

Adopted Budget

In Brief

City of Portland, Oregon
Fiscal Year 2007-08

Mayor Tom Potter

Commissioner Sam Adams

Commissioner Randy Leonard

Commissioner Dan Saltzman

Commissioner Erik Sten

Auditor Gary Blackmer

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Budget Award

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



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Portland

Oregon

For the Fiscal Year Beginning

July 1, 2006

A handwritten signature in cursive script, appearing to read 'Ronald J. Klein'.

President

A handwritten signature in cursive script, appearing to read 'Jeffrey R. Egan'.

Executive Director

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 bio-fuels 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,

A handwritten signature in black ink that reads "Tom Potter". The signature is written in a cursive, flowing style.

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.

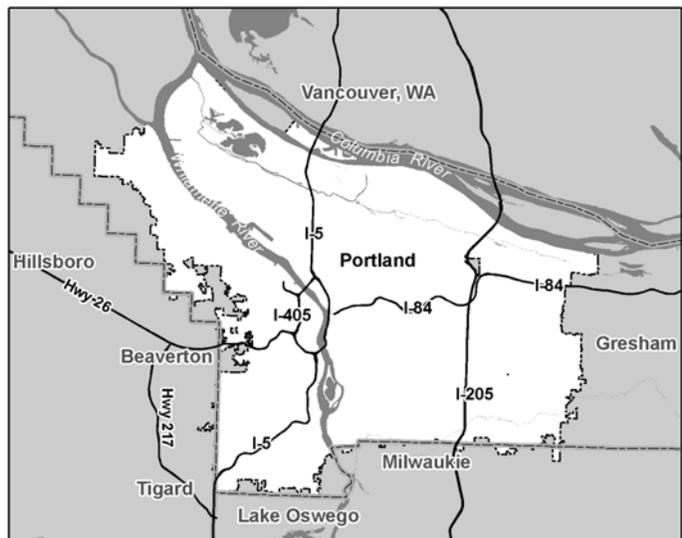


Figure 1: A Profile of Portland's Citizens

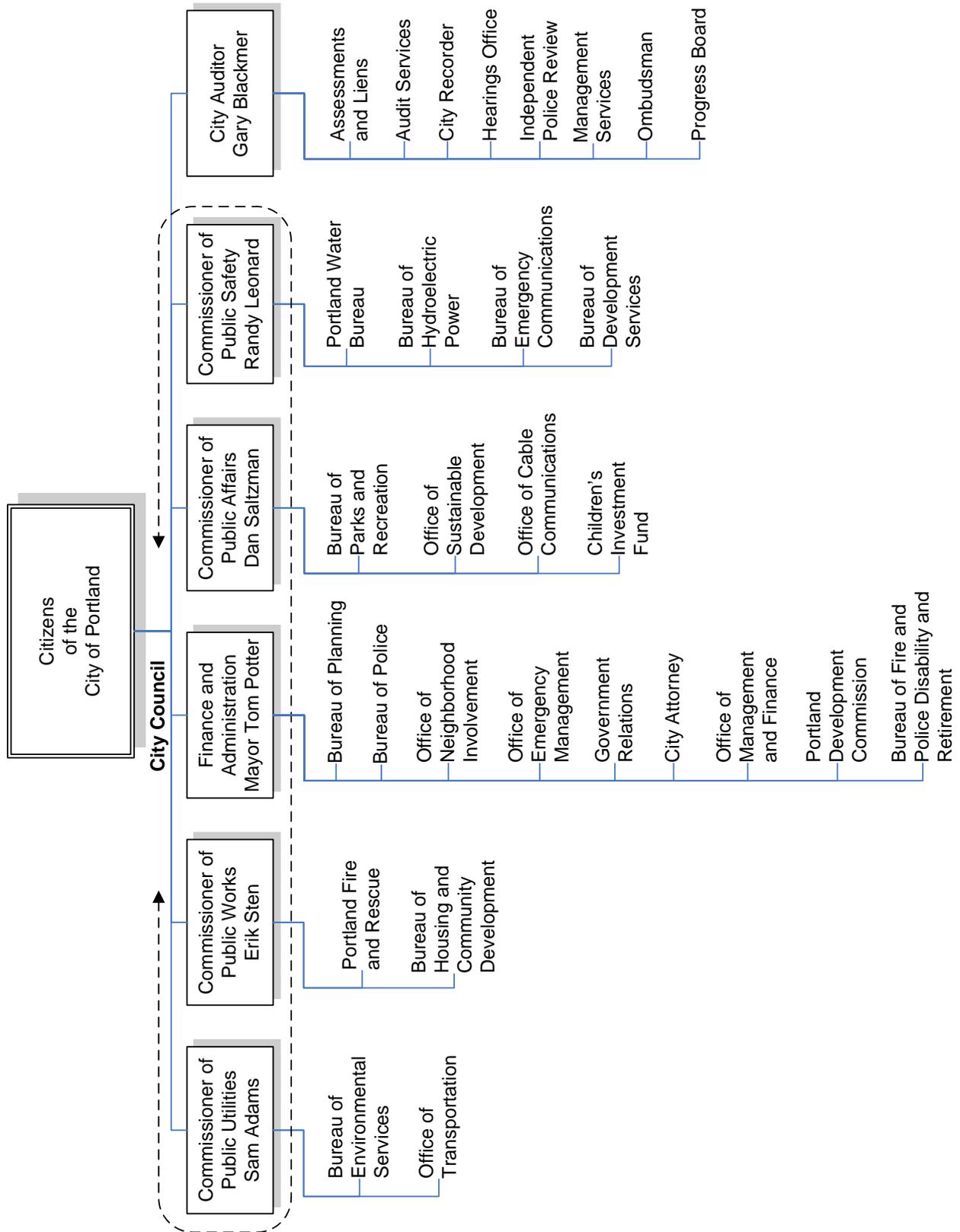
General Characteristics	2000	Percent of Total	2005/2006	Percent of Total	Percent Change
City Population ¹	529,121	---	562,690	---	6.3%
Male	261,565	49.4%	253,078	48.2%	-3.2%
Female	267,556	50.6%	260,549	49.6%	-2.6%
Age Median age (years)	35.2	---	36.2	---	2.8%
Under 5 years	32,300	6.1%	33,946	6.5%	5.1%
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					
Average household size	514,129	---	513,627	---	-0.1%
Average family 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%
Construction, 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					
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 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 2: City of Portland Organization Chart



FORM OF CITY GOVERNMENT

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

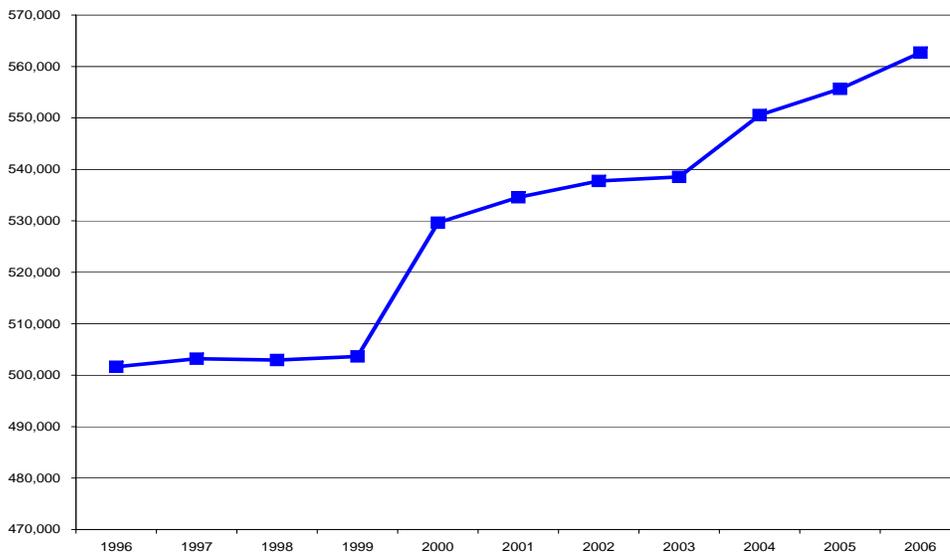
DEMOGRAPHIC DATA

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%.

Figure 3: Portland's Population Growth

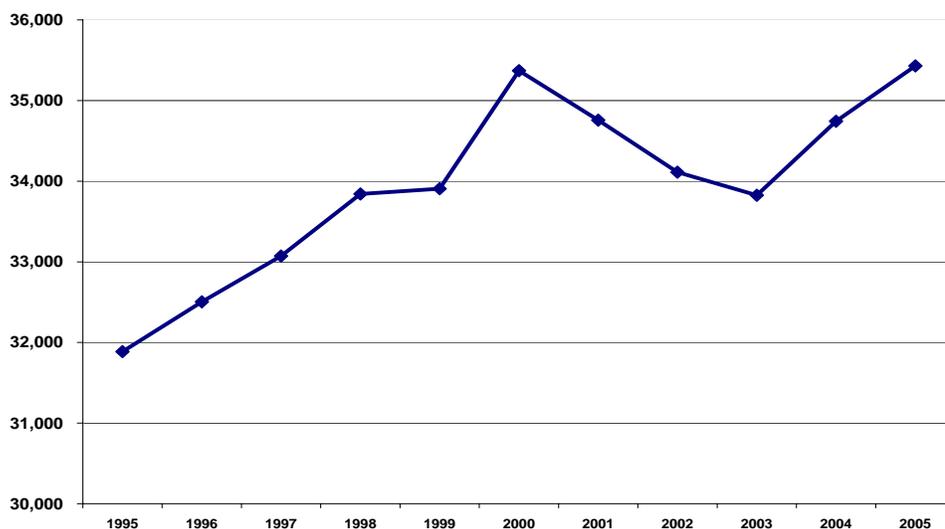


Per Capita Income

Portland's 2005 per capita income of \$35,430 is 9.7% higher than the state average.

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.

Figure 4: Portland's Per Capita Income (in 2005 dollars)



Budget Overview

BUDGET SUMMARY

Total City Budget

The total City budget is down by \$7.7 million from the FY 2006-07 Revised Budget.

Total Legal Budget

State of Oregon Local Budget Law requires reporting of the City's total budget. This is defined to include total operating costs and the internal transactions between funds. The total Adopted Budget for FY 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 5: Expenditures by Major Object Category

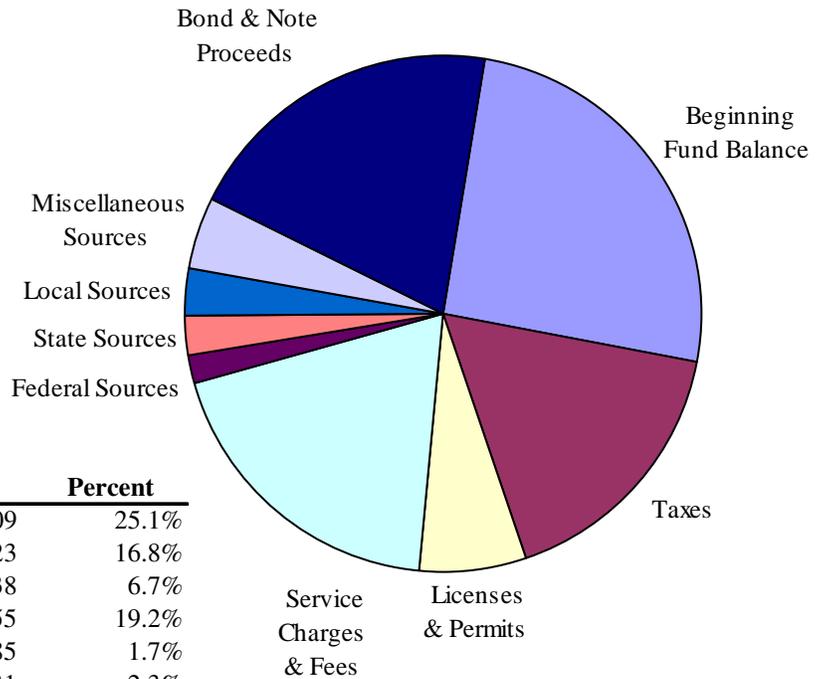
Major Object Category	Revised FY 2006-07	Adopted FY 2007-08	Dollar Change	Percent Change
Personal Services	\$ 496,840,017	\$ 515,586,733	\$ 18,746,716	3.8%
External Materials & Services	639,247,689	625,163,831	(14,083,858)	-2.2%
Internal Materials & Services	216,363,660	196,547,750	(19,815,910)	-9.2%
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.

Total City Budget Charts

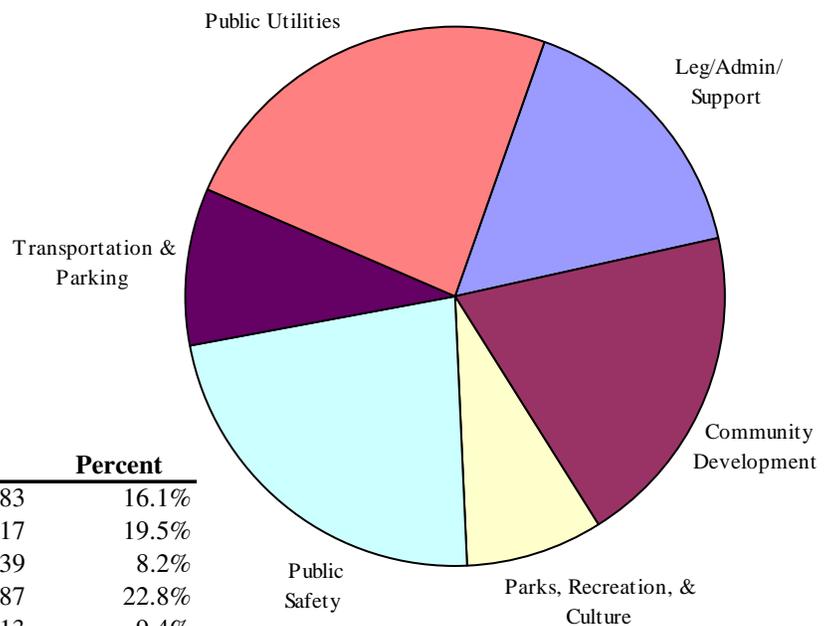
The following charts graphically summarize the total net City budget.

Figure 6: City Net Budget—Resources



Resource	Budget	Percent
Beginning Fund Balance	\$ 580,253,409	25.1%
Taxes	387,059,223	16.8%
Licenses & Permits	154,424,138	6.7%
Service Charges & Fees	442,716,555	19.2%
Federal Sources	39,178,185	1.7%
State Sources	54,100,931	2.3%
Local Sources	71,052,091	3.1%
Miscellaneous Sources	102,534,560	4.4%
Bond & Note Proceeds	476,511,225	20.6%
Total Net Budget	\$ 2,307,830,317	100.0%

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



Service Area	Budget	Percent
Leg/Admin/Support	\$ 254,870,783	16.1%
Community Development	308,286,617	19.5%
Parks, Recreation, & Culture	129,194,539	8.2%
Public Safety	361,636,187	22.8%
Transportation & Parking	149,408,713	9.4%
Public Utilities	381,473,265	24.1%
Total City Bureau Expenses	\$ 1,584,870,104	100.0%

General Fund Budget

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

Figure 8: General Fund—Resources by Major Category

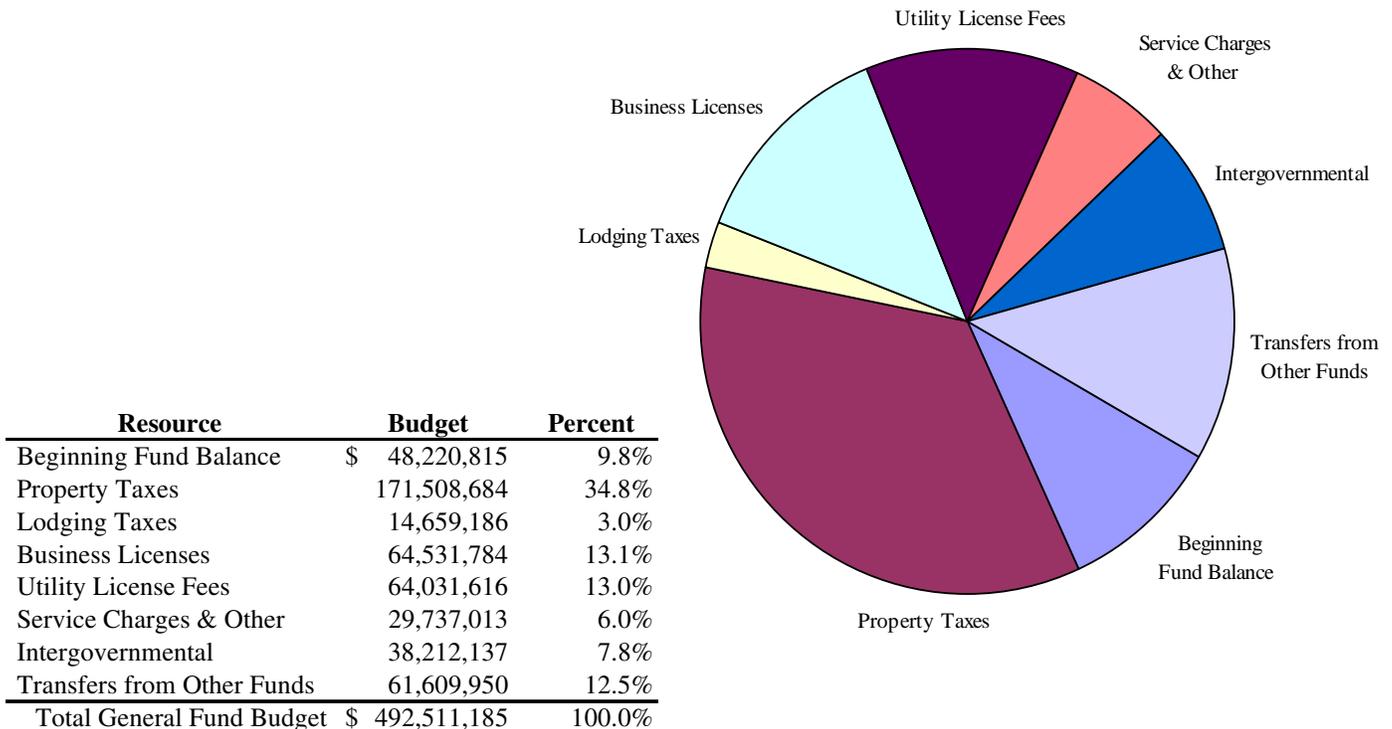
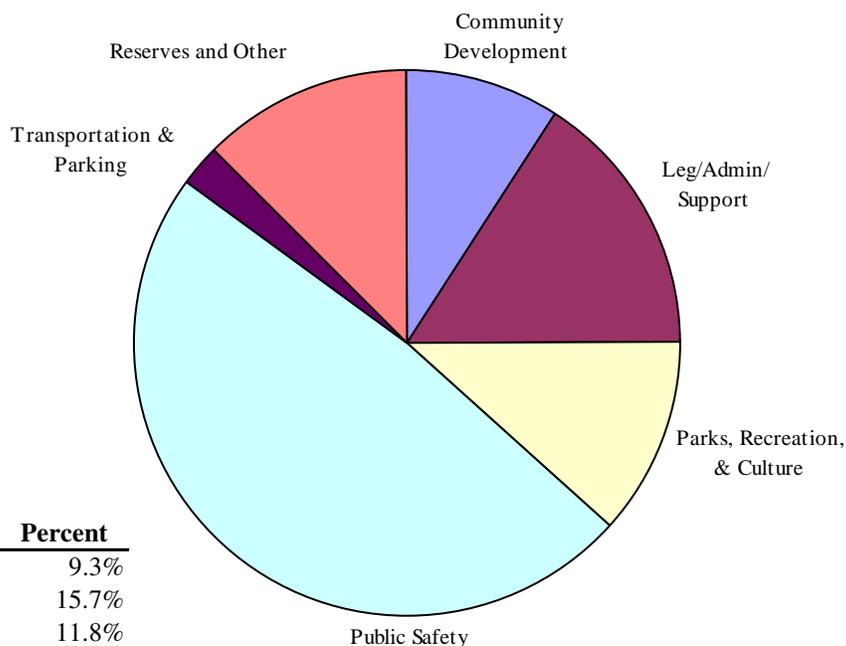


Figure 9: General Fund—Requirements by Service Area

Service Area	Budget	Percent
Community Development	\$ 45,629,694	9.3%
Leg/Admin/Support	77,121,514	15.7%
Parks, Recreation, & Culture	57,883,863	11.8%
Public Safety	237,383,605	48.2%
Transportation & Parking	12,693,478	2.6%
Reserves and Other	61,799,031	12.5%
Total General Fund Budget	\$ 492,511,185	100.0%

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

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.

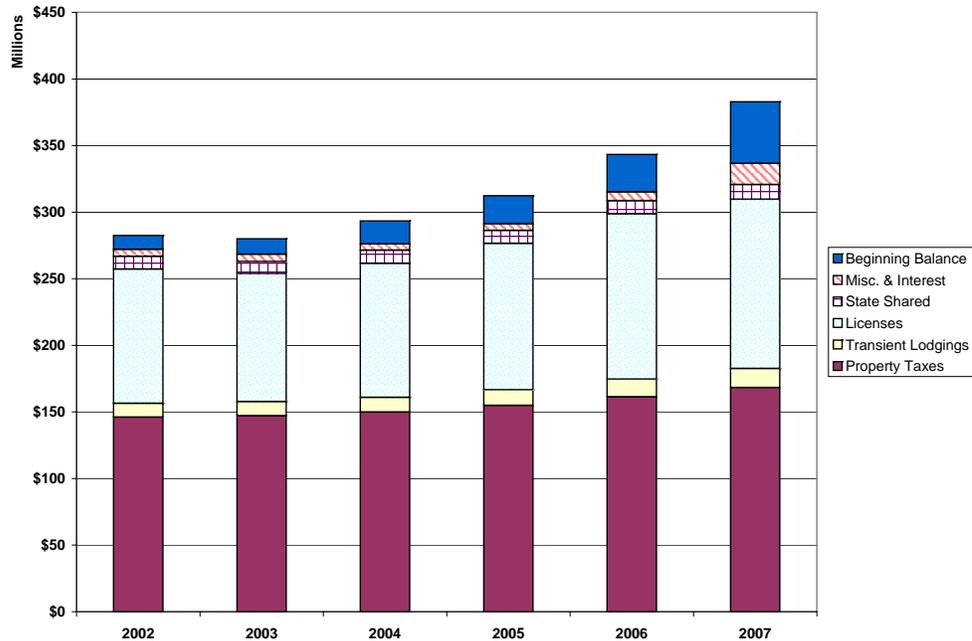
The five-year resource forecast is used to develop the five-year financial forecast. The financial forecast compares estimated annual resources (revenue plus beginning fund balance) with projected costs of maintaining General Fund current appropriation levels (CAL). For the FY 2007-08 budget process, 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 10: 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

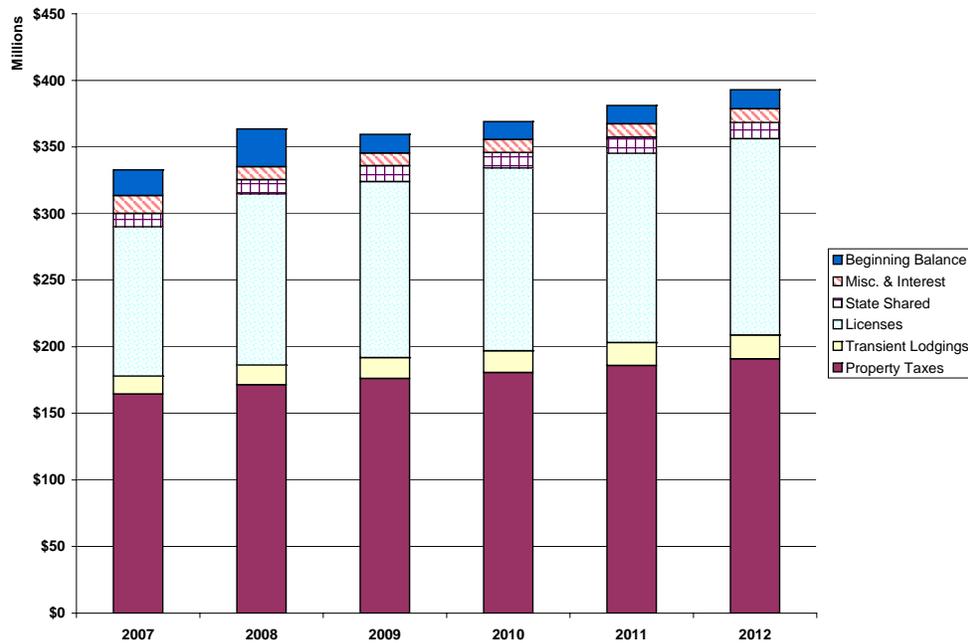
Utility license and franchise fees are expected to grow about 2.8% per year. Growth in this category remains constrained by water and sewer utility license revenues, which remain fixed at about \$16.9 million as a result of previous Council action. Revenues are to stay at this level until such time as 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 11: 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 12: Five-Year Financial Plan

ITEM	Adopted 2008	Out-Years of Financial Plan			
		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 13: Summary of Major Funds

	General Fund	Sewer System Operating Fund	Transportation Operating Fund	Water Fund	All Other Funds
FY 2005-06 Actual					
Beginning Balance	\$ 51,561,836	\$ 34,581,631	\$ 14,752,890	\$ 25,226,284	\$ 445,364,277
External Revenues	336,175,454	203,833,672	128,607,296	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
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 Budget					
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 Budget					
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.

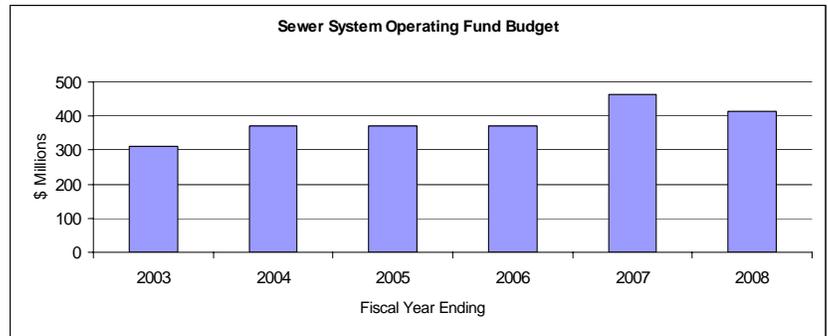
BES's estimated annual revenue requirement increases \$51.5 million over the forecast period. The five-year financial plan forecasts an increase of 5.2% in the average single-family sewer and stormwater bill for FY2007-08 from \$39.75 to \$41.83, due to favorable bond rates and lower-than-anticipated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

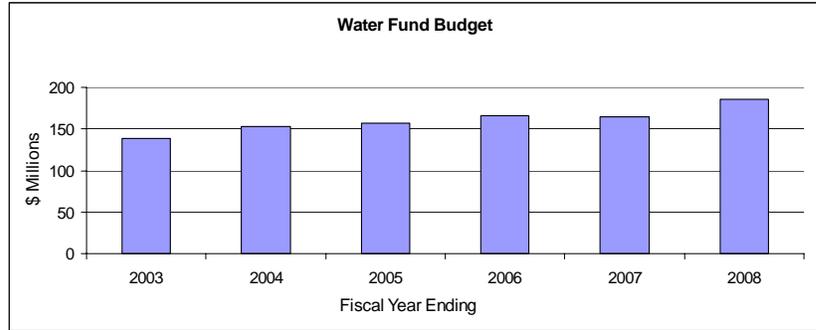
Annual Operating and CIP Budgets: The BES operating budget for FY 2007-08 is \$237.4 million including expenditures of \$98.5 million for operating programs, \$4.7 million for General Fund overhead, \$12.8 million for utility license fees, \$10.0 million transferred to the rate stabilization fund, \$107.4 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



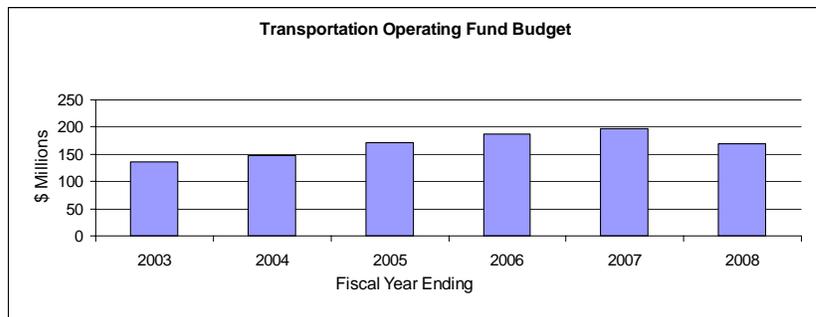
rate increase is in part derived from the unanticipated wholesale contract impact of 1.3% per year. With the joint consent of the Water Bureau, the Commissioner, and the Portland Utility Review Board, and supported by the Council via its approval of the agreements, wholesale customers were offered contract 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

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

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.

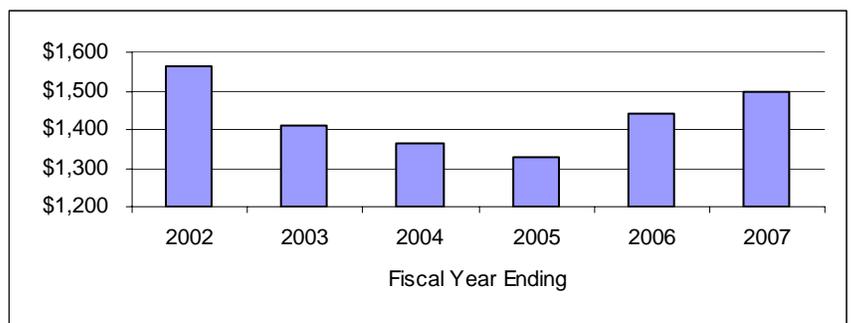
Figure 14: Debt Limitation Criteria

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 15: 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.

Total City Budget – Revenues and Expenses

TABLE 1

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

	Actual FY 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)
TOTAL NET BUDGET	\$ 2,215,912,008	\$ 2,204,223,620	\$ 2,307,830,317

Appropriation Schedule – FY 2007–08

TABLE 2

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
GENERAL FUND					
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 Franchise Management	1,983,817	0	0	0	1,983,817
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

Appropriation Schedule – FY 2007–08

TABLE 2

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
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
CAPITAL PROJECTS FUNDS					
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

Appropriation Schedule – FY 2007–08

TABLE 2

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
PERMANENT FUND					
Parks Endowment Fund	3,200	0	0	0	3,200
Total Permanent Fund	3,200	0	0	0	3,200
ENTERPRISE FUNDS					
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
INTERNAL 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

Appropriation Schedule – FY 2007–08

TABLE 2

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
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

Summary of Authorized Positions

TABLE 3

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

	Actual FY 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	-0.55
OMF Business Operations	31.60	30.20	29.60	30.38	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
TOTAL CITY	5,645.11	5,617.97	5,859.94	5,907.77	47.83

General Fund Revenues and Expenses

TABLE 4

This table summarizes the type of revenues into the General Fund, as well as the bureau expense budgets, with a comparison between fiscal years.

	Discretionary Budget		Total Budget	
	Revised FY 2006-07	Adopted FY 2007-08	Revised FY 2006-07	Adopted FY 2007-08
RESOURCES				
Property Taxes	164,437,521	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	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	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	402,895	670,426	790,789
Commissioner of Public Utilities	312,346	317,069	777,620	816,976
Commissioner of Public Works	313,221	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	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	34,908,719	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	0
Contingency-Operating & Unforeseen	5,715,622	12,621,651	5,715,622	12,621,651
Contingency-Encumbrance Carryover	0	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.

Operating and Capital Budget by Service Area

TABLE 5

This table summarizes the operating and capital expenditures included in bureau budgets for each fiscal year, by service area, and by bureau. It does not include fund requirements such as contingencies, reserves, debt service, or interfund transfers.

	Revised FY 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						
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 5

This table summarizes the operating and capital expenditures included in bureau budgets for each fiscal year, by service area, and by bureau. It does not include fund requirements such as contingencies, reserves, debt service, or interfund transfers.

	Revised FY 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

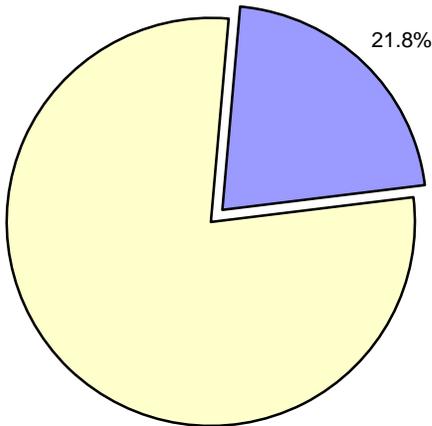
(a) The Parks Construction Fund capital improvements number does not include fund-level expenses included in the Portland Parks and Recreation CIP as shown in Tables 11 and 12.

Public Safety

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

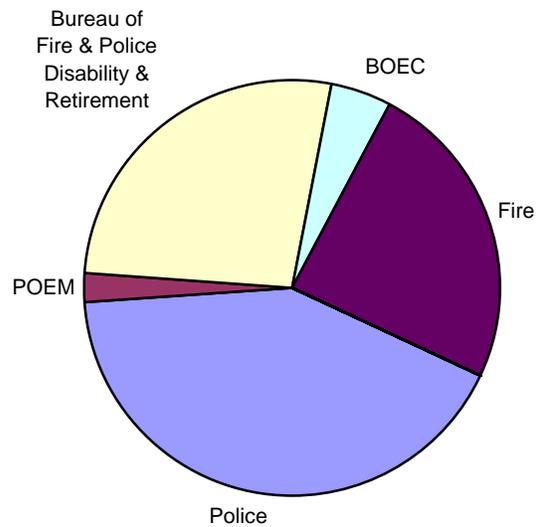
Percent of City Budget

Public Safety = \$344.8 Million



City Budget = \$1.58 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2006–07	Adopted FY 2007–08	Change from Prior Year	Percent Change
Operating	342,383,261	343,229,487	846,226	0.2%
Capital	3,902,647	1,606,875	-2,295,772	-58.8%
Total Expenditures	\$ 346,285,908	\$ 344,836,362	\$ -1,449,546	\$ -0.4%
Authorized Positions	2,190	2,219	29.00	1.3%

Service Area Highlights

DESCRIPTION

The Public Safety service area includes the Bureau of Emergency Communications, the Bureau of Fire & Police Disability & Retirement, the Bureau of Police, Portland Fire & Rescue, and the Portland Office of Emergency Management. These bureaus provide critical public safety services, such as police protection, fire and emergency medical response, 9-1-1 call taking, emergency dispatch, and disaster planning and response. The Bureau of Fire & Police Disability & Retirement is a new bureau created in FY 2006-07 to oversee the City's retirement and disability benefits for sworn employees.

MAJOR THEMES

Council continues to invest in frontline public safety services in the FY 2007-08 Adopted Budget. The Adopted Budget for the public safety bureaus is \$1.4 million less than the FY 2006-07 Revised Budget, but this is entirely attributable to the timing of grant revenues.

The Adopted Budget funds 45 new permanent positions at the public safety bureaus, most of which will be dedicated to improving direct public safety services. New civilian positions at the Police Bureau will allow the redeployment of sworn personnel currently performing support functions to patrol and investigations. Portland Fire & Rescue will use new sworn positions to restore two rescue units and a fourth battalion district. New administrative positions at the Bureau of Emergency Communications will free up supervisors' time for training and managing 9-1-1 operators.

A significant salary increase for 9-1-1 operators is also funded in this budget. Council approved the increase as one of several steps to improve the recruitment and retention of operators. The FY 2007-08 Adopted Budget includes continued funding for four positions at the Portland Office of Emergency Management that were supported with one-time resources in FY 2006-07. Finally, the tax levy for the Fire & Police Disability & Retirement system increases in FY 2007-08, partially because of Charter changes approved by voters in the fall of 2006.

Police Bureau

The Police Bureau's Adopted Budget for FY 2007-08 is essentially equal to the bureau's FY 2006-07 Revised Budget. An increase of \$2.2 million in General Fund resources is offset by a decrease of \$1.9 million in program revenue. The bureau intended to implement an expanded impounding program in FY 2006-07, which would have raised additional program revenue through fees. However, the Police Bureau and the Mayor's Office ultimately decided not to implement this initiative, and the bureau's FY 2007-08 program revenue budget has been adjusted down by \$1.9 million to reflect this decision. Other major highlights of the Police Bureau's FY 2007-08 budget are discussed below:

- ◆ The bureau received 20 new civilian positions to replace sworn officers who currently process background checks for officer candidates, conduct certain internal affairs investigations, and coordinate crisis training. This will allow for redeployment of the sworn officers to frontline police services.
- ◆ To help improve case clearance rates, seven new detectives are funded in this budget. Four of the positions are new; three are created by reclassifying lieutenant positions.

- ◆ The Police Bureau received \$212,914 in additional funding for an enhanced interagency service agreement with the City Attorney's Office. The Attorney's Office will dedicate an additional 1.5 FTE to Police liability issues.
- ◆ One-time funding of \$127,000 was added to the Police Bureau's budget to purchase software licenses that will allow online access to case and report documents.
- ◆ One-time funding of \$150,000 was appropriated for domestic violence services provided by nonprofit organizations and Multnomah County. The Police Bureau will pass the funds to these organizations.

Portland Fire & Rescue

The \$83.4 million FY 2007-08 Adopted Budget for Portland Fire & Rescue is 1% less than its FY 2006-07 Revised Budget because budgeted grant revenue is declining from \$2.8 million to \$0. Significant changes are:

- ◆ Portland Fire & Rescue received 13 additional firefighters to staff two restored rescue units, beginning in April 2008, that will add to response capacity and reduce overall response times.
- ◆ The bureau also received three additional battalion chief positions to restore a fourth battalion district, improving emergency response, preparedness, and incident management.
- ◆ Another 2.44 FTE will be added to the bureau's Apparatus Maintenance Unit to ensure the readiness and reliability of the bureau's apparatus fleet.

Bureau of Emergency Communications

The Bureau of Emergency Communications' FY 2007-08 Adopted Budget is \$1.8 million more than the bureau's FY 2006-07 Revised Budget. Significant budget changes for FY 2007-08 are:

- ◆ The bureau's budget is increased by \$459,000 to fund higher salary and benefit costs resulting from a union agreement. The agreement is intended to improve the bureau's retention and recruitment rates for 9-1-1 operators.
- ◆ The Public Safety Fund will be collapsed into the Emergency Communication Fund, the bureau's operating fund. Most of the Public Safety Fund's balance will be reserved for replacement of the computer-aided dispatch system, although some will be used for continued work on the mobile 9-1-1 trailer and other projects.
- ◆ Three new positions are authorized for FY 2007-08, funded with a reallocation of the bureau's existing resources. One position will be charged with public education and outreach duties, and the other two will provide administrative support to 9-1-1 supervisors.
- ◆ An FY 2007-08 budget note directs the bureau to begin refunding surplus General Fund resources to the City after the close of each fiscal year. All other jurisdictions served by the bureau currently receive refunds of surplus payments.

Portland Office of Emergency Management

The FY 2007-08 General Fund allocation for the Portland Office of Emergency Management (POEM) is \$63,357 less than it was in FY 2006-07. This is because POEM received a \$276,856 one-time appropriation in FY 2006-07 for the potential relocation of its administrative offices. Notable FY 2007-08 budget decisions for POEM are listed below.

- ◆ Six permanent General Fund-supported positions were added to POEM in FY 2006-07. However, three of the positions were funded with one-time resources. The FY 2007-08 budget replaces the one-time funds with \$151,000 in ongoing General Fund resources.
- ◆ A limited term community outreach position is extended through FY 2007-08 with \$99,744 in one-time General Fund support.

- ◆ POEM and the Office of Management and Finance will continue to study the possibility of purchasing or constructing a new, common facility for POEM's administrative offices and the emergency operations center.

**Bureau of Fire &
Police Disability &
Retirement**

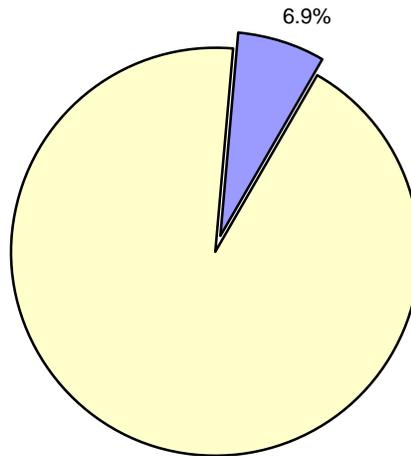
The FY 2007-08 Adopted Budget is 6.4% higher than the FY 2006-07 Revised Budget. The increase is due both to anticipated retirements and to the City Charter change Portland voters passed in November 2006 that places new sworn hires in the Police and Fire Bureaus into the Oregon Public Employees Retirement System. With the Charter change, Portland begins to move from a pay-as-you-go retirement system to a prefunded one. A generation of Portland taxpayers will pay higher property taxes as contributions are made for both retirees and active employees, but future generations will see lower tax rates.

Parks, Recreation, and Culture

Portland Parks & Recreation

Percent of City Budget

Parks = \$109.9 Million



City Budget = \$1.58 Billion

Service Area Overview

Expenditures	Revised FY 2006-07	Adopted FY 2007-08	Change from Prior Year	Percent Change
Operating	58,305,290	61,558,140	3,252,850	5.6%
Capital	24,743,212	48,332,333	23,589,121	95.3%
Total Expenditures	\$ 83,048,502	\$ 109,890,473	\$ 26,841,971	\$ 32.3%
Authorized Positions	408	408	0.00	0.0%

Service Area Highlights

DESCRIPTION

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

MAJOR THEMES

Portland Parks and Recreation

Budget Changes

The FY 2007-08 Adopted Budget reflects the Council's decision to maintain a focus on enhancing and preserving built and green infrastructure. \$2.9 million is added to the Parks Bureau operating budget to support one-time enhancements and maintenance to the existing infrastructure. In addition, over \$2.5 million of new General Fund resources are programmed for supporting capital projects within the Parks system. In preparing the FY 2007-08 Adopted Budget the Council has committed \$2.7 million in the General Fund forecast towards backfilling the existing Parks Levy, which will expire in June 2008.

Planning for the Future

For FY 2007-08 a large focus for Parks will be on initiatives relating to two future challenges: financial sustainability and infrastructure renewal and development. Major components of this workplan include:

- ◆ Updating and refining the bureau-wide five-year financial plan to assist in decision making
- ◆ Development of a service strategy to guide decisions related to service mix, service delivery approach, and service standard
- ◆ Nurturing and expanding partnerships with non-profit and private organizations
- ◆ Continued development of a total asset management strategy

Capital Improvement Plan

The Portland Parks and Recreation capital improvement plan budget totals approximately \$56.5 million. Of this amount, \$7.4 million is supported by the City's General Fund with remaining funds coming from grants, Parks Local Option Levy, and various external and internal sources. Significant projects for FY 2007-08 include:

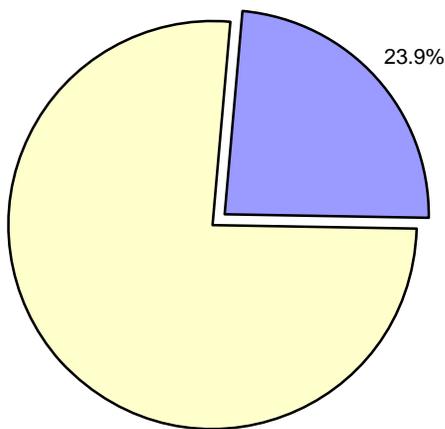
- ◆ East Portland Community Center pool
- ◆ Dredging and restoration of the pond at Laurelhurst Park
- ◆ Development of a playground at Dickinson Park
- ◆ University Park Community Center gym improvement
- ◆ Springwater Corridor trail improvements
- ◆ Development of new community gardens
- ◆ Waterfront Park and Ankeny improvements
- ◆ Repaving of PIR track
- ◆ River District neighborhood park development
- ◆ South Waterfront neighborhood park development
- ◆ South Park Block 5 development

Public Utilities

Bureau of Environmental Services
Water Bureau

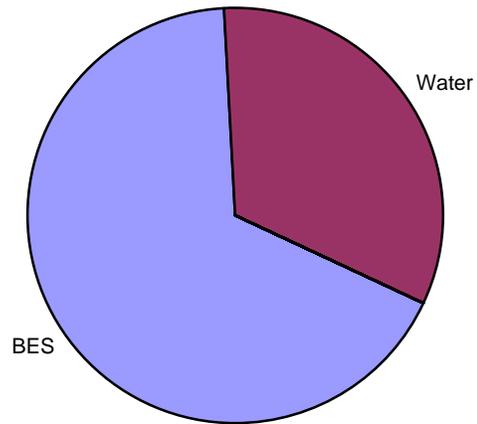
Percent of City Budget

Public Utility = \$378.3 Million



City Budget = \$1.58 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2006-07	Adopted FY 2007-08	Change from Prior Year	Percent Change
Operating	164,762,555	166,110,094	1,347,539	0.8%
Capital	255,322,819	212,223,127	-43,099,692	-16.9%
Total Expenditures	\$ 420,085,374	\$ 378,333,221	\$ -41,752,153	\$ -9.9%
Authorized Positions	1,144	1,169	25.00	2.2%

Service Area Highlights

DESCRIPTION

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

MAJOR THEMES

Utility Rate Increases

The Adopted Budget for FY 2007-08 includes an average effective retail rate increase for water service of 5.1%. The average single family sewer bill increase is 5.2%. The rate increase for water service is consistent with the planned increase. The sewer rate increase is lower than the financial plan, largely due to decreases in the capital program.

Water Bureau

The FY 2007-08 Adopted Budget for the Water Bureau is \$123.7 million. The Water Bureau's budget consists of an operating budget of \$66.9 million (including \$669,574 for the Hydropower Division) and a capital budget of \$56.8 million. The operating budget increased about \$3.7 million from the FY 2005-06 Revised Budget and the capital budget increased approximately \$14.0 million.

The Capital Improvement Plan (CIP) has increased nearly \$14 million from the FY 2006-07 Revised CIP. The increase is largely due to revisions to the construction schedules and costs for the Interstate Facility Rehabilitation project and the Downtown Transit Mall work.

The Water Bureau has added two new positions for FY 2007-08 and decreased one limited term position, resulting in a net increase of one position in FY 2007-08. The FY 2007-08 budget funds 639 full-time positions, 19 limited term positions, and seven part-time positions.

Wholesale Water Contracts

Annual water sales to wholesale customers account for about 16% of the annual water sale revenues and about 40% of annual water demand. On June 2006, the City entered into new wholesale agreements with 13 cities and public water districts. Five of the 13 new wholesale agreements have a 10-year term, and eight new wholesale agreements have a 20-year term. Six smaller water companies signed five-year agreements with terms and provisions similar to the new agreement.

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

Long Term 2 Enhanced Surface Water Treatment Rule

The Long Term 2 Enhanced Surface Water Treatment Rule (LT2) was promulgated as final and published to the federal register during the first week of 2006. Implementation of this rule could result in significant added costs to provide additional water treatment. The EPA has modified the rule related to open reservoirs by removing the risk-mitigation compliance option that had been included in the draft version, an option that was selected by the City Council as the City's method for compliance with the proposed rule. At the direction of the

Commissioner-in-Charge and City Council, the bureau has been working with a stakeholder group comprised of community members, as well as legal council to assist the City in challenging the rule. The bureau continues to support the efforts of the City Council to achieve compliance with the LT2 rule without requiring additional treatment of the City's Bull Run water supply.

Bureau of Environmental Services

The FY 2007-08 Adopted Budget for operating and capital expenditures is \$254.0 million, \$60.4 million or 19% lower than the Revised Budget for FY 2006-07, due to a 26.8% decrease in capital improvement plan expenditures as the bureau completes the Westside Tunnel and Swan Island Pump Station and moves into the Eastside Tunnel portion of the Combined Sewer Overflow (CSO) program. The FY 2007-08 Adopted Budget reflects continued support for the CIP. Sixty-three percent of the CIP budget is attributable to the Eastside Tunnel project.

BES is adding 20.12 FTEs for FY 2007-08 including 4 FTE transferring from the Office of Neighborhood Involvement and 2 FTE transferring from the Water Bureau to streamline public involvement activities and stormwater impervious area issues. The FY 2007-08 budget funds 492.62 full-time positions, 4.50 limited term positions, and 6.25 part-time positions.

Combined Sewer Overflows

The City is subject to Oregon Department of Environmental Quality (DEQ) administrative orders regarding overflows from the bureau's combined sewer and stormwater collection system. The City has agreed to eliminate CSO discharges that violate applicable water quality standards by December 1, 2011. The FY 2007-08 Adopted Budget includes \$115.5 million of CSO capital costs.

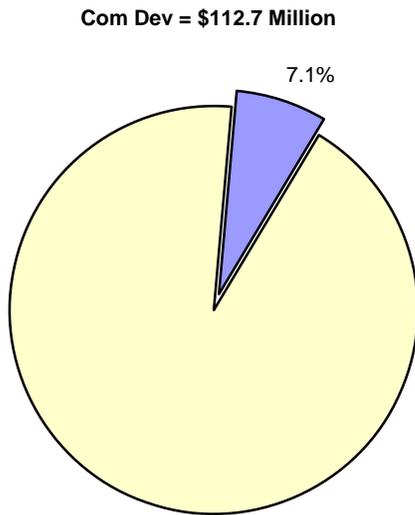
Portland Harbor Superfund

BES represents the City's interests at the Portland Harbor Superfund site by working with DEQ to identify and reduce sources of contamination conveyed to the Willamette River via stormwater outfalls, and with other stakeholders to assess current and past land use practices within the lower-Willamette drainage basin. This information will be used in the superfund process over the next several years to assess the City's potential liability for cleanup activities. The FY 2007-08 Adopted Budget includes \$6.0 million of expenditures related to the Portland Harbor Superfund.

Community Development

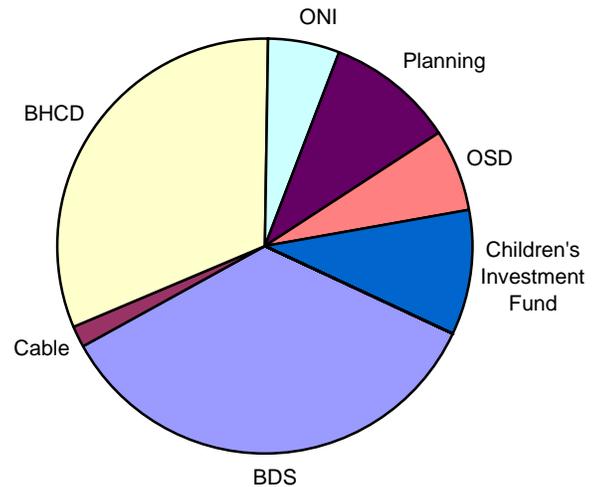
Bureau of Housing and Community Development
 Bureau of Development Services
 Children's Investment Fund
 Cable Communications and Franchise Management
 Office of Sustainable Development
 Office of Neighborhood Involvement
 Bureau of Planning

Percent of City Budget



City Budget = \$1.58 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2006–07	Adopted FY 2007–08	Change from Prior Year	Percent Change
Operating	124,277,568	112,670,298	-11,607,270	-9.3%
Capital	0	0	0	0.0%
Total Expenditures	\$ 124,277,568	\$ 112,670,298	\$ -11,607,270	\$ -9.3%
Authorized Positions	503	525	22.00	4.4%

Service Area Highlights

DESCRIPTION

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

MAJOR THEMES

Bureau of Development Services

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

The FY 2007-08 Adopted Budget for BDS is over \$39.3 million. This represents a 3.7% increase over the FY 2006-07 Revised Budget and a net addition of 4 FTE. BDS will increase fees for the following programs in FY 2007-08: Electrical (4.4%), Facilities Permits (5.0%), Site Development (6.5%), Environmental Soils (5.0%), Signs (7.5%), Zoning (5%), Noise (5%), Neighborhood Inspections (7.0%), and Land Use Review (3.5%). The bureau also received General Fund support for the Neighborhood Inspections program (\$250,000) and Measure 37 claim response (\$188,623).

Bureau of Housing and Community Development

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

The FY 2007-08 Adopted Budget begins to address the bureau's reliance on one-time funding for ongoing programs by converting \$2.3 million in one-time General Fund discretionary support to ongoing General Fund discretionary, but this still leaves \$3 million in programs funded with one-time. The following projects also received funding:

- ◆ Project Respond crisis intervention services received \$290,000 of one-time General Fund discretionary.
- ◆ The Street Access For Everyone Day Center project received \$350,000 of one-time General Fund discretionary to develop day shelter services.
- ◆ The Community Engagement Program received \$200,000 of one-time General Fund discretionary to provide clinical services to the homeless.
- ◆ BHCD will pass \$250,000 of one-time General Fund discretionary to the Housing Authority of Portland for the Humboldt Gardens redevelopment.
- ◆ BHCD will also pass through \$85,000 to Project Clean Slate for their economic opportunity program.

Bureau of Planning

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

The FY 2007-08 Adopted Budget includes ongoing funding for two staff positions to support bureau-wide operations and two staff in the Central City program. The bureau received one-time funding to advance three major multi-year planning projects, including the Central Portland Plan, an update of the Comprehensive Plan, and completion of visionPDX. The budget also reflects a range of new and continued one-time planning projects and program enhancements including a limited term youth planner position to help implement the goals of the Children and Youth Bill of Rights, an urban demographer position, a Columbia Corridor environmental code analysis, an East Portland Action Plan, and a Comprehensive Tree Policy.

Cable Communications and Franchise Management

The Office of Cable Communications and Franchise Management administers utility and telecommunications franchises, protects the public's interest in cable communications, and regulates private use of telecommunications public rights-of-way. The FY 2007-08 Adopted Budget includes ongoing funding to update and implement Utility License Fee reform, one-time funding for a part-time position to conduct a community needs assessment to identify and inventory communication and technology needs and interests related to cable-based communications for the communities within Portland, and one-time funding to help sponsor a welcome reception for the National Association of Telecommunications Officers and Advisors annual conference.

Office of Neighborhood Involvement

The Office of Neighborhood Involvement (ONI) continues to coordinate efforts to make the city's neighborhoods more livable and to promote meaningful and diverse civic participation. ONI's FY 2007-08 Adopted Budget decreased slightly primarily due to the move of combined sewer overflow outreach and downspout programs back to the Bureau of Environmental Services (BES). Notable changes for FY 2007-08 include:

- ◆ A one-time allocation of \$200,000 for a cultural organizing project to foster, develop, and support diversity.
- ◆ A one-time allocation of \$30,000 to provide vouchers for childcare, translation services, and possible stipends to encourage underrepresented groups to participate in neighborhood meetings and events.
- ◆ Funding to create one full-time position to assist bureaus, educate the community on expectations for improvement, and convene the Citywide public involvement staff committee to involve and inform community members in City decision-making processes.
- ◆ One-time resources of \$350,000 for additional coalition office staff.
- ◆ One-time funding of \$50,000 to hire a consultant to assist the bureau and its community partners in developing performance measures.
- ◆ Continued support for capacity building for neighborhood business associations and small/ethnic chambers.
- ◆ Moving BES outreach programs back to BES. This results in a reduction of four full-time positions, five to seven seasonal part-time positions, and \$437,286 of interagency funding.
- ◆ Increasing crime prevention resources by \$268,568 to restore two permanent full-time program coordinators.

- ◆ Taking over responsibility of issuing recommendations for temporary liquor licensing from the Police Bureau.
- ◆ Funding to help reduce youth and gang violence provided through an interagency with the Mayor's Office.

Office of Sustainable Development

The Office of Sustainable Development (OSD) continues to pursue options to protect the City's economic, environmental, and public interest goals. OSD also oversees and regulates solid waste and recycling programs that operate within the city limits. Funding for OSD originates primarily from residential and commercial solid waste fees, grants, and charges to other bureaus. General Fund discretionary support, about \$1.7 million in FY 2007-08, represents 13.5% of OSD's total budget of \$13 million. More than \$500,000 of the budget is from grants, contracts, and agreements, as OSD continues to leverage City funding with non-City sources.

The FY 2007-08 Adopted Budget includes one-time funds to focus on economic development activities related to renewable energy. In addition, one-time funds are provided to continue the Sustainable Food Initiative as well as an enhanced effort to focus on improving the sustainability of City operations through the Mayor's Bureau Innovation Project #18.

Children's Investment Fund

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

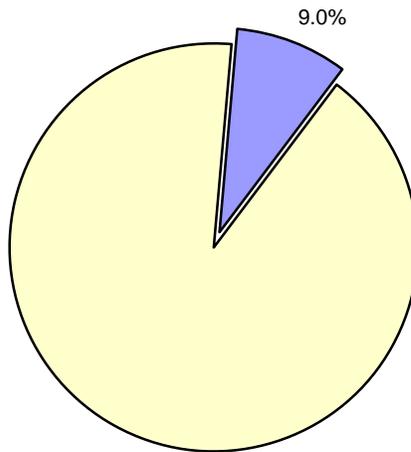
The Children's Investment Fund contracts with other local governments and nonprofit agencies to provide these services. Over 9,000 children receive assistance through programs including Head Start, health education and outreach, parent education, child care, and after-school programs that combine academic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

Transportation and Parking

Office of Transportation

Percent of City Budget

Trans Parking = \$142.7 Million



City Budget = \$1.58 Billion

Service Area Overview

Expenditures	Revised FY 2006-07	Adopted FY 2007-08	Change from Prior Year	Percent Change
Operating	101,592,481	104,821,719	3,229,238	3.2%
Capital	82,425,466	37,925,391	-44,500,075	-54.0%
Total Expenditures	\$ 184,017,947	\$ 142,747,110	\$ -41,270,837	\$ -22.4%
Authorized Positions	768	780	12.00	1.6%

Service Area Highlights

DESCRIPTION

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

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

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

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

MAJOR THEMES

Portland Office of Transportation

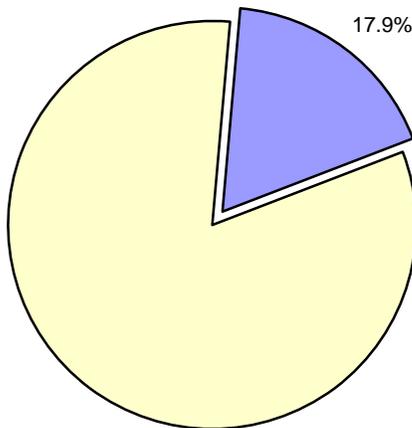
In FY 2007-08, PDOT continues to face significant challenges in finding adequate resources to maintain a deteriorating infrastructure, to manage congestion, and to provide for a safe and reliable transportation system. In FY 2007-08, PDOT will receive \$6.3 million in General Fund one-time: \$1.9 million to partially address a projected out year funding gap and \$4.4 million to fund the Safe Streets Initiative, Streetlight capital project.

Legislative, Administrative, and Support

- Office of the City Attorney
- Office of the City Auditor
- Commissioner of Public Affairs
- Commissioner of Public Safety
- Commissioner of Public Utilities
- Commissioner of Public Works
- Office of Government Relations
- Office of the Mayor
- Office of Management and Finance
- Special Appropriations

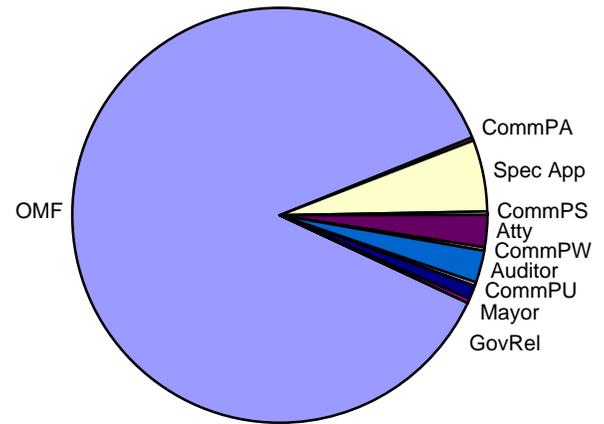
Percent of City Budget

Leg Adm = \$283.3 Million



City Budget = \$1.58 Billion

Bureau Pie Chart



Service Area Overview

Expenditures	Revised FY 2006–07	Adopted FY 2007–08	Change from Prior Year	Percent Change
Operating	257,878,856	240,968,152	-16,910,704	-6.6%
Capital	49,355,086	42,342,269	-7,012,817	-14.2%
Total Expenditures	\$ 307,233,942	\$ 283,310,421	\$ -23,923,521	\$ -7.8%
Authorized Positions	834	806	-28.00	-3.4%

Service Area Highlights

DESCRIPTION

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

MAJOR THEMES

Attorney

The FY 2007-08 Adopted Budget for the City Attorney's Office is \$7.5 million. Major additions include interagency agreements with the Revenue Bureau, Police Bureau, and the Fire and Police Disability and Retirement Fund. In addition, the Adopted Budget provides funds to support a part-time office support specialist.

Auditor

The FY 2007-08 Adopted Budget for the Auditor's Office totals \$6.9 million, a decrease of 7.2% over the FY 2006-07 Revised Budget. Additional funding is allocated to convert one limited term management auditor position to permanent. The office receives funding for interim archive space while waiting for the new archive center to be built. The Campaign Finance Fund will include one full-time, permanent management assistant position in FY 2007-08.

Office of Management and Finance

The FY 2007-08 Adopted Budget for the Office of Management and Finance totals \$246.5 million. Significant budgetary actions include enhanced revenue collections, extensions of three limited term Citywide human resources coordination positions, enhancements to fair contracting procedures, and public safety-related capital projects.

Special Appropriations

Special appropriations included in the FY 2007-08 Adopted General Fund Budget total \$15.3 million. Major items include \$3.1 million to the Regional Arts and Culture Council, \$2.4 million to the Portland Development Commission, and \$1.4 million for continuing support for Multnomah County jail beds.

Mayor and Commissioner Offices

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

Office of Government Relations

The FY 2007-08 Adopted Budget for the Office of Government relations is \$1.1 million, an increase from the FY 2006-07 Revised Budget of \$940,592. The office added three positions in mid-FY 2006-07, so the growth reflects the full-year cost of these positions as well as additional funding for the City's Washington, D.C. lobbyist contract.