

Adopted Budget

City of Portland, Oregon

Fiscal Year 2008-09
Volume Two

City Funds and Capital Improvement Plan

Mayor Tom Potter

Commissioner Sam Adams

Commissioner Nick Fish

Commissioner Randy Leonard

Commissioner Dan Saltzman

Auditor Gary Blackmer

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User's Guide

The FY 2008-09 Adopted Budget document consists of two volumes. Volume One contains general information and an overview of the Adopted Budget for the City of Portland, as well as the budgets for individual City bureaus and offices. Volume Two provides detailed information about the City's funds and capital projects.

VOLUME ONE - BUREAU BUDGETS

Mayor's Message

A message from Mayor Tom Potter about the challenges, opportunities, and uncertainties he and the four City Commissioners faced in preparing the FY 2008-09 budget. The message highlights the Mayor's budget priorities and the principles adhered to in crafting the budget.

Overviews

City Overview

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

Budget Overview

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

Financial Overview

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

Budget Notes

The Budget Notes section lists issues which require further analysis or action, per Council's direction. The notes generally direct bureaus to undertake a particular assignment.

Financial Summaries

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

Service Area Information

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

- ♦ Public Safety
- ♦ Parks, Recreation, and Culture
- ♦ Public Utilities
- ♦ Community Development
- ♦ Transportation and Parking
- ♦ Legislative, Administrative, and Support

VOLUME TWO - CITY FUNDS & CAPITAL PROJECTS

Fund Summaries by Service Area

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

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

Capital Projects by Service Area

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

PORTLAND DEVELOPMENT COMMISSION (PDC) ADOPTED BUDGET

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

QUESTIONS

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

| Figure 1: Funds by Managing Agency | | |
|---|--|--|
| Managing Agency | Fund | Service Area |
| Bureau of Development Services | | |
| | Development Services Fund | Community Development |
| Bureau of Emergency Communications | | |
| | Emergency Communication Fund | Public Safety |
| Bureau of Environmental Services | | |
| | Environmental Remediation Fund | Public Utilities |
| | Sewer Revolving Loan Fund | Public Utilities |
| | Sewer System Construction Fund | Public Utilities |
| | Sewer System Debt Redemption Fund | Public Utilities |
| | Sewer System Operating Fund | Public Utilities |
| | Sewer System Rate Stabilization Fund | Public Utilities |
| | Sewer System Safety Net Fund | Public Utilities |
| Bureau of Fire & Police Disability & Retirement | | |
| | Fire & Police Disability & Retirement Fund | Public Safety |
| | Fire & Police Disability & Retirement Reserve Fund | Public Safety |
| Bureau of Housing & Community Development | | |
| | HOME Grant Fund | Community Development |
| | Housing and Community Development Fund | Community Development |
| Cable Communications & Franchise Management | | |
| | Cable Fund | Community Development |
| Commissioner of Public Affairs | | |
| | Children's Investment Fund | Community Development |
| Office of Management & Finance | | |
| | Airport Way Debt Service Fund | Community Development |
| | Bancroft Bond Interest & Sinking Fund | Community Development |
| | BFRES Facilities GO Bond Construction Fund | Public Safety |
| | Bonded Debt Interest and Sinking Fund | Legislative, Administrative, & Support |
| | Business License Surcharge Fund | Legislative, Administrative, & Support |
| | Central Eastside Industrial District Debt Service Fund | Community Development |
| | CityFleet Operating Fund | Legislative, Administrative, & Support |
| | Convention and Tourism Fund | Community Development |
| | Convention Center Area Debt Service Fund | Community Development |
| | Facilities Services Operating Fund | Legislative, Administrative, & Support |
| | Fire & Police Supplemental Retirement Reserve Fund | Public Safety |
| | Gateway URA Debt Redemption Fund | Community Development |
| | General Fund | City Funds |
| | General Reserve Fund | City Funds |
| | Governmental Bond Redemption Fund | Legislative, Administrative, & Support |
| | Grants Fund | Legislative, Administrative, & Support |
| | Health Insurance Operating Fund | Legislative, Administrative, & Support |
| | Housing Investment Fund | Community Development |
| | Insurance and Claims Operating Fund | Legislative, Administrative, & Support |
| | Interstate Corridor Debt Service Fund | Community Development |
| | | continued |

| Figure 1: Funds by Managing Agency, continued | | |
|--|--|--|
| Managing Agency | Fund | Service Area |
| Office of Management & Finance, continued | | |
| | Lents Town Center URA Debt Redemption Fund | Community Development |
| | North Macadam URA Debt Redemption Fund | Community Development |
| | Parking Facilities Debt Redemption Fund | Transportation & Parking |
| | Parking Facilities Fund | Transportation & Parking |
| | Pension Debt Redemption Fund | Legislative, Administrative, & Support |
| | Portland Police Assoc. Health Insurance Fund | Legislative, Administrative, & Support |
| | Printing & Distribution Services Operating Fund | Legislative, Administrative, & Support |
| | Private for Hire Transportation Safety Fund | Transportation & Parking |
| | Property Management License Fund | Community Development |
| | River District URA Debt Redemption Fund | Community Development |
| | South Park Block Redemption Fund | Community Development |
| | Special Finance and Resource Fund | Legislative, Administrative, & Support |
| | Special Projects Debt Service Fund | Legislative, Administrative, & Support |
| | Spectator Facilities Operating Fund | Parks, Recreation, & Culture |
| | Technology Services Fund | Legislative, Administrative, & Support |
| | Waterfront Renewal Bond Sinking Fund | Community Development |
| | Willamette Industrial URA Debt Service Fund | Community Development |
| | Workers' Comp Self-Insurance Operating Fund | Legislative, Administrative, & Support |
| Office of Sustainable Development | | |
| | Solid Waste Management Fund | Public Utilities |
| Office of the City Auditor | | |
| | Assessment Collection Fund | Community Development |
| | Campaign Finance Fund | Legislative, Administrative, & Support |
| | LID Construction Fund | Community Development |
| Office of Transportation | | |
| | Gas Tax Bond Redemption Fund | Transportation & Parking |
| | Transportation Operating Fund | Transportation & Parking |
| | Transportation Reserve Fund | Transportation & Parking |
| Portland Parks & Recreation | | |
| | Golf Fund | Parks, Recreation, & Culture |
| | Golf Revenue Bond Redemption Fund | Parks, Recreation, & Culture |
| | Parks Capital Construction and Maintenance Fund | Parks, Recreation, & Culture |
| | Parks Endowment Fund | Parks, Recreation, & Culture |
| | Parks Local Option Levy Fund | Parks, Recreation, & Culture |
| | Portland International Raceway Fund | Parks, Recreation, & Culture |
| | Portland Parks Memorial Trust Fund | Parks, Recreation, & Culture |
| Water Bureau | | |
| | Hydroelectric Power Bond Redemption Fund | Public Utilities |
| | Hydroelectric Power Operating Fund | Public Utilities |
| | Hydroelectric Power Renewal and Replacement Fund | Public Utilities |
| | Water Bond Sinking Fund | Public Utilities |
| | Water Construction Fund | Public Utilities |

FUND SUMMARY

General Fund

| | Actual FY 2005-06 | Actual FY 2006-07 | Revised FY 2007-08 | Proposed FY 2008-09 | Approved FY 2008-09 | Adopted FY 2008-09 |
|--------------------------------------|------------------------------|------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|
| RESOURCES | | | | | | |
| Current Property Taxes | 156,492,598 | 163,847,029 | 166,784,544 | 174,955,885 | 174,955,885 | 174,955,885 |
| Prior Year Property Taxes | 3,291,071 | 3,840,947 | 3,482,313 | 3,659,226 | 3,659,226 | 3,659,226 |
| Payment in Lieu of Taxes | 1,533,219 | 1,259,198 | 1,241,827 | 1,359,749 | 1,359,749 | 1,359,749 |
| Total Property Taxes | 161,316,888 | 168,947,174 | 171,508,684 | 179,974,860 | 179,974,860 | 179,974,860 |
| Business Licenses | 62,231,703 | 75,758,543 | 64,531,784 | 75,705,012 | 75,705,012 | 75,705,012 |
| Public Utility Licenses | 45,481,383 | 46,999,857 | 47,038,142 | 48,817,201 | 48,817,201 | 48,817,201 |
| Construction Permits | 1,416,188 | 1,651,981 | 1,768,000 | 1,768,000 | 1,768,000 | 1,768,000 |
| Other Licenses and Permits | 1,805,129 | 2,294,912 | 2,190,285 | 1,828,000 | 1,541,800 | 1,541,800 |
| Lodging Taxes | 13,303,241 | 14,605,568 | 14,659,186 | 16,079,911 | 16,079,911 | 16,079,911 |
| Service Charges and Fees | 14,901,466 | 16,856,901 | 16,852,402 | 18,464,744 | 18,750,944 | 18,762,182 |
| State Sources | 11,495,893 | 11,986,454 | 10,779,684 | 12,083,510 | 12,083,510 | 12,083,510 |
| Local Sources | 14,923,966 | 16,292,718 | 15,742,529 | 15,248,723 | 15,248,863 | 15,288,863 |
| Bond and Note Sales | 1,824,000 | 0 | 0 | 4,000,000 | 7,600,000 | 7,600,000 |
| Miscellaneous Revenues | 7,475,597 | 7,973,331 | 9,518,341 | 7,445,072 | 7,445,072 | 7,839,027 |
| Total Other External Revenues | 63,924,163 | 67,714,972 | 67,552,142 | 73,321,960 | 77,208,300 | 77,653,493 |
| Overhead Billings | 13,194,088 | 16,508,882 | 19,908,646 | 22,962,943 | 22,962,943 | 22,962,943 |
| Other Cash Transfers | 19,185,270 | 26,840,580 | 22,922,978 | 21,321,077 | 21,321,077 | 21,321,077 |
| Federal Grants Transfers | 18,347,517 | 16,581,906 | 16,923,690 | 10,499,094 | 10,499,094 | 10,679,644 |
| Interagency Reimbursements | 45,516,306 | 44,150,645 | 45,848,039 | 31,525,036 | 48,520,059 | 48,115,536 |
| Total Internal Revenues | 96,243,181 | 104,082,013 | 105,603,353 | 86,308,150 | 103,303,173 | 103,079,200 |
| Beginning Fund Balance | 51,561,836 | 70,212,844 | 65,143,399 | 38,913,463 | 41,530,683 | 42,632,005 |
| TOTAL RESOURCES | \$ 483,980,471 | \$ 537,662,296 | \$ 525,335,789 | \$ 506,636,646 | \$ 529,849,029 | \$ 531,171,571 |
| REQUIREMENTS | | | | | | |
| Personal Services | 251,900,941 | 262,401,397 | 274,401,383 | 280,617,460 | 283,059,323 | 283,405,621 |
| External Services | 63,639,973 | 86,186,790 | 117,312,550 | 93,571,740 | 109,840,392 | 111,383,636 |
| Internal Services | 54,547,423 | 55,514,157 | 57,658,032 | 61,459,968 | 60,533,123 | 60,037,323 |
| Capital Outlay | 3,701,346 | 4,383,485 | 6,588,601 | 6,804,752 | 6,968,752 | 6,968,752 |
| Total Bureau Expenditures | 373,789,683 | 408,485,829 | 455,960,566 | 442,453,920 | 460,401,590 | 461,795,332 |
| General Operating Contingency | 0 | 0 | 13,148,347 | 14,678,200 | 17,400,000 | 17,253,800 |
| Other Cash Transfers | 39,708,725 | 47,277,631 | 54,208,876 | 49,104,526 | 52,047,439 | 52,122,439 |
| Debt Retirement | 269,219 | 240,755 | 2,018,000 | 400,000 | 0 | 0 |
| Ending Fund Balance | 70,212,844 | 81,658,081 | 0 | 0 | 0 | 0 |
| Total Fund Requirements | 110,190,788 | 129,176,467 | 69,375,223 | 64,182,726 | 69,447,439 | 69,376,239 |
| TOTAL REQUIREMENTS | \$ 483,980,471 | \$ 537,662,296 | \$ 525,335,789 | \$ 506,636,646 | \$ 529,849,029 | \$ 531,171,571 |

| | Actual FY 2005-06 | Actual FY 2006-07 | Revised FY 2007-08 | Proposed FY 2008-09 | Approved FY 2008-09 | Adopted FY 2008-09 |
|--------------------------------------|----------------------|----------------------|-----------------------|------------------------|------------------------|-----------------------|
| RESOURCES | | | | | | |
| Miscellaneous Revenues | 1,678,649 | 2,516,814 | 2,250,000 | 2,425,410 | 2,425,410 | 2,425,410 |
| Total Other External Revenues | 1,678,649 | 2,516,814 | 2,250,000 | 2,425,410 | 2,425,410 | 2,425,410 |
| Transfer from General Fund | 5,568,149 | 0 | 7,191,503 | 7,150,000 | 7,150,000 | 7,150,000 |
| Total Internal Revenues | 5,568,149 | 0 | 7,191,503 | 7,150,000 | 7,150,000 | 7,150,000 |
| Beginning Fund Balance | 42,202,105 | 49,249,291 | 52,748,505 | 59,176,550 | 59,176,550 | 59,176,550 |
| TOTAL RESOURCES | \$ 49,448,903 | \$ 51,766,105 | \$ 62,190,008 | \$ 68,751,960 | \$ 68,751,960 | \$ 68,751,960 |
| REQUIREMENTS | | | | | | |
| External Services | 15,000 | 0 | 0 | 0 | 0 | 0 |
| Total Bureau Expenditures | 15,000 | 0 | 0 | 0 | 0 | 0 |
| General Operating Contingency | 0 | 0 | 57,882,555 | 68,540,414 | 68,540,414 | 68,540,414 |
| Other Cash Transfers | 184,612 | 2,044,183 | 4,307,453 | 211,546 | 211,546 | 211,546 |
| Ending Fund Balance | 49,249,291 | 49,721,922 | 0 | 0 | 0 | 0 |
| Total Fund Requirements | 49,433,903 | 51,766,105 | 62,190,008 | 68,751,960 | 68,751,960 | 68,751,960 |
| TOTAL REQUIREMENTS | \$ 49,448,903 | \$ 51,766,105 | \$ 62,190,008 | \$ 68,751,960 | \$ 68,751,960 | \$ 68,751,960 |

FUND OVERVIEW

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

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

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

Managing Agency Office of Management and Finance, Financial Planning

SIGNIFICANT CHANGES FROM PRIOR YEAR

During FY 2007-08 the General Fund transferred \$2.2 million to the reserve to keep pace with recent revenue growth. Furthermore, about \$4.9 million was temporarily placed into the fund for computer-aided dispatch (CAD) software replacement. For FY 2008-09 another \$3.2 million will be transferred to the reserve to keep the fund at the required 10% level, and the Adopted Budget transfers another \$4 million into the fund for CAD.