

# **Adopted Budget**

## **City of Portland, Oregon**

**Fiscal Year 2007-08**  
**Volume Two**

### **City Funds and Capital Improvement Plan**

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# User's Guide

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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 details 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 this 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 the PDC 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.



**Figure 1: Funds by Managing Agency**

<b>Managing Agency</b>	<b>Fund</b>	<b>Service Area</b>
Bureau of Development Services	Development Services Fund	Community Development
Bureau of Emergency Communications	Emergency Communication Fund	Public Safety
	Public Safety Fund	Public Safety
Bureau of Environmental Services	Environmental Remediation Fund	Public Utilities
	Sewer Revolving Loan Fund	Public Utilities
	Sewer System Construction Fund	Public Utilities
	Sewer System Debt Redemption Fund	Public Utilities
	Sewer System Operating Fund	Public Utilities
	Sewer System Rate Stabilization Fund	Public Utilities
	Sewer System Safety Net Fund	Public Utilities
Bureau of Fire & Police Disability & Retirement	Fire & Police Disability & Retirement Fund	Public Safety
	Fire & Police Disability & Retirement Reserve Fund	Public Safety
Bureau of Housing & Community Development	HOME Grant Fund	Community Development
	Housing and Community Development Fund	Community Development
Cable Communications & Franchise Management	Cable Fund	Community Development
Commissioner of Public Affairs	Children's Investment Fund	Community Development
Office of Management & Finance	Airport Way Debt Service Fund	Community Development
	Bancroft Bond Interest & Sinking Fund	Community Development
	BFRES Facilities GO Bond Construction Fund	Public Safety
	Bonded Debt Interest and Sinking Fund	Community Development
	Business License Surcharge Fund	Legislative, Administrative, & Support
	Central Eastside Industrial District Debt Service Fund	Legislative, Administrative, & Support
	CityFleet Operating Fund	Legislative, Administrative, & Support
	Convention and Tourism Fund	Community Development
	Convention Center Area Debt Service Fund	Community Development
	Facilities Services Operating Fund	Legislative, Administrative, & Support
	Federal Grants Fund	Legislative, Administrative, & Support
	Fire & Police Supplemental Retirement Reserve Fund	Public Safety
	Gateway URA Debt Redemption Fund	Community Development
	General Fund	City Funds
	General Reserve Fund	City Funds
	Governmental Bond Redemption Fund	Legislative, Administrative, & Support
	Health Insurance Operating Fund	Legislative, Administrative, & Support
	Housing Investment Fund	Community Development
	Insurance and Claims Operating Fund	Legislative, Administrative, & Support
	Interstate Corridor Debt Service Fund	Community Development

continued

**Figure 1: Funds by Managing Agency, continued**

<b>Managing Agency</b>	<b>Fund</b>	<b>Service Area</b>
Office of Management & Finance, continued		
	Lents Town Center URA Debt Redemption Fund	Community Development
	N Macadam URA Debt Redemption Fund	Community Development
	Parking Facilities Debt Redemption Fund	Transportation & Parking
	Parking Facilities Fund	Transportation & Parking
	Pension Debt Redemption Fund	Legislative, Administrative, & Support
	Portland Police Assoc. Health Insurance Fund	Legislative, Administrative, & Support
	Printing & Distribution Services Operating Fund	Legislative, Administrative, & Support
	Private for Hire Transportation Safety Fund	Transportation & Parking
	Property Management License Fund	Community Development
	River District URA Debt Redemption Fund	Community Development
	South Park Block Redemption Fund	Community Development
	Special Finance and Resource Fund	Legislative, Administrative, & Support
	Special Projects Debt Service Fund	Legislative, Administrative, & Support
	Spectator Facilities Operating Fund	Parks, Recreation, & Culture
	Technology Services Fund	Legislative, Administrative, & Support
	Waterfront Renewal Bond Sinking Fund	Community Development
	Willamette Industrial URA Debt Service Fund	Community Development
	Workers' Comp Self-Insurance Operating Fund	Legislative, Administrative, & Support
Office of Sustainable Development		
	Solid Waste Management Fund	Public Utilities
Office of the City Auditor		
	Assessment Collection Fund	Community Development
	Campaign Finance Fund	Legislative, Administrative, & Support
	L I D Construction Fund	Community Development
Office of Transportation		
	Gas Tax Bond Redemption Fund	Transportation & Parking
	Transportation Operating Fund	Transportation & Parking
	Transportation Reserve Fund	Transportation & Parking
Portland Parks & Recreation		
	Golf Fund	Parks, Recreation, & Culture
	Golf Revenue Bond Redemption Fund	Parks, Recreation, & Culture
	Parks Capital Construction and Maintenance Fund	Parks, Recreation, & Culture
	Parks Endowment Fund	Parks, Recreation, & Culture
	Parks Local Option Levy Fund	Parks, Recreation, & Culture
	Portland International Raceway Fund	Parks, Recreation, & Culture
	Portland Parks Memorial Trust Fund	Parks, Recreation, & Culture
Water Bureau		
	Hydroelectric Power Bond Redemption Fund	Public Utilities
	Hydroelectric Power Operating Fund	Public Utilities
	Hydroelectric Power Renewal and Replacement Fund	Public Utilities
	Water Bond Sinking Fund	Public Utilities
	Water Construction Fund	Public Utilities
	Water Fund	Public Utilities
	Water Growth Impact Charge Trust Fund	Public Utilities

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Property Taxes	154,852,066	161,316,888	164,437,521	171,508,684	171,508,684	171,508,684
Lodging Taxes	11,808,450	13,303,241	13,502,206	14,659,186	14,659,186	14,659,186
Licenses and Permits	96,504,606	110,934,403	98,709,601	115,524,926	115,524,926	115,524,926
Service Charges and Fees	13,893,232	14,901,466	14,771,056	16,597,577	16,614,077	16,614,077
State Sources	9,802,738	11,495,893	10,295,514	10,779,684	10,779,684	10,779,684
Local Sources	12,873,977	14,923,966	15,910,505	15,266,880	15,350,180	15,375,180
Bond & Note Sales	5,565,000	1,824,000	0	0	0	0
Miscellaneous Revenues	6,151,266	7,475,597	9,978,052	9,167,936	9,167,936	9,167,936
<b>Total External Revenues</b>	<b>311,451,335</b>	<b>336,175,454</b>	<b>327,604,455</b>	<b>353,504,873</b>	<b>353,604,673</b>	<b>353,629,673</b>
<b>Internal Revenues</b>						
Overhead Billings	12,486,214	13,194,088	16,508,882	19,908,646	19,908,646	19,908,646
Other Cash Transfers	19,167,949	19,185,270	31,027,373	19,452,194	19,452,194	19,452,194
Federal Grants Transfers	17,471,675	18,347,517	28,065,274	12,004,851	12,004,851	12,057,273
Interagency Reimbursements	36,779,986	45,516,306	48,676,118	28,823,769	28,938,494	39,242,584
<b>Total Internal Revenues</b>	<b>85,905,824</b>	<b>96,243,181</b>	<b>124,277,647</b>	<b>80,189,460</b>	<b>80,304,185</b>	<b>90,660,697</b>
Beginning Fund Balance	41,584,356	51,561,836	50,305,268	39,290,204	41,290,204	48,220,815
<b>TOTAL RESOURCES</b>	<b>\$ 438,941,515</b>	<b>\$ 483,980,471</b>	<b>\$ 502,187,370</b>	<b>\$ 472,984,537</b>	<b>\$ 475,199,062</b>	<b>\$ 492,511,185</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
Personal Services	234,175,900	251,900,941	262,369,363	268,493,286	268,865,592	268,968,190
External Services	63,904,124	63,639,973	124,406,484	88,155,134	88,718,937	91,226,471
Internal Services	51,360,152	54,547,423	55,184,479	55,424,679	55,588,810	55,443,519
Capital Outlay	2,989,727	3,701,346	7,811,299	2,380,496	2,380,496	2,380,496
<b>Total Bureau Expenditures</b>	<b>352,429,903</b>	<b>373,789,683</b>	<b>449,771,625</b>	<b>414,453,595</b>	<b>415,553,835</b>	<b>418,018,676</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	5,715,622	22,140,676	21,834,961	23,621,651
General Fund Overhead	0	0	0	0	0	0
Other Cash Transfers	34,480,886	39,708,725	46,590,286	44,441,275	45,861,275	48,852,858
Debt Retirement	468,890	269,219	109,837	2,018,000	2,018,000	2,018,000
Ending Fund Balance	51,561,836	70,212,844	0	0	0	0
<b>Total Fund Requirements</b>	<b>86,511,612</b>	<b>110,190,788</b>	<b>52,415,745</b>	<b>68,599,951</b>	<b>69,714,236</b>	<b>74,492,509</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 438,941,515</b>	<b>\$ 483,980,471</b>	<b>\$ 502,187,370</b>	<b>\$ 483,053,546</b>	<b>\$ 485,268,071</b>	<b>\$ 492,511,185</b>

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Miscellaneous Revenues	1,367,926	1,678,649	1,902,632	2,250,000	2,250,000	2,250,000
<b>Total External Revenues</b>	<b>1,367,926</b>	<b>1,678,649</b>	<b>1,902,632</b>	<b>2,250,000</b>	<b>2,250,000</b>	<b>2,250,000</b>
<b>Internal Revenues</b>						
General Fund Discretionary	1,887,907	5,568,149	0	3,280,418	3,280,418	3,280,418
<b>Total Internal Revenues</b>	<b>1,887,907</b>	<b>5,568,149</b>	<b>0</b>	<b>3,280,418</b>	<b>3,280,418</b>	<b>3,280,418</b>
Beginning Fund Balance	39,184,722	42,202,105	48,840,733	52,748,505	52,748,505	52,748,505
<b>TOTAL RESOURCES</b>	<b>\$ 42,440,555</b>	<b>\$ 49,448,903</b>	<b>\$ 50,743,365</b>	<b>\$ 58,278,923</b>	<b>\$ 58,278,923</b>	<b>\$ 58,278,923</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
External Services	238,450	15,000	0	0	0	0
<b>Total Bureau Expenditures</b>	<b>238,450</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	48,817,978	54,478,923	54,478,923	54,478,923
Other Cash Transfers	0	184,612	1,925,387	3,800,000	3,800,000	3,800,000
Ending Fund Balance	42,202,105	49,249,291	0	0	0	0
<b>Total Fund Requirements</b>	<b>42,202,105</b>	<b>49,433,903</b>	<b>50,743,365</b>	<b>58,278,923</b>	<b>58,278,923</b>	<b>58,278,923</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 42,440,555</b>	<b>\$ 49,448,903</b>	<b>\$ 50,743,365</b>	<b>\$ 58,278,923</b>	<b>\$ 58,278,923</b>	<b>\$ 58,278,923</b>

**FUND OVERVIEW**

The General Reserve Fund was created in FY 1987-88 for the purpose of building a reserve for the General Fund. It is Council adopted policy to maintain a reserve level equal to 10% of General Fund revenues, net of short-term borrowing.

The policy defines the first 5% of reserves as an emergency reserve available to fund major one-time, unanticipated expenditures or to offset unanticipated revenue fluctuations that occur within a fiscal year. The second 5% of the reserve fund is defined as a counter-cyclical reserve and is available to either maintain General Fund programs at current service levels or to adjust expenditure growth to match slower revenue growth during the first 18 to 24 months of a recession.

City Council’s five-year financial forecast allows using reserves in excess of the required 10% level to fund one-time General Fund appropriations.

**Managing Agency** Office of Management and Finance, Financial Planning

**SIGNIFICANT CHANGES FROM PRIOR YEAR**

During FY 2007-08 Council will transfer \$3.2 million into the General Reserve Fund. This will build on last year’s “rainy day set-aside” and will allow a total of \$4 million to be earmarked for replacement of the computer-aided dispatch system in FY 2008-09. In addition, \$3.8 million will be transferred from the General Reserve Fund to the Parks Construction Fund to pay for completion of the East Portland Community Center Pool. The General Reserve Fund is expected to remain at the full 10% level during FY 2007-08. Interest Income for the General Reserve Fund is projected to keep reserves at the required 10% level throughout the five-year financial forecast period ending in FY 2010-11.