partnerships:** Our team supports and complements the leadership of our Mayor and City Council. We involve people and key stakeholders because we value their commitment, diversity, and ownership.
- **Innovation:** We apply creative and cost-effective solutions when delivering services to our community with a goal of continuously improving the quality of life.

Goals

The current goals of the Mayor and the City Council follow. In the coming years, these goals will be updated and realigned to reflect results of the citywide visioning process and to ensure consistency with the City's Managing for Results initiative.

Ensure a safe and peaceful community:

- Protect life
- Preserve property
- Promote community responsibility, commitment, and preparedness

Promote economic vitality and opportunity:

- Support quality education
- Provide high quality, reasonably priced public utility services
- Create an attractive location for businesses and jobs

Improve the quality of life in neighborhoods:

- Ensure growth and development are well managed
- Provide access to transportation and recreation services
- Provide affordable housing and reduce neighborhood nuisances

Protect and enhance the natural and built environment:

- Protect the city's land, water, air, and open spaces
- Provide safe drinking and waste water services
- Protect endangered species

Operate and maintain an effective and safe transportation system:

- Provide multi-modal transportation choices
- Maintain and improve street conditions
- Support economic development and neighborhood livability

Deliver efficient, effective, and accountable municipal services:

- Deliver responsive, competitive government services
- Maintain healthy City financial condition
- Manage government to achieve goals

FY 2007-08 Priority Focus Areas

- Building a family-friendly city
- Creating sustainable economic development
- Enhancing public safety and emergency preparedness
- Finding energy alternatives
- Rebuilding the City's infrastructure

Citywide Initiatives

The City Council identified five Citywide initiatives for FY 2007-08 designed to promote and help implement the City's goals and priority focus areas. Those initiatives are:

- Children & Youth Bill of Rights: Highlight the need for services to youth, and focus on how best to provide those services
- Community Safety: Improve community livability, police services, and disaster preparedness
- Safe Streets: Target pressing transportation safety and maintenance needs, and reduce traffic injuries and fatalities
- Schools, Families, Housing: Link the success of neighborhood schools with the housing, transportation, and development needs of families
- Sustainable Industries/Clean Energy: Put Portland in the forefront in attracting and retaining sustainable industries

Budget Preparation Process and Direction

Development of the FY 2007-08 budget built on the highly collaborative and participatory process Mayor Potter began in 2005. The Council formed a group of Community Budget Advisors, composed of five Portland residents. The advisors from the community and City Commissioners engaged in a team process to review all bureau budget requests and to make recommendations to the Mayor.

A team of the full Council and the advisors reviewed all bureau budget requests and identified issues for further review. Some bureaus had no issues identified, and these bureaus' budget requests were forwarded directly to the Mayor for consideration in preparing his Proposed Budget. This same group also reviewed the infrastructure bureaus' budgets. A team consisting of only the advisors reviewed the five initiatives and made recommendations to the Mayor. Two other teams of two Commissioners and two advisors each reviewed half of the remaining bureaus' budget requests. In addition, a work group composed of two City Commissioners, one advisor, and two members of the Portland Development Commission (PDC) board reviewed PDC's budget. All groups held numerous public meetings.

FY 2007-08 is the first year since FY 2000-01 that General Fund cuts have not been required as part of City bureau budget requests. A healthy regional economy has resulted in increases in the major General Fund revenue categories, especially business license fees and transient lodging taxes. Total General Fund resources exceed the cost to maintain current services by \$37.0 million for FY 2007-08. Requests for these funds totaled \$90.0 million, which called for difficult choices to be made for the Mayor's Proposed Budget and Council's Adopted Budget. Those decisions are reflected in the Budget Summary below.

BUDGET SUMMARY

Total City Budget

Total Legal Budget

The total City budget is down by \$7.7 million from the FY 2006-07 Revised Budget. State of Oregon Local Budget Law requires reporting of the City's total budget. This is defined to include total operating costs and the internal transactions between funds. The total Adopted Budget for FY 2007-08 is \$3.05 billion, which reflects a \$7.7 million decrease from the FY 2006-07 Revised Budget.

Total Net Budget

The calculation for the total City budget overstates actual expenditures for programs, because it double counts internal transactions (internal materials and services and fund-level cash transfers). Such transactions occur between City funds, typically 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 \$103.6 million more than the FY 2006-07 Revised Budget.

After eliminating the double count for the internal transfers and removing the \$23.6 million in tax anticipation notes, the City's net budget for operating and capital requirements in FY 2007-08 is \$2.31 billion. Table 1 in the Financial Summaries provides greater detail of the of the total and net City budgets. Summaries are shown below.

Figure 9: Expenditures by Major Object Category

Major Object Category	Revised FY 2006-07	Adopted FY 2007-08	Dollar Change	Percent Change
Personal Services	\$ 496,840,017	\$ 515,586,733	\$ 18,746,716	3.8%
External Materials & Services	639,247,689	625,163,831	(14,083,858)	-2.2%
Internal Materials & Services	216,363,660	196,547,750	(19,815,910)	-9.2%
Capital Outlay	318,981,019	247,571,790	(71,409,229)	-22.4%
Total City Bureau Expenses	1,671,432,385	1,584,870,104	(86,562,281)	-5.2%
Contingency	342,125,448	487,674,826	145,549,378	42.5%
Ending Fund Balance	98,857,048	115,044,620	16,187,572	16.4%
Debt Service	328,172,399	340,428,517	12,256,118	3.7%
Fund-level Cash Transfers	614,055,010	518,920,128	(95,134,882)	-15.5%
Total City Budget	3,054,642,290	3,046,938,195	(7,704,095)	-0.3%
Less Internal Transfers &				
Tax Anticipation Notes	(850,418,670)	(739,107,878)	111,310,792	-13.1%
Total Net City Expenses	\$ 2,204,223,620	\$ 2,307,830,317	\$ 103,606,697	4.7%

Capital outlay expenditures are down \$58.3 million in the Sewer System Operating Fund and \$41.3 million in the Transportation Operating Fund. The former reflects the Bureau of Environmental Services' completion of the westside CSO tunnel and pump station and the start-up of the eastside tunnel, and the latter the Office of Transportation's completion of major projects like the aerial tram, Naito Parkway, Sandy Boulevard, and 122nd/Airport Way.

Resources for the net City Budget are summarized in the figure below:

Figure 10: Resources by Major Object Category

	Revised	Adopted	Dollar	Percent
Major Object Category	FY 2006-07	FY 2007-08	Change	Change
Beginning Fund Balance	\$ 698,483,642	\$ 580,253,409	\$ (118,230,233)	-16.9%
Taxes	357,595,383	387,059,223	29,463,840	8.2%
Licenses & Permits	138,043,126	154,424,138	16,381,012	11.9%
Service Charges & Fees	415,914,159	442,716,555	26,802,396	6.4%
Federal Sources	74,465,627	39,178,185	(35,287,442)	-47.4%
State Sources	56,102,277	54,100,931	(2,001,346)	-3.6%
Local Sources	76,895,169	71,052,091	(5,843,078)	-7.6%
Miscellaneous Sources	71,000,285	102,534,560	31,534,275	44.4%
Bond & Note Proceeds	335,723,952	500,151,225	164,427,273	49.0%
Internal Transfers	830,418,670	715,467,878	(114,950,792)	-13.8%
Total City Budget	3,054,642,290	3,046,938,195	(7,704,095)	-0.3%
Less Internal Transfers &				
Tax Anticipation Notes	(850,418,670)	(739,107,878)	111,310,792	-13.1%
Total Net City Budget	\$ 2,204,223,620	\$ 2,307,830,317	\$ 103,606,697	4.7%

Major Resources

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

- Beginning balance, the largest single resource, is declining by \$118.2 million or 16.9%. This change is primarily due to a \$180.7 million decline in the Sewer System Construction Fund's beginning balance; this fund issued \$265 million in revenue bonds in FY 2005-06, and the proceeds from these bonds are nearly expended.
- Tax revenues, all but \$17.8 million of which are property taxes, are increasing by \$29.5 million, mainly in the General Fund and the Fire & Police Disability & Retirement (FPDR) Fund, but local option levy and urban renewal area funds are also projecting growth in tax revenue. While most funds' revenue growth is limited to increased taxable assessed value, FPDR can set its levy up to a rate limit.
- Service charges and fees are up \$26.8 million, primarily in the Water Fund (\$10.0 million), the Transportation Operating Fund (\$4.6 million), the Sewer System Operating Fund (\$4.0 million), and the Parks Capital Construction & Maintenance Fund (\$3.2 million). The Water Bureau will receive all of the customer service revenue for the combined water and sewer bill beginning in FY 2007-08. The FY 2007-08 average effective sewer and stormwater bill increase is 5.2%, and the average effective water rate increase is 5.1% for a typical single-family residential customer.
- Bond and note proceeds are growing by \$164.4 million. \$240 million in new revenue bonds are budgeted in the Sewer System Construction Fund. The Water Construction Fund, which budgeted \$68.6 million in FY 2006-07, is not issuing debt in FY 2007-08, and the LID Construction Fund is budgeting \$6.2 million compared to \$59.0 million in FY 2006-07.

Total City Budget Charts

The following charts graphically summarize the total net City budget.

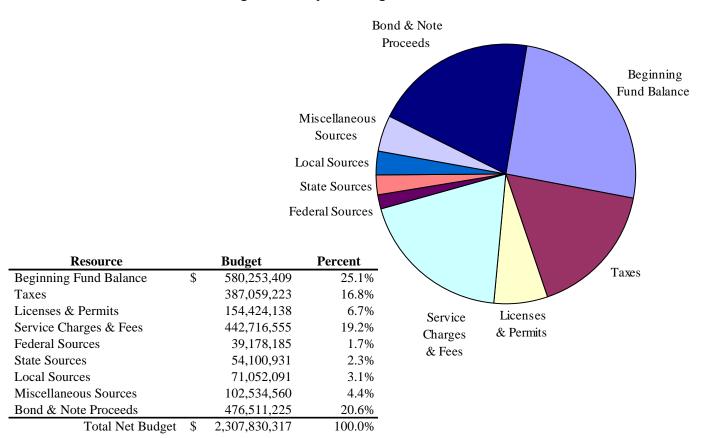
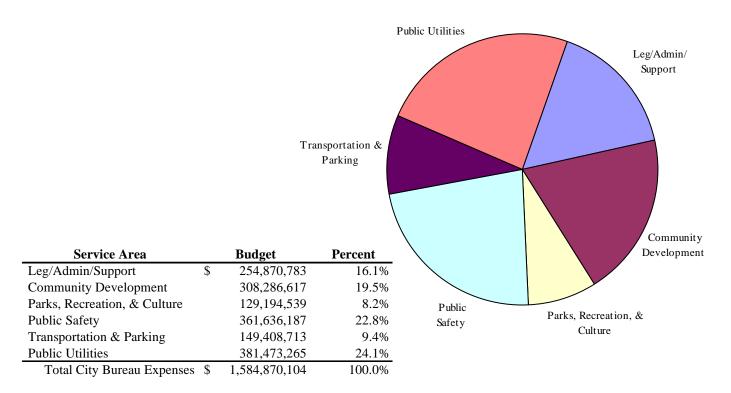


Figure 11: City Net Budget—Resources

Figure 12: Total City Bureau Expenses—Requirements by Service Area



General Fund Budget

General Fund resources are categorized as either discretionary or nondiscretionary. Discreionary 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 appropriated. General Fund discretionary resources are typically used to support such basic City services as police, fire, and parks.

Discretionary resources total \$372.4 million, 76% of the General Fund.

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

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

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

Utility License Fees Service Charges & Other **Business Licenses** Intergovernmental Lodging Taxes Transfers from Other Funds Resource Budget **Percent** Beginning Fund Balance 48,220,815 9.8% **Property Taxes** 171,508,684 34.8% **Lodging Taxes** 14,659,186 3.0% Beginning **Business Licenses** 64,531,784 13.1% Fund Balance Utility License Fees 13.0% 64,031,616 Service Charges & Other 6.0% 29,737,013 Property Taxes Intergovernmental 38,212,137 7.8% 12.5% Transfers from Other Funds 61,609,950

100.0%

Figure 13: General Fund—Resources by Major Category

Total General Fund Budget \$ 492,511,185

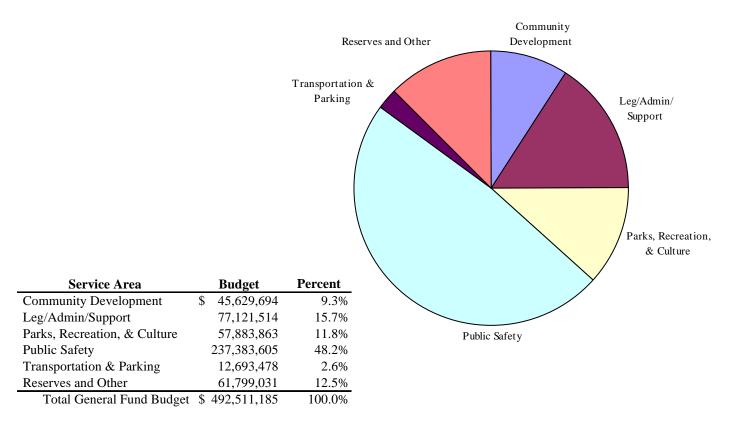


Figure 14: General Fund—Requirements by Service Area

Summary of Decisions by Council Goals

This section summarizes the Council's FY 2007-08 budget decisions by Council goal. Many of the decisions support more than one goal, which is consistent with the approach of the Mayor and Council to leverage efforts and funding.

Ensure a safe and peaceful community

The Community Safety initiative, sponsored by Mayor Potter, was a cornerstone of efforts to meet this Council goal in FY 2007-08. Funding of \$4.9 million was allocated to the following:

- 18 permanent Police Bureau positions to increase the number of detectives by seven and to replace sworn background investigators and internal affairs investigators with civilian positions, freeing officers for street duties
- 3.4 FTE to restore crime prevention services in the Office of Neighborhood Involvement
- Continued implementation of the Street Access for Everyone (SAFE) initiative, including development of a day center for the homeless, installation and maintenance of benches, and more public restrooms
- Establishment of a Human Relations Commission to improve community relations and citizens' access to City government
- Permanent funding for three positions in the Office of Emergency Management to improve emergency preparedness and expand public education
- To improve public safety communications, funding for replacement of the City's main radio tower, purchase of online reporting software, and replacement of older in-car computers in one Police precinct

- Three positions in the Bureau of Emergency Communications to improve training and outreach to the community and other jurisdictions
- ♦ \$290,000 for Project Respond, to provide mental health services at all hours for those with mental health needs who have contact with law enforcement
- Funding to continue plans for a consolidated emergency operations center (\$150,000) and a public safety training facility (\$300,000)

Additional funding for programs in support of this goal include:

- 19 positions added to Portland Fire & Rescue, restoring a fourth battalion district, two rescue units, and logistics staffing cut in prior years
- ◆ \$1.3 million for 57 Multnomah County jail beds and \$120,000 for voluntary substance abuse treatment for inmates
- To improve public safety communication system planning, \$2.9 million to plan for replacement of the City's 800 MHz radio system, 9-1-1 computer-aided dispatch (CAD) system, and Portland Police Data System
- \$4 million in reserves, with another \$4 million to be allocated next year, for replacement of the 9-1-1 CAD system

Promote economic vitality and opportunity

- Implementation of Council-adopted changes to the Business License Fee to save businesses \$3 million per year, with a focus on savings to small businesses
- The Sustainable Industries/Clean Energy initiative focuses on this goal. \$1,140,000 is allocated to continue and expand programs supporting sustainable industry retention and recruitment, solar power development, green building practices, and biofuels education.
- \$2.8 million to the Portland Development Commission for economic development activities, including:
 - * \$1.1 million for storefront improvement grants and small business loans in targeted areas, expanding these successful programs beyond urban renewal districts
 - * \$903,000 for a range of ongoing business retention and recruitment activities
 - * \$400,000 for downtown marketing, including \$150,000 in new ongoing funds to ensure the program's stability
 - \$250,000 in support of neighborhood business districts
 - \$120,000 to support the Lewis & Clark Law School's small business legal clinic, begun in FY 2006-07 with great popularity and success
- \$50,000 for neighborhood business district support in the Office of Neighborhood Involvement
- Support for development of major Planning projects:
 - Update of the City's Comprehensive Plan
 - Development of a long-range plan for the central city

 Beginning of a three-year Airport Futures project to develop a coordinated land use, development, and aviation plan for the Portland International Airport

Improve the quality of life in neighborhoods

- A \$2.7 million commitment of ongoing General Fund support in future years to continue Portland Parks & Recreation (PP&R) services currently funded by the expiring Parks levy
- ◆ \$2.3 million of ongoing funding for the Bureau of Housing and Community Development (BHCD) to support essential services that further goals such as eliminating homelessness and enhancing economic opportunities that lead to family wage jobs; \$3.9 million more of one-time funding to continue housing programs and additional homeless services
- A \$2 million revolving line of credit in the Housing Investment Fund to expand home ownership opportunities through Operation Home
- Continuation of the Schools, Families, Housing initiative, with funds carried over from FY 2006-07 and \$40,000 in new funds for a family-friendly housing design competition
- Implementation of the Children & Youth Bill of Rights initiative with funding for a black parent initiative, civic justice corps, and a youth planner
- Funding for important Planning activities, including completion of the citywide visioning project (visionPDX), addition of one position to strengthen public outreach, and development of an East Portland action plan
- Continued funding for a youth violence prevention program, with two positions
- ◆ \$200,000 for a cultural organizing project to promote involvement of underrepresented groups in City affairs
- Increased funding for neighborhood district coalition offices to allow an additional community organizer position in each of the seven coalitions
- Implementation of a recommendation of the Bureau Innovation Project, establishing public involvement standards for City project managers and public involvement staff

Protect and enhance the natural and built environment

- ◆ \$2.6 million for Portland Parks & Recreation's capital projects, including dredging of Laurelhurst Park's pond, remodel of the University Park Community Center gym, road repairs at Mt. Tabor Park, and several others
- ◆ \$1.5 million in the Bureau of Environmental Services (BES) to implement priority projects from the Watershed Management Plan
- Continued support for reclaiming Brownfields with \$250,000 in BES
- ♦ \$638,330 in PP&R for projects to sustain and preserve green infrastructure and manage invasive vegetation, and \$190,000 for support the Tennis Center, dog off-leash areas, and graffiti removal
- \$260,336 for work related to tree policies and code
- Over \$4.1 million to begin a \$32.4 million project to rebuild the Water Bureau's primary maintenance facility
- Continued work on the BES Combined Sewer Overflow project, on schedule for completion in 2011

 Continuation of the Downtown Transit Mall Renovation project, with collaboration among Water, BES, Transportation, PDC, and TriMet, to meet the 2009 scheduled completion date

Operate and maintain an effective and safe transportation system

The Safe Streets initiative focuses on improving transportation safety and reducing injuries and deaths. The General Fund is providing \$6.3 million to the Office of Transportation (PDOT), with projects including:

- \$460,000 to improve traffic signals, visibility, and pedestrian safety at the most dangerous vehicle intersections in the City
- \$300,000 for bicycle and pedestrian safety improvements
- \$250,000 to improve the safety of school children through Safe Routes to Schools
- ◆ \$100,000 to develop a platinum bicycle master plan
- ◆ \$1.3 million for preliminary engineering and planning to study the West Burnside & Couch couplet project
- \$300,000 to realign the intersection at SW Boones Ferry and Stephenson
- \$750,000 to strengthen the existing Steel Bridge ramp
- \$250,000 for sidewalk construction that meets Americans with Disabilities Act requirements
- \$400,000 for streetlight capital projects
- ◆ \$1.9 million for streetlight maintenance and street cleaning, helping to bridge a funding gap in PDOT

Deliver efficient, effective, and accountable municipal services

- \$640,000 in Portland Parks & Recreation for projects to improve citywide access and equity, including development of four park master plans
- ◆ \$787,973 to upgrade equipment and technology in PP&R, including improved water efficiency, upgrades to Internet connections, and implementation of an automated fleet fueling system, among others
- Continued funding for the Enterprise Business Solution project to implement a new Citywide financial management system, which will go live in FY 2007-08
- Funding to finance a new Archives and Records facility in downtown Portland, in conjunction with Portland State University, to replace the existing facility that has reached capacity
- Three positions in Human Resources to implement the City wellness policy, provide additional support for labor/management relations, and coordinate the Family Medical Leave Act for the City
- ◆ A Deputy Chief Technology Officer position, to oversee day-to-day operations and customer service for the Bureau of Technology Services
- ◆ A position to implement changes to the Business License Fee and coordinate additional changes anticipated in the coming year
- Permanent funding for positions to maximize Business License Fee collections and ensure equitable application of the fee
- A position in Purchases to administer the Sheltered Market and Supplier Diversity program, designed to increase City contracts with minority-owned, women-owned, and emerging small businesses
- A part-time position to audit City employee health benefits elections, to ensure only eligible dependents are covered

CAPITAL IMPROVEMENT PLAN

Overview

The FY 2007-08 Adopted Citywide Capital Improvement Plan (CIP) budget totals \$353.3 million, not including the Portland Development Commission. The Citywide CIP for FY 2007-08 through FY 2011-12 is projected to be \$1.3 billion. The General Fund Capital Set-Aside is \$1.9 million, net of debt service.

FY 2007-08 Highlights

Public Safety	
 Fire Apparatus Replacement 	\$1,606,875
 Fire & Rescue Facilities GO Bond Program 	\$5,210,000
 Police Facilities 	\$6,515,467
 Public Safety Systems Revitalization Project 	\$2,944,028
Parks, Recreation, and Culture	
 Metro Bond - Natural Areas 	\$1,880,000
 Waterfront Park, Ankeny & Street Improvements 	\$2,908,411
• East Portland Community Center Pool	\$10,429,000
Public Utilities	
 Combined Sewer Overflow Program 	\$115,540,621
 Water Distribution Mains 	\$5,750,000
Open Reservoir Maintenance/Security	\$5,700,000
 Interstate Facility Rehabilitation 	\$4,106,000
Transportation	
Downtown Mall Light Rail	\$1,913,825
◆ 47th & Columbia Freight Route	\$3,803,000
◆ Columbia/Killingsworth	\$4,644,719
 Foster Road/Johnson Creek 	\$2,215,720
Legislative, Administrative, and Support	
• Enterprise Business Solution Project	\$9,726,609
 Parking Facilities Maintenance 	\$1,525,700
• Records Center	\$11,428,000

THE BUDGET PROCESS

Local Budget Law

Local government budgeting in Oregon is governed by Local Budget Law, Chapter 294 of the Oregon Revised Statutes. The law has two major objectives:

- Provide standard procedures for preparing, presenting, and administering local budgets
- Ensure citizen involvement in the preparation of the budget

Budgeting in Oregon is an effort shared by citizens and elected and appointed officials. Citizens involved in the budget process work to ensure the services they require and want are adequately funded. City officials are responsible for building a budget that reflects the public interest and is structurally correct.

The Tax Supervising and Conservation Commission (TSCC), a five-member citizen board appointed by the Governor, reviews the budgets of all governmental jurisdictions in Multnomah County. The commission, together with the State Department of Revenue, is responsible for ensuring the City budget complies with Local Budget Law.

Budget Officer and Budget Committee

To give the public ample opportunity to participate in the budget process, Local Budget Law requires that a budget officer be appointed and a budget committee formed. The budget officer prepares the Proposed Budget. The budget committee then reviews and revises the Proposed Budget before it is formally adopted by the governing body. For the City of Portland, the budget officer is the Mayor, and the budget committee consists of the members of the City Council.

Notices are published, budgets are made available for public review, and opportunities for public comment are provided. These actions encourage public participation in the budget decision-making process and give public exposure to budgeted programs and fiscal policies prior to adoption.

Preparing the Proposed Budget

Acting as the Budget Officer, the Mayor is responsible for overseeing the preparation of the Proposed Budget for presentation to the City Council, sitting as the Budget Committee. The Proposed Budget is the culmination of an extensive process of budget development, analysis, and revision. Bureaus prepare Requested Budgets in accordance with direction given by the Mayor. These are submitted to Financial Planning, which then analyzes the requests.

The Mayor considers a wide variety of input in crafting the Proposed Budget. This year he considered the recommendations from five work teams composed of Commissioners and community advisors, as well as input in various forms from the public.

Public Involvement Process

The City of Portland engages in a proactive public outreach effort as part of the budget process. In the past, the City has utilized a variety of methods to solicit budget input, including telephone and mass mailed surveys, community forums, and a community budget web site.

This year, the City held two community budget forums, one focused on public involvement and one to give the Mayor and Council public input for development of the Proposed Budget. The City also held a hearing to receive public comment on the Proposed Budget after its release. Comments and concerns were heard from the audience, and informal surveys were taken. The forum that preceded Proposed Budget decisions was a round table, with people spending time at several tables that focused on individual service areas. Attendees consistently indicated that they felt the forums were an excellent opportunity for face-to-face interaction with City Council members and bureau management.

The City has a nationally recognized commitment to active participation in its budget process. Portland uses the following systems to ensure this high level of public involvement.

Budget Web Site

The City maintains a community-oriented web site that includes a community budget web page: www.portlandonline.com/communitybudget. At the web site, the public can submit questions about the budget and offer budget suggestions. During the budget decision-making process, electronic testimony is accepted from the web site. The web site also contains bureaus' Requested Budgets, financial analyses of the requests, the budget teams' recommendation reports, and other financial reports.

Budget Advisory Committees (BACs)

Bureaus' BACs are made up of people appointed by the Commissioners-in-Charge. These committees monitor bureau budgets and operations and identify issues for Council consideration. The committees may be provided with time during Council budget hearings to present their reports or submit them in writing. Beginning with the FY 2006-07 budget process, the Mayor directed all bureaus to involve their employees and the public in their budget development. The BACs serve in addition to the previously discussed Community Budget Advisors, who participate in the initial review of bureaus' Requested Budgets and present recommendations to the Mayor for his Proposed Budget.

Portland Utility Review Board (PURB)

PURB is an appointed body of nine community members who provide independent and representative review of water, sewer, and solid waste financial plans, budgets, and rates. PURB operates in an advisory capacity to the City Council. Council expects the PURB to provide common ground between the rate makers and the rate payers through analysis of financial plans and budgets. The board meets monthly to ensure a comprehensive understanding and assessment of the workings of the City's utilities.

Direct Public Testimony

Community members may directly contact the Mayor and Commissioners with input for the budget. In addition to participating in the budget advisory committees, the PURB, and community budget forums described above, people also have several opportunities to personally testify on bureau budget requests:

- Annual Budget Hearings—the City Council, sitting as the Budget Committee, holds one or more public hearings before the budget is approved. The public may testify on any topic during these hearings. The teams of Commissioners and community budget advisors also took public comments at their meetings.
- Tax Supervising and Conservation Commission Hearing—public testimony is taken during the TSCC hearing on the City's Approved Budget.
- Adopted Budget Hearing—testimony is taken at the City Council session for the final adoption of the budget.

Each year, as part of the Council's budget planning session, the Office of the City Auditor issues a report identifying workload and performance trends for each of the City's public services. Part of the report, entitled Service Efforts and Accomplishments (available at www.portlandonline.com/auditor), is a nationally-recognized public opinion survey for the City overall and for each of the covered service areas. This report represents another form of public input used by the Council during the budget process.

Approving the Budget

In accordance with Local Budget Law, the City Council is convened as the Budget Committee to consider the Proposed Budget. The public is encouraged to attend and provide testimony on the Proposed Budget. Announcements advertising the Budget Committee meeting are printed in local newspapers prior to the meeting. The timing and frequency of the public notices are governed by Local Budget Law.

Public Process

The Budget Committee meets to accomplish four actions:

- Receive the budget message and budget document
- Hear and consider public testimony
- Review and approve a balanced budget
- Approve the rate for property taxes

The Budget Officer may provide a copy of the Proposed Budget to each member of the Budget Committee at any time prior to the first Budget Committee meeting. The budget becomes a public record at this point.

At the first Budget Committee meeting, the Mayor delivers the budget message, explaining the Proposed Budget and significant changes in the City's financial position. After the initial meeting, the Budget Committee may meet as many times as needed to revise and approve the budget. If two or more meetings are held to take comment from the public, the first meeting to do so must meet Local Budget Law publication requirements. Notice of other meetings of the Budget Committee must be provided as required by Oregon public meeting law. All meetings are open to the public.

Output from the Approved Budget Process

Financial Planning summarizes the changes from the Mayor's Proposed Budget to the Approved Budget. This information and copies of the Proposed Budget are sent to TSCC for review and analysis.

Tax Supervising & Conservation Commission Hearing

TSCC is responsible for reviewing, holding hearings, and producing a report on the budgets for every jurisdiction in Multnomah County. They hold a required public hearing, with Council in attendance, on the Approved Budget. The outcome of this hearing is a letter certifying that the budget is in compliance with Local Budget Law. The letter may contain recommendations and/or objections. The City is responsible for addressing any objections or recommendations.

Adopting the Budget

City Council votes to officially adopt the budget in late June. Changes that are allowed between the time the budget is approved and final adoption are defined by Local Budget Law and are limited. Changes normally include technical adjustments and carryover amendments.

Amending the Budget

Changes after budget adoption are completed through the budget monitoring process (BuMP), which also includes a supplemental budget. In a BuMP, bureaus can request to transfer appropriation. In supplemental budgets, bureaus may ask to increase appropriation; the size of the increase determines whether a fund is in the minor or major supplemental budget. The BuMP and minor supplemental budget process provide Council the opportunity to change the budget three times a year. The major supplemental budget process occurs twice a year, timed to coincide with the fall and spring BuMPs, and includes a TSCC hearing.

Budget Calendar

Below is a summary of the FY 2007-08 budget calendar, adopted in fall 2006.

Figure 15: FY 2007-08 Budget Schedule

Budget kickoff	November 16
Community budget advisors recruitment and appointment	Nov-Jan
Managing for Results work session	December 12
Presentation of General Fund financial forecast	December 13
Bureaus submit five-year financial & capital improvement plans and Capital Review Committee (CRC) requests to Financial Planning	January 8
Citywide Revenue Overview work session	January 9
CRC meeting to discuss funding requests, priorities, and rankings	January 18
Bureaus submit Requested Budgets to Financial Planning	February 5
Public forum on budget process	February 6
Public forum on Requested Budgets	February 22
FPD analyses of five-year plans, CIPs, and Requested Budgets due	February 23
Council, advisors review Requested Budgets, make recommendations	Feb 26–Mar 30
Mayor releases Proposed Budget decisions	April 17
Proposed Budget document available	May 4
Budget Committee meetings on the Proposed Budget	May 9–10
Budget Committee action to approve budget	May 16
Utility rate review (two hearings)	May 23 & 30
TSCC hearing on Approved Budget	June 14
Council action to adopt budget	June 27

Financial Overview

CITY FINANCIAL PLANNING PROCESS

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

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

A summary of these financial plans 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 budgeted by Council without restriction, in accordance with Council priorities. Discretionary resources include property taxes, utility license fees, business license fees, lodging tax revenues, state-shared (cigarette and liquor) revenues, some interest income, some court fines, some cash transfers into the General Fund, and small amounts of other miscellaneous revenues. Discretionary resources exclude grants, bureau contract and service reimbursement revenues, bureau fee and permit revenues, and other revenues dedicated to a specific purpose.

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

The five-year resource 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). For the FY 2007-08 budget process, initial resource and financial forecasts were published in December 2006 and formally reviewed with Council. Both of these forecasts were updated in March, prior to the Mayor's Proposed Budget decision making. The revenue forecast was updated using the most recent financial and economic data. Estimated CAL requirements were also updated.

The discretionary beginning balance estimate, a key resource of the General Fund, is updated at the conclusion of each accounting period and published in the Financial Outlook. 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 ending balance estimate used in Council's Adopted Budget reflects accounting information through May 2 (Accounting Period 11) as well as bureau carryover requirements as found in the Spring Budget Update and Monitoring Process (spring BuMP).

Historical Resources

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

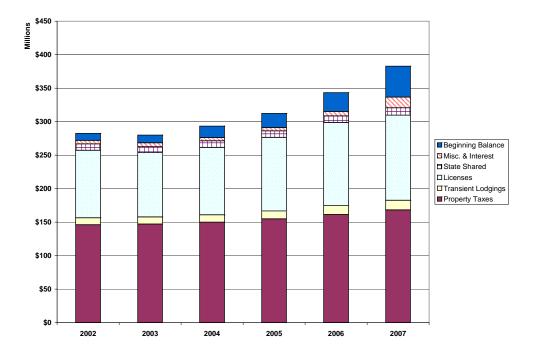


Figure 16: General Fund Discretionary Resources

Revenue growth over the past six years has averaged about 4.3% per year. The picture shows that revenue growth was flat to declining early in the period due to recession. Revenue growth returned to more normal historic levels over the past three years. The General Fund's beginning fund balance has averaged about \$22.4 million. Beginning balances have been higher than normal over the last several years due to above average under-expenditure of budgets and unanticipated revenue growth. Overall resource growth (revenues plus beginning fund balance) has averaged about 6.3% per year with most of this growth occurring over the last couple of years. The graph clearly shows a regional economy that was hit hard by the events of September 11 and the ensuing national recession. General Fund discretionary revenue growth for the three-year period ending FY 2003-04 was flat at best. Actual FY 2002-03 discretionary revenues were below the previous year.

While revenue growth has improved, property tax revenue growth remains in the 3% to 4% range due to Measure 5/50 property tax limitations. Assessed value growth under Measure 50 is limited to 3% per year plus new construction. The General Fund's tax rate is permanently fixed at \$4.5770 per \$1,000 of Measure 50 taxable assessed value. Property tax revenues still constitute about 50% of General Fund discretionary revenues, and growth has averaged just 2.9% over the last five years. Growth on existing taxable assessed value has been somewhat less than the allowable 3%, and taxable value added to the tax rolls through new construction, outside of urban renewal districts, has been very weak. Overall, property tax revenues have grown at about 3% with FY 2007-08 growth expected to be the same.

Revenue growth outside of property taxes has rebounded sharply from recession lows. Both transient lodging taxes and business license revenues are up sharply over the last three years, as would be expected in the expansionary phase of the business cycle. Interest income has also rebounded, responding to higher short-term interest rates.

At the end of FY 2006-07, consistent with Council policy and Council's previous five-year financial plans, the General Reserve Fund is expected to total about \$43 million and remains fully funded at the required 10% of revenues (net of borrowing proceeds and grant revenues). Thus, the City will begin FY 2007-08 with the General Reserve at the required 10% level.

Housing and Enterprise Zone Tax Abatements

The City of Portland currently uses tax exemptions as a tool to incent certain types of housing development spanning housing and enterprise zone programs. Another program involves incenting economic and job development in specific areas of the City in an enterprise zone. At present, very little in the way of exemptions exist under this program.

Estimates from 3,035 tax records show that:

- About \$1.1 billion of real market values are currently exempted from property taxation. About \$950 million of this is concentrated in core area multi-family exemptions, low-income rental housing, and new housing exemptions in distressed neighborhoods.
- \$1.1 billion of exempted real market value translates into about \$640 million of M50 taxable assessed value and is currently exempted from property taxation.
- Local government levy losses are estimated at somewhere between \$8.2 million and \$8.9 million annually. Property tax exemptions are estimated to lower the General Fund's fixed rate operating levy by about \$2.1 million annually.
- ◆ Local government revenue losses have been estimated by adjusting levy losses for a delinquency and discount factor. City revenue losses work out to somewhere between \$5.5 to \$6 million annually. Over half of the estimated revenue loss takes the form of lower PDC divide-the-taxes revenues. General Fund revenue losses are estimated at just under \$2 million annually. Total local government revenue losses are estimated in a range from \$7.7 million to about \$8.4 million.
- Schools nominally experience levy losses of about \$2.4 to \$2.5 million annually. Because of the complexity involved in school funding through a statewide equalization formula, it is difficult to assess whether the levy losses accrue locally, are shared statewide, or accrue to the State's General Fund.

Exemptions appear to cost a homeowner with \$200,000 of taxable assessed value between \$11 to \$16 annually depending on in which of the five schools districts a property is located.

Forecast Assumption: Continued Economic Expansion

The key assumption underpinning this forecast is continued economic growth at both the national and regional levels. Metro-area employment regained pre-recession peak employment levels only in the second quarter of FY 2005-06, and the regional economy has entered the expansion phase for this economic cycle. This trend appears to be continuing into the second half of FY 2006-07.

Oregon's economy fared better than that of the metro area, with statewide employment surpassing the previous cycle's peak during FY 2004-05. The state entered an expansion phase while the regional economy was still in recovery.

Both the fall and updated March revenue forecasts assume that the national, state, and regional economies grow modestly. Thus, cyclical revenues such as business license and transient lodging tax revenues are expected to grow modestly in the five-year revenue forecast that underpins Council's Adopted Budget.

December and March Revenue Forecasts

The December revenue forecast called for \$336.1 million of FY 2007-08 discretionary revenues along with a beginning fund balance of \$19.3 million. This forecast represented a marked improvement over the previous forecast done last June, registering sharp increases in transient lodging taxes, utility license and franchise fees, and business license revenues. The March forecast showed continued improvement in both utility license and franchise fees and transient lodging tax revenues. The beginning fund balance estimate was increased to almost \$28 million. The business license revenue estimate was reduced by about \$3.5 million for the increase in owners' compensation deduction and the gross receipts exemption. Thus, for the Adopted Budget forecast, FY 2007-08 discretionary resources stand at \$363.5 million. This resource forecast is almost \$30 million over the FY 2006-07 Adopted Budget of \$333.9 million. Details of specific revenue forecasts are as follows:

Property Taxes

Property taxes are expected to grow about 3% per year. This is due to constitutional limits that restrict revenue growth to 3% on each property's taxable assessed value. Growth rates higher than 3% are allowed for new construction outside of the City's 11 urban renewal districts.

Business License

Business license revenues are forecast at \$64.5 million inclusive of expected audit recovery revenues. The fall forecast called for about \$68.0 million of FY 2007-08 revenues. This revenue estimate was revised downward by \$3.5 million in March, reflecting the expected impact of a higher owners' compensation deduction. Revenues are expected to grow about 8.7% per year over the life of the forecast, representing a return to trend growth.

Transient Lodging Taxes

Transient lodging taxes, which were as low as \$10.7 million in FY 2002-03, are expected to be about \$14.2 million for FY 2006-07 and are forecast at \$14.7 million for FY 2007-08. Revenues continue to grow strongly, reflecting rising occupancy and room rates. The current revenue forecast puts growth at about 6.7% a year for the life of the forecast.

Utility License and Franchise Fees

Utility license and franchise fees are expected to grow about 2.8% per year. Growth in this category remains constrained by water and sewer utility license revenues, which remain fixed at about \$16.9 million as a result of previous Council action. Revenues are to stay at this level until such time as a 5% tax rate produces revenues in excess of about \$17.0 million. No new revenues are expected until at least FY 2011-12. Other utility license and franchise fee revenues are growing more strongly, particularly in the energy sector, where recent electric and natural gas rate increases, along with regional economic growth, have generated higher revenues.

Cigarette and Liquor Taxes

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

The figure below summarizes the current five-year revenue forecast as of late March. Average annual revenue growth is projected at about 3.8%. Budget-to-budget revenue growth is currently forecast to be about 11.5%. The critical forecast assumption is a national economy that continues to expand above pre-recession peaks, along with continued moderate local economic growth in FY 2007-08.

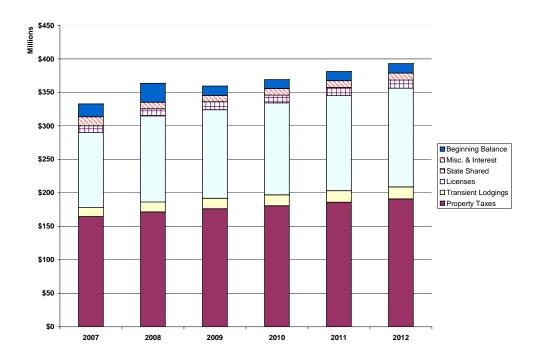


Figure 17: Forecast Discretionary Resources

Financial Forecast Results

The recovery of the regional economy and the return of local economic growth are the key factors driving the current financial forecast. At the margin, growth in the two basic cyclical revenues (business license and transient lodging tax revenues) has markedly improved both the December and March financial forecasts over what was expected last June. The Portland area's unemployment rate has steadily declined, to 4.8% as of April. The national economy continues to expand, albeit at a slower rate, but is continuing to generate good month-to-month employment increases. Recent employment numbers for the local area have been showing solid continuing employment gains.

This environment translated initially into a December revenue forecast for FY 2007-08 of about \$355.4 million. The December financial forecast showed that:

- Sufficient resources would be available in FY 2007-08 to fund estimated General Fund CAL requirements, with an excess estimated of \$28.4 million. The December financial forecast broke the excess out into \$9.4 million in ongoing resources with the remaining \$19.0 million in one-time resources.
- Steadily declining amounts of one-time resources are likely to be available to Council through FY 2010-11.

This outcome was also the result of lower than expected requirements. Expected compensation increases – wage and salary and health care – were also lower in the December forecast, helping to improve the bottom line.

The December financial forecast was updated in March and showed continued improvement in forecast revenues (net of the reduction in business license revenues) along with a reduction to expected compensation increases:

- Estimated ongoing requirements were about \$1.4 million lower. This resulted from lower health benefits cost increases. The City's health care consultant lowered the expected health care cost increase to about 5.8%. The increase in the consumer price index came in at about 2.7%, which was about 0.4% below forecast.
- The March forecast also saw increased revenue estimates totaling about \$1.9 million spread among property taxes, transient lodging tax revenues, and utility license and franchise fee revenues.
- Beginning balance was revised upward to about \$37.2 million using current year financial information.

The revised March forecast showed an increase in ongoing resources available for the FY 2007-08 budget process, from about \$9.4 million to just shy of \$10.7 million. One-time resources available for FY 2007-08 budget process increased from just over \$19 million to \$26.3 million.

Five-Year General Fund Financial Plan

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

Council's Approach to Balancing the General Fund

As the financial forecast presently stands, the Adopted Budget balances the General Fund well above current FY 2007-08 ongoing CAL levels, but ensures that requirements are in line with resources for the duration of the five-year financial forecast. Council's Adopted Budget and five-year financial plan balance the General Fund over the life of the five-year forecast, with substantial amounts of one-time funds projected to be available to Council in the out-years of the forecast.

Figure 18: Five-Year Financial Plan

	Adopted	Out-Years of Financial Plan			
ITEM	2008	2009	2010	2011	2012
General Fund Resources	\$372,443,987	\$359,707,552	\$369,108,106	\$381,216,671	\$392,926,222
Requirements					
Bureaus & Programs	292,149,938	303,421,058	320,137,890	334,117,910	349,933,406
One-Time Projects	27,219,274	14,057,193	7,173,087	7,334,063	2,960,682
Council Set-Asides	53,074,775	42,229,302	41,797,128	39,764,697	40,032,134
Total Requirements	\$372,443,987	\$359,707,552	\$369,108,105	\$381,216,670	\$392,926,223
Difference-GAP	\$0	\$0	\$0	\$0	\$0
Reserve Fund, Percent	10.2%	10.4%	10.6%	10.8%	11.1%

Uncertainties

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

- ◆ The current financial forecast and five-year plan assume that projected increases in healthcare funding are resolved through implementation of the 95% employer and 5% employee cost-sharing solution. This plan commits the City to paying 95% of expected health benefits premiums. There are two primary uncertainties. First, healthcare funding and premium cost projections are current best-estimate forecasts, and there could easily be a large, unfavorable shift in the numbers. Second, the City has secured this solution through labor contract negotiations. Current labor contracts do not run for the life of the forecast. A higher-cost alternative could result from out-year labor contract negotiations.
- Local economic recovery from recession is well underway, and recent job growth numbers are very encouraging. The regional economy begun to show consistent evidence (in the form of job growth) of recovery and renewed expansion. This forecast, like the previous forecast, is critically dependent on a local economy that continues this expansion.
- Legislative changes to the Public Employees Retirement System (initiated by the last Oregon Legislature) have now survived several legal challenges, and the retirement system seems to have stabilized. The forecast is built on best-guess estimates of what out-year increases in employer pension costs will look like.
- Business license revenues are now collected and booked net of refunds and after adjustment for credits. Credit adjustments can either increase or decrease net revenues. As a result of this change, this revenue stream will tend to be more volatile. Forecasts will tend to be less accurate than in the recent past, because there is still little or no historical data available to generate forecasts on a net-revenue basis.

Both the Parks and Children's local option levies will expire at the end of FY 2007-08, the first year of this five-year forecast cycle. Council's Adopted Budget and five-year financial plan include a \$2.7 million ongoing increase to Parks' FY 2009-10 CAL target. This backfills only a portion of the ongoing programs currently funded by Parks' local option levy. Council has indicated its intent to backfill the costs of remaining programs funded through the levy, another \$2.7 million.

It is likely that the expiration of the Parks levy will lead to further increased General Fund CAL requirements not presently in the five-year forecast.

Forecast Risks

The principal risks to the Council's Adopted Budget and five-year financial plan are a slow regional economy, sub-par growth, or the reemergence of recession-like conditions. As this is being written, oil prices are hovering around the \$65 per barrel mark. In addition, the Federal Reserve has given notice that it may need to further increase interest rates, making monetary policy more restrictive. The persistence of much higher energy costs is likely to slow the economy and may possibly reignite inflation. These conditions could easily spark the reemergence of recession. Subsequent revenue forecasts would show lower revenues, making it difficult for Council to fund the higher service levels found in the Adopted Budget.

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 2005-06, FY 2006-07, and FY 2007-08.

None of the major funds budget an unappropriated ending balance; each of the funds manages its reserves differently. The General Fund's 10% reserves are maintained in the General Reserve Fund. For the Bureau of Environmental Services, the combined ending fund balances of the Sewer System Operating Fund and the (BES) Sewer System Rate Stabilization Fund must be equal to or greater than 10% of each year's operating expenses, as defined by bond covenants. BES generally maintains 1% reserves in contingency in its operating fund and 9% in its rate stabilization fund. The Office of Transportation maintains a Transportation Reserve Fund but has been unable to fund it at the desired 10% level of discretionary revenues; the FY 2007-08 level is 1.12%. The Water Bureau's policy is to keep a minimum of \$12 million in operating reserves in Water Fund contingency, representing about 45 days of operating budget expenditures, and a further minimum of \$5 million in Water Construction Fund contingency. Water's actual financial reserves at any point are typically larger than these amounts, and vary with the timing of bond sales, the dates for scheduled debt service payments, season of the year, weather, and other factors.

Five-year financial plans are prepared by each of the City's major non-General Fund bureaus. These financial plans provide a multi-year framework within which revenues, expenditures, and capital financing options are presented. This multi-year perspective allows the City to test the potential impact of policy, operational, and system changes, and to avoid subjecting customers to wide or irregular swings in rates and fees.

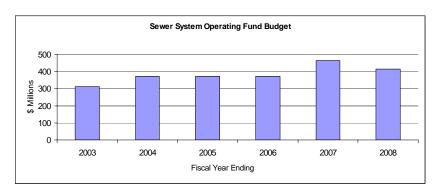
This budget is based upon bureaus' financial plans, which were developed using information available through December 2006. The following is a brief overview of the updated financial outlook for the City's three major non-General Fund bureaus. For each fund, the chart shows total fund expenditures.

Figure 19: Summary of Major Funds

		General Fund		ewer System perating Fund		cansportation perating Fund		Water Fund	All Other Funds
FY 2005-06 Actual		runu	<u>U</u>	crating runu	<u>O</u>	crating runu		runu	runus
Beginning Balance	\$	51,561,836	\$	34,581,631	\$	14,752,890	\$	25,226,284	\$ 445,364,277
External Revenues	4	336,175,454	Ψ	203,833,672	Ψ	128,607,296	Ψ	84,814,227	\$ 890,994,441
Internal Revenues		96,243,181		156,347,124		56,191,848		40,515,113	\$ 307,279,262
Total Resources		483,980,471		394,762,427		199,552,034		150,555,624	1,643,637,980
10.0011000		.00,>00,.71		0,7,02,.27		1,5,002,001		100,000,02	1,0 .0,007,500
Bureau Expenses		373,789,683		224,618,121		159,134,395		81,633,541	450,109,888
Fund-level Expenses		39,977,944		144,666,150		10,946,198		40,653,224	574,891,512
Ending Fund Balance		70,212,844		25,478,156		29,471,441		28,268,859	618,636,580
Total Requirements		483,980,471		394,762,427		199,552,034		150,555,624	1,643,637,980
•									
FY 2006-07 Revised B	udge	et							
Beginning Balance	\$	50,305,268	\$	23,594,291	\$	26,706,394	\$	26,111,687	\$ 571,766,002
External Revenues		327,604,455		205,216,463		115,130,973		84,826,761	792,961,326
Internal Revenues		124,277,647		237,156,582		70,890,112		58,979,979	339,114,350
Total Resources		502,187,370		465,967,336		212,727,479		169,918,427	1,703,841,678
Bureau Expenses		449,771,625		309,428,166		184,017,947		105,113,611	623,101,036
Fund-level Expenses		46,700,123		137,644,170		17,434,522		46,376,187	694,072,407
Contingency		5,715,622		18,895,000		11,275,010		18,428,629	287,811,187
Ending Fund Balance		-		-		-		-	98,857,048
Total Requirements		502,187,370		465,967,336		212,727,479		169,918,427	1,703,841,678
FY 2007-08 Adopted B	_								
Beginning Balance	\$	48,220,815	\$	29,450,000	\$	18,336,450	\$	27,745,488	\$ 456,500,656
External Revenues		353,629,673		210,070,037		104,742,196		95,306,507	987,468,495
Internal Revenues		90,660,697		173,524,723		45,869,123		61,974,066	343,439,269
Total Resources		492,511,185		413,044,760		168,947,769		185,026,061	1,787,408,420
Bureau Expenses		418,018,676		247,568,247		142,747,110		123,698,980	652,837,091
Fund-level Expenses		50,870,858		144,717,392		11,145,851		41,451,193	611,163,351
Contingency		23,621,651		20,759,121		15,054,808		19,875,888	408,363,358
Ending Fund Balance		-		-		-		-	115,044,620
Total Requirements		492,511,185		413,044,760		168,947,769		185,026,061	1,787,408,420

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.

BES's estimated annual revenue requirement increases \$51.5 million over the forecast period. The five-year financial plan forecasts an increase of 5.2% in the average single-family sewer and stormwater bill for FY2007-08 from \$39.75 to \$41.83, due to favorable bond rates and lower-than-anticipated participation in the Clean River Rewards stormwater discount program.

Operating Plan: Five-year operating budget reductions are projected for the Portland Harbor Superfund program, electrical savings at the Swan Island pump station and from a new co-generation plant at the Columbia Boulevard Treatment Plant, and from the Clean River Rewards program. Five year increases to the operating budget include addition of a second sewer spot liner crew and their equipment, increased CSO flows, green streets, the enterprise business solution project, PERS and health costs, and insurance.

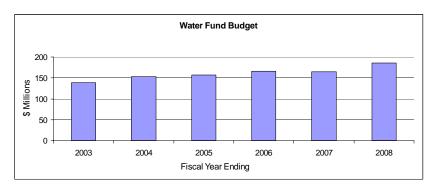
Capital Plan: CIP expenditures are projected to total \$714.2 million over the forecast interval (including inflation). The pattern of expenditures is influenced primarily by the timing of the Eastside CSO project. These expenditures are funded by sewer system revenue bonds, but also include substantial cash contributions (\$34.3 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 2007-08 is \$237.4 million including expenditures of \$98.5 million for operating programs, \$4.7 million for General Fund overhead, \$12.8 million for utility license fees, \$10.0 million transferred to the rate stabilization fund, \$107.4 million for debt payments to provide resources for the capital program and \$4.0 million for other items.

The capital budget for FY 2007-08 is \$155.5 million including expenditures of \$115.5 million for the CSO program, \$13.6 million for maintenance and reliability, \$8.5 million for treatment systems, \$9.4 million for systems development, and \$8.5 million for surface water management projects.

Water Bureau

The preliminary financial plan for the Water Bureau projected an average retail rate increase of 5.1% in FY 2007-08; the increase was approved by City Council. The FY 2007-08 retail



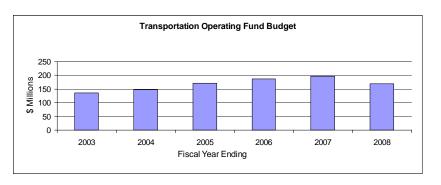
rate increase is in part derived from the unanticipated wholesale contract impact of 1.3% per year. With the joint consent of the Water Bureau, the Commissioner, and the Portland Utility Review Board, and supported by the Council via its approval of the agreements, wholesale customers were offered contract provisions that were slightly more favorable than the prior agreements in order to secure long-term commitments. Other factors impacting the rate increase included updated wholesale customer peaking factors of 0.5% for FY 2007-08, lower retail water demand, and higher inflation. These rates were then offset by a combination of changes in financing strategies, accounting methodology, and expenditure discounts resulting in a 5.1% proposed rate increase each year of the FY 2008-12 forecast. The average single-family residential water bill will experience a total bill increase of approximately 5.1%.

Operating Budget: The operating budget of \$66.9 million for FY 2007-08 is an increase of \$3.4 million from the FY 2006-07 Revised Budget of \$63.5 million.

Capital Budget: The FY 2007-08 CIP budget of \$54.5 million reflects an increase of \$13.5 million from the FY 2006-07 Revised Budget. The increase is largely due to major rehabilitations of the bureau's aging Interstate facilities and transportation improvement projects in the downtown area. Major elements of the CIP include the Distribution program (\$31.2 million) and the Transmission & Terminal Storage program (\$10.5 million).

Office of Transportation

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



revenues (GTR). In the most recent financial forecast, the funding gap is projected to reemerge in FY 2008-09 and will continue to increase to an estimated cumulative total of \$3.7 million in FY 2011-12. In FY 2007-08, the bureau will receive approximately \$1.9 million in General Fund one-time to partially address the projected funding gap, as well as \$4.4 million for various items in the Safe Streets initiative to improve traffic safety in all modes of transportation throughout the City.

Operating Budget: The FY 2007-08 Adopted Budget for Transportation is \$104.3 million, reflecting a 2.7% increase over the FY 2006-07 Revised Budget.

Capital Budget: In FY 2007-08, the Transportation CIP budget is approximately \$39 million (including indirect charges), of which only \$4.6 million or 11% is funded by GTR. The remaining 89% of the CIP budget is funded by grants, system development charges, permit fees, and contracts.

CITY DEBT MANAGEMENT

The City of Portland issues a variety of debt to raise capital for construction projects, for the acquisition of equipment and facilities, and to refinance existing debt. Most of the City's debt is rated by one or more national rating agencies, including Moody's **Investors Service and** Standard & Poor's Corporation. Bond ratings are based on an independent analysis by financial market professionals and indicate the confidence that investors can have in the security of their investment in the

		Standard	
Definition	Moody's	& Poor's	Fitch
Prime, Maximum Safety			
Highest rating assigned	Aaa	AAA	AAA
Very strong			
High Grade, High Quality	Aal	AA+	AA+
Very strong security.	Aa2	AA	AA
Only slightly below best rating.	Aa3	AA-	AA-
Upper Medium Grade Average security but more subject to	A1	A+	A+
adverse financial and economic	A1 A2	A+ A	A+ A
developments	A2 A3	A-	A-
Lower Medium Grade	AJ	A-	Λ-
Adequate capacity to secure debt. Adverse	Baa1	BBB+	BBB+
developments may affect ability to meet	Baa2	BBB	BBB
debt service requirements.	Baa3	BBB-	BBB-
Non-Investment Grade - Speculative	Ba1	BB+	BB+
•	Ba2	BB	BB
	Ba3	BB-	BB-
Highly Speculative	B1	B+	B+
	B2	В	В
	В3	B-	B-
Substantial Risk - In Poor Standing	Caa1	CCC+	CCC+
	Caa2	CCC	CCC
	Caa3	CCC-	CCC-
Extremely Speculative	Ca		
May be in default	C		
Default			DDD
			DDD
		D	D

City's bonds and other debt obligations. "Aaa" is the highest possible rating, and is based on a thorough analysis of four basic factors: economic condition, debt load, financial condition, and overall management of the City. Since 1973, the City's unlimited tax general obligation debt has been rated "Aaa" by Moody's. The City's various revenue bonds are rated between "A1" and "Aa1" by Moody's and "AA-" by Standard & Poor's.

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

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

Advance Refundings: In order to reissue advance refunding bonds, the City must determine that the refunding is advantageous, legally permissible, and prudent, and that net present value savings equal at least 5% of the principal amount of the refunding bonds. Exceptions to this policy can be made with the approval of the Debt Manager and the Chief Administrative Officer. Oregon law requires advance refunding bonds to realize present value debt service savings of at least 3% of the proceeds of the refunding bonds.

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

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

The following is a brief summary of the City's existing debt and debt instruments, projected as of June 30, 2007.

General Obligation (GO) Debt

GO debt is backed by the full faith and credit and 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:

- \$61.8 million in voter-approved general obligation bonds for park system improvements and emergency facilities improvements
- \$6.1 million in general obligation water bonds; these bonds are repaid from water user charges, but are secondarily backed by the City's general obligation pledge

Revenue Bonds

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

- \$1.18 billion in sewer system revenue bonds
- \$271.7 million in urban renewal bonds
- \$203.1 million in water revenue bonds
- \$20.3 million in hydropower revenue bonds
- \$5.9 million in gas tax revenue bonds
- \$4.4 million in parking revenue bonds
- \$4.1 million in golf revenue bonds

General Fund-Backed Debt

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

- \$298.3 million in limited tax pension obligation bonds, of which approximately \$110.7 million is attributed to General Fund bureaus and approximately \$187.5 to non-General Fund bureaus
- ♦ \$127.9 million in limited tax revenue bonds for the Convention Center Expansion project (\$96.6 million), Civic Stadium (PGE Park) Improvement project (\$29.7 million), and Portland Center for Performing Arts improvements (\$1.7 million). The City has issued these bonds as part of an intergovernmental agreement known as the Visitor Development Initiative. While ultimately secured by the General Fund, these bonds are expected to be repaid with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax levied by Multnomah County.

- \$81.1 million in limited tax revenue bonds for building improvements and equipment acquisition
- ♦ \$24.7 million in arena limited tax revenue bonds. Proceeds of these bonds were used to refund bonds originally issued to finance certain public improvements relating to the Oregon Arena Project. These arena limited tax revenue refunding bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.
- \$23.9 million in limited tax revenue bonds issued to fund the Portland Streetcar project. These bonds are expected to be repaid from parking revenues, but are additionally secured by the General Fund.
- \$124.1 million in urban renewal lines of credit. It is expected these interim financing obligations will be retired with the proceeds of long-term tax increment bonds.
- \$21.2 million in limited tax housing revenue bonds
- \$55.3 million in limited tax improvement bonds
- \$12.5 million in lines of credit used to provide short-term and interim financing for local improvement district projects, the Children's Receiving Center, Parks land acquisition, and Transportation projects.
- \$2.7 million in Housing and Urban Development loans for the New Columbia project

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 (\$72.9 billion), or about \$2.2 billion. Certain self-supporting bonds are exempted from this limitation. Currently the City has \$61.8 million outstanding in general obligation debt that is subject to the debt limitation.

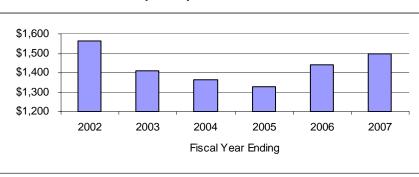
Figure 20: Debt Limitation Criteria

Criteria	Limit
FY 2006-07 Real Market Value	\$72,903,687,505
3% of Real Market Value	\$2,187,110,625
City outstanding debt subject to limit	\$61,770,000
Percent of limitation outstanding	2.82%
Debt margin	\$2,125,340,625

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 21: Gross Bonded Debt per Capita

In FY 2006-07 the City issued two series of refunding bonds to take advantage of lower interest rates and reduce the cost of the City's outstanding debt.



The City issued

the First Lien Water System Revenue Refunding Bonds, 2006 Series B to refund most of the outstanding Water System Revenue Bonds, 1997 Series A and 2000 Series A. The City also

issued the First Lien Sewer System Revenue Refunding Bonds, 2007 Series A to refund the outstanding Sewer System Revenue Refunding Bonds, 1997 Series A.

In addition to the refunding bonds, the City issued about \$69 million in Second Lien Water System Revenue Bonds to finance capital needs of the Water Bureau and about \$22.5 million of Limited Tax Revenue Bonds to fund a portion of the Enterprise Business Solution project. The City also issued the Limited Tax Improvement Bonds, 2007 Series A to finance assessment contracts created through the local improvement district and system development charge processes.

In FY 2006-07, the City borrowed approximately \$75.6 million on various lines of credit and state loans to fund capital projects including clean water, local improvement, urban renewal, and transportation projects.

Anticipated Debt Issuance in FY 2007-08

The City anticipates issuing the following debt obligations during FY 2007-08:

- ◆ \$11.4 million in Limited Tax Revenue Bonds to finance costs of additional archive space
- ◆ \$17 million in Limited Tax Revenue Bonds to finance a portion of transit mall improvements
- \$3.5 million in Limited Tax Revenue Bonds to finance costs of the police traffic division relocation
- \$25 million in urban renewal bonds for the River District urban renewal area
- \$38 million in urban renewal bonds for the Convention Center urban renewal area
- \$54 million in urban renewal bonds for the Downtown Waterfront urban renewal area
- \$35 million in urban renewal bonds for the South Park Blocks urban renewal area
- \$24 million in urban renewal bonds for the Interstate Corridor urban renewal area
- \$15 million in general obligation bonds for upgrades and improvements to emergency facilities
- \$10 million in limited tax improvement bonds to finance assessments

The City will likely incur additional indebtedness during FY 2007-08 for other capital needs. The amounts and specific types of debt instruments to be issued will be determined throughout the fiscal year.

THE CITY'S FINANCIAL STRUCTURE

Portland's Fund Structure

Revenues to the City are designated and set aside in funds. The fund structure used by the City is detailed below. Fund summaries, which provide revenue and expenditure detail, are included within the appropriate service area section of Volume Two of the City budget document. For example, all Water Bureau-related funds are found within the Public Utilities Service Area section. General Fund summaries are found in the Financial Summaries section of Volume One and the City Funds section of Volume Two.

Types of Funds

The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds are used to account for governmental activities. Proprietary funds include enterprise, or business activity, funds and internal service funds. Fiduciary funds are used for resources held for the benefit of parties outside City government.

Major Governmental Funds

General Fund: The General Fund includes all activities of the City that are supported by property taxes and other non-dedicated revenues. These include license and permit fees and state shared cigarette and liquor tax revenues. Bureaus supported by the General Fund include Fire, Police, Parks, and others.

Transportation Operating Fund: This fund supports the Office of Transportation and receives dedicated revenues as well as a transfer from the General Fund.

Non-Major Governmental Funds

Special Revenue Funds: Revenue funds receive money from specific sources that can be used only for specific purposes. Reserve funds hold resources for future use in countering recessionary trends and mitigating mid-year economic downturns or other financial emergencies.

Debt Service Funds: These funds account for the payment of debt service on general obligation, revenue, assessment, improvement, and urban renewal tax increment bonds. These funds are necessary to manage the City's diverse debt portfolio in a manner that ensures compliance with security covenants as well as state and federal regulations.

Capital Projects Funds: These funds account for construction projects such as those funded by general obligation bonds and those in local improvement districts and parks. Revenues are received when the City issues bonds and notes for capital projects. Revenues are also received from other sources of income to the City.

Permanent Funds: The City occasionally creates accounts for gifts or bequests that are legally restricted to the extent that only earnings and no principal may be used as designated by the donor. Currently the City has only one fund of this type, the Parks Endowment Fund.

Proprietary Funds

Enterprise Funds: These funds support the Water Bureau and Bureau of Environmental Services, as well as other business-like activities.

Internal Service Funds: Internal service funds account for the sale of central services such as vehicle and printing services to other City and/or other governmental agencies. These funds operate solely on revenues received from the agencies using their services.

Fiduciary Funds

The City has three funds for the retirement or disability costs of police and fire personnel. Revenues for the main fund, the Fire & Police Disability & Retirement (FPDR) Fund, are received from a property tax levy authorized by Portland voters in 1948. Other City employees are covered by PERS.

Portland Development Commission

The Portland Development Commission (PDC) is the City of Portland's urban renewal, economic development, and housing rehabilitation agency. It is a semi-autonomous organization that interacts with various City programs. Revenue for PDC is provided through a combination of tax increment revenues, federal grants, program income, contracts, private funding, and transfers from the General Fund. Details on PDC's budget are located in the PDC published budget document.

How Funds Interact

City funds interact in a variety of ways. One fund may pay another fund for goods or services. Cash transfers also result from the exchange of resources between funds to cover operating and capital expenses. For example, the FY 2007-08 budget includes a transfer from the General Fund to the Transportation Operating Fund to support the operations and maintenance of the Streetlighting program. Transfers between funds result in the budgeting of the dollars in both participating funds.

Basis of Budgeting

The City's budget is prepared in a manner consistent with its financial structure and as required by Oregon Revised Statutes. All funds are included within the budget, along with the organizations and programs that they support. However, unlike the financial basis of reporting, the City's budget is prepared completely on a modified accrual basis. That basis means that the budget anticipates revenues based on when they will actually be received and anticipates expenditures based on when they will actually occur.

One exception exists to this general rule for the acknowledgment of revenues. The budget includes property tax revenues expected to be collected within 60 days after the close of the fiscal year. Items that are not fully expended at year-end must be rebudgeted in the following fiscal year.

Budgetary Controls and Change Management

The Council maintains oversight of the City's financial condition through three formal reviews of the annual budget, and various informal reviews and work sessions. Formal comparisons between historical and actual expenditures and revenues are completed three times per year under the direction of Financial Planning, and reported to Council.

Adjustments to bureau budgets generally occur during one of these trimester reporting processes or, if legally required by Local Budget Law, through a supplemental budget process, which typically occurs in the spring and fall. This requirement allows the Council to closely review the Citywide impact of budget adjustments and ensures that Council's directives are followed.

The City has a system for monitoring the financial condition of its General Fund. A Financial Outlook report is issued 12 times per year, at the end of each Accounting Period. The report provides Council, bureau managers, and the public with information on the status of General Fund revenues and expenditures in comparison to the budget. The report also forecasts the year-end balance for the General Fund.

Basis of Accounting and Accounting Structure

Governmental accounting, governed by state statutes and accounting principles generally accepted in the United States (GAAP), differs substantially from private sector accounting. Private sector financial reports measure economic profits, whereas governmental accounting focuses on disclosing how public money is spent.

Types of Accounting

City funds employ either the accrual basis or modified accrual basis of accounting.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds include the General Fund, major and non-major Special Revenue, Debt Service, Capital Projects, and Permanent funds. Revenues are recognized as soon as they become both measurable and available. Federal and state grants are recorded to the extent that revenues are earned as eligible expenditures are incurred.

Expenditures are recorded when a liability is incurred. Exceptions are:

- Claims and judgments
- Interfund transactions for services which are recorded on the accrual basis
- Interest expenditures on general long-term debt that are recorded when due
- Earned but unpaid vacations that are recorded as expenditures to the extent they are expected to be liquidated with expendable, available financial resources

Financial Reporting

The Comprehensive Annual Financial Report (CAFR) of the City presents a picture of the City's finances on a Citywide and individual fund basis. The CAFR is prepared in accordance with GAAP. It reconciles differences between the budgetary basis—as presented in the annual Adopted Budget—and the other presentations used in preparing the CAFR.

The City has earned GFOA's Certificate of Achievement for the past 24 years.

The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past 24 years. GFOA is a national organization composed of professionals in the field of public financial management. The group has established stringent criteria for the awards program to ensure quality, full-disclosure accounting and reporting systems within the public sector.

Independent Audit Requirements

The fiscal affairs of the City are audited by an independent auditor each year. The annual financial report of the City is prepared as required by state law and as recommended by the American Institute of Certified Public Accountants (AICPA). The AICPA requires that an annual audit of the fiscal affairs of the City be performed by an independent auditor in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, and minimum standards for audits of Oregon municipal corporations. Under the City Charter, the FPDR Fund and PDC are required to have separate financial audits.

The City also has an independently elected auditor responsible by City Charter for conducting internal financial and performance audits for specific City services.

SUMMARIES OF FINANCIAL POLICIES

The City has many policies that interact with and provide direction in making budgetary and financial management decisions. Financial Policies can be found on the City's website at http://www.portlandonline.com/auditor/index.cfm?c=26819, and a summary of the City's policies follows.

Comprehensive Financial Management Policy The Comprehensive Financial Management Policy demonstrates City Council's commitment to policies that ensure long-term stability for the delivery of City services. Approved by Council in June of 1992, this policy represents the culmination of City efforts to establish broad guidelines for managing a diverse financial portfolio. The document and its subordinate policies provide guidance in the areas of financial planning, budgeting, accounting, auditing, treasury, and debt management.

Financial Planning

Budgeting and financial planning are directed to rely on the principles of conservative revenue estimates and expenditure estimates that anticipate reasonable contingencies.

The City will prepare a five-year financial plan for General Fund operations based upon current service levels and current funding sources. City bureaus will forecast and monitor their own revenues and expenditures. The Office of Management and Finance will publish regular General Fund status reports on revenues and expenditures during the course of each budget year.

Enterprise/Special Revenue activities will annually prepare five-year financial forecasts for operations and capital needs based on current assumptions. These forecasts should be based on the same economic assumptions used for the General Fund and will identify any other assumptions used in the forecast preparation. These forecasts will identify how they impact rate structures, as well as how standards for debt service coverage and operating reserves are established.

Budget Policies

Financial Planning is responsible for coordinating the overall preparation and administration of the City's annual budget. This function in fulfilled in compliance with applicable State of Oregon statutes governing local government budgeting practices.

The Office of Management and Finance will manage the process for quarterly monitoring and amending of the City's budget during the fiscal year. The resulting quarterly adjustments to the budget are coordinated through Financial Planning.

Financial Planning is responsible for the review of ordinances and administrative decisions submitted for City Council action, to ensure budgetary compliance and identify any service and/or financial impacts.

Although not specifically incorporated in City policy, Oregon Administrative Rule 150-294.352(1)-(B), states that the City "must construct its budget in such a manner that the total resources in a fund equal the total of expenditures and requirements for that fund" and "The total of all resources of the district must equal the total of all expenditures and all requirements for the district." A budget that meets these specifications is considered balanced.

Accounting, Auditing, and Financial Reporting Policies

The City will maintain its accounting records and reports on its financial condition and results of operations in accordance with state and federal law and regulations. This includes accordance with Generally Accepted Accounting Principles, Governmental Accounting Standard Board (GASB), and State Local Budget Law.

A certified public accounting firm will annually perform a financial and compliance audit of the City's financial statement and the City Auditor's Office will conduct a full range of performance and financial audits of City programs, including an annual service efforts and accomplishments report.

Operating Policies

Budgeted ongoing revenues will equal or exceed ongoing expenditures. Each City fund budget must identify ongoing resources that at least match anticipated ongoing annual requirements. One-time cash transfers and nonrecurring ending balances will be applied to reserves or to fund one-time expenditures but will not fund ongoing programs.

Discretionary revenues will not be earmarked for specific future General Fund purposes, unless otherwise directed by City Council, to ensure the availability of funds to meet changing service requirements.

Capital Planning and Financing Policies

The City will prepare, adopt, and update annually a Citywide five-year Capital Improvement Plan that includes and prioritizes bureau's needs for capital replacement and additions. The plan will include estimated project costs, identify funding sources, and identify and include full costs of future maintenance needs and operating costs of new capital improvements and equipment prior to funding.

City assets will be maintained at a level that protects capital investment and minimizes future maintenance and replacement costs.

Each City bureau with major capital assets will develop and maintain five-year capital plans, which will be compiled into the annual CIP. In the event capital program funding requirements exceed available funds, the fund manager will report to City Council on a strategy to meet the program needs.

Compensation Policy

Approved as part of the Comprehensive Financial Management Policy, the Council has followed a practice of indexing total annual compensation adjustments other than merit increases (wages, salaries, and benefits) to the growth in the Portland consumer price index. This practice has been used to better anticipate compensation increases and necessary setasides. This policy also serves as the focus of negotiations with the City's labor organizations. All of the City's labor contracts include a provision to share health benefit cost increases with employees.

Debt Management Policy

The Council first adopted a Debt Management policy in 1984. The policy is directed to maintain the City's Aaa bond rating issued by Moody's, to ensure prudent debt decisions, and to lower the cost of overall debt management. The policy also places limits on the City's debt, centralizes the management function, and requires completion of various reports critical to maintaining the City's financial health. These guidelines are used both in constructing the debt portions of the annual budget and in gauging debt-related decisions during the year.

Capital Planning and Financing

The Capital Improvement Plan will contain a comprehensive description of the sources of funds and the timing of capital projects for future operating and capital budgets, effect of the projects on future debt sales, debt outstanding, and debt service requirements, and the impact on future debt burdens and current revenue requirements. No City debt issued for the purpose of funding capital projects unless the project is included in the Capital Improvement plan.

The City's Debt Manager, within the context of the Capital Improvement Plan, will oversee and coordinate timing, process of issuance, and marketing of the City's borrowing and capital funding activities required in support of the Plan.

The City will make contributions from its own current revenues, or from outside funding sources such as state or federal grants, to each capital project or program equal to at least 5% of the total capital cost.

City Indebtedness

The City will repay debt within the period of the economic life of the improvement that it finances, or where feasible, before the end of the projected economic life in order to recapture City credit capacity for future use.

The City Debt Management Policy provides additional detail on the following matters:

- Unlimited tax general obligation debt
- Limited tax general obligation debt
- Short-term lease-purchase obligations for capital equipment and furnishings
- General Fund credit support or loan guarantees for non-City public or private developments
- Revenue-secured debt obligations
- ◆ Conduit financing for general public purpose projects and Portland Development Commission projects

The use of the General Fund to secure debt obligations and the issuance of revenue-secured debt obligations are both subject to the approval by the City Debt Manager and the Director of the Office of Finance and Management. All conduit financing must insulate the City completely from any credit risk or exposure and must first be approve by the City Debt Manager and the Director of the Office of Management and Finance before being submitted to City Council for authorization and implementation.

The City's minimum rating requirement for its direct, long-term, debt obligations is a rating of "A" or higher; a lower standard may only be accepted for indirect or conduit obligations and is subject to the approval of the Debt Manager.

The annual audit of the City will disclose all funds and fund balances established as part of any direct debt financing activities of the City.

Interest Rate Exchange Agreement Policy

The City will use interest rate exchange agreements (swaps) and related financial instruments and derivatives, which are all appropriate interest rate management tools, for the purpose of increasing the City's financial flexibility and providing opportunities for interest rate savings. The authorized swaps used by the City are intended to reduce the amount or duration of interest rate risk, or produce a lower cost of borrowing when used in combination with the issuance of bonds.

The Interest Rate Exchange Agreement Policy provides additional detail on authority for entering into swap agreements, permitted financial instruments, risks, procurement and execution, credit rating designations, terms of swap counterparty agreements, as well as benefits and reporting.

Revenue Policy

The policy applies to only General Fund bureaus. For General Fund bureaus, all bureaus specific revenues are dedicated to the bureaus through which they are generated. The revenue categories covered by this policy are permits, service charges and fees, and sales; excluded are property taxes, utility license fees, franchise fees, business license fees, lodging tax, interest earnings, local government sources, and state sources, all of which are categorized as discretionary. The policy establishes guidelines for the completion of cost-of-service studies, monitoring revenues and related expenses, and enhancing revenues where appropriate and consistent with Council priorities.

Revenue Surpluses

Current year surplus revenues above budgeted revenue estimates can be appropriated through the quarterly ordinance process; the surplus can only be used to support sources which generated the revenue.

Bureaus can create a "rainy day fund" with surplus revenue funds with the condition a policy governing the creation and use of the fund is established.

Year-end surpluses (and shortfalls) will be treated in accordance with the ratio outlined in the bureau's cost of service study, or absent that, 50% will be attributed to the bureau and 50% attributed to the General Fund.

Investment Policy

For over a decade, the City has had a policy governing how cash from various funds is to be invested. All estimates of fund-level interest earnings have been developed in compliance with that policy and with state law.

The primary objective of the Investment Policy is to establish a conservative set of investment criteria that will prudently protect the City's principle sums and enable the City to generate a fair rate for return from its investment activities.

The Investment Policy provides additional detail on authorized investments, authorized investment institutions and dealers, risk, diversification, distribution of portfolio maturities, internal controls, and reporting.

General Fund Reserve Use Policy

The policy requires the maintenance of a reserve equivalent to 10% of General Fund revenues net of short-term borrowing receipts; the Council reaffirms this policy through the adoption of the General Fund Financial Forecast and the annual budget.

The General Fund will go into FY 2007-08 with the General Reserve at the required 10% level. One half of the 10% reserve is for major unanticipated emergencies or significant revenue fluctuations during the fiscal year. The second half is a counter-cyclical reserve, which can only be accessed when key economic indicators point to an upcoming recession likely to affect City resources. The counter-cyclical reserve is intended to provide the City with an 18-month period in which to adjust to the fiscal effects of economic recession.

The City Council can withdraw funds from the emergency reserve after the General Fund's budgeted contingency is exhausted. The emergency reserve will only be accessed when the result of emergency expenditures or unexpected revenue reduction would be that the General Fund would likely end the fiscal year with a negative ending fund balance.

Interagency Agreement Policy

This policy provides guidelines for setting service rates between City agencies, establishing billing procedures, and resolving disputes. Interagency services include printing, vehicle use, communications, insurance, computers, facilities, and other services.

The City will use interagency agreements between bureaus or agencies to establish contractual agreements for services provided and received. Interagency agreements will be written documents, provide definitions of the provided service(s), identify costs of the service(s) requested, define terms of amending the agreement, provide information of the billing process and schedule, and be signed by both parties. The Interagency Policy establishes a dispute resolution process, under which the final option is a decision made by the Office of Management and Finance, and if the decision is not accepted by both disputing parties, decision-making responsibility is then referred to the respective bureaus' Commissioners-in-Charge.

Local Improvement District Financing Policy

Approved by the Council in May 1991 and updated in 2001, this policy established criteria and guidelines for starting and administering local improvement districts. These districts provide a mechanism for assessing owners for capital improvements. Property owners can request that the City finance these assessments, and the City sells bonded debt to cover assessments costs. Property owners then make annual payments to the City to repay the bonds.

The LID Financing Policy is intended to facilitate the use of the local improvement district process in a manner which protects the City's financial condition. The policy prescribes a process to evaluate the financial feasibility of local improvement projects, measure the financial risk of project default, and identify sources of financial security for long-term assessment financing. Through this process, the City will be able to make reasoned policy decisions about the purpose of the local improvement, the responsibilities of property owners, the contributions (if any) of City resources, and the means of responding to financial risk.

Improvement Bond Program Security and Structure

The City Council shall use identified security arrangements and bonding structure guidelines that are intended to provide adequate financial securities to market limited general obligation improvement bonds at the lowest possible interest cost to property owners. In addition, the guidelines set forth the order of security to be provided in the event that a property owner defaults on a local improvement assessment loan.

SUMMARIES OF PLANNING POLICIES

The Council has adopted numerous policies governing the provision of specific services by the City. These policies provide further guidance to bureaus as they develop the annual budget.

Comprehensive Plan

The 1980 Comprehensive Plan for the City includes goals, policies, objectives, and a plan map, to guide future development and redevelopment of the city. The goals and policies of the Comprehensive Plan provide the context and guidance for future City programs, major capital projects, and other funding decisions. The Comprehensive Plan establishes policies for how and where development occurs in the city. It includes policies that address such issues as public involvement, land use, environmental protection, transportation, and affordable housing. The state of Oregon will issue a notice in 2007 for the City to begin a review of the current plan and update it by 2010.

Portland Future Focus

In August of 1991, the City issued its first community strategic plan called Portland Future Focus. It was designed to plan for Portland's future in the face of the community's changing role in the state and the region. The planning process was led by a policy committee of 55 citizens, including representatives from City government, businesses, neighborhoods, schools, neighboring governments, and other groups. The goals contained within the document were directed at achieving a vision for Portland. They provide a filter against which to base decisions, including those considered during the annual budget process. The City intends to update the strategic plan over the next two years as part of the Managing for Results initiative.

Portland/Multnomah County Benchmarks

During 1993, a public process that included several hundred people was conducted to develop measures to gauge how well the community is progressing toward its shared vision as articulated in Portland Future Focus and other community strategic plans. These benchmarks provide another tool for elected and community leaders to use in guiding government actions. An annual report is issued on the adopted benchmarks. This report continues to be an important document for use by the Council in establishing goals and priorities for the budget process.

Community Policing

Resolution 34670, approved by Council in 1990, adopted the original five-year plan for the Police Bureau transition to a community policing philosophy. Included were the goals and objectives of community policing. The plan called for 200 additional positions to implement community policing.

In 1994, Council further committed to the community policing philosophy with the passage of Resolution 35264, which adopted the Community Policing Strategic Plan. The strategic plan defines a mission, five-year goals and objectives, strategies, and performance measures. The Police Bureau is currently working on a plan for 2007-12.

Regional Transportation

Resolution 34690, approved by Council in 1990, formalized the Council's commitment to development of a regional light rail plan. This action resulted from the successful installation and operation of a light rail line connecting downtown with the city of Gresham, east of Portland. The westside rail line extending to Hillsboro opened in August 1998.

Light rail will be the focus of the region's future transportation system. In 2001 the Airport MAX rail service began running between downtown Portland and the Portland International Airport, in May 2004, the north-south light rail line opened, extending from the Rose Quarter in inner Northeast Portland to the Expo Center, located in North Portland near the Columbia River.

Future light rail developments include the Portland Mall Revitalization project, intended to enliven SW 5th and 6th avenues and bring light rail to the heart of downtown Portland between Union Station and Portland State University. This new light rail extension will be tied into the larger I-205 light rail project, which will bring high-capacity transit service to Clackamas County, the city of Milwaukie, and southeast Portland. Both projects are expected to be complete by 2009.

In 2001 the City began operation of a new streetcar system that runs north and south through the central city. The streetcar is now being extended to SW Gibbs Street in the new South Waterfront development. An extension to SW Lowell is included in the FY 2008-12 Capital Improvement Plan as is an eastside extension to serve the Lloyd District and the Central Eastside.

Regional Water Supply Plan (RWSP)

The RWSP provides a comprehensive, integrated framework of technical information, resource strategies, and actions to meet the water supply needs of the cities, counties, and water districts in the Portland metropolitan area through the year 2050. The Oregon part of the metropolitan region is made up of three counties and 25 cities with a population of approximately 1.3 million.

The Consortium recently updated its Five-Year Strategic Plan and the 2004 Regional Water Supply Plan, which direct the Consortium to focus on conservation program implementation, emergency planning and preparedness, water issue coordination, and planning decision support tools for water providers through the use of conservation, demand forecasting, and integration models. Part of this effort included negotiation of new wholesale water sales agreements between the City and its major wholesale water customers.

Environmental Services Policy

The FY 2006-07 budget for the Bureau of Environmental Services reflects a number of policies, with many intended to comply with federal and state requirements.

Endangered Species Act

The City complies with federal ESA requirements to protect and restore salmon and steelhead species.

In 1998 and 1999, NOAA-Fisheries (then called the National Marine Fisheries Service) issued final rules to list the Lower Columbia steelhead and chinook salmon as threatened species under the Endangered Species Act. To respond, the BES budget includes funding to develop and implement comprehensive watershed plans for the Willamette River watershed as well as the Fanno/Tryon Creek, Johnson Creek, and Colum-bia Slough sub-watersheds. The plans will provide background information and recommen-dations to improve watershed health that will support the City's fish recovery efforts.

Combined Sewer Overflow Program

The CSO capital program continues with eastside tunnel construction in FY 2006-07.

The budget provides for compliance with three administrative orders issued by the State Environmental Quality Commission relating to overflows from the combined sewer portion of the collection system. Terms of those orders require the City to eliminate discharges that violate applicable water quality standards. Such work must be completed by December 1, 2011 and is expected to cost approximately \$1.4 billion in current dollars.

Sustainable Development

Office of Sustainable Development

OSD carries out City/County policies on energy, global warming, green building, and sustainable operations. In 2000, City Council created the Office of Sustainable Development (OSD) by merging the former Energy Office and Bureau of Refuse Disposal. OSD implements the Portland Energy Policy, adopted by Council in 1990, and the Local Action Plan on Global Warming, adopted by both the City and Multnomah County in 2001. The office is also responsible for implementing the Green Building Initiative, which Council adopted in 1999, and supports and staffs the joint City-County Sustainable Development Commission, which was created to carry out the Sustainable City Principles adopted in 1994.

Solid Waste

Solid waste programs are now managed by the Office of Sustainable Development.

In creating OSD, Council assigned it responsibility for solid waste programs and policies. Council adopted Ordinance 162497 in 1990 to establish residential garbage collection franchise areas, expand neighborhood-based recycling programs, and assess a garbage collection franchise fee. In 1996, a commercial recycling program was implemented. In FY 2001-02, the City Council approved renewal of the franchise contracts with private haulers for the residential solid waste and recycling collection services. The FY 2007-08 budget supports the continuation of this franchise collection system as well as an extensive recycling and yard debris program.

Economic Development Strategy

In 2002, the Portland Development Commission released its Economic Development Strategy for the City of Portland. The strategy, resulting from the work of a blue ribbon committee appointed by the Mayor, became the basis of a five-year economic development plan managed by PDC for the City. In 2007-2008, a planning process initiated by PDC and the City will begin development of a new economic development strategy for Portland."

Housing Policies

City Council's Comprehensive Plan includes a Housing Policy, known as Goal 4, which sets forth Portland's policies and objectives for housing supply, safety, quality, opportunity, and affordability. The Council also updated and adopted the Consolidated Plan 2005-10 in 2005. The Consolidated Plan describes the city's housing needs, and contains certain principles and priorities to guide expenditure of federal housing and community development funds to address those needs.

In 2004, the City completed and published *Home Again: A 10-Year Plan to End Homelessness*. The plan focuses resources on programs and activities designed to end chronic homelessness, reduce the duration of homelessness, and improve coordination among the various public and private agencies that fund and administer programs. Affordable housing for people at 0-20% of median family income, along with necessary services, is a critical component of the 10-year plan, which calls for 1,600 new units of permanent supportive housing for chronically homeless people and an additional 600 new units for homeless families by 2015.

The City has a five-year goal to create 1,791 new affordable housing units.

In 2003 the Council adopted Resolution 36190 establishing an affordable housing production goal. The goal is intended to meet the requirements of Metro's Urban Growth Management Functional Plan Title 7. The resolution sets the City's voluntary affordable housing production goal for the five-year reporting period at 1,791 new housing units. These are units affordable to households at or below 30% of area median income.

In 2001, the City Council adopted a No Net Loss Policy establishing the goal of creating, preserving, and rehabilitating the supply of affordable housing in the central city and throughout the Portland metropolitan area.

Arts Plan 2000+

Presented to Council in 1991, Arts Plan 2000+ culminated an 18-month planning process launched by the City of Portland, the Metropolitan Service District, other regional governments, and private sector entities. The study reviewed the regional art industry and established goals and priorities for cultural development. The plan now serves as the City's cultural policy. In FY 1994-95 the Metropolitan Arts Commission converted to a nonprofit organization renamed the Regional Arts and Culture Council.

Budget Notes

PURPOSE

Budget notes convey Council direction on a particular topic. They typically instruct a City bureau or office to take specific actions during the fiscal year. Sometimes they are also used to formally express Council intent, even if no specific action is directed. Budget notes are part of the budget adoption ordinance and have the same legal authority as any other ordinance.

PUBLIC SAFETY

Portland Fire & Rescue

Council supports jointly operating a station with Tualatin Valley Fire & Rescue (TVF&R) and directs Portland Fire & Rescue to work with TVF&R to develop a proposal for Council's consideration for a joint station that includes Portland's shared ownership of the facility.

Bureau of Emergency Communications

General Fund Balance

Beginning in FY 2007-08, the Bureau of Emergency Communications will refund the difference between the budgeted General Fund transfer and actual expenditures, as it does for all other jurisdictions. The refund will be transferred from the Emergency Communication Fund to the General Fund in the fall BuMP of the following fiscal year.

Public Safety Fund

It is Council's intent to close the Public Safety Fund in FY 2008-09. All money in this fund will be transferred to the Emergency Communication Fund in FY 2007-08, and any funds above what is authorized by Council for specific projects will be reserved for expenses associated with replacement of the computer-aided dispatch system.

PARKS, RECREATION, AND CULTURE

Portland Parks & Recreation

Irrigation Efficiencies

\$154,000 is provided in the FY 2007-08 budget for expanding the bureau use of the Maxicom irrigation system. Future ongoing savings from irrigation upgrades should be captured and allocated towards Parks major maintenance projects.

Park Block 5 Funding

Council has committed \$700,000 in General Fund contingency for the Park Block 5 project to match donated funds to complete the enhanced project.

Oaks Bottom Restoration

\$325,000 is held in General Fund contingency to support restoration work at the Oaks Bottom Natural Area. The funds are to be used to match outside grant resources that are anticipated for this project. When a grant agreement accepting outside funding for this project is approved by Council, the \$325,000 will be transferred to the Parks Capital Construction and Maintenance Fund.

PUBLIC UTILITIES

Bureau of Environmental Services By August 1, 2007, the Bureau of Environmental Services will develop and submit a detailed plan showing specifically what will be accomplished with the \$1.5 million Watershed Program decision package and the \$250,000 Brownfields decision package.

Bureau of Environmental Services and Water Bureau By October 1, 2007, the Bureau of Environmental Services, Office of Transportation, and the Water Bureau will develop estimated "percent for Green" contributions for FY 2007-08, based on estimated construction costs for qualifying projects as defined in the City's Green Streets Policy. These estimates will be budgeted as cash transfers in the 2007 fall BuMP.

COMMUNITY DEVELOPMENT

Bureau of Development Services

Council directs the Bureau of Development Services (BDS) to prepare and present a proposal to change the existing fee structure and policies on granting waivers in the Neighborhood Inspections program during the FY 2008-09 budget process. The new fee structure and waiver policies need to be comprehensive and flexible to not only provide assistance to those in need, but also to provide sufficient resources to sustain program activities with minimal support from the General Fund.

Bureau of Development Services and Bureau of Planning BDS, the Planning Bureau, and the Office of Management and Finance - Financial Planning Division will coordinate with the Office of Government Relations to determine whether the results of Measure 37 legislation in the 2007 state legislative session reduce the need for General Fund support of Measure 37 activities.

Bureau of Housing & Community Development

As the current level of services is funded through FY 2007-08, Council directs the Bureau of Housing and Community Development to develop a separate request for ongoing funding for women's emergency shelter services consistent with the City's contracting policies as part of the bureau's FY 2008-09 Requested Budget.

Office of Neighborhood Involvement

Additional Coalition Staffing Resources

Starting in FY 2008-09, district coalition offices will receive 80% of the total City funds they receive in FY 2007-08. The remaining 20% will be allocated as a one-to-one match to funds raised by the coalition.

Neighborhood Business District Support

The Alliance of Portland Neighborhood Business Associations (APNBA) will assume the neighborhood business district support duties starting in FY 2008-09.

TRANSPORTATION AND PARKING

Office of Transportation

By October 1, 2007, the Bureau of Environmental Services, Office of Transportation, and the Water Bureau will develop estimated "percent for Green" contributions for FY 2007-08, based on estimated construction costs for qualifying projects as defined in the City's Green Streets Policy. These estimates will be budgeted as cash transfers in the 2007 fall BuMP.

LEGISLATIVE, ADMINISTRATIVE, AND SUPPORT

Office of Management and Finance

In a 2005 resolution Council requested that the City put ecoroofs on all City-owned buildings as the opportunity presented itself. To facilitate that analysis, Council directs the Office of Management and Finance - Facilities Services to coordinate with other bureaus to prepare an inventory of all City-owned buildings that includes an assessment of the potential for ecoroof installation. The inventory should include age, structural potential, estimate of when the roof will be replaced, and if the building has or is designated to receive ecoroof treatment. This inventory shall be submitted no later than the end of December 2007.

Office of the Mayor

This budget sets forth the City Council's intention to increase the General Fund's unreserved contingency by \$1.8 million in the 2007 fall BuMP if at least this amount of unanticipated beginning fund balance is realized.

Financial Summaries

Guide to the Financial Summaries

INTRODUCTION

The Financial Summaries section of Volume One contains a variety of tables intended to help the reader view the FY 2007-08 Adopted Budget as a whole, consolidating budget figures across all the City's funds and bureaus.

The tables in this section do not include figures for the Portland Development Commission (PDC). PDC is a semi-autonomous agency that operates under City charter but is budgeted separately.

For simplicity, the Financial Summaries use the terms *revenue* and *expense*, even though those terms have more specific accounting meanings. The detailed budget pages for individual funds found in Volume 2 of this document, however, do use the more technically correct terms *resources* and *requirements*.

SUMMARY TABLES

Total City Budget

Table 1, *Total City Budget - Revenues and Expenses*, offers the broadest picture of the City budget. The table compares FY 2005-06 Actuals with the FY 2006-07 Revised Budget as of the end of accounting period 10 (April 4, 2007) with the FY 2007-08 Adopted Budget. Table 1 shows the budget broken into its major revenue and expense classes. There are two types of major expenses classes: bureau expenses and fund expenses. Bureau expenses are the types of operating and capital expenditures that result from the provision of programs or services by the City's bureaus. Categories of bureau expenses are personal services, external materials and services, internal materials and services, and capital outlay. Fund expenses are financial requirements for keeping a fund healthy and meeting its obligations—such as contingencies, debt retirement, and most interfund transfers—but which may not be associated with the operations of any particular bureau.

The Citywide totals in Table 1 and elsewhere show the sum of the various funds and a net budget figure. The net budget subtracts the double count caused by interfund transfers and tax anticipation notes (TANs). TANs are short-term debt sold early in some fiscal years to provide cash until property tax revenues are received. The double count occurs because the City budgets for both TANs and property tax revenues.

Appropriation Schedule

Table 2, the *Appropriation Schedule*, is a legally required summary of budgeted expenditures by fund. Appropriations are divided into bureau expenses and fund expenses. Fund requirements are divided into contingency, interfund cash transfers, and debt retirement.

Bureau Expenses by Fund

Table 3, *Summary of Bureau Expenses by Fund*, provides detail on bureau expenses, showing how much is budgeted for each major expense category. The total column of Table 3 is equal to the first column in Table 2.

Revenues by Fund

Table 4, *Summary of Revenues by Fund*, provides a more detailed view of the major revenue types received by each fund.

Total Revenues and Expenses by Fund by Fiscal Year

Table 5, *Total Revenues and Expenses by Fund by Fiscal Year*, shows the total expenses (or the total revenues, since they are equal) in all funds for the budget year, current year, and two prior years.

Tax Levy Computation

Table 6, *Tax Levy Computation*, outlines City property tax levy calculations. It includes Measure 5 and Measure 47/50 tax base, operating property tax revenues, and pension obligation bond debt service property tax revenues. The table states total requirements for each tax-supported fund, less nontax revenues. This leaves the amount the fund receives in current year tax revenues. This amount is then factored up for delinquencies and Measure 5 and 50 losses (if applicable). The result is a certified property tax levy for each fund.

Urban Renewal Certification

Table 7, *Urban Renewal Certification*, shows estimated FY 2007-08 tax increment collections for the City's 11 urban renewal districts.

Authorized Positions

Table 8, *Summary of Authorized Positions*, is a summary of the positions authorized by Council through the budget process. Beginning in FY 2005-06, the figures include permanent part-time positions and limited term positions, as well as permanent full-time positions. Prior to FY 2005-06, figures for some bureaus do not include part-time and limited term positions.

General Fund Revenues and Expenses

Table 9, *General Fund Revenues and Expenses*, summarizes the budget for the General Fund, the City's largest, most visible, and most flexible fund. It shows the different sources of revenue, the budgets for individual bureaus within the General Fund, and the fund-level expenses. The table compares the FY 2006-07 Revised Budget to the FY 2007-08 Proposed Budget.

Table 9 shows General Fund discretionary and total budgets by bureau.

Table 9 also shows what portion of a bureau's budget is supported with discretionary General Fund resources. Some General Fund revenues, known as nondiscretionary resources, are restricted by contract or policy to certain purposes. For instance, TriMet (the regional transit authority) contracts with the Police Bureau for police services. Those dollars can only be spent by the Police Bureau for activities related to that contract. Similarly, Portland Parks & Recreation generates fee income from its recreation programs that the City Council has decided to dedicate to parks and recreation functions.

The major types of nondiscretionary resources are grants and donations, contract revenues, interagency service agreements with another City bureau, fee revenue, and overhead charges. Overhead charges recover from other funds the cost of services provided by central administrative bureaus within the General Fund.

A bureau's discretionary budget does not include nondiscretionary resources, and thus represents the bureau's allocation of those dollars over which the City Council exercises discretion, such as property taxes, business license revenue, or utility license fees.

The total General Fund FY 2007-08 Adopted Budget is \$492.5 million. After subtracting the cost of those activities supported with nondiscretionary funding sources, the flexible portion of the General Fund is \$372.4 million. City Council can choose to dedicate these discretionary resources to any service area, bureau, or program.

Service Area Summary

Table 10, *Operating and Capital Budget by Service Area*, summarizes the operating and capital expenditures included in bureau budgets for each fiscal year by service area and bureau. It does not include fund requirements, such as contingencies, reserves, debt retirement, or interfund transfers.

Capital Budget by Service Area

Table 11, *Capital Budget*, summarizes the Citywide Capital Improvement Plan (CIP) budget by bureau for each service area. The total capital budget for FY 2007-08 is \$344.1 million.

Capital Budget by Geographic Area

Table 12, *CIP Geographic Summary*, shows CIP budgets by geographic area for each service area. The geographic areas follow the street designators of N, NE, SE, NW, and SW. Some capital projects overlap districts and are reflected in the geographic areas of east, west, or all areas.

Historical Funds

Table 13, *Historical Funds and Appropriations*, shows total information for City funds and General Fund special appropriations that have been closed during the past three fiscal years. This information is required by Local Budget Law.

Debt Summaries

Tables 14 through 18 provide summary information about the City's debt:

- ◆ Table 14, Summary of Indebtedness Debt Outstanding, compares the City's total outstanding debt for FY 2007-08 and FY 2006-07. This table also breaks out debt by service area.
- ◆ Table 15, Summary of Indebtedness Debt Service, shows the amount of debt payments (both principal and interest) the City expects to make in FY 2007-08. The debt payments are also broken out by service area.
- Table 16, *Principal Over the Life of the Debt*, shows the amount of debt principal paid off each fiscal year for all City debt, by service area.
- ◆ Table 17, *Interest Over the Life of the Debt*, shows the amount of interest paid each fiscal year on the City's debt, by service area.
- ◆ Table 18, *Summary of Defeased Indebtedness*, provides information on bonds the City has refunded, but that have not yet been paid off by the escrow accounts established for that purpose.

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 2005–06	Revised FY 2006–07	Adopted FY 2007–08
RESOURCES			
External Revenues			
Taxes	352,453,470	357,595,383	387,059,223
Licenses and Permits	149,430,212	138,043,126	154,424,138
Service Charges	404,105,621	415,914,159	442,716,555
Federal Sources	53,707,225	74,465,627	39,178,185
State Sources	55,424,685	56,102,277	54,100,931
Local Sources	62,134,087	76,895,169	71,052,091
Miscellaneous	67,567,940	71,000,285	102,534,560
Debt Proceeds	499,601,850	335,723,952	500,151,225
Total External Revenues	1,644,425,090	1,525,739,978	1,751,216,908
Transfers from Other Funds			
Service Reimbursements	173,219,385	216,363,660	196,547,750
Cash Transfers	483,357,143	614,055,010	518,920,128
Total Transfers from Other Funds	656,576,528	830,418,670	715,467,878
Beginning Fund Balances	571,486,918	698,483,642	580,253,409
Total Budget	2,872,488,536	3,054,642,290	3,046,938,195
Less Interfund Transfers and Tax Anticipation Notes	(656,576,528)	(850,418,670)	(739,107,878)
TOTAL NET BUDGET	\$ 2,215,912,008	\$ 2,204,223,620	\$ 2,307,830,317
REQUIREMENTS			
Bureau Expenses			
Personal Services	451,659,430	496,840,017	515,586,733
External Materials & Services	478,046,255	639,247,689	625,163,831
Internal Materials & Services	173,219,385	216,363,660	196,547,750
Capital Outlay	186,360,558	318,981,019	247,571,790
Total Bureau Expenses	1,289,285,628	1,671,432,385	1,584,870,104
Fund-Level Expenses			
Debt Service	327,777,885	328,172,399	340,428,517
Fund-Level Cash Transfers	470,163,055	597,546,128	499,011,482
General Fund Overhead	13,194,088	16,508,882	19,908,646
Contingency	0	342,125,448	487,674,826
Total Fund-Level Expenses	811,135,028	1,284,352,857	1,347,023,471
Total Appropriated Budget	2,100,420,656	2,955,785,242	2,931,893,575
Unappropriated Ending Balance	772,067,880	98,857,048	115,044,620
Total Budget	2,872,488,536	3,054,642,290	3,046,938,195
Less Interfund Transfers and Tax Anticipation Notes	(656,576,528)	(850,418,670)	(739,107,878)

unappropriated ending balance.					
	Bureau		Interfund		1
	Program Expenses	Contingency	Cash Transfers	Debt Retirement	Total Appropriation
GENERAL FUND	-				1
Office of the City Attorney	7,483,248	0	0	0	7,483,248
Office of the City Auditor	6,881,980	0	0	0	6,881,980
Cable Communications and	1,983,817	0	0	0	1,983,817
Franchise Management	740,000	0	0	0	740,000
Commissioner of Public Affairs	712,082	0	0	0	712,082
Commissioner of Public Safety	790,789	0	0	0	790,789
Commissioner of Public Utilities	816,976	0	0	0	816,976
Commissioner of Public Works	807,551	0	0	0	807,551
Portland Fire & Rescue	83,358,726	0	0	0	83,358,726
Office of Government Relations	1,114,664	0	0	0	1,114,664
Bureau of Housing and Community Development	17,462,085	0	0	2,018,000	19,480,085
Office of the Mayor	2,928,414	0	0	0	2,928,414
Office of Neighborhood Involvement	6,415,769	0	0	0	6,415,769
Citywide Projects	13,013,037	0	0	0	13,013,037
EBS Ongoing Support	1,455,548	0	0	0	1,455,548
Financial Services	9,086,493	0	0	0	9,086,493
Human Resources	6,900,463	0	0	0	6,900,463
OMF Business Operations	4,484,400	0	0	0	4,484,400
Purchases	4,170,673	0	0	0	4,170,673
Revenue Bureau	10,748,787	0	0	0	10,748,787
Parks & Recreation	54,616,334	0	0	0	54,616,334
Bureau of Planning	11,092,202	0	0	0	11,092,202
Bureau of Police	144,194,961	0	0	0	144,194,961
Portland Office of Emergency Management	8,041,168	0	0	0	8,041,168
Special Appropriations	15,298,620	0	0	0	15,298,620
Office of Sustainable Development	4,159,889	0	0	0	4,159,889
Total General Fund	418,018,676	0	0	2,018,000	420,036,676
Total Fund Requirements	0	23,621,651	48,852,858	0	72,474,509
TOTAL GENERAL FUND	\$ 418,018,676	\$ 23,621,651	\$ 48,852,858	\$ 2,018,000	\$ 492,511,185
OTHER MAJOR GOV'T FUND					
Transportation Operating Fund	142,747,110	15,054,808	11,145,851	0	168,947,769
Total Other Major Gov't Fund	142,747,110	15,054,808	11,145,851	0	168,947,769
SPECIAL REVENUE FUNDS					
Assessment Collection Fund	301	73,852	227	0	74,380
Business License Surcharge Fund	3,265,489	0	16,331	0	3,281,820
Cable Fund	3,343,824	1,531,381	15,748	0	4,890,953
Campaign Finance Fund	1,898,562	417,294	6,760	0	2,322,616
Children's Investment Fund	11,039,549	1,000,000	25,000	0	12,064,549
Convention and Tourism Fund	3,166,849	44,609	8,861	0	3,220,319
Development Services Fund	39,327,072	3,905,518	2,546,539	0	45,779,129
Emergency Communication Fund	16,080,097	2,524,687	696,040	0	19,300,824
Federal Grants Fund	0	0	23,734,635	0	23,734,635
General Reserve Fund	0	54,478,923	3,800,000	0	58,278,923
HOME Grant Fund	4,872,629	0	0	0	4,872,629
Housing and Community Development Fund	13,277,242	0	235,081	0	13,512,323

		Fu			
	Bureau Program Expenses	Contingency	Interfund Cash Transfers	Debt Retirement	Total Appropriation
Housing Investment Fund	12,000,000	0	1,692,667	8,150,000	21,842,667
Parks Local Option Levy Fund	13,039,554	9,298,154	45,483	0	22,383,191
Portland Parks Memorial Trust Fund	418,601	1,333,749	0	0	1,752,350
Private for Hire Transportation Safety Fund	80,000	11,368	1,012	0	92,380
Property Management License Fund	4,252,703	0	0	0	4,252,703
Public Safety Fund	0	0	1,500,000	0	1,500,000
Special Finance and Resource Fund	169,770,170	0	0	4,451,475	174,221,645
Transportation Reserve Fund	0	781,382	0	0	781,382
Total Special Revenue Funds	295,832,642	75,400,917	34,324,384	12,601,475	418,159,418
DEBT SERVICE FUNDS					
Airport Way Debt Service Fund	0	0	0	5,399,388	5,399,388
Bancroft Bond Interest & Sinking Fund	0	0	0	14,575,050	14,575,050
Bonded Debt Interest and Sinking Fund	0	0	0	7,782,612	7,782,612
Central Eastside Industrial District Debt Service Fund	0	0	0	4,649,976	4,649,976
Convention Center Area Debt Service Fund	0	0	0	7,286,009	7,286,009
Gas Tax Bond Redemption Fund	0	0	0	2,507,120	2,507,120
Gateway URA Debt Redemption Fund	0	0	0	1,902,764	1,902,764
Governmental Bond Redemption Fund	0	0	0	13,522,657	13,522,657
Interstate Corridor Debt Service Fund	0	0	0	8,076,353	8,076,353
Lents Town Center URA Debt Redemption Fund	0	0	0	6,974,754	6,974,754
N Macadam URA Debt Redemption Fund	0	0	0	4,584,993	4,584,993
Pension Debt Redemption Fund	128,532	0	0	23,823,153	23,951,685
River District URA Debt Redemption Fund	0	0	0	18,374,821	18,374,821
South Park Block Redemption Fund	0	0	0	7,511,173	7,511,173
Special Projects Debt Service Fund	0	0	0	5,951,373	5,951,373
Waterfront Renewal Bond Sinking Fund	0	0	0	16,200,050	16,200,050
Willamette Industrial URA Debt Service Fund	0	0	0	163,744	163,744
Total Debt Service Funds	128,532	0	0	149,285,990	149,414,522
BFRES Facilities GO Bond Construction Fund	5,325,004	11,725,829	81,224	435,000	17,567,057
L I D Construction Fund	1,606,584	2,194,239	3,767,642	2,974,215	10,542,680
Parks Capital Construction and Maintenance Fund	41,582,333	6,977,722	1,177,426	0	49,737,481
Total Capital Projects Funds	48,513,921	20,897,790	5,026,292	3,409,215	77,847,218

		F			
	Bureau Program Expenses	Contingency	Interfund Cash Transfers	Debt Retirement	Total Appropriation
PERMANENT FUND		L			
Parks Endowment Fund	3,200	0	0	0	3,200
Total Permanent Fund	3,200	0	0	0	3,200
ENTERPRISE FUNDS	.,				2, 22
Environmental Remediation Fund	6,396,420	972,718	45,862	0	7,415,000
Golf Fund	5,454,450	1,213,579	1,126,306	27,027	7,821,362
Golf Revenue Bond Redemption Fund	0	0	0	807,487	807,487
Hydroelectric Power Bond Redemption Fund	0	0	0	2,711,304	2,711,304
Hydroelectric Power Operating Fund	669,574	163,553	285,337	0	1,118,464
Hydroelectric Power Renewal and Replacement Fund	0	8,607,820	125,000	0	8,732,820
Parking Facilities Fund	6,581,603	8,335,368	4,259,087	0	19,176,058
Parking Facilities Debt Redemption Fund	0	0	0	3,083,788	3,083,788
Portland International Raceway Fund	8,237,356	1,079,791	71,853	50,000	9,439,000
Sewer Revolving Loan Fund	0	0	0	0	0
Sewer System Construction Fund	100,000	145,299,123	164,470,877	0	309,870,000
Sewer System Debt Redemption Fund	0	0	0	103,410,734	103,410,734
Sewer System Operating Fund	247,568,247	20,759,121	140,769,579	3,947,813	413,044,760
Sewer System Rate Stabilization Fund	0	25,000,000	1,000,000	0	26,000,000
Sewer System Safety Net Fund	0	0	0	0	0
Solid Waste Management Fund	3,040,044	1,768,373	865,429	0	5,673,846
Spectator Facilities Operating Fund	2,575,182	6,737,282	144,379	5,866,221	15,323,064
Water Fund	123,698,980	19,875,888	41,451,193	0	185,026,061
Water Bond Sinking Fund	0	0	0	18,437,899	18,437,899
Water Construction Fund	0	8,747,513	58,316,755	0	67,064,268
Water Growth Impact Charge Trust Fund	0	0	0	0	0
Total Enterprise Funds	404,321,856	248,560,129	412,931,657	138,342,273	1,204,155,915
NTERNAL SERVICE FUNDS					
CityFleet Operating Fund	23,671,564	20,575,176	1,301,980	0	45,548,720
Facilities Services Operating Fund	37,827,630	13,412,440	1,128,645	8,707,299	61,076,014
Health Insurance Operating Fund	36,172,094	10,908,531	272,172	0	47,352,797
Insurance and Claims Operating Fund	10,037,460	14,157,292	319,027	0	24,513,779
Portland Police Assoc. Health Insurance Fund	9,678,221	3,223,493	51,162	0	12,952,876
Printing & Distribution Services Operating Fund	7,089,079	2,037,323	381,270	0	9,507,672
Technology Services Fund	53,549,421	18,503,949	1,974,172	1,583,265	75,610,807
Workers' Comp Self-Insurance Operating Fund	4,109,438	17,872,815	262,121	0	22,244,374
Total Internal Service Funds	182,134,907	100,691,019	5,690,549	10,290,564	298,807,039

			Fund Requirements					
	Bureau Program Expenses	Contingency	Interfund Cash Transfers	Debt Retirement	Total Appropriation			
FIDUCIARY FUNDS								
Fire & Police Disability & Retirement Fund	93,161,410	3,448,512	198,537	24,481,000	121,289,459			
Fire & Police Disability & Retirement Reserve Fund	0	0	750,000	0	750,000			
Fire & Police Supplemental Retirement Reserve Fund	7,850	0	0	0	7,850			
Total Fiduciary Funds	93,169,260	3,448,512	948,537	24,481,000	122,047,309			
TOTAL ALL FUNDS	\$1,584,870,104	\$ 487,674,826	\$ 518,920,128	\$ 340,428,517	\$ 2,931,893,575			

This table summarizes the major categories of expenditures included in bureau budgets by fund and by bureau. Fund-level requirements such as contingencies and interfund transfers are summarized in Table 2.

	Personal Services	External Mat'l & Svcs	Internal Mat'l & Svcs	Capital Outlay	Total Bureau Expenses
GENERAL FUND					
Office of the City Attorney	6,051,860	672,101	759,287	0	7,483,248
Office of the City Auditor	4,261,233	1,359,937	1,260,810	0	6,881,980
Cable Communications and Franchise Management	847,767	931,137	204,913	0	1,983,817
Commissioner of Public Affairs	563,916	20,303	127,863	0	712,082
Commissioner of Public Safety	553,049	111,100	126,640	0	790,789
Commissioner of Public Utilities	658,968	12,231	145,777	0	816,976
Commissioner of Public Works	656,336	12,568	138,647	0	807,551
Portland Fire & Rescue	71,459,604	5,334,424	4,859,823	1,704,875	83,358,726
Office of Government Relations	628,817	375,757	110,090	0	1,114,664
Bureau of Housing and Community Development	2,670,585	14,489,517	301,983	0	17,462,085
Office of the Mayor	1,830,885	606,219	491,310	0	2,928,414
Office of Neighborhood Involvement	2,718,960	3,188,076	508,733	0	6,415,769
Citywide Projects	1,623,942	10,199,200	689,895	500,000	13,013,037
EBS Ongoing Support	435,894	7,019	1,012,635	0	1,455,548
Financial Services	5,306,653	1,140,354	2,639,486	0	9,086,493
Human Resources	5,451,032	607,188	842,243	0	6,900,463
OMF Business Operations	3,049,298	481,148	953,954	0	4,484,400
Purchases	2,893,934	778,328	498,411	0	4,170,673
Revenue Bureau	5,343,001	2,310,371	3,095,415	0	10,748,787
Parks & Recreation	32,743,578	15,073,038	6,624,097	175,621	54,616,334
Bureau of Planning	6,980,156	1,673,919	2,438,127	0	11,092,202
Bureau of Police	108,880,790	8,728,751	26,585,420	0	144,194,961
Portland Office of Emergency Management	1,412,949	6,156,041	472,178	0	8,041,168
Special Appropriations	0	15,133,620	165,000	0	15,298,620
Office of Sustainable Development	1,944,983	1,824,124	390,782	0	4,159,889
Total General Fund	268,968,190	91,226,471	55,443,519	2,380,496	418,018,676
OTHER MAJOR GOV'T FUND		, ,			, ,
Transportation Operating Fund	64,791,894	34,615,796	22,144,737	21,194,683	142,747,110
Total Other Major Gov't Fund	64,791,894	34,615,796	22,144,737	21,194,683	142,747,110
SPECIAL REVENUE FUNDS					
Assessment Collection Fund	0	0	301	0	301
Business License Surcharge Fund	0	3,004,730	260,759	0	3,265,489
Cable Fund	0	3,087,013	256,811	0	3,343,824
Campaign Finance Fund	0	1,837,914	60,648	0	1,898,562
Children's Investment Fund	326,490	10,689,531	23,528	0	11,039,549
Convention and Tourism Fund	0	3,077,376	89,473	0	3,166,849
Development Services Fund	28,857,843	2,530,047	7,939,182	0	39,327,072
Emergency Communication Fund	11,802,524	350,900	3,926,673	0	16,080,097
Federal Grants Fund	0	0	0	0	0
General Reserve Fund	0	0	0	0	0
HOME Grant Fund Housing and Community Development	0	4,465,511 10,744,346	407,118 2,532,896	0	4,872,629 13,277,242
Fund					
Housing Investment Fund	0	12,000,000	0	0	12,000,000
Parks Local Option Levy Fund	0	0	13,039,554	0	13,039,554
Portland Parks Memorial Trust Fund	0	191,598	227,003	0	418,601
Private for Hire Transportation Safety Fund Property Management License Fund	0	68,000 4,206,776	12,000 45,927	0	80,000 4,252,703

This table summarizes the major categories of expenditures included in bureau budgets by fund and by bureau. Fund-level requirements such as contingencies and interfund transfers are summarized in Table 2.

	Personal Services	External Mat'l & Svcs	Internal Mat'l & Svcs	Capital Outlay	Total Bureau Expenses
Public Safety Fund	0	0	0	0	0
Special Finance and Resource Fund	0	169,770,170	0	0	169,770,170
Transportation Reserve Fund	0	0	0	0	0
Total Special Revenue Funds	40,986,857	226,023,912	28,821,873	0	295,832,642
DEBT SERVICE FUNDS					
Airport Way Debt Service Fund	0	0	0	0	0
Bancroft Bond Interest & Sinking Fund	0	0	0	0	0
Bonded Debt Interest and Sinking Fund	0	0	0	0	0
Central Eastside Industrial District Debt Service Fund	0	0	0	0	0
Convention Center Area Debt Service Fund	0	0	0	0	0
Gas Tax Bond Redemption Fund	0	0	0	0	0
Gateway URA Debt Redemption Fund	0	0	0	0	0
Governmental Bond Redemption Fund	0	0	0	0	0
Interstate Corridor Debt Service Fund	0	0	0	0	0
Lents Town Center URA Debt Redemption Fund	0	0	0	0	0
N Macadam URA Debt Redemption Fund	0	0	0	0	0
Pension Debt Redemption Fund	0	0	128,532	0	128,532
River District URA Debt Redemption Fund	0	0	0	0	0
South Park Block Redemption Fund	0	0	0	0	0
Special Projects Debt Service Fund	0	0	0	0	0
Waterfront Renewal Bond Sinking Fund	0	0	0	0	0
Willamette Industrial URA Debt Service Fund	0	0	0	0	0
Total Debt Service Funds	0	0	128,532	0	128,532
CAPITAL PROJECTS FUNDS					
BFRES Facilities GO Bond Construction Fund	0	0	1,886,279	3,438,725	5,325,004
L I D Construction Fund	0	10,000	1,596,584	0	1,606,584
Parks Capital Construction and Maintenance Fund	1,381,906	20,000	482,723	39,697,704	41,582,333
Total Capital Projects Funds PERMANENT FUND	1,381,906	30,000	3,965,586	43,136,429	48,513,921
Parks Endowment Fund	0	1,000	2,200	0	3,200
Total Permanent Fund	0	1,000	2,200	0	3,200
ENTERPRISE FUNDS					
Environmental Remediation Fund	554,373	5,242,090	599,957	0	6,396,420
Golf Fund	2,728,469	1,891,110	634,871	200,000	5,454,450
Golf Revenue Bond Redemption Fund	0	0	0	0	0
Hydroelectric Power Bond Redemption Fund	0	0	0	0	0
Hydroelectric Power Operating Fund	271,626	192,879	205,069	0	669,574
Hydroelectric Power Renewal and Replacement Fund	0	0	0	0	0
Parking Facilities Fund	0	3,558,514	3,023,089	0	6,581,603
Parking Facilities Debt Redemption Fund	0	0	0	0	0
Portland International Raceway Fund	697,160	787,000	203,196	6,550,000	8,237,356
Sewer Revolving Loan Fund	0	0	0	0	0
Sewer System Construction Fund	0	0	100,000	0	100,000
Sewer System Debt Redemption Fund	0	0	0	0	0

Summary of Bureau Expenses by Fund – FY 2007–08

TABLE 3

This table summarizes the major categories of expenditures included in bureau budgets by fund and by bureau. Fund-level requirements such as contingencies and interfund transfers are summarized in Table 2.

	Personal Services	External Mat'l & Svcs	Internal Mat'l & Svcs	Capital Outlay	Total Bureau Expenses
Sewer System Operating Fund	45,228,585	39,830,333	35,212,943	127,296,386	247,568,247
Sewer System Rate Stabilization Fund	0	0	0	0	0
Sewer System Safety Net Fund	0	0	0	0	0
Solid Waste Management Fund	1,113,446	1,087,131	839,467	0	3,040,044
Spectator Facilities Operating Fund	0	1,691,375	303,807	580,000	2,575,182
Water Fund	52,259,535	24,008,792	21,515,000	25,915,653	123,698,980
Water Bond Sinking Fund	0	0	0	0	0
Water Construction Fund	0	0	0	0	0
Water Growth Impact Charge Trust Fund	0	0	0	0	0
Total Enterprise Funds	102,853,194	78,289,224	62,637,399	160,542,039	404,321,856
INTERNAL SERVICE FUNDS					
CityFleet Operating Fund	5,803,825	10,031,069	1,375,902	6,460,768	23,671,564
Facilities Services Operating Fund	2,970,298	20,843,016	1,864,316	12,150,000	37,827,630
Health Insurance Operating Fund	700,404	34,901,111	570,579	0	36,172,094
Insurance and Claims Operating Fund	997,895	6,982,686	2,051,879	5,000	10,037,460
Portland Police Assoc. Health Insurance Fund	0	9,289,842	388,379	0	9,678,221
Printing & Distribution Services Operating Fund	1,910,438	4,140,406	660,860	377,375	7,089,079
Technology Services Fund	22,087,921	16,791,295	13,350,205	1,320,000	53,549,421
Workers' Comp Self-Insurance Operating Fund	894,439	2,694,157	515,842	5,000	4,109,438
Total Internal Service Funds FIDUCIARY FUNDS	35,365,220	105,673,582	20,777,962	20,318,143	182,134,907
Fire & Police Disability & Retirement Fund	1,239,472	89,295,996	2,625,942	0	93,161,410
Fire & Police Disability & Retirement Reserve Fund	0	0	0	0	0
Fire & Police Supplemental Retirement Reserve Fund	0	7,850	0	0	7,850
Total Fiduciary Funds	1,239,472	89,303,846	2,625,942	0	93,169,260
TOTAL ALL FUNDS	\$ 515,586,733	\$ 625,163,831	\$ 196,547,750	\$ 247,571,790	\$1,584,870,104

This table summarizes the major categories of estimated revenues, including beginning fund balance and transfers from other funds, in total appropriation budgets by fund

	Property Taxes	Svc Charges, Licenses, & Permits	Other External Revenue	Interfund Revenues	Beginning Balances	Total Revenues
MAJOR GOVERNMENT FUNDS						
General Fund	186,167,870	132,139,003	35,322,800	90,660,697	48,220,815	492,511,185
Transportation Operating Fund	0	30,800,276	73,941,920	45,869,123	18,336,450	168,947,769
Total Major Government Funds	186,167,870	162,939,279	109,264,720	136,529,820	66,557,265	661,458,954
SPECIAL REVENUE FUNDS			, ,	, ,		
Assessment Collection Fund	0	0	3,500	0	70,880	74,380
Business License Surcharge Fund	0	3,261,820	20,000	0	0	3,281,820
Cable Fund	0	1,072,704	2,197,912	108,148	2,487,477	5,866,241
Campaign Finance Fund	0	0	75,800	648,000	1,598,816	2,322,616
Children's Investment Fund	12,527,567	0	582,698	0	11,653,796	24,764,061
Convention and Tourism Fund	3,162,633	0	13,686	0	144,398	3,320,717
Development Services Fund	0	35,486,000	2,369,000	3,129,998	11,366,610	52,351,608
Emergency Communication Fund	0	150,000	6,037,593	11,613,231	1,500,000	19,300,824
Federal Grants Fund	0	0	23,734,635	0	0	23,734,635
General Reserve Fund	0	0	2,250,000	3,280,418	52,748,505	58,278,923
HOME Grant Fund	0	0	4,872,629	0	0	4,872,629
Housing and Community Development Fund	0	0	13,512,323	0	0	13,512,323
Housing Investment Fund	0	0	16,884,518	958,149	4,000,000	21,842,667
Parks Local Option Levy Fund	12,115,686	0	350,000	200,000	9,717,505	22,383,191
Portland Parks Memorial Trust Fund	0	37,000	284,475	25,000	1,405,875	1,752,350
Private for Hire Transportation Safety Fund	0	0	92,380	0	0	92,380
Property Management License Fund	0	4,234,558	18,145	0	32,969	4,285,672
Public Safety Fund	0	0	0	0	1,500,000	1,500,000
Special Finance and Resource Fund	0	0	174,221,645	0	0	174,221,645
Transportation Reserve Fund	0	0	32,000	0	749,382	781,382
Total Special Revenue Funds	27,805,886	44,242,082	247,552,939	19,962,944	98,976,213	438,540,064
DEBT SERVICE FUNDS						
Airport Way Debt Service Fund	5,396,553	0	219,468	0	1,878,284	7,494,305
Bancroft Bond Interest & Sinking Fund	0	0	17,640,716	0	21,027,042	38,667,758
Bonded Debt Interest and Sinking Fund	7,432,612	0	100,000	0	250,000	7,782,612
Central Eastside Industrial District Debt Service Fund	4,546,441	0	103,535	0	0	4,649,976
Convention Center Area Debt Service Fund	7,124,102	0	161,907	0	0	7,286,009
Gas Tax Bond Redemption Fund	0	0	0	2,507,120	401	2,507,521
Gateway URA Debt Redemption Fund	1,860,218	0	42,546	0	0	1,902,764
Governmental Bond Redemption Fund	0	0	10,225,000	3,297,657	0	13,522,657
Interstate Corridor Debt Service Fund	7,894,952	0	181,401	0	0	8,076,353
Lents Town Center URA Debt Redemption Fund	6,818,756	0	155,998	0	0	6,974,754
N Macadam URA Debt Redemption Fund	3,368,123	0	1,216,870	0	0	4,584,993
Pension Debt Redemption Fund	0	0	1,120,503	20,826,048	7,005,134	28,951,685
River District URA Debt Redemption Fund	17,722,552	0	652,269	0	4,734,950	23,109,771
South Park Block Redemption Fund	7,344,200	0	166,973	0	0	7,511,173
Special Projects Debt Service Fund	0	0	5,951,373	0	0	5,951,373
Waterfront Renewal Bond Sinking Fund	14,497,827	0	397,223	0	1,305,000	16,200,050
Willamette Industrial URA Debt Service Fund	160,000	0	3,744	0	0	163,744

This table summarizes the major categories of estimated revenues, including beginning fund balance and transfers from other funds, in total appropriation budgets by fund.

	Property Taxes	Svc Charges, Licenses, & Permits	Other External Revenue	Interfund Revenues	Beginning Balances	Total Revenues
Total Debt Service Funds	84,166,336	0	38,339,526	26,630,825	36,200,811	185,337,498
CAPITAL PROJECTS FUNDS						
BFRES Facilities GO Bond Construction Fund	0	0	15,560,000	0	2,007,057	17,567,057
L I D Construction Fund	0	1,116,320	6,831,656	42,954	2,551,750	10,542,680
Parks Capital Construction and Maintenance Fund	0	6,650,050	16,150,000	16,125,331	10,812,100	49,737,481
Total Capital Projects Funds	0	7,766,370	38,541,656	16,168,285	15,370,907	77,847,218
PERMANENT FUND						
Parks Endowment Fund	0	0	9,390	0	174,800	184,190
Total Permanent Fund	0	0	9,390	0	174,800	184,190
NTERPRISE FUNDS						
Environmental Remediation Fund	0	585,000	25,000	5,905,000	900,000	7,415,000
Golf Fund	0	6,753,180	57,750	0	1,010,432	7,821,362
Golf Revenue Bond Redemption Fund	0	0	32,000	773,000	652,600	1,457,600
Hydroelectric Power Bond Redemption Fund	0	0	2,892,385	0	4,100,778	6,993,163
Hydroelectric Power Operating Fund	0	0	629,000	168,500	320,964	1,118,464
Hydroelectric Power Renewal and Replacement Fund	0	0	461,400	0	8,271,420	8,732,820
Parking Facilities Fund	0	11,488,296	332,429	736,181	6,619,152	19,176,058
Parking Facilities Debt Redemption Fund	0	0	0	3,083,788	25	3,083,813
Portland International Raceway Fund	0	1,775,000	6,589,000	0	1,075,000	9,439,000
Sewer Revolving Loan Fund	0	0	0	0	0	(
Sewer System Construction Fund	0	1,400,000	252,220,000	2,600,000	53,650,000	309,870,000
Sewer System Debt Redemption Fund	0	0	10,000	103,400,734	2,855,000	106,265,734
Sewer System Operating Fund	0	207,397,998	2,672,039	173,524,723	29,450,000	413,044,760
Sewer System Rate Stabilization Fund	0	0	2,500,000	10,000,000	50,000,000	62,500,000
Sewer System Safety Net Fund	0	0	0	0	0	(
Solid Waste Management Fund	0	3,503,712	650,780	94,843	4,656,435	8,905,770
Spectator Facilities Operating Fund	0	5,397,000	2,410,790	711,375	6,803,899	15,323,064
Water Fund	0	93,491,792	1,814,715	61,974,066	27,745,488	185,026,061
Water Bond Sinking Fund	0	0	0	18,437,899	0	18,437,899
Water Construction Fund	0	3,000,000	2,336,676	14,550,004	56,208,626	76,095,306
Water Growth Impact Charge Trust Fund	0	0	92,683	0	1,853,666	1,946,349
Total Enterprise Funds	0	334,791,978	275,726,647	395,960,113	256,173,485	1,262,652,223
NTERNAL SERVICE FUNDS			. =			
CityFleet Operating Fund	0	135,204	1,597,577	24,823,142	18,992,797	45,548,720
Facilities Services Operating Fund	0	1,636,976	16,233,296	29,928,987	13,276,755	61,076,014
Health Insurance Operating Fund	0	32,198,233	3,172,969	373,129	11,608,466	47,352,797
Insurance and Claims Operating Fund	0	0	596,048	8,277,664	15,640,067	24,513,779
Portland Police Assoc. Health Insurance Fund	0	9,245,592	681,094	0	3,026,190	12,952,876
Printing & Distribution Services Operating Fund	0	250,000	1,074,858	6,190,164	1,992,650	9,507,672
Technology Services Fund	0	3,934,979	8,117,134	45,573,819	17,984,875	75,610,807
Workers' Comp Self-Insurance Operating Fund	0	0	696,538	4,291,786	17,256,050	22,244,374
Total Internal Service Funds	0	47,400,984	32,169,514	119,458,691	99,777,850	298,807,039

Summary of Revenues by Fund – FY 2007–08

TABLE 4

This table summarizes the major categories of estimated revenues, including beginning fund balance and transfers from other funds, in total appropriation budgets by fund.

	Property Taxes	Svc Charges, Licenses, & Permits	Other External Revenue	Interfund Revenues	Beginning Balances	Total Revenues
FIDUCIARY FUNDS						
Fire & Police Disability & Retirement Fund	88,919,131	0	25,410,000	757,200	6,203,128	121,289,459
Fire & Police Disability & Retirement Reserve Fund	0	0	0	0	750,000	750,000
Fire & Police Supplemental Retirement Reserve Fund	0	0	2,600	0	68,950	71,550
Total Fiduciary Funds	88,919,131	0	25,412,600	757,200	7,022,078	122,111,009
TOTAL ALL FUNDS	\$ 387,059,223	\$ 597,140,693	\$ 767,016,992	\$ 715,467,878	\$ 580,253,409	\$3,046,938,195

In each fund total revenues, including beginning fund balances, must equal total expenses, including ending fund balances. This table states the total revenues and expenses for each City fund.

	Actual FY 2004–05	Actual FY 2005–06	Revised FY 2006–07	Proposed FY 2007-08	Adopted FY 2007–08
MAJOR GOVERNMENT FUNDS					
General Fund	438,941,515	483,980,471	502,187,370	483,053,546	492,511,185
Transportation Operating Fund	153,696,373	199,552,034	212,727,479	167,840,308	168,947,769
Total Major Government Funds	592,637,888	683,532,505	714,914,849	650,893,854	661,458,954
SPECIAL REVENUE FUNDS					
Assessment Collection Fund	63,658	68,900	67,476	74,380	74,380
Business License Surcharge Fund	11,204,299	9,584,342	6,302,353	3,281,820	3,281,820
Cable Fund	5,464,839	6,616,447	5,025,244	5,866,241	5,866,241
Campaign Finance Fund	0	1,318,778	1,591,970	2,322,616	2,322,616
Children's Investment Fund	16,381,520	19,544,774	21,774,993	24,764,061	24,764,061
Convention and Tourism Fund	2,514,980	2,826,407	2,825,603	2,820,717	3,320,717
Development Services Fund	36,582,617	42,811,762	48,685,018	52,306,608	52,351,608
Emergency Communication Fund	15,023,571	16,073,595	16,986,096	18,841,824	19,300,824
Federal Grants Fund	28,721,733	37,369,204	54,985,275	23,265,618	23,734,635
General Reserve Fund	42,440,555	49,448,903	50,743,365	58,278,923	58,278,923
HOME Grant Fund	7,071,926	7,169,367	8,588,303	4,872,629	4,872,629
Housing and Community Development Fund	16,542,917	12,913,815	15,123,352	13,277,242	13,512,323
Housing Investment Fund	25,169,812	25,801,953	17,888,205	21,842,667	21,842,667
Parks Local Option Levy Fund	12,576,974	16,642,995	21,829,007	22,383,191	22,383,191
Portland Parks Memorial Trust Fund	5,140,996	6,178,671	4,717,439	1,752,350	1,752,350
Private for Hire Transportation Safety Fund	388,360	107,285	107,699	92,380	92,380
Property Management License Fund	4,271,945	4,285,673	4,643,632	4,285,672	4,285,672
Public Safety Fund	1,425,928	2,767,619	2,337,028	1,500,000	1,500,000
Special Finance and Resource Fund	46,059,437	84,211,589	148,250,000	184,321,645	174,221,645
Transportation Reserve Fund	699,322	725,883	728,341	781,382	781,382
Total Special Revenue Funds	277,745,389	346,467,962	433,200,399	446,931,966	438,540,064
DEBT SERVICE FUNDS					
Airport Way Debt Service Fund	8,434,036	56,434,605	8,159,717	7,494,305	7,494,305
Bancroft Bond Interest & Sinking Fund	18,017,517	18,768,030	18,159,273	38,667,758	38,667,758
Bonded Debt Interest and Sinking Fund	8,147,951	8,367,204	7,785,055	7,782,612	7,782,612
Central Eastside Industrial District Debt Service Fund	4,319,334	4,038,769	4,047,542	4,649,976	4,649,976
Convention Center Area Debt Service Fund	6,863,260	7,157,009	7,420,332	7,286,009	7,286,009
Gas Tax Bond Redemption Fund	6,236,180	1,079,705	3,281,972	2,507,521	2,507,521
Gateway URA Debt Redemption Fund	1,376,588	1,383,605	1,654,842	1,902,764	1,902,764
Governmental Bond Redemption Fund	3,899,552	3,734,438	3,543,856	13,885,157	13,522,657
Interstate Corridor Debt Service Fund	4,153,076	5,063,817	5,926,358	8,076,353	8,076,353
Lents Town Center URA Debt Redemption Fund	4,975,678	5,249,057	5,915,863	6,974,754	6,974,754
N Macadam URA Debt Redemption Fund	2,086,139	1,442,404	1,965,888	4,584,993	4,584,993
Pension Debt Redemption Fund	14,979,561	16,921,856	26,159,290	28,951,685	28,951,685
River District URA Debt Redemption Fund	15,656,238	18,690,030	21,827,076	23,109,771	23,109,771
South Park Block Redemption Fund	6,976,292	7,273,384	7,460,065	7,511,173	7,511,173
Special Projects Debt Service Fund	38,391,459	5,313,082	5,512,263	5,951,373	5,951,373
Waterfront Renewal Bond Sinking Fund	16,314,979	16,445,361	16,542,890	16,200,050	16,200,050
Willamette Industrial URA Debt Service Fund	0	0	0	163,744	163,744

In each fund total revenues, including beginning fund balances, must equal total expenses, including ending fund balances. This table states the total revenues and expenses for each City fund.

	Actual FY 2004–05	Actual FY 2005–06	Revised FY 2006–07	Proposed FY 2007-08	Adopted FY 2007–08
Total Debt Service Funds CAPITAL PROJECTS FUNDS	160,827,840	177,362,356	145,362,282	185,699,998	185,337,498
BFRES Facilities GO Bond Construction Fund	14,159,694	10,766,241	21,924,965	17,567,057	17,567,057
L I D Construction Fund	5,409,245	30,547,212	65,410,203	10,542,680	10,542,680
Parks Capital Construction and Maintenance Fund	21,177,497	17,267,584	35,148,062	39,233,796	49,737,481
Total Capital Projects Funds	40,746,436	58,581,037	122,483,230	67,343,533	77,847,218
PERMANENT FUND					
Parks Endowment Fund	165,512	168,416	170,893	184,190	184,190
Total Permanent Fund	165,512	168,416	170,893	184,190	184,190
ENTERPRISE FUNDS					
Environmental Remediation Fund	3,288,849	5,042,320	5,656,513	7,415,000	7,415,000
Golf Fund	6,333,032	6,266,638	6,751,140	7,821,362	7,821,362
Golf Revenue Bond Redemption Fund	1,449,361	1,454,300	1,454,389	1,457,600	1,457,600
Hydroelectric Power Bond Redemption Fund	8,114,961	28,846,652	6,320,128	6,993,163	6,993,163
Hydroelectric Power Operating Fund	1,091,125	3,047,099	1,130,201	1,118,464	1,118,464
Hydroelectric Power Renewal and Replacement Fund	8,871,824	9,356,198	8,461,638	8,732,820	8,732,820
Parking Facilities Fund	12,563,267	14,849,835	17,085,967	18,976,058	19,176,058
Parking Facilities Debt Redemption Fund	3,490,540	3,074,360	3,075,051	3,083,813	3,083,813
Portland International Raceway Fund	1,687,999	1,927,950	2,490,715	9,439,000	9,439,000
Sewer Revolving Loan Fund	514,968	570,100	654,320	680,000	0
Sewer System Construction Fund	255,108,182	413,054,172	252,667,527	309,870,000	309,870,000
Sewer System Debt Redemption Fund	336,692,957	80,317,899	104,977,406	106,265,734	106,265,734
Sewer System Operating Fund	371,068,683	394,762,427	465,967,336	411,089,760	413,044,760
Sewer System Rate Stabilization Fund	23,729,418	47,629,701	48,738,799	62,500,000	62,500,000
Sewer System Safety Net Fund	1,039,999	1,115,805	1,169,999	1,275,000	0
Solid Waste Management Fund	7,409,004	8,027,491	7,536,631	8,905,770	8,905,770
Spectator Facilities Operating Fund	44,414,462	13,925,973	14,314,946	15,323,064	15,323,064
Water Fund	150,442,284	150,555,624	169,918,427	184,938,024	185,026,061
Washington County Supply Bond Redemption Fund	2,024,550	0	0	0	0
Water Bond Sinking Fund	13,356,540	12,839,606	16,039,135	18,437,899	18,437,899
Water Construction Fund	58,989,515	46,564,647	100,153,232	76,095,306	76,095,306
Water Growth Impact Charge Trust Fund	1,701,311	1,765,928	1,839,974	1,946,349	1,946,349
Total Enterprise Funds	1,313,382,831	1,244,994,725	1,236,403,474	1,262,364,186	1,262,652,223
INTERNAL SERVICE FUNDS					
CityFleet Operating Fund	41,879,744	42,504,281	43,286,330	44,958,800	45,548,720
Communications Services Operating Fund	27,886,262	0	0	0	0
Facilities Services Operating Fund	39,783,061	40,707,028	51,900,642	48,283,314	61,076,014
Health Insurance Operating Fund	43,083,603	40,693,953	43,929,351	47,246,354	47,352,797
Insurance and Claims Operating Fund	24,932,610	25,980,140	25,076,649	24,513,779	24,513,779
Portland Police Assoc. Health Insurance Fund	7,804,415	9,141,205	11,286,028	12,580,386	12,952,876
Printing & Distribution Services Operating Fund	7,954,545	8,527,028	9,152,929	9,687,858	9,507,672
Technology Services Fund	26,719,129	62,805,692	81,654,437	76,194,597	75,610,807
Workers' Comp Self-Insurance Operating Fund	18,096,953	19,773,141	21,030,193	22,244,374	22,244,374

Total Revenues and Expenses by Fund by Fiscal Year

TABLE 5

In each fund total revenues, including beginning fund balances, must equal total expenses, including ending fund balances. This table states the total revenues and expenses for each City fund.

	Actual FY 2004–05	Actual FY 2005–06	Revised FY 2006–07	Proposed FY 2007-08	Adopted FY 2007-08
Total Internal Service Funds FIDUCIARY FUNDS	238,140,322	250,132,468	287,316,559	285,709,462	298,807,039
Fire & Police Disability & Retirement Fund	107,612,184	110,417,901	113,965,154	117,479,459	121,289,459
Fire & Police Disability & Retirement Reserve Fund	750,000	750,000	750,000	750,000	750,000
Fire & Police Supplemental Retirement Reserve Fund	85,601	81,166	75,450	71,550	71,550
Total Fiduciary Funds	108,447,785	111,249,067	114,790,604	118,301,009	122,111,009
TOTAL ALL FUNDS	\$ 2,732,094,003	\$ 2,872,488,536	\$ 3,054,642,290	\$ 3,017,428,198	\$ 3,046,938,195

Tax Levy Computation

This table shows the calculation of the City's property tax levies in the format prescribed by state law.

	Total	General Fund Tax Base	General Obligation Debt	Fire & Police Disability & Retirement	Parks Local Option Levy	Children's Local Option Levy
FISCAL YEAR 2007-08						
Total Budget Requirements	668,730,508	492,511,185	7,782,612	121,289,459	22,383,191	24,764,061
Less: Budgeted Resources, Except Taxes to Be Levied	(383,465,895)	(325,726,641)	(575,000)	(34,070,328)	(10,549,070)	(12,544,856)
Total Equals: Taxes Necessary To Balance	285,264,613	166,784,544	7,207,612	87,219,131	11,834,121	12,219,205
Add: Taxes Estimated Not to Be Received due to Delinquency & Discount	16,506,902	9,651,026	417,070	5,046,955	684,784	707,067
Total Equals: Estimated (Measure 50) Levy Receivable	301,771,515	176,435,570	7,624,682	92,266,086	12,518,905	12,926,272
Add: Estimated Measure 50 Levy Compression	15,037,300	5,926,776	0	3,099,378	2,957,455	3,053,691
Total Taxes to Be Levied	316,808,815	182,362,346	7,624,682	95,365,463	15,476,360	15,979,963
Legal Basis of Taxes to Be Levied						
Fixed Tax Rate Levy-Subject to \$10 Limit	213,818,669	182,362,346	0	0	15,476,360	15,979,963
Local Option Operating Tax	0	0	0	0		0
Local Option Capital Construction Tax	0	0	0	0		0
Levy for Gap Bonds	0	0	0	0		0
Levy for Pension & Disability Obligations	95,365,463	0	0	95,365,463	0	0
Levy for Bonded Indebtedness	7,624,682	0	7,624,682	0	0	0
TOTAL TAXES TO BE LEVIED	\$ 316,808,815	\$ 182,362,346	\$ 7,624,682	\$ 95,365,463	\$ 15,476,360	\$ 15,979,963
FISCAL YEAR 2006-07						
Total Budget Requirements	\$632,288,821	\$469,674,960	\$7,785,055	\$113,965,154	\$17,865,484	\$22,998,168
Less: Budgeted Resources Except Taxes to Be Levied	(\$364,474,527)	(\$309,756,849)	(\$275,000)	(\$34,750,331)	(\$7,589,952)	(\$12,102,395)
Total Equals: Taxes Necessary to Balance	\$267,814,294	\$159,918,111	\$7,510,055	\$79,214,823	\$10,275,532	\$10,895,773
Add: Taxes Estimated Not to Be Received due to Delinquency & Discount	\$15,437,207	\$9,217,913	\$432,891	\$4,566,058	592,297	628,048
Total Equals: Estimated (Measure 50) Levy Receivable	283,251,501	169,136,024	7,942,946	83,780,881	10,867,829	11,523,821
Add: Estimated Measure 5 Levy Compression	\$16,025,145	\$5,591,274	\$0	\$2,769,616	3,719,861	3,944,395
Total Taxes to Be Levied	299,276,647	174,727,298	7,942,946	86,550,497	14,587,689	15,468,216
Legal Basis of Taxes to Be Levied						
Permanent Rate Limit Levy-Subject to \$10 Limit	204,783,204	174,727,298	0	0	14,587,689	15,468,216
Local Option Operating Tax	0	0	0	0	0	0
Local Option Capital Construction Tax	0	0	0	0	0	0
Levy for Gap Bonds	0	0	0	0	0	0
Levy for Pension & Disability Obligations	86,550,497	0	0	86,550,497	0	0
Levy for Bonded Indebtedness	7,942,946	0	7,942,946	0	0	0
TOTAL TAXES TO BE LEVIED	\$ 299,276,647	\$ 174,727,298	\$ 7,942,946	\$ 86,550,497	\$ 14,587,689	\$ 15,468,216

This table shows the amount of tax increment collections planned for the City's urban renewal districts.

Tax Increment Authority for FY 2007–08 by Plan Area*	Amount from Division of Tax	Division of Tax Collection	Special Levy Amount	Estimated Total Tax
Part 1: Option One Plans				
Not Applicable to Portland				
Part 2: Option Two Plans				
Not Applicable to Portland				
Part 3: Option Three Plans (Standard Rate)				
Airport Way	Fixed Amount	2,540,000	3,196,137	5,736,137
Downtown Waterfront	Fixed Amount	7,710,000	7,734,621	15,444,621
South Park Blocks	Fixed Amount	5,660,000	2,134,621	7,794,621
Convention Center	Fixed Amount	5,740,000	1,934,621	7,674,621
Total Part 3 Plans		21,650,000	15,000,000	36,650,000
Part 4: "Window" (Standard Rate)(Adopted after December 6, 1996, prior Oct. 6, 2001)				
Lents Town Center District	100%	6,944,369	No Special Levy	6,944,369
River District	100%	18,075,661	No Special Levy	18,075,661
North Macadam District	100%	3,452,703	No Special Levy	3,452,703
Interstate District	100%	8,075,196	No Special Levy	8,075,196
Gateway Regional Center	100%	1,893,971	No Special Levy	1,893,971
Total Part 4 Plans		38,441,900		38,441,900
Part 5 "New Plans" (Reduced Rate)(Adopted after Oct. 6, 2001)				
Willamette Industrial	100%	160,000	No Special Levy	160,000
Central Eastside	100%	4,608,947	No Special Levy	4,608,947
Total Part 5 Plans		4,768,947		4,768,947
TOTAL CERTIFIED FOR COLLECTIONS		\$ 64,860,847	\$ 15,000,000	\$ 79,860,847

^(*) Before compression, delinquency and discounts. Note: Division of Taxes estimates for new URAs are based on projections of assessed value growth and property tax estimate that may vary from actual collections certified by Multnomah County.

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 2004–05	Actual FY 2005–06	Revised FY 2006-07	Adopted FY 2007–08	Change
General Fund					
Office of the City Attorney	43.77	46.30	47.23	52.00	4.77
Office of the City Auditor	64.48	59.07	47.91	47.50	-0.41
Bureau of Housing and Community Development	27.36	27.36	30.25	31.74	1.49
Cable Communications and Franchise Management	6.80	6.80	6.80	8.70	1.90
Campaign Finance Fund	0.00	1.00	0.00	0.00	0.00
Children's Investment Fund	3.41	3.55	3.35	3.25	-0.10
Commissioner of Public Affairs	8.00	6.58	8.00	6.60	-1.40
Commissioner of Public Works	7.00	7.00	7.00	7.00	0.00
Commissioner of Public Utilities	7.50	8.67	8.50	8.50	0.00
Commissioner of Public Safety	6.63	6.39	6.39	6.39	0.00
Portland Fire & Rescue	702.82	712.29	735.37	754.75	19.38
Office of Government Relations	3.48	4.00	7.00	7.00	0.00
Bureau of Licenses	70.98	81.07	0.00	0.00	0.00
Office of the Mayor	17.58	22.11	29.13	23.63	-5.50
Citywide Projects	24.00	25.00	5.50	5.00	-0.50
EBS Ongoing Support	0.00	0.00	0.00	4.50	4.50
Financial Services	58.48	57.68	58.68	58.58	-0.10
Human Resources	56.66	56.31	59.99	59.44	-0.10
OMF Business Operations	31.60	30.20	29.60	30.38	-0.55 0.78
Purchases					
	31.65	32.00	32.25	33.62	1.37
Revenue Bureau	115.40	120.43	102.92	67.00	-35.92
Office of Neighborhood Involvement	61.78	55.24	35.71	36.55	0.84
Office of Sustainable Development	30.03	31.60	35.24	36.90	1.66
Parks & Recreation	370.10	361.25	359.12	357.47	-1.65
Bureau of Planning	58.47	57.63	63.15	76.00	12.85
Portland Office of Emergency Management	8.00	10.32	17.50	16.67	-0.83
Bureau of Police	1,300.13	1,254.40	1,289.56	1,293.00	3.44
Total General Fund	3,116.11	3,084.25	3,026.15	3,032.17	6.02
Other Funds					
Bureau of Development Services	276.94	290.93	328.77	332.50	3.73
Bureau of Emergency Communications	136.00	131.75	142.50	140.00	-2.50
Bureau of Environmental Services	486.09	478.98	483.50	503.37	19.87
Facilities Services	37.30	37.00	34.50	33.50	-1.00
CityFleet	82.00	76.00	76.00	76.00	0.00
Bureau of Fire & Police Disability & Retirement	0.00	0.00	13.70	14.60	0.90
Golf Program	36.00	34.00	30.00	30.00	0.00
Health Administration	7.00	7.00	7.00	7.50	0.50
Hydroelectric Power Division	3.00	3.00	2.50	2.60	0.10
Technology Services	194.14	200.72	219.18	224.60	5.42
Parks Capital Improvement Program	14.00	13.50	14.25	14.95	0.70
Portland International Raceway	5.00	5.00	5.00	6.00	1.00
Printing & Distribution Services	26.00	26.00	26.00	26.00	0.00
Office of Transportation	768.78	755.92	768.24	780.33	12.09
Risk Management	23.00	22.00	21.00	21.00	0.00
Water Division	433.75	451.92	661.65	662.65	1.00
Total Other Funds	2,529.00	2,533.72	2,833.79	2,875.60	41.81
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This table summarizes the type of revenues into the General Fund, as well as the bureau expense budgets, with a comparison between fiscal years.

	Discre	tionary Budget	Tota	I Budget
	Revised FY 2006–07	Adopted FY 2007–08	Revised FY 2006-07	Adopted FY 2007–08
RESOURCES				
Property Taxes	164,437,52	171,508,684	164,437,521	171,508,684
Lodging Taxes	13,502,206	14,659,186	13,502,206	14,659,186
Business Licenses	52,830,754	64,531,784	52,830,754	64,531,784
Utility License Fees	59,055,137	64,031,616	59,055,137	64,031,616
Service Charges & Other	2,952,196	6,075,544	28,606,146	30,469,301
Intergovernmental	13,234,309	13,632,057	54,060,783	37,991,346
Transfers from Other Funds/Agencies	7,767,843	3 784,301	79,389,555	61,098,453
Beginning Fund Balance	46,357,673	37,220,815	50,305,268	48,220,814
TOTAL GENERAL FUND RESOURCES	\$ 360,137,639	\$ 372,443,987	\$ 502,187,370	\$ 492,511,185
EXPENSES				
Cable & Franchise Management	1,695,729	1,783,399	2,065,366	1,983,817
City Attorney	1,758,818	3 1,831,990	6,763,777	7,483,248
City Auditor	3,493,835	3,200,194	7,418,804	6,881,980
Commissioner of Public Affairs	317,844	312,300	690,870	712,082
Commissioner of Public Safety	307,573	3 402,895	670,426	790,789
Commissioner of Public Utilities	312,346	317,069	777,620	816,976
Commissioner of Public Works	313,22	340,192	679,521	807,551
Housing & Community Development	11,971,728	11,861,882	27,017,056	19,480,085
Mayor	1,716,139	1,658,728	3,025,476	2,928,414
Office of Emergency Management	888,292	786,389	13,567,991	8,041,168
Office of Government Relations	485,864	631,561	940,592	1,114,664
Office of Management & Finance	9,817,984	9,870,900	24,475,625	26,097,577
OMF Citywide Projects	1,259,635	5 2,944,028	16,858,480	13,013,037
OMF Revenue Bureau	2,695,890	3,205,909	16,965,175	10,748,787
Office of Neighborhood Involvement	4,906,036	5,776,580	6,427,050	6,415,769
Office of Sustainable Development	1,893,182	2,227,486	4,385,418	4,159,889
Planning	7,813,773	9,528,590	9,164,958	11,092,202
Police	124,761,833	128,233,450	144,332,366	144,194,961
Portland Fire & Rescue	75,445,559	77,301,036	84,426,818	83,358,726
Portland Parks & Recreation	31,850,928		51,843,323	54,616,334
Special Appropriations	26,892,329	15,046,182	27,384,750	15,298,620
Total Bureau Expenses	310,598,538	312,169,479	449,881,462	420,036,676
Transfers to Other Funds	43,823,479	47,652,857	46,590,286	48,852,857
Tax Anticipation Notes & Interest		0	0	0
Contingency-Operating & Unforeseen	5,715,622	12,621,651	5,715,622	12,621,651
Contingency-Encumbrance Carryover		0	0	11,000,000
TOTAL GENERAL FUND EXPENSES	\$ 360,137,639	\$ 372,443,987	\$ 502,187,370	\$ 492,511,185

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

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 2006–07			Adopted FY 2007–08	
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
Public Safety						
Bureau of Emergency Communications	14,342,698	0	14,342,698	16,080,097	0	16,080,097
Emergency Management	13,567,991	0	13,567,991	8,041,168	0	8,041,168
Fire	80,414,334	3,902,647	84,316,981	81,751,851	1,606,875	83,358,726
Fire & Police Disability & Retirement	89,733,722	0	89,733,722	93,169,260	0	93,169,260
Police	144,332,366	0	144,332,366	144,194,961	0	144,194,961
Public Safety Fund	946,236	0	946,236	0	0	0
BFRES Facilities GO Bond Construction Fund	12,001,196	11,466,135	23,467,331	11,581,975	5,210,000	16,791,975
Total Public Safety	355,338,543	15,368,782	370,707,325	354,819,312	6,816,875	361,636,187
Parks, Recreation, and Culture						
Golf	4,910,368	200,000	5,110,368	5,254,450	200,000	5,454,450
Parks and Recreation	51,843,323	0	51,843,323	54,616,334	0	54,616,334
Parks Construction Fund (a)	650,000	23,843,212	24,493,212	0	41,582,333	41,582,333
Parks Local Option Levy	13,094,929	0	13,094,929	13,039,554	0	13,039,554
Portland International Raceway	1,551,599	50,000	1,601,599	1,687,356	6,550,000	8,237,356
Spectator Facilities	1,378,381	380,000	1,758,381	1,995,182	580,000	2,575,182
Other Parks, Recreation, and Culture	6,578,678	0	6,578,678	3,689,330	0	3,689,330
Total Parks, Recreation, and Culture	80,007,278	24,473,212	104,480,490	80,282,206	48,912,333	129,194,539
Public Utilities						
Bureau of Environmental Services	96,898,847	212,529,319	309,428,166	92,097,370	155,470,877	247,568,247
Bureau of Water Works	62,320,111	42,793,500	105,113,611	66,946,730	56,752,250	123,698,980
Hydroelectric Power	625,884	0	625,884	669,574	0	669,574
OSD - Solid Waste Management	3,010,910	0	3,010,910	3,040,044	0	3,040,044
Other Public Utilities	5,119,213	0	5,119,213	6,496,420	0	6,496,420
Total Public Utilities	167,974,965	255,322,819	423,297,784	169,250,138	212,223,127	381,473,265
Community Development						
Cable and Franchise Management	2,065,366	0	2,065,366	1,983,817	0	1,983,817
Cable Fund	3,218,246	0	3,218,246	3,343,824	0	3,343,824
Children's Investment Fund	10,852,918	0	10,852,918	11,039,549	0	11,039,549
Development Services Fund	37,913,152	0	37,913,152	39,327,072	0	39,327,072
Housing & Community Development	27,017,056	0	27,017,056	17,462,085	0	17,462,085
Housing & Community Dev. Fund	14,852,437	0	14,852,437	13,277,242	0	13,277,242
LID Construction	12,251,170	0	12,251,170	1,606,584	0	1,606,584
Office of Neighborhood Involvement	6,427,050	0	6,427,050	6,415,769	0	6,415,769
Office of Sustainable Development	4,385,418	0	4,385,418	4,159,889	0	4,159,889
Planning	9,164,958	0	9,164,958	11,092,202	0	11,092,202
Special Finance & Resource	147,116,500	0	147,116,500	169,770,170	0	169,770,170
Other Community Development	44,179,346	0	44,179,346	28,808,414	0	28,808,414
Total Community Development	319,443,617	0	319,443,617	308,286,617	0	308,286,617
Transportation and Parking						
Office of Transportation	101,592,481	82,425,466	184,017,947	103,160,360	39,586,750	142,747,110
Parking Facilities	5,017,387	1,534,000	6,551,387	5,055,903	1,525,700	6,581,603
Private for Hire Trans Safety	78,849	0	78,849	80,000	0	80,000
Other Transportation and Parking	250,000	0	250,000	0	0	0
Total Transportation and Parking	106,938,717	83,959,466	190,898,183	108,296,263	41,112,450	149,408,713
Legislative, Admin, and Support			<u>.</u>			
Business License Surcharge	6,258,235	0	6,258,235	3,265,489	0	3,265,489
Campaign Finance	103,551	0	103,551	1,898,562	0	1,898,562

Operating and Capital Budget by Service Area

TABLE 10

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 2006-07			Adopted FY 2007–08	
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
City Attorney	6,763,777	0	6,763,777	7,483,248	0	7,483,248
City Auditor	7,171,300	247,504	7,418,804	6,881,980	0	6,881,980
Government Relations	940,592	0	940,592	1,114,664	0	1,114,664
Management and Finance	24,475,625	0	24,475,625	26,097,577	0	26,097,577
Mayor and Commissioners' Offices	5,843,913	0	5,843,913	6,055,812	0	6,055,812
OMF - CityFleet	24,786,556	0	24,786,556	23,521,564	150,000	23,671,564
OMF - Citywide Projects	388,000	16,470,480	16,858,480	342,400	12,670,637	13,013,037
OMF - Facilities Services	17,143,644	13,962,751	31,106,395	17,074,796	20,752,834	37,827,630
OMF - Insurance and Claims	7,919,161	0	7,919,161	10,037,460	0	10,037,460
OMF - Printing & Distribution	6,894,292	0	6,894,292	7,089,079	0	7,089,079
OMF - Revenue Bureau	16,965,175	0	16,965,175	10,748,787	0	10,748,787
OMF - Technology Services	56,211,490	5,294,216	61,505,706	51,011,171	2,538,250	53,549,421
OMF - Workers' Compensation	4,184,210	0	4,184,210	4,109,438	0	4,109,438
Other Leg, Admin, & Support	40,580,514	0	40,580,514	42,027,035	0	42,027,035
Total Legislative, Admin, and Support	226,630,035	35,974,951	262,604,986	218,759,062	36,111,721	254,870,783
TOTAL EXPENDITURES	\$1,256,333,155	\$ 415,099,230	\$1,671,432,385	\$1,239,693,598	\$ 345,176,506	\$1,584,870,104
FUND REQUIREMENTS						
Contingency			342,125,448			487,674,826
Debt Retirement			328,172,399			340,428,517
Ending Fund Balance			98,857,048			115,044,620
GF Overhead Transfers			16,508,882			19,908,646
Other Cash Transfers			597,546,128			499,011,482
TOTAL CITY BUDGET	\$	\$	\$3,054,642,290	\$	\$	\$3,046,938,195
TOTAL NET CITY BUDGET	\$	\$	\$2,204,223,620	\$	\$	\$2,307,830,317

⁽a) The Parks Construction Fund capital improvements number does not include fund-level expenses included in the Portland Parks and Recreation CIP as shown in Tables 11 and 12.

Capital Budget TABLE 11

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

Service Area		Revised	Adopted		Capita	al Plan		
Bureau	Prior Years	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011–12	5-Year Total
Public Safety								
Portland Fire & Rescue	978,800	1,560,073	1,606,875	1,655,081	1,704,734	1,755,876	1,808,552	8,531,118
Total Public Safety	978,800	1,560,073	1,606,875	1,655,081	1,704,734	1,755,876	1,808,552	8,531,118
Parks, Recreation, and Culture								
Parks and Recreation	6,432,017	22,124,523	56,487,481	36,779,925	28,359,750	22,002,250	16,236,172	159,865,578
Total Parks, Recreation, and Culture	6,432,017	22,124,523	56,487,481	36,779,925	28,359,750	22,002,250	16,236,172	159,865,578
Public Utilities								
Bureau of Environmental Services	47,935,941	167,740,081	155,470,877	147,161,124	172,186,437	113,180,313	65,231,675	653,230,426
Portland Water Bureau	3,351,000	42,690,590	56,752,250	48,147,000	56,713,500	46,432,500	36,477,000	244,522,250
Total Public Utilities	51,286,941	210,430,671	212,223,127	195,308,124	228,899,937	159,612,813	101,708,675	897,752,676
Transportation and Parking								_
Office of Transportation	24,810,311	53,118,142	39,825,762	33,421,745	12,416,828	7,008,718	6,330,100	99,003,153
Total Transportation and Parking	25,308,866	52,502,242	39,586,750	33,389,745	12,386,828	6,978,718	6,300,100	98,642,141
Legislative, Administrative, and Support								
Office of Management & Finance	7,497,726	21,808,163	43,427,421	43,662,358	60,139,271	26,816,517	2,478,880	176,524,447
Total Legislative, Admin, and Support	7,497,726	21,808,163	43,427,421	43,662,358	60,139,271	26,816,517	2,478,880	176,524,447
Total City Capital Plan	\$ 91,504,350	\$308,425,672	\$353,331,654	\$310,795,233	\$331,490,520	\$217,166,174	\$128,532,379	\$1,341,315,960

This table summarizes Capital Improvement Plan capital costs by geographic area within each service area.

Service Area		Revised	Adopted		Capita	al Plan		
Geographic Area	Prior Years	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011–12	5-Year Total
Public Safety								
All Areas	978,800	1,560,073	1,606,875	1,655,081	1,704,734	1,755,876	1,808,552	8,531,118
Total Public Safety	978,800	1,560,073	1,606,875	1,655,081	1,704,734	1,755,876	1,808,552	8,531,118
Parks, Recreation, and Culture		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·			· · · · · · · · · · · · · · · · · · ·	
All Areas	3,050,190	15,036,569	19,909,768	13,619,275	14,681,750	10,083,050	11,408,380	69,702,223
Central City	150,571	910,466	5,700,000	5,391,050	1,101,000	1,500,000	1,000,000	14,692,050
East	1,467,952	4,152,886	11,304,000	300,000	300,000	180,000	0	12,084,000
North	168,849	743,000	9,388,062	2,689,209	2,500,000	3,625,000	250,000	18,452,271
Northeast	0	84,375	520,000	699,900	50,000	0	0	1,269,900
Northwest	893,297	231,477	200,000	150,000	5,100,000	100,000	100,000	5,650,000
Southeast	701,158	965,750	3,801,810	6,848,291	2,017,000	6,284,200	1,774,000	20,725,301
Southwest	0	0	5,663,841	7,082,200	2,610,000	230,000	1,703,792	17,289,833
Total Parks, Recreation, and Culture	6,432,017	22,124,523	56,487,481	36,779,925	28,359,750	22,002,250	16,236,172	159,865,578
Public Utilities								
All Areas	10,567,972	49,118,921	61,353,170	56,211,000	62,111,500	52,329,000	43,186,580	275,191,250
Central City	0	831,000	1,257,000	1,102,000	1,059,000	1,405,500	1,511,500	6,335,000
East	30,748,880	139,841,171	103,143,645	98,392,437	78,343,556	42,756,000	39,577,720	362,213,358
North	370,991	4,508,585	9,496,000	8,482,000	4,427,000	8,851,000	3,595,000	34,851,000
Northeast	3,464,649	7,142,424	14,209,713	8,204,457	16,673,634	5,741,600	3,907,410	48,736,814
Northwest	57,306	2,192,690	4,100,000	10,951,308	52,618,661	41,759,713	5,796,971	115,226,653
Southeast	5,715,316	4,372,431	14,921,411	10,335,775	9,026,000	2,378,000	1,508,494	38,169,680
Southwest	361,827	2,423,449	3,742,188	1,629,147	4,640,586	4,392,000	2,625,000	17,028,921
Total Public Utilities	51,286,941	210,430,671	212,223,127	195,308,124	228,899,937	159,612,813	101,708,675	897,752,676
Transportation and Parking	,,		,,	,,		,	,,	,
All Areas	1,711,816	1,820,949	2,643,432	1,782,300	1,704,400	1,717,100	1,717,000	9,564,332
East	2,569,908	1,298,030	405,090	761,759	43,284	0	0	1,210,133
North	47,031	1,051,606	4,207,900	11,751,137	4,667,000	117,000	117,000	20,860,037
Northeast	15,918,044	22,959,781	14,127,501	5,240,043	150,000	0	0	19,517,544
Northwest	162,687	90,203	1,833,072	0,2 10,0 10	0	0	0	1,833,072
Southeast	2,551,033	5,602,605	6,311,192	2,967,382	752,904	25,000	25,000	10,081,478
Southwest	2,125,147	15,065,812	5,174,858	5,822,482	654,240	678,618	0	12,330,198
Undefined	223,200	4,613,256	4,883,705	5,064,642	4,415,000	4,441,000	4,441,000	23,245,141
Total Transportation and Parking	25,308,866	52,502,242	39,586,750	33,389,745	12,386,828	6,978,718	6,300,100	98,642,141
Legislative, Administrative, and Support								
All Areas	5,002,796	18,447,685	13,748,887	22,811,024	28,556,404	24,090,154	906,380	90,112,849
Central City	174,833	946,803	4,990,234	4,166,434	4,275,867	1,881,363	907,500	16,221,398
East	0	0	0	67,100	0	0	0	67,100
Northeast	0	0	195,800	611,600	0	0	0	807,400
Northwest	20,174	392,826	2,246,000	0	0	0	0	2,246,000
Southeast	6,000	0	156,000	1,481,200	0	0	0	1,637,200
Southwest	1,443,923	1,640,849	6,154,000	8,805,000	2,194,000	50,000	50,000	17,253,000
Undefined	850,000	380,000	15,936,500	5,720,000	25,113,000	795,000	615,000	48,179,500
Total Legislative, Admin, and Support	7,497,726	21,808,163	43,427,421	43,662,358	60,139,271	26,816,517	2,478,880	176,524,447
Total City Capital Plan	\$ 91,504,350	\$308,425,672	\$353,331,654	\$310,795,233	\$331,490,520	\$217,166,174	\$128,532,379	\$1,341,315,960

This table shows the City funds and General Fund special appropriations that have been closed in the past three years.

	Actual FY 2004–05	Actual FY 2005–06	Revised FY 2006–07	Adopted FY 2007–08
HISTORICAL FUNDS				
Washington County Supply Bond Redemption Fund	2,024,550	0	0	0
Communications Services Operating Fund	27,886,262	0	0	0
Sewer System Revolving Loan Fund	514,968	570,100	654,320	0
Sewer System Safety Net Fund	1,039,999	1,115,805	1,169,999	0
Total Historical Funds	31,465,779	1,685,905	1,824,319	0
HISTORICAL SPECIAL APPROPRIATIONS	· ·	· · ·	· · · · · · · · · · · · · · · · · · ·	
General Fund				
Block-by-Block Weatherization	100,000	0	0	0
Employee Transit Program	213,671	0	0	0
Holiday Festival	50,000	0	0	0
PDC Business Districts Program	54,395	0	0	0
PDC Citywide Business Development	428,942	0	0	0
PDC Economic Development Fund	990,930	0	0	0
PDC Enterprise Zone Program	50,689	0	0	0
PDC Regional Business Development	136,525	0	0	0
PDC Targeted Industry Jobs	118,400	0	0	0
Washington Monroe Acquisition	1,000,000	0	0	0
BHCD Workforce Development	96,316	97,365	0	0
FPD&R Review	0	120,000	0	0
Local Public Safety Coordinating Council	4,567	20,000	0	0
PGE Legal Costs	0	480,560	0	0
Pioneer Square Security	0	100,000	0	0
Portland Opera	0	200,000	0	0
Artquake Loan	0	0	250,000	0
Ball School	0	0	1,400,000	0
Bureau Innovation Project	0	112,220	112,220	0
CIP O&M Set-Aside	0	0	105,600	0
City Charter Review	0	45,860	238,845	0
COPPEA Professional Development Fund	8,254	88,781	277,963	0
Countywide Public Safety	0	230,845	150,000	0
Diverse Empowered Employees of Portland	0	0	44,000	0
Family Justice Center	0	0	113,750	0
Immigration & Racial Profiling	0	0	30,000	0
Independent Audit of Independent Police Review	0	0	60,000	0
Lone Fir Cemetery	0	0	150,000	0
Mental Health/Public Safety Panel	0	0	15,000	0
Portland Area Schools	0	0	10,000,000	0
Street Access for Everyone	0	0	406,100	0
Vintage Trolley	0	0	250,000	0
Wilson-Cleveland Track & Field	0	0	300,000	0
Total Historical Special Appropriations	3,252,689	1,495,631	13,903,478	0
TOTAL HISTORICAL FUNDS AND APPROPRIATIONS	\$ 34,718,468	\$ 3,181,536	\$ 15,727,797	\$ 0

DEBT OUTSTANDING

	ility/ ction	Type of Indebtedness	7–1–06	7–1–07	Change
DEBT OUTSTANDING BY S	SERVICE	AREA			
Parks, Recreation, and C	Culture			•	
Arena		Limited Tax Revenue Refunding Bonds	\$26,015,000	\$24,675,000	(\$1,340,000)
Civic Stadium		Limited Tax Revenue Bonds	30,715,000	29,655,000	(1,060,000)
PCPA		Limited Tax Revenue Bonds	1,740,000	1,660,000	(80,000)
Golf		Revenue Bonds	4,681,000	4,096,000	(585,000)
Parks Land Purchases (Line of Credit	3,549,519	3,691,158	141,639
Children's Receiving Cer	nter	Line of Credit	400,561	200,281	(200,280)
Parks System		Voter Approved General Obligation Bonds	35,290,000	32,080,000	(3,210,000)
Public Utilities			102,391,080	96,057,439	(6,333,641)
Sewer System		1st Lien Revenue Bonds	925,075,000	879,515,000	(45,560,000)
		2nd Lien Revenue Bonds	308,125,000	298,705,000	(9,420,000)
		State Loans	13,054,722	20,499,969	7,445,247
Water System		1st Lien Revenue Bonds	139,640,000	134,130,000	(5,510,000)
•		2nd Lien Revenue Bonds	0	68,970,000	68,970,000
		General Obligation Water Revenue Bonds	7,485,000	6,080,000	(1,405,000)
Hydroelectric Power		Revenue Bonds	21,370,000	20,280,000	(1,090,000)
,			1,414,749,722	1,428,179,969	13,430,247
Community Developmen	ıt				
Public Infrastructure		Limited Tax Improvement Bonds	15,795,000	56,535,000	40,740,000
Local Improvement line	of credit	Limited Tax Revenue (secured)	22,634,687	1,245,169	(21,389,518)
Convention Ctr Expan.		Limited Tax Revenue Bonds	97,878,888	96,608,888	(1,270,000)
New Columbia Infrastruc	cture	HUD Loan	10,141,000	2,721,000	(7,420,000)
North Macadam Investor	rs	NMI Line of Credit	0	2,470,107	2,470,107
Headwaters Apartments	;	Limited Tax Revenue (Housing)	11,740,000	11,740,000	0
Housing Opportunity Box	nd	Limited Tax Revenue (Housing)	9,780,000	9,430,000	(350,000)
	_		167,969,575	180,750,165	12,780,589
Transportation and Parki	ing				()
Parking Facilities		Parking Revenue Refunding Bonds	5,150,000	4,375,000	(775,000)
Streetcar		Limited Tax Revenue Bonds	24,870,000	23,940,000	(930,000)
Trans. (Streetcar, Meters Recycling)	5,	Lines of Credit	25,458,142	9,874,468	(15,583,674)
Street Improvements			6,450,000	5,940,000	(510,000)
			61,928,142	44,129,468	(17,798,674)
Legislative, Administration	ve, and S				
Equipment and Facility		Limited Tax Revenue Bonds	58,455,000	75,510,000	17,055,000
		State Loans	18,671	6,789	(11,882)
		Limited Tax Revenue Bonds (FF&C Ref.)	8,625,000	5,560,000	(3,065,000)
Pension		Limited Tax Pension Obligations	300,848,346	298,278,346	(2,570,000)
Emergency Facilities		Voter Approved General Obligation Bonds	31,290,000	29,690,000	(1,600,000)
Portland Development C	ommissi	ion	399,237,017	409,045,135	9,808,118
Airport Way		Tax Increment	55,950,000	53,080,000	(2,870,000)
Central Eastside		Tax Increment	17,600,000	19,635,654	2,035,654
Convention Center		Tax Increment	58,455,000	69,395,929	10,940,929
Lents		Tax Increment	6,400,000	6,400,000	10,940,929
River District		Tax Increment	62,945,000	62,541,032	(403,968)
Interstate Corridor		Tax Increment	31,200,000	37,965,000	6,765,000
North Macadam		Tax Increment	31,181,102	52,937,737	21,756,635
		Tax Increment			21,730,033
Gateway		TAX ITOGETICIT	7,242,000	7,242,000	U

DEBT OUTSTANDING

Service Area	Facility/ Function	Type of Indebtedness	7–1–06	7–1–07	Change
South Park Block	S	Tax Increment	35,075,000	33,480,000	(1,595,000)
Waterfront		Tax Increment	58,045,000	53,160,000	(4,885,000)
			364,093,102	395,837,352	31,744,250
TOTAL DEBT OUTS	TANDING		\$2,510,368,638	\$2,553,999,527	\$ 43,630,889
TYPE OF INDEBTED	ONESS				·
		Limited Tax Bonds	300,848,346	298,278,346	(2,570,000)
		Limited Tax Improvement Bonds	15,795,000	56,535,000	40,740,000
		General Obligation Water Revenue Bonds	7,485,000	6,080,000	(1,405,000)
		Voter Approved General Obligation Bonds	66,580,000	61,770,000	(4,810,000)
		Gas Tax Revenue Bonds	31,908,142	15,814,468	(16,093,674)
		Revenue Bonds	1,404,041,000	1,410,071,000	6,030,000
		Limited Tax Revenue Bonds	296,403,655	286,385,604	(10,018,052)
		State / Federal Loans	23,214,393	23,227,758	13,365
		Tax Increment	364,093,102	395,837,352	31,744,250
TOTAL DEBT OUTS	TANDING		\$2,510,368,638	\$2,553,999,527	\$ 43,630,889
			AC	TUAL DEBT (DUTSTANDING
Facility Function	•	Type of Indebtedness	FY 2005–06	FY 2006–07	FY 2007–08
Debt Issued FY 20	06-07				
Sewer System		1st Lien Sewer Revenue Refunding Bonds		\$192,800,000	
Water System		1st Lien Water Revenue Refunding Bonds		44,000,000	
Water System		2nd Lien Water Revenue Bonds		68,970,000	
Assessment Impr	rovements	Limited Tax Improvement Bonds		41,745,000	
Various		Lines of credit		76,490,260	
Total				424,005,260	
Total Debt Redeen	ned FY 2006-0	7		(380,374,371)	
TOTAL PROJECTED	DEBT OUTS	TANDING JULY 1, 2007	\$	\$2,553,999,527	\$
Estimated Debt to	be Issued FY	2007-08			
Facilities - Archive	es	Limited Tax Revenue			11,428,000
Transit Mall		Limited Tax Revenue			17,000,000
Police Traffic Relo	ocation	Limited Tax Revenue			3,500,000
Urban Renewal		River District			25,000,000
Urban Renewal		Convention Center			38,000,000
Urban Renewal		Downtown Waterfront			54,000,000
Urban Renewal		South Park Blocks			35,000,000
Urban Renewal		Interstate Corridor			24,000,000
Emergency Facili	ties	General Obligation Fire			15,360,000
Assessment Impr	rovements	Limited Tax Improvement			10,000,000
Total					233,288,000
Total Projected De	ebt Redemptio	on FY 2007-08	-		(188,120,783)
TOTAL PROJECTED	DEBT OUTS	TANDING JULY 1, 2008	\$	\$	\$2,599,166,744

Facility/Function Parks, Recreation, and Culture Arena Golf Parks / Fire Civic Stadium 2001 PCPA 2001	Limited Tax Revenue Bonds	1,590,000	1,137,416	Total
Arena Golf Parks / Fire Civic Stadium 2001	Limited Tax Revenue Bonds	1,590,000	1 137 416	
Golf Parks / Fire Civic Stadium 2001	Limited Tax Revenue Bonds	1,590,000	7 737 416	
Parks / Fire Civic Stadium 2001				2,727,416
Parks / Fire Civic Stadium 2001		1,590,000	1,137,416	2,727,416
Civic Stadium 2001	Revenue Bonds	608,000	199,487	807,487
	Voter Approved General Obligation Bonds	5,000,000	2,782,612	7,782,612
PCPA 2001	Limited Tax Revenue Bonds	1,125,000	2,013,805	3,138,805
	Limited Tax Revenue Bonds	90,000	81,690	171,690
Dublic Hallaio		6,823,000	5,077,594	11,900,594
Public Utilities	First Lian Davanua Danda	22 200 000	40 774 540	75 074 540
Sewer System	First Lien Revenue Bonds Second Lien Revenue Bonds	32,300,000	42,774,519	75,074,51
	State Loans	10,125,000 2,645,485	14,564,640 1,001,089	24,689,64 3,646,57
	State Loans			
Matan Cuatana	First Line Davisous Davids	45,070,485	58,340,248	103,410,73
Water System	First Lien Revenue Bonds Second Lien Revenue Bonds	6,155,000	6,112,461	12,267,46
		1,520,000	3,030,338 170,100	4,550,33
	General Obligation Water Revenue Bonds	1,450,000	<u> </u>	1,620,10
Under the state Devices	Davis and Davids	9,125,000	9,312,899	18,437,89
Hydroelectric Power	Revenue Bonds	1,660,000	1,074,224	2,734,22
		55,855,485	68,727,370	124,582,85
Community Development	11 % IT 1	4 400 400	0.700.000	7 007 50
Public Infrastructure	Limited Tax Improvement Bonds	4,498,436	2,789,089	7,287,52
Headwaters / Housing Opportunity	Limited Tax Housing Revenue Bonds	535,000	946,826	1,481,82
North Macadam Investors	Line of Credit	71,299	141,021	212,32
Convention Ctr Expan.	Limited Tax Revenue Bonds	1,560,000	4,007,363	5,567,36
	_	6,664,735	7,884,298	14,549,03
Transportation and Parking				
Parking Facilities	Revenue Bonds	1,780,000	1,303,788	3,083,78
Street Improvements	Gas Tax Revenue Bonds	2,039,146	467,974	2,507,12
		3,819,146	1,771,762	5,590,90
Legislative, Administrative, and	Support			
Pension Bonds	Limited Tax Bonds	4,755,000	18,652,953	23,407,95
Equipment and Facility	Limited Tax Revenue Bonds	8,415,000	2,910,596	11,325,59
	State Loans	5,594	6	5,60
		13,175,594	21,563,556	34,739,15
Portland Development Commiss	sion			
Airport Way	Tax Increment	2,970,000	2,429,389	5,399,38
Central Eastside	Tax Increment	3,222,635	1,427,341	4,649,97
Convention Center	Tax Increment	1,883,221	5,402,787	7,286,00
Gateway	Tax Increment	1,214,990	687,774	1,902,76
Interstate	Tax Increment	4,669,113	1,815,306	6,484,41
Lents	Tax Increment	5,640,501	1,334,253	6,974,75
North Macadam	Tax Increment	0	4,584,993	4,584,99
River District	Tax Increment	14,822,682	3,552,139	18,374,82
South Park Blocks	Tax Increment	4,359,620	3,151,553	7,511,17
Waterfront	Tax Increment	10,455,223	3,191,497	13,646,72
Willamette Industrial	Tax Increment	163,708	36	163,74
		49,401,693	27,577,067	76,978,76
	05 4554	¢ 407 000 0E0	A 400	.
OTAL DEBT SERVICE BY SERVI	CE AREA	\$ 137,329,653	\$ 133,739,061	\$ 271,068,71

Summary of Indebtedness

TABLE 15 DEBT SERVICE

Service Area Facility/Function	Type of Indebtedness	Principal	Interest	Total
	Limited Tax Improvement Bonds	4,498,436	2,789,089	7,287,525
	General Obligation Water Revenue Bonds	1,450,000	170,100	1,620,100
	Voter Approved General Obligation Bonds	5,000,000	2,782,612	7,782,612
	Gas Tax Revenue Bonds	2,039,146	467,974	2,507,120
	Revenue Bonds	54,148,000	69,059,455	123,207,455
	Limited Tax Revenue Bonds	12,851,299	10,291,890	23,143,189
	Limited Tax Housing Revenue Bonds	535,000	946,826	1,481,826
	State Loans	2,651,079	1,001,095	3,652,174
	Tax Increment	49,401,693	27,577,067	76,978,760
TOTAL DEBT SERVICE BY TYPE		\$ 137,329,653	\$ 133,739,061	\$ 271,068,715

TABLE 16

Principal Over the Life of the Debt

Particle	chedule	of Project	Schedule of Projected Bond Principal Transactions	ipal Trans	actions						PRINC	PRINCIPAL REQUIREMENTS	REMENTS
Specialities Convenient Performing Sawar Water Mine Water Mine Public Specialities Public Perform Exclision Profities Public Perform Exclision Profities Public Perform Exclision Profities Parking Period Facility and Equipment Facility and Equipment <th< th=""><th></th><th></th><th>Parks, Recre</th><th>ation & e</th><th></th><th></th><th>Public Utilities</th><th></th><th>Community Development</th><th>Transportation</th><th>and Parking</th><th>Legislative, Administrative & Support</th><th>Portland Development Commission</th></th<>			Parks, Recre	ation & e			Public Utilities		Community Development	Transportation	and Parking	Legislative, Administrative & Support	Portland Development Commission
2.715,000 3.340,000 698,000 1,650,000 45,070,048 9,125,000 1,780,000 6,498,438 2,039,146 1,780,000 1,780,000 1,780,000 1,780,000 1,780,000 1,780,000 1,890,488 1,780,000 1,780,000 1,890,000 <th< th=""><th>Fiscal Year</th><th>Spectator Facilities</th><th>Parks System</th><th>Golf</th><th>Convention Center & Performing Arts</th><th>Sewer System</th><th>Water System</th><th>Hydroelectric</th><th>Public Improvements</th><th>Public Street Improvements</th><th>Parking System</th><th>Facility and Equipment</th><th>Urban Renewal</th></th<>	Fiscal Year	Spectator Facilities	Parks System	Golf	Convention Center & Performing Arts	Sewer System	Water System	Hydroelectric	Public Improvements	Public Street Improvements	Parking System	Facility and Equipment	Urban Renewal
2.955,000 3.595,000 4.456,456 9.555,000 1.750,000 1.840,000 1.680,488 1.750,000 1.680,000 <t< td=""><td>2007/08</td><td>2,715,000</td><td>3,340,000</td><td>608,000</td><td>1,650,000</td><td>45,070,485</td><td>9,125,000</td><td>1,660,000</td><td>4,498,436</td><td>2,039,146</td><td>1,780,000</td><td>27,172,174</td><td>50,901,693</td></t<>	2007/08	2,715,000	3,340,000	608,000	1,650,000	45,070,485	9,125,000	1,660,000	4,498,436	2,039,146	1,780,000	27,172,174	50,901,693
3.206,000 3.746,000 663,000 1,699,400 4,7065,371 1,0,10,000 1,885,000 1,990,000 1,890,000 <t< td=""><td>2008/09</td><td>2,955,000</td><td>3,595,000</td><td>634,000</td><td>1,960,000</td><td>44,856,456</td><td>9,555,000</td><td>1,750,000</td><td>0</td><td>550,000</td><td>1,840,000</td><td>16,980,458</td><td>13,020,000</td></t<>	2008/09	2,955,000	3,595,000	634,000	1,960,000	44,856,456	9,555,000	1,750,000	0	550,000	1,840,000	16,980,458	13,020,000
3.715,000 3.900,000 665,000 1,665,704 4,900,000 1,665,700 1,665,704 1,665,704 1,465,000 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,700 1,665,000 1,665,000 1,665,000 1,665,000 1,665,000 1,665,000 1,675,000 24,300,185 1,676,000 2,165,000 <th< td=""><td>2009/10</td><td>3,205,000</td><td>3,745,000</td><td>000'899</td><td>1,629,780</td><td>47,085,371</td><td>10,010,000</td><td>1,835,000</td><td>0</td><td>570,000</td><td>1,920,000</td><td>18,459,859</td><td>15,085,000</td></th<>	2009/10	3,205,000	3,745,000	000'899	1,629,780	47,085,371	10,010,000	1,835,000	0	570,000	1,920,000	18,459,859	15,085,000
4,000,000 4,075,000 729,000 1,662,504 23,10,000 2,045,000 2,045,000 2,045,000 2,140,000 2,160,447 1,160,447	2010/11	3,715,000	3,900,000	695,000	1,609,440	49,802,665	10,465,000	1,940,000	0	580,000	1,995,000	20,404,517	15,980,000
4,300,000 4,280,000 767,000 1,808,250 54,900,000 2,145,000 2,144,000 <th< td=""><td>2011/12</td><td>4,000,000</td><td>4,075,000</td><td>729,000</td><td>1,665,734</td><td>52,305,656</td><td>9,310,000</td><td>2,045,000</td><td>0</td><td>000,009</td><td>1,605,000</td><td>21,609,447</td><td>16,890,000</td></th<>	2011/12	4,000,000	4,075,000	729,000	1,665,734	52,305,656	9,310,000	2,045,000	0	000,009	1,605,000	21,609,447	16,890,000
4,655,000 4,470,000 1,853,112 57,641,787 10,215,000 2,270,000 0 660,000 1,250,000 24,300,186 1 5,035,000 4,675,000 1,940,500 1,940,500 2,036,000 1,310,000 26,681,029 1,310,000 26,681,029 1,310,000 26,681,029 1,310,000 26,681,020 1,310,000 26,681,020 1,310,000 26,681,020 1,310,000 26,681,029 1,310,000 26,681,020 1,310,000 26,681,020 1,310,000 26,681,020 1,310,000 26,681,020 1,310,000 26,682,020 1,310,000 26,682,020 1,400,000 2,200,000 1,400,000 2,200,000 1,400,000 28,000,00	2012/13	4,300,000	4,280,000	767,000	1,808,250	54,903,690	9,745,000	2,145,000	380,000	630,000	1,675,000	23,139,664	17,870,000
5,035,000 4,675,000 1,340,530 60,569,882 10,705,000 2,380,000 0,680,000 1,310,000 26,681,039 1 2,445,000 2,006,940 6,573,360 1,140,000 2,505,000 0 695,000 1,370,000 26,682,03 1,370,000 26,682,213 27,685,000 1,340,000 2,606,000 1,340,000 2,606,000 1,340,000 2,606,000 1,370,000 28,700,000 28,700,000 29,690,000 29	2013/14	4,655,000	4,470,000		1,853,112	57,641,767	10,215,000	2,270,000	0	650,000	1,250,000	24,300,185	18,920,000
5,445,000 2,006,940 66,733,061 11,190,000 2,505,000 0 696,000 1,370,000 27,628,438 2 3,880,000 2,334,200 69,011,277 12,000,000 1,740,000 1,430,000 27,628,438 2 2,275,000 2,387,200 2,387,400 1,740,000 1,445,000 24,000 1,430,000 27,628,438 27,600,000 22,000,000	2014/15	5,035,000	4,675,000		1,940,530	60,509,892	10,705,000	2,390,000	0	000'089	1,310,000	26,681,029	19,900,000
3,850,000 2,349,000 69,011,277 12,000,000 1,740,000 0 220,000 1,430,000 27,626,438 2 2,130,000 2,335,720 73,224,449 12,600,000 1,740,000 1,570,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 28,700,000 30,180,000 28,700,000 28,700,000 30,180,000 28,700,000 30,180,000 28,700,000 30,180,000 28,750,000 30,180,000 28,750,000 30,180,000	2015/16	5,445,000			2,006,940	65,733,061	11,190,000	2,505,000	0	695,000	1,370,000	26,632,213	20,930,000
2,130,000 2,335,720 73,224,549 12,600,000 135,000 240,000 1,570,000 29,700,000 29,700,000 29,000,000 29,235,076 7,000,000 29,235,076 7,000,000 1,900,000 37,245,000 29,000,000 29,245,000 29,000,000 29,245,000 29,000,000 29,245,000 29,245,000 29,000,000 29,245,000	2016/17	3,850,000			2,349,000	69,011,277	12,000,000	1,740,000	0	220,000	1,430,000	27,626,438	22,055,000
2,275,000 2,599,480 76,333,339 13,200,000 1,445,000 1,570,000 2,908,000 2,608,000 2,29,080,000 2,435,000 2,435,000 2,435,000 2,435,000 2,435,000 2,435,000 2,435,000 33,370,000 2,435,000 33,370,000 2,265,000 3,345,000 37,345,000	2017/18	2,130,000			2,335,720	73,224,549	12,600,000		135,000	240,000	1,500,000	28,700,000	23,255,000
2,435,000 2,897,480 86,011,229 13,795,000 0 1,650,000 20,180,000 2,897,480 80,011,229 13,795,000 0 1,650,000 20,180,000 2,200,000 1,720,000 1,720,000 33,370,000 2,220,000 1,282,175 1,990,000 33,370,000 2,220,000 1,990,000 2,222,000 1,990,000 2,222,000 2,220,	2018/19	2,275,000			2,599,480	76,333,339	13,200,000		1,445,000		1,570,000	29,080,000	24,510,000
2,605,000 3,901,250 84,034,149 14,400,000 0 1,720,000 33,370,000 2,790,000 4,282,172 87,912,097 7,066,000 10,480,000 1,810,000 37,345,000 2,220,000 6,840,000 24,888,084 7,760,000 10,480,000 1,990,000 8,375,175 7,220,000 26,131,123 3,270,000 10,480,000 1,990,000 1,990,000 8,090,000 14,309,191 3,415,000 3,755,000 14,309,191 3,415,000 8,510,000 16,800,000 4,450,000 4,450,000 4,450,000 640,000 9,510,000 17,555,000 4,450,000 640,000 660,000	2019/20	2,435,000			2,897,480	80,011,229	13,795,000		0		1,650,000	30,180,000	25,825,000
2,790,000 4,282,172 87,912,097 7,065,000 0 1,810,000 37,345,000 2,220,000 6,640,000 92,365,076 7,400,000 10,480,000 1,990,000 8,375,175 6,970,000 24,888,084 7,760,000 24,888,084 7,760,000 1,990,000 8,245,423 7,700,000 14,309,191 3,415,000 3,256,000 3,725,000 5,943,274 8,510,000 15,360,000 3,725,000 3,725,000 4,450,000 640,000 9,510,000 17,555,000 4,450,000 4,450,000 700,000	2020/21	2,605,000			3,901,250	84,034,149	14,400,000		0		1,720,000	33,370,000	6,100,000
2,220,000 6,640,000 92,365,076 7,400,000 10,480,000 1,990,000 8,375,175 6,970,000 24,898,084 7,760,000 24,898,084 7,760,000 1,990,000 8,245,423 7,720,000 14,309,191 3,476,000 14,309,191 3,416,000 6,132,228 8,090,000 14,825,762 3,565,000 3,725,000 5,589,559 9,040,000 16,075,000 4,070,000 4,070,000 610,000 9,510,000 17,555,000 4,450,000 4,450,000 665,000	2021/22	2,790,000			4,282,172	87,912,097	7,065,000		0		1,810,000	37,345,000	6,410,000
6,970,000 24,898,084 7,760,000 1,990,000 8,245,423 7,320,000 26,131,123 3,270,000 7,069,733 7,700,000 14,309,191 3,415,000 6,132,228 8,090,000 14,825,762 3,565,000 5,943,274 8,510,000 15,360,000 3,725,000 3,895,000 9,510,000 16,075,000 4,070,000 610,000 17,555,000 4,450,000 665,000	2022/23	2,220,000			6,640,000	92,365,076	7,400,000		10,480,000		1,900,000	8,375,175	6,710,000
7,320,000 26,131,123 3,270,000 7,059,733 7,700,000 14,309,191 3,415,000 6,132,228 8,090,000 14,825,762 3,565,000 5,943,274 8,510,000 15,360,000 3,725,000 5,762,955 9,040,000 16,075,000 4,070,000 610,000 9,510,000 4,450,000 4,450,000 640,000	2023/24				6,970,000	24,898,084	7,760,000				1,990,000	8,245,423	2,295,000
7,700,000 14,309,191 3,415,000 6,132,228 8,090,000 14,825,762 3,565,000 5,943,274 8,510,000 15,360,000 3,725,000 5,762,955 9,040,000 16,075,000 4,070,000 4,070,000 9,510,000 4,250,000 4,450,000 640,000 665,000 665,000	2024/25				7,320,000	26,131,123	3,270,000					7,059,733	2,410,000
8,090,000 14,825,762 3,565,000 8,725,000 8,510,000 15,360,000 17,550,000 17,555,000 17,5	2025/26				7,700,000	14,309,191	3,415,000					6,132,228	
8,510,000 15,360,000 3,725,000 5,762,955 5,9040,000 16,075,000 16,075,000 16,075,000 16,075,000 16,070,000 17,555,000 4,070,000 17,555,000 4,450,000 17,555,000 17,55	2026/27				8,090,000	14,825,762	3,565,000					5,943,274	
9,040,000 16,075,000 3,895,000 5,589,559 9,510,000 16,800,000 4,070,000 5000 5000 610,000 610,000 640,000 640,000 640,000 640,000 665,000 640,000 665	2027/28				8,510,000	15,360,000	3,725,000					5,762,955	
9,510,000	2028/29				9,040,000	16,075,000	3,895,000					5,589,559	
17,555,000 4,250,000 4,450,000 640,000 665,000 665,000 700,000 690,000	2029/30				9,510,000	16,800,000	4,070,000					585,000	
4,450,000 640,000 665,000 700,000 690,000 690,000	2030/31					17,555,000	4,250,000					610,000	
000°002 200°000 200°000	2031/32						4,450,000					640,000	
000'002	2032/33											000'599	
OUO, UNEO	2033/34											700,000	

Interest Over the Life of the Debt

Schedul	le of Project	Schedule of Projected Bond Interest Transacti	est Transa	ctions						INTEI	INTEREST REQUIREMENTS	IREMENTS
		Parks, Recreation & Culture	ation & e		_	Public Utilities		Community Development	Transportation and Parking	and Parking	Legislative, Administrative & Support	Portland Development Commission
Fiscal Year	Spectator Facilities	Parks System	Golf	Convention Center & Performing Arts	Sewer System	Water System	Hydroelectric	Public Improvements	Public Street Improvements	Parking System	Facility and Equipment	Urban Renewal
2007/08	3,151,220	1,453,175	199,487	4,089,053	58,340,248	9,312,899	1,074,224	2,789,089	467,974	1,303,788	25,929,347	28,630,396
2008/09	3,008,930	1,319,575	173,343	3,999,383	55,023,576	8,881,724	980,056	545,826	208,188	1,231,375	24,347,164	13,849,251
2009/10	2,854,588	1,170,383	144,369	4,572,793	53,488,938	8,433,579	881,057	545,826	190,038	1,155,275	23,420,843	13,161,984
2010/11	2,687,758	1,011,220	112,280	4,628,083	50,457,549	7,967,560	776,810	545,826	170,378	1,074,538	22,383,492	12,334,512
2011/12	2,507,030	835,720	77,669	4,764,189	48,649,055	7,512,518	666,764	545,826	149,628	990,650	21,218,501	11,424,265
2012/13	2,323,680	631,970	40,344	4,953,473	45,363,612	7,070,455	551,057	545,826	127,578	919,588	19,956,864	10,442,091
2013/14	2,084,040	439,370		5,157,831	42,952,069	6,598,709	429,137	532,906	103,863	843,938	18,621,146	9,394,819
2014/15	1,823,410	233,750		5,321,023	40,103,484	6,111,669	300,451	532,906	78,643	786,125	17,170,969	8,417,856
2015/16	1,541,910			5,651,613	37,112,727	5,624,319	165,276	532,906	51,563	723,900	15,554,659	7,383,866
2016/17	1,236,000			6,010,553	33,861,635	5,079,656	48,050	532,906	23,000	658,825	13,824,044	6,255,519
2017/18	1,007,590			6,083,703	30,147,086	4,473,869		532,906	12,000	290,900	12,035,989	5,063,581
2018/19	862,750			6,145,233	26,302,651	3,870,781		526,324		519,650	10,104,179	3,805,654
2019/20	703,500			6,184,433	21,787,308	3,274,003		455,880		445,075	8,094,399	2,489,131
2020/21	533,050			5,538,363	18,068,311	2,670,275		455,880		366,700	5,841,351	1,165,081
2021/22	350,700			5,098,540	15,105,726	2,216,953		455,880		285,000	3,337,141	855,106
2022/23	155,400			3,251,713	10,704,993	1,889,631		455,880		194,500	33,823,285	556,850
2023/24				2,919,713	6,537,886	1,533,619				99,500	35,560,843	235,250
2024/25				2,571,213	5,311,185	1,279,825					37,349,133	120,500
2025/26				2,196,063	4,350,979	1,133,591					39,233,837	
2026/27				1,801,438	3,671,304	983,131					41,203,941	
2027/28				1,386,825	2,986,075	823,563					43,244,175	
2028/29				920,688	2,269,350	652,113					45,341,236	
2029/30				487,388	1,545,975	477,988					193,225	
2030/31					789,975	295,875					164,170	
2031/32						100,125					133,865	
2032/33											102,075	
2033/34											69,035	
2034/35											34,260	
TOTAL	\$ 26,831,555	\$ 7,095,163 \$	747,492	\$ 93,763,297	93,763,297 \$614,931,696 \$	\$ 98,268,427	\$ 5,872,882	5,872,882 \$ 10,532,593	\$ 1,582,849 \$	12,189,325	1,582,849 \$ 12,189,325 \$518,293,166	\$135,585,712

Series 2000 A (2018-20 Maturities)

TOTAL DEFEASED BONDS OUTSTANDING

Sewer Revenue Bonds Series 2000 A

DEFEASED BONDS PAYABLE

Principal

0

0

(20,975,000)

22,290,000

22,290,000

146,000,000

146,000,000

212,675,000

0

146,000,000

146,000,000

\$ 211,360,000

			
Type of Indebtedness	Outstanding 7-1-06	Maturity FY 2006–07	Outstanding 7–1–07
The City will have about \$212 million of defeased bonds outstanding as of July escrow accounts established with the proceeds from the sale of refunding bond City, and the refunding bond liabilities are assumed in their place. Defeased bo date, at which time they are paid in their entirety. Bonds are defeased in this ma or modify bond covenants for the City's benefit, or a combination of both. DEFEASED BONDS OUTSTANDING	 Defeased bonds are ther nds are then paid by the esc 	eby removed as acturous row account until the	al liabilities of the ir first available call
Hydroelectric Power Revenue Bonds			
Hydroelectric Power Revenue Bonds, Series 1979	20,975,000	(20,975,000)	0
	20,975,000	(20,975,000)	0
Urban Renewal & Redevelopment Bonds			
Airport Way 2000 Series A (2010-20 Maturities)	44,385,000	0	44,385,000
	44,385,000	0	44,385,000
Water System Revenue Bonds			
Series 1997 A (2008-17 Maturities)	0	0	21,460,000

