

## **Public Utilities Service Area Funds**

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	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Service Charges and Fees	585,009	504,801	585,000	585,000	585,000	585,000
Miscellaneous Revenues	38,885	46,513	25,000	25,000	25,000	25,000
<b>Total External Revenues</b>	<b>623,894</b>	<b>551,314</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>
<b>Internal Revenues</b>						
General Fund Discretionary	0	0	500,000	0	0	0
Other Cash Transfers	1,280,000	2,273,238	3,606,513	5,905,000	5,905,000	5,905,000
Interagency Reimbursements	0	0	40,000	0	0	0
<b>Total Internal Revenues</b>	<b>1,280,000</b>	<b>2,273,238</b>	<b>4,146,513</b>	<b>5,905,000</b>	<b>5,905,000</b>	<b>5,905,000</b>
Beginning Fund Balance	1,384,955	2,217,768	900,000	900,000	900,000	900,000
<b>TOTAL RESOURCES</b>	<b>\$ 3,288,849</b>	<b>\$ 5,042,320</b>	<b>\$ 5,656,513</b>	<b>\$ 7,415,000</b>	<b>\$ 7,415,000</b>	<b>\$ 7,415,000</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
Personal Services	0	493,887	535,903	554,373	554,373	554,373
External Services	0	5,385,184	3,997,090	5,242,090	5,242,090	5,242,090
Internal Services	166,952	150,967	384,720	599,957	599,957	599,957
<b>Total Bureau Expenditures</b>	<b>166,952</b>	<b>6,030,038</b>	<b>4,917,713</b>	<b>6,396,420</b>	<b>6,396,420</b>	<b>6,396,420</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	710,207	972,718	972,718	972,718
General Fund Overhead	3,121	3,501	24,833	42,560	42,560	42,560
Other Cash Transfers	900,356	557	3,760	3,302	3,302	3,302
Debt Retirement	652	900	0	0	0	0
Ending Fund Balance	2,217,768	(992,676)	0	0	0	0
<b>Total Fund Requirements</b>	<b>3,121,897</b>	<b>(987,718)</b>	<b>738,800</b>	<b>1,018,580</b>	<b>1,018,580</b>	<b>1,018,580</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 3,288,849</b>	<b>\$ 5,042,320</b>	<b>\$ 5,656,513</b>	<b>\$ 7,415,000</b>	<b>\$ 7,415,000</b>	<b>\$ 7,415,000</b>

**FUND OVERVIEW**

The Environmental Remediation Fund (ERF) was established by City Council in FY 1993-94 to provide funding to remediate former solid waste disposal sites for which the City is liable.

**Portland Harbor Superfund Remediation**

Beginning in FY 2005-06, funding for the Portland Harbor Superfund project moved to the Environmental Remediation Fund with resources provided by cash transfers from the Sewer System Operating Fund supplemented by interest earnings from the ERF. Including the Portland Harbor Superfund project within the ERF is consistent with the purposes of the ERF, and distinguishes the project from routine sewer system operations that are budgeted for, and funded within, the Sewer System Operating Fund.

**Land Acquisition and Remediation of the Guilds Lake Property**

The Guilds Lake property is a former landfill operated by the City from 1910 through the late 1940s. The acquisition and remediation of this site was financed by the Environmental Remediation 1993 Series A Revenue Bonds issued in November 1993. The Guilds Lake remediation was completed in FY 1994-95. The FY 2007-08 budget funds property maintenance and management and environmental monitoring of the site as required by the Department of Environmental Quality (DEQ).

Lease income from the current tenants on the City-owned Guilds Lake site supports the ERF's operating and capital expenditures. This revenue source, along with the fund's interest earnings and cash transfers, are used for remediation projects qualified under state law and authorized by the City Council.

**Managing Agency** Bureau of Environmental Services

## **SIGNIFICANT CHANGES FROM PRIOR YEAR**

### **Portland Harbor Superfund**

A \$5.9 million cash transfer from the Sewer System Operating Fund will fund the majority of the Portland Harbor Superfund Remediation project. Portland Harbor Superfund Remediation personal services expenditures are budgeted to increase 3.4% over the FY 2006-07 Revised Budget. External materials and services for Portland Harbor Superfund are budgeted at \$5.0 million, an increase of \$1.6 million or 45.1% over FY 2006-07. Payments to the Lower Willamette Group are budgeted to increase from \$1.9 million to \$3.3 million. Internal materials and services expenditures are increasing 56% due to increases in internal field monitoring and laboratory services.

### **Longview City Laundry & Cleaners Remediation**

The remediation of the Longview City Laundry & Cleaners (LCL&C) site was authorized by City Council Ordinance No. 168296, dated November 16, 1994. The project implements a settlement agreement between the City and LCL&C to conduct an environmental remediation of the LCL&C site located at 2737 NW Nela Street. The LCL&C site has environmental contamination resulting from the City's former incinerator and landfill operations in the Guilds Lake area. The City will reimburse the property owner for remedial investigation expenses already incurred and undertake cleanup and remediation in conformance with a voluntary cleanup agreement with DEQ. The remedial action consists of constructing an asphalt cap and installing utilities to manage surface water runoff. At an estimated cost of \$365,000, initiation of the project is on hold pending approval from the five tenants.

### **Brownfields Investment**

In FY 2006-07 the bureau created a Brownfields Investment program within the ERF. This effort, funded by \$500,000 in seed money from the General Fund, identifies and cleans up over 500 contaminated Brownfields sites in the community. The cleanups will benefit the environment through improved stormwater runoff and will return properties to productive, active use. In FY 2007-08, a \$250,000 cash transfer has been budgeted to add resources for additional site cleanups.

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Bond & Note Sales	0	20,657,663	0	0	0	0
Miscellaneous Revenues	3,823,842	3,741,958	3,109,060	2,892,385	2,892,385	2,892,385
<b>Total External Revenues</b>	<b>3,823,842</b>	<b>24,399,621</b>	<b>3,109,060</b>	<b>2,892,385</b>	<b>2,892,385</b>	<b>2,892,385</b>
<b>Internal Revenues</b>						
Beginning Fund Balance	4,291,119	4,447,031	3,211,068	4,100,778	4,100,778	4,100,778
<b>TOTAL RESOURCES</b>	<b>\$ 8,114,961</b>	<b>\$ 28,846,652</b>	<b>\$ 6,320,128</b>	<b>\$ 6,993,163</b>	<b>\$ 6,993,163</b>	<b>\$ 6,993,163</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
Other Cash Transfers	0	20,247	0	0	0	0
Debt Retirement	3,667,930	25,615,779	2,218,558	2,711,304	2,711,304	2,711,304
Debt Service Reserves	0	0	2,780,065	2,778,383	2,778,383	2,778,383
Ending Fund Balance	4,447,031	3,210,626	1,321,505	1,503,476	1,503,476	1,503,476
<b>Total Fund Requirements</b>	<b>8,114,961</b>	<b>28,846,652</b>	<b>6,320,128</b>	<b>6,993,163</b>	<b>6,993,163</b>	<b>6,993,163</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 8,114,961</b>	<b>\$ 28,846,652</b>	<b>\$ 6,320,128</b>	<b>\$ 6,993,163</b>	<b>\$ 6,993,163</b>	<b>\$ 6,993,163</b>

**FUND OVERVIEW**

The Hydroelectric Power Bond Redemption Fund pays the debt service due on revenue bonds that were issued to finance construction of the Portland Hydroelectric Project (PHP). This fund is required by the PHP power sales agreement between the City and Portland General Electric (PGE). The trustee for the City's Hydroelectric Power Revenue Refunding Bonds holds the assets in this fund and serves as paying agent for the bonds.

As partial payment for the sale of electricity that is generated at the PHP, this fund receives monthly payments from PGE to pay for the annual net debt service that is due on the City's Hydroelectric Power Revenue Refunding Bonds. Requirements include debt service to be paid on the outstanding Hydroelectric Power Revenue Refunding Bonds and a debt service reserve in ending fund balance.

**Managing Agency** Water Bureau

**SIGNIFICANT CHANGES FROM PRIOR YEAR**

In 2006, a new series of Hydroelectric Power Revenue Refunding Bonds was issued to refund the Series 1979 and 1993 Hydroelectric Power Revenue Bonds. The fund's FY 2007-08 miscellaneous revenues, debt retirement, and reserve amounts all relate to the new series of revenue bonds.

At the beginning of FY 2007-08, there will be \$20,280,000 in Series 2006 Hydroelectric Power Revenue Refunding Bonds outstanding.

# Hydroelectric Power Bond Redemption Fund

# Debt Redemption Schedule

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
<b>Hydropower Revenue Refunding Bonds, Series 2006</b>						
04/05/2006 - Due 10/1	21,370,000					
		2007/08	1,660,000	5.52%	1,074,224	2,734,224
		2008/09	1,750,000	5.52%	980,056	2,730,056
		2009/10	1,835,000	5.52%	881,057	2,716,057
		2010/11	1,940,000	5.52%	776,810	2,716,810
		2011/12	2,045,000	5.52%	666,764	2,711,764
		2012/13	2,145,000	5.52%	551,057	2,696,057
		2013/14	2,270,000	5.52%	429,137	2,699,137
		2014/15	2,390,000	5.52%	300,451	2,690,451
		2015/16	2,505,000	5.52%	165,276	2,670,276
		2016/17	1,740,000	5.52%	48,050	1,788,050
		<b>TOTAL</b>	<b>\$ 20,280,000</b>		<b>\$ 5,872,882</b>	<b>\$ 26,152,882</b>
<b>Adjustment</b>			<b>Principal</b>	<b>FY 2006-07 Adjustment</b>	<b>Interest</b>	<b>Total P+I Budgeted</b>
2006-07 Interest Accrual Adjustment			1,660,000	(22,920)	1,074,224	2,711,303

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Bond & Note Sales	0	712,337	0	0	0	0
Miscellaneous Revenues	628,054	583,513	660,450	629,000	629,000	629,000
<b>Total External Revenues</b>	<b>628,054</b>	<b>1,295,850</b>	<b>660,450</b>	<b>629,000</b>	<b>629,000</b>	<b>629,000</b>
<b>Internal Revenues</b>						
Other Cash Transfers	78,511	1,380,054	220,000	125,000	125,000	125,000
Interagency Reimbursements	38,221	44,954	40,200	43,500	43,500	43,500
<b>Total Internal Revenues</b>	<b>116,732</b>	<b>1,425,008</b>	<b>260,200</b>	<b>168,500</b>	<b>168,500</b>	<b>168,500</b>
Beginning Fund Balance	346,339	326,241	209,551	320,964	320,964	320,964
<b>TOTAL RESOURCES</b>	<b>\$ 1,091,125</b>	<b>\$ 3,047,099</b>	<b>\$ 1,130,201</b>	<b>\$ 1,118,464</b>	<b>\$ 1,118,464</b>	<b>\$ 1,118,464</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
Personal Services	208,137	220,391	284,020	271,626	271,626	271,626
External Services	36,150	823,087	155,000	192,879	192,879	192,879
Internal Services	156,581	159,679	186,864	205,069	205,069	205,069
<b>Total Bureau Expenditures</b>	<b>400,868</b>	<b>1,203,157</b>	<b>625,884</b>	<b>669,574</b>	<b>669,574</b>	<b>669,574</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	222,874	163,553	163,553	163,553
General Fund Overhead	50,423	58,026	59,350	62,387	62,387	62,387
Other Cash Transfers	302,446	818,409	222,093	222,950	222,950	222,950
Debt Retirement	11,147	664,894	0	0	0	0
Ending Fund Balance	326,241	302,613	0	0	0	0
<b>Total Fund Requirements</b>	<b>690,257</b>	<b>1,843,942</b>	<b>504,317</b>	<b>448,890</b>	<b>448,890</b>	<b>448,890</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 1,091,125</b>	<b>\$ 3,047,099</b>	<b>\$ 1,130,201</b>	<b>\$ 1,118,464</b>	<b>\$ 1,118,464</b>	<b>\$ 1,118,464</b>

**FUND OVERVIEW**

**Description**

The Hydroelectric Power Operating Fund supports the administration and monitoring of the Portland Hydroelectric Project (PHP) through the Portland Water Bureau’s Hydroelectric Power Division. With the exception of debt service on the PHP revenue bonds, all expenditures needed to meet the City’s responsibilities for the PHP are paid by this fund.

**Resources**

The primary revenue source for this fund is power sales payments made to the City by Portland General Electric (PGE) for the purchase of electricity that is generated at the PHP. The power sales revenue received by this fund consists of the two PGE payments:

1. PGE pays this fund an annually adjusted amount to reimburse the City’s expenses associated with administration, regulatory compliance, and water quality monitoring related to PHP operations.
2. PGE pays this fund a second amount that serves as a profit payment tied to the actual amount of power generated annually by the PHP. In an average year, this amount comes to about \$228,000, less the annual reduction of approximately \$194,500 in credit to PGE for debt service on a sum of Hydroelectric Power Revenue Bond proceeds previously used by the City for non-project purposes.

This fund’s budgeted resources also include an ongoing annual cash transfer of up to \$125,000 from the Hydroelectric Power Renewal and Replacement Fund for various repairs and replacements of equipment and facilities at PHP. These transfers are made on a reimbursement basis to offset actual renewal and replacement expenditures made from this fund.

**Requirements** The fund's requirements include an annual transfer of discretionary revenue to the General Fund. For FY 2007-08 the transfer will be \$200,000.

**Managing Agency** Water Bureau

## **SIGNIFICANT CHANGES FROM PRIOR YEAR**

**Payments from PGE** In FY 2007-08, this amount of reimbursement from PGE to the City for administration, regulatory compliance, and water quality monitoring related to the PHP is projected to be \$595,000.

PGE pays the City annually for profit on power generated by the PHP. In FY 2007-08, the gross profit amount is projected to be about \$211,500. That will then provide the fund an actual net profit payment from PGE of approximately \$17,000.

**Maintenance to the PHP** In FY 2007-08 the Hydroelectric Power Operating Fund has budgeted an additional \$75,000 in ongoing funds for cash transfers from the Hydroelectric Power Renewal and Replacement Fund for repair and replacements to the PHP facilities.

As of 2007, the PHP has been in operation for 25 years and is now requiring a higher amount of ongoing miscellaneous repairs and replacements of its equipment than it did in the earlier years of operation. An add package included in the FY 2007-08 budget authorizes increased fund transfers from the Hydroelectric Power Renewal and Replacement Fund of \$75,000, resulting in new ongoing funding of \$125,000 for repair and replacement at the PHP. This money is only transferred and expended as actual repair and replacement needs arise and are approved.



	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Miscellaneous Revenues	376,848	497,885	466,450	461,400	461,400	461,400
<b>Total External Revenues</b>	<b>376,848</b>	<b>497,885</b>	<b>466,450</b>	<b>461,400</b>	<b>461,400</b>	<b>461,400</b>
<b>Internal Revenues</b>						
Beginning Fund Balance	8,494,976	8,858,313	7,995,188	8,271,420	8,271,420	8,271,420
<b>TOTAL RESOURCES</b>	<b>\$ 8,871,824</b>	<b>\$ 9,356,198</b>	<b>\$ 8,461,638</b>	<b>\$ 8,732,820</b>	<b>\$ 8,732,820</b>	<b>\$ 8,732,820</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
General Operating Contingency	0	0	8,241,638	8,607,820	8,607,820	8,607,820
Other Cash Transfers	13,511	1,359,807	220,000	125,000	125,000	125,000
Ending Fund Balance	8,858,313	7,996,391	0	0	0	0
<b>Total Fund Requirements</b>	<b>8,871,824</b>	<b>9,356,198</b>	<b>8,461,638</b>	<b>8,732,820</b>	<b>8,732,820</b>	<b>8,732,820</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 8,871,824</b>	<b>\$ 9,356,198</b>	<b>\$ 8,461,638</b>	<b>\$ 8,732,820</b>	<b>\$ 8,732,820</b>	<b>\$ 8,732,820</b>

**FUND OVERVIEW**

**Description**

The Hydroelectric Power Renewal and Replacement Fund is a sinking fund for the Portland Hydroelectric Project (PHP), providing resources for the repair and replacement of major equipment and facilities that become damaged or worn out. This fund is required by the PHP power sales agreement between the City and Portland General Electric, and its assets are held by the trustee for the City's Hydroelectric Power Revenue Bonds.

**Managing Agency**

Water Bureau

**SIGNIFICANT CHANGES FROM PRIOR YEAR**

As of 2007, PHP has been in operation for 25 years and is now requiring a higher amount of ongoing miscellaneous repairs and replacements of its equipment than it did in the earlier years of operation. The FY 2007-08 budget increases the authorization for transferring money from this fund to the Hydroelectric Power Operating Fund from its current level of \$50,000 to a new ongoing authorization level of \$125,000. This money will be transferred only as actual repair and replacement needs arise and are approved.

# Sewer Revolving Loan Fund

FUND SUMMARY

Public Utilities Service Area

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Service Charges and Fees	8,770	35,605	100,000	100,000	100,000	0
Miscellaneous Revenues	15,947	28,137	30,000	30,000	30,000	0
<b>Total External Revenues</b>	<b>24,717</b>	<b>63,742</b>	<b>130,000</b>	<b>130,000</b>	<b>130,000</b>	<b>0</b>
<b>Internal Revenues</b>						
Beginning Fund Balance	490,251	506,358	524,320	550,000	550,000	0
<b>TOTAL RESOURCES</b>	<b>\$ 514,968</b>	<b>\$ 570,100</b>	<b>\$ 654,320</b>	<b>\$ 680,000</b>	<b>\$ 680,000</b>	<b>\$ 0</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
External Services	8,610	43,055	101,500	111,500	111,500	0
<b>Total Bureau Expenditures</b>	<b>8,610</b>	<b>43,055</b>	<b>101,500</b>	<b>111,500</b>	<b>111,500</b>	<b>0</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	552,820	568,500	568,500	0
Ending Fund Balance	506,358	527,045	0	0	0	0
<b>Total Fund Requirements</b>	<b>506,358</b>	<b>527,045</b>	<b>552,820</b>	<b>568,500</b>	<b>568,500</b>	<b>0</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 514,968</b>	<b>\$ 570,100</b>	<b>\$ 654,320</b>	<b>\$ 680,000</b>	<b>\$ 680,000</b>	<b>\$ 0</b>

## FUND OVERVIEW

This fund was established in FY 1992-93 to administer the Private Plumbing Loan program. This program was part of the Mid-County Financial Assistance program adopted by City Council in March 1992.

The loans were used to assist eligible property owners in financing the private plumbing costs associated with their required connection to the City sewer system. The interest rate charged on the loans reflects the bureau's cost of obtaining funds, including an allowance for delinquencies and administrative costs, resulting in no ratepayer subsidy. Loans are five to ten years in term.

**Managing Agency** Bureau of Environmental Services

## SIGNIFICANT CHANGES FROM PRIOR YEAR

The fund was closed at the end of FY 2006-07. Resources in this fund were not restricted. Remaining fund balance was transferred to the Sewer System Operating Fund. Future Private Plumbing Loan Program activity will occur in the Sewer System Operating Fund.

**FUND SUMMARY**

**Sewer System Construction Fund**

Public Utilities Service Area

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Service Charges and Fees	1,100,217	1,241,678	834,000	1,400,000	1,400,000	1,400,000
Local Sources	0	168,652	1,555,500	1,820,000	1,820,000	1,820,000
Bond & Note Sales	178,158,094	278,884,115	1,954,077	242,000,000	242,000,000	242,000,000
Miscellaneous Revenues	2,672,270	3,856,417	7,000,000	8,400,000	8,400,000	8,400,000
<b>Total External Revenues</b>	<b>181,930,581</b>	<b>284,150,862</b>	<b>11,343,577</b>	<b>253,620,000</b>	<b>253,620,000</b>	<b>253,620,000</b>
<b>Internal Revenues</b>						
Other Cash Transfers	27,100,000	21,000,000	7,000,000	2,600,000	2,600,000	2,600,000
Federal Grants Transfers	255,393	31,588	0	0	0	0
<b>Total Internal Revenues</b>	<b>27,355,393</b>	<b>21,031,588</b>	<b>7,000,000</b>	<b>2,600,000</b>	<b>2,600,000</b>	<b>2,600,000</b>
Beginning Fund Balance	45,822,208	107,871,722	234,323,950	53,650,000	53,650,000	53,650,000
<b>TOTAL RESOURCES</b>	<b>\$ 255,108,182</b>	<b>\$ 413,054,172</b>	<b>\$ 252,667,527</b>	<b>\$ 309,870,000</b>	<b>\$ 309,870,000</b>	<b>\$ 309,870,000</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
External Services	3,454,414	2,260	0	0	0	0
Internal Services	5,247	0	100,000	100,000	100,000	100,000
<b>Total Bureau Expenditures</b>	<b>3,459,661</b>	<b>2,260</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	32,838,208	145,299,123	145,299,123	145,299,123
Other Cash Transfers	143,776,799	152,314,144	219,729,319	164,470,877	164,470,877	164,470,877
Debt Retirement	0	1,717,629	0	0	0	0
Ending Fund Balance	107,871,722	259,020,139	0	0	0	0
<b>Total Fund Requirements</b>	<b>251,648,521</b>	<b>413,051,912</b>	<b>252,567,527</b>	<b>309,770,000</b>	<b>309,770,000</b>	<b>309,770,000</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 255,108,182</b>	<b>\$ 413,054,172</b>	<b>\$ 252,667,527</b>	<b>\$ 309,870,000</b>	<b>\$ 309,870,000</b>	<b>\$ 309,870,000</b>

**FUND OVERVIEW**

The Sewer System Construction Fund receives revenues to fund sewer system capital projects. Direct expenditures for capital projects are budgeted within the Sewer System Operating Fund and reimbursed by the Sewer System Construction Fund. The primary resources for the capital program are proceeds from the sale of sewer system revenue bonds, transfers from the Sewer System Operating Fund for cash financing of capital improvements, and line and branch charges from new sewer systems.

**Managing Agency** Bureau of Environmental Services

## **SIGNIFICANT CHANGES FROM PRIOR YEAR**

### **Resources**

For FY 2007-08 the fund's major resources include the following:

- ◆ Bond and note sales of \$242.0 million represent \$240.0 million of new revenue bonds to be sold, and \$2.0 million of State Revolving Fund loans from the Oregon Department of Environmental Quality.

### **Requirements**

For FY 2007-08 the fund's major requirements include:

- ◆ Fund cash transfers to the Sewer System Operating Fund are reimbursements for direct Capital Improvement Plan expenditures and indirect overhead expenses incurred by the capital program. The total transfers are anticipated to be \$164.5 million, down from \$219.7 million in FY 2006-07 because of reduced direct CIP for FY 2007-08.
- ◆ The general operating contingency of \$145.3 million represents bond proceeds and other fund balances that are not required in FY 2007-08, but will be used in the following fiscal year to fund capital improvements until another bond issuance occurs. This amount is increased from FY 2006-07 due to the planned revenue bond sale.

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Bond & Note Sales	261,428,972	0	0	0	0	0
Miscellaneous Revenues	17,548	70,033	4,000	10,000	10,000	10,000
<b>Total External Revenues</b>	<b>261,446,520</b>	<b>70,033</b>	<b>4,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Internal Revenues</b>						
Other Cash Transfers	72,407,373	77,398,911	102,131,893	103,400,734	103,400,734	103,400,734
<b>Total Internal Revenues</b>	<b>72,407,373</b>	<b>77,398,911</b>	<b>102,131,893</b>	<b>103,400,734</b>	<b>103,400,734</b>	<b>103,400,734</b>
Beginning Fund Balance	2,839,064	2,848,955	2,841,513	2,855,000	2,855,000	2,855,000
<b>TOTAL RESOURCES</b>	<b>\$ 336,692,957</b>	<b>\$ 80,317,899</b>	<b>\$ 104,977,406</b>	<b>\$ 106,265,734</b>	<b>\$ 106,265,734</b>	<b>\$ 106,265,734</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
Debt Retirement	333,844,002	77,453,678	102,029,270	103,410,734	103,410,734	103,410,734
Ending Fund Balance	2,848,955	2,864,221	2,948,136	2,855,000	2,855,000	2,855,000
<b>Total Fund Requirements</b>	<b>336,692,957</b>	<b>80,317,899</b>	<b>104,977,406</b>	<b>106,265,734</b>	<b>106,265,734</b>	<b>106,265,734</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 336,692,957</b>	<b>\$ 80,317,899</b>	<b>\$ 104,977,406</b>	<b>\$ 106,265,734</b>	<b>\$ 106,265,734</b>	<b>\$ 106,265,734</b>

**FUND OVERVIEW**

This fund pays the principal and interest on revenue bonds, notes, and state loans issued to finance sewer system improvements.

**Managing Agency** Bureau of Environmental Services

**SIGNIFICANT CHANGES FROM PRIOR YEAR**

The fund is managed on a cash basis, with cash transfers from the Sewer System Operating Fund set to maintain a \$10,000 unrestricted ending cash balance, plus any restricted cash balances as required by bond and loan covenants (although no restricted balances are required in this budget).

Debt service is paid from sewer and stormwater user charges and other revenues of the Sewer System Operating Fund, with cash transfers from the operating fund totaling \$103.4 million in FY 2007-08. The total amount of sewer system debt outstanding at the beginning of FY 2007-08 is estimated to be \$879.5 million for first lien (bonded) debt, and \$307.2 million for second lien bonded debt, notes, and loans.

**Sewer System Debt Redemption Fund**

**Debt Redemption Schedule**

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
<b>Sewer System Revenue Bonds, 1998 Series A</b>						
09/15/1998 - Due 6/1	160,000,000					
		2007/08	5,640,000	5.25%	5,759,850	11,399,850
		2008/09	5,940,000	5.13%	5,463,750	11,403,750
		2009/10	6,240,000	5.13%	5,159,325	11,399,325
		2010/11	6,560,000	5.13%	4,839,525	11,399,525
		2011/12	6,890,000	5.13%	4,503,325	11,393,325
		2012/13	7,250,000	5.13%	4,150,213	11,400,213
		2013/14	7,620,000	4.50%	3,778,650	11,398,650
		2014/15	7,960,000	4.50%	3,435,750	11,395,750
		2015/16	8,320,000	4.50%	3,077,550	11,397,550
		2016/17	8,690,000	4.50%	2,703,150	11,393,150
		2017/18	51,380,000	4.50%	2,312,100	53,692,100
		<b>TOTAL</b>	<b>122,490,000</b>		<b>45,183,188</b>	<b>167,673,188</b>
<b>First Lien Sewer System Revenue Bonds, 2004 Series A</b>						
11/30/2004 - Due 10/1	163,500,000					
		2007/08	5,420,000	5.00%	7,360,225	12,780,225
		2008/09	5,700,000	5.00%	7,082,225	12,782,225
		2009/10	5,990,000	5.00%	6,789,975	12,779,975
		2010/11	6,300,000	5.00%	6,482,725	12,782,725
		2011/12	6,630,000	5.00%	6,159,475	12,789,475
		2012/13	6,970,000	5.00%	5,819,475	12,789,475
		2013/14	7,320,000	5.00%	5,462,225	12,782,225
		2014/15	7,700,000	5.00%	5,086,725	12,786,725
		2015/16	8,090,000	5.00%	4,691,975	12,781,975
		2016/17	8,510,000	5.00%	4,276,975	12,786,975
		2017/18	8,900,000	4.00%	3,886,225	12,786,225
		2018/19	9,310,000	5.00%	3,475,475	12,785,475
		2019/20	9,790,000	5.00%	2,997,975	12,787,975
		2020/21	10,290,000	5.00%	2,495,975	12,785,975
		2021/22	10,770,000	4.25%	2,009,863	12,779,863
		2022/23	11,290,000	5.00%	1,498,750	12,788,750
		2023/24	11,860,000	5.00%	920,000	12,780,000
		2024/25	12,470,000	5.00%	311,750	12,781,750
		<b>TOTAL</b>	<b>153,310,000</b>		<b>76,808,013</b>	<b>230,118,013</b>
<b>First Lien Sewer System Revenue Refunding Bonds, 2004 Series B</b>						
11/30/2004 - Due 6/1	93,080,000					
		2007/08	1,555,000	4.00%	4,529,950	6,084,950
		2008/09	1,615,000	4.00%	4,467,750	6,082,750
		2009/10	1,685,000	4.00%	4,403,150	6,088,150
		2010/11	1,750,000	5.00%	4,335,750	6,085,750
		2011/12	1,835,000	5.00%	4,248,250	6,083,250
		2012/13	1,930,000	5.00%	4,156,500	6,086,500
		2013/14	2,020,000	5.00%	4,060,000	6,080,000
		2014/15	2,125,000	5.00%	3,959,000	6,084,000
		2015/16	37,575,000	5.00%	3,852,750	41,427,750
		2016/17	39,480,000	5.00%	1,974,000	41,454,000
		<b>TOTAL</b>	<b>91,570,000</b>		<b>39,987,100</b>	<b>131,557,100</b>
<b>First Lien Sewer System Revenue Refunding Bonds, 2005 Series A</b>						
6/16/2005 - Due 8/1	144,850,000					
		2007/08			7,242,500	7,242,500
		2008/09			7,242,500	7,242,500
		2009/10			7,242,500	7,242,500
		2010/11			7,242,500	7,242,500
		2011/12			7,242,500	7,242,500
		2012/13			7,242,500	7,242,500

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2013/14			7,242,500	7,242,500
		2014/15			7,242,500	7,242,500
		2015/16			7,242,500	7,242,500
		2016/17			7,242,500	7,242,500
		2017/18			7,242,500	7,242,500
		2018/19	45,890,000	5.00%	6,095,250	51,985,250
		2019/20	48,250,000	5.00%	3,741,750	51,991,750
		2020/21	50,710,000	5.00%	1,267,750	51,977,750
		TOTAL	144,850,000		90,772,250	235,622,250

**First Lien Sewer System Revenue  
Bonds, 2006 Series A**

5/25/2006 - Due 6/15

177,845,000

		2007/08	3,985,000	5.00%	8,241,994	12,226,994
		2008/09	4,185,000	5.00%	8,042,744	12,227,744
		2009/10	4,395,000	5.00%	7,833,494	12,228,494
		2010/11	4,615,000	5.00%	7,613,744	12,228,744
		2011/12	4,845,000	5.00%	7,382,994	12,227,994
		2012/13	5,090,000	5.00%	7,140,744	12,230,744
		2013/14	5,340,000	5.00%	6,886,244	12,226,244
		2014/15	5,610,000	5.00%	6,619,244	12,229,244
		2015/16	5,890,000	5.00%	6,338,744	12,228,744
		2016/17	6,185,000	5.00%	6,044,244	12,229,244
		2017/18	6,495,000	5.00%	5,734,994	12,229,994
		2018/19	6,820,000	4.50%	5,410,244	12,230,244
		2019/20	7,125,000	4.50%	5,103,344	12,228,344
		2020/21	7,445,000	4.63%	4,782,719	12,227,719
		2021/22	7,790,000	4.63%	4,438,388	12,228,388
		2022/23	8,150,000	4.75%	4,078,100	12,228,100
		2023/24	8,535,000	4.75%	3,690,975	12,225,975
		2024/25	8,945,000	4.75%	3,285,563	12,230,563
		2025/26	9,370,000	4.75%	2,860,675	12,230,675
		2026/27	9,810,000	4.50%	2,415,600	12,225,600
		2027/28	10,255,000	4.50%	1,974,150	12,229,150
		2028/29	10,715,000	4.50%	1,512,675	12,227,675
		2029/30	11,200,000	4.50%	1,030,500	12,230,500
		2030/31	11,700,000	4.50%	526,500	12,226,500
		TOTAL	174,495,000		118,988,613	293,483,613

**First Lien Sewer System Revenue  
Refunding Bonds, 2007 Series A**

3/8/2007 - Due 6/1

193,510,000

		2007/08	15,700,000	5.00%	9,640,000	25,340,000
		2008/09	16,480,000	5.00%	8,855,000	25,335,000
		2009/10	17,310,000	5.00%	8,031,000	25,341,000
		2010/11	25,940,000	5.00%	7,165,500	33,105,500
		2011/12	27,230,000	5.00%	5,868,500	33,098,500
		2012/13	28,590,000	5.00%	4,507,000	33,097,000
		2013/14	30,020,000	5.00%	3,077,500	33,097,500
		2014/15	31,530,000	5.00%	1,576,500	33,106,500
		TOTAL	192,800,000		48,721,000	241,521,000

**TOTAL - First Lien Sewer Bonds**

932,785,000

		2007/08	32,300,000		42,774,519	75,074,519
		2008/09	33,920,000		41,153,969	75,073,969
		2009/10	35,620,000		39,459,444	75,079,444
		2010/11	45,165,000		37,679,744	82,844,744
		2011/12	47,430,000		35,405,044	82,835,044

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2012/13	49,830,000		33,016,431	82,846,431
		2013/14	52,320,000		30,507,119	82,827,119
		2014/15	54,925,000		27,919,719	82,844,719
		2015/16	59,875,000		25,203,519	85,078,519
		2016/17	62,865,000		22,240,869	85,105,869
		2017/18	66,775,000		19,175,819	85,950,819
		2018/19	62,020,000		14,980,969	77,000,969
		2019/20	65,165,000		11,843,069	77,008,069
		2020/21	68,445,000		8,546,444	76,991,444
		2021/22	18,560,000		6,448,250	25,008,250
		2022/23	19,440,000		5,576,850	25,016,850
		2023/24	20,395,000		4,610,975	25,005,975
		2024/25	21,415,000		3,597,313	25,012,313
		2025/26	9,370,000		2,860,675	12,230,675
		2026/27	9,810,000		2,415,600	12,225,600
		2027/28	10,255,000		1,974,150	12,229,150
		2028/29	10,715,000		1,512,675	12,227,675
		2029/30	11,200,000		1,030,500	12,230,500
		2030/31	11,700,000		526,500	12,226,500
<b>TOTAL FIRST LIEN SEWER REVENUE BONDS</b>			<b>879,515,000</b>		<b>420,460,163</b>	<b>1,299,975,163</b>
<b>Second Lien Sewer System Revenue Refunding Bonds, 2003 Series A</b>						
04/03/2003 - Due 6/1	88,370,000					
		2007/08	8,200,000	4.000%	3,108,638	11,308,638
		2008/09	8,530,000	5.000%	2,780,638	11,310,638
		2009/10	8,955,000	5.000%	2,354,138	11,309,138
		2010/11	2,110,000	5.250%	1,906,388	4,016,388
		2011/12	2,225,000	3.700%	1,795,613	4,020,613
		2012/13	2,305,000	5.250%	1,713,288	4,018,288
		2013/14	2,425,000	5.250%	1,592,275	4,017,275
		2014/15	2,555,000	5.250%	1,464,963	4,019,963
		2015/16	2,690,000	5.250%	1,330,825	4,020,825
		2016/17	2,830,000	5.250%	1,189,600	4,019,600
		2017/18	2,975,000	5.250%	1,041,025	4,016,025
		2018/19	3,135,000	5.250%	884,838	4,019,838
		2019/20	3,300,000	5.250%	720,250	4,020,250
		2020/21	3,470,000	5.000%	547,000	4,017,000
		2021/22	3,645,000	5.000%	373,500	4,018,500
		2022/23	3,825,000	5.000%	191,250	4,016,250
		<b>TOTAL</b>	<b>63,175,000</b>		<b>22,994,225</b>	<b>86,169,225</b>
<b>Second Lien Sewer System Revenue Bonds, 2003 Series B-1 &amp; B-2 (projected)</b>						
06/19/2003 - Due 6/1	150,000,000					
		2007/08		variable	7,263,577	7,263,577
		2008/09		variable	6,917,217	6,917,217
		2009/10		variable	7,609,938	7,609,938
		2010/11		variable	6,917,217	6,917,217
		2011/12		variable	7,609,938	7,609,938
		2012/13		variable	6,917,217	6,917,217
		2013/14		variable	7,263,577	7,263,577
		2014/15		variable	7,263,577	7,263,577
		2015/16		variable	7,263,577	7,263,577
		2016/17		variable	7,263,577	7,263,577
		2017/18		variable	6,917,217	6,917,217
		2018/19	7,600,000	variable	7,586,188	15,186,188



Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2019/20	7,800,000	variable	6,540,724	14,340,724
		2020/21	8,200,000	variable	6,467,271	14,667,271
		2021/22	61,600,000	variable	5,960,578	67,560,578
		2022/23	64,800,000	variable	2,806,974	67,606,974
		TOTAL	150,000,000		108,568,365	258,568,365
<b>Second Lien Sewer System Revenue Bonds, 2006 Series B</b>						
5/25/2006 - Due 6/15	87,135,000					
		2007/08	1,925,000	5.00%	4,192,425	6,117,425
		2008/09	2,020,000	5.00%	4,096,175	6,116,175
		2009/10	2,120,000	5.00%	3,995,175	6,115,175
		2010/11	2,225,000	5.00%	3,889,175	6,114,175
		2011/12	2,340,000	5.00%	3,777,925	6,117,925
		2012/13	2,455,000	5.00%	3,660,925	6,115,925
		2013/14	2,580,000	5.00%	3,538,175	6,118,175
		2014/15	2,705,000	5.00%	3,409,175	6,114,175
		2015/16	2,840,000	5.00%	3,273,925	6,113,925
		2016/17	2,985,000	5.00%	3,131,925	6,116,925
		2017/18	3,135,000	5.00%	2,982,675	6,117,675
		2018/19	3,290,000	5.00%	2,825,925	6,115,925
		2019/20	3,455,000	5.00%	2,661,425	6,116,425
		2020/21	3,625,000	5.00%	2,488,675	6,113,675
		2021/22	3,810,000	5.00%	2,307,425	6,117,425
		2022/23	4,000,000	5.00%	2,116,925	6,116,925
		2023/24	4,200,000	5.00%	1,916,925	6,116,925
		2024/25	4,410,000	5.00%	1,706,925	6,116,925
		2025/26	4,630,000	5.00%	1,486,425	6,116,425
		2026/27	4,860,000	5.00%	1,254,925	6,114,925
		2027/28	5,105,000	5.00%	1,011,925	6,116,925
		2028/29	5,360,000	4.50%	756,675	6,116,675
		2029/30	5,600,000	4.50%	515,475	6,115,475
		2030/31	5,855,000	4.50%	263,475	6,118,475
		TOTAL	85,530,000		61,260,800	146,790,800
<b>TOTAL - Second Lien Sewer Bonds</b>						
	325,505,000					
		2007/08	10,125,000		14,564,640	24,689,640
		2008/09	10,550,000		13,794,029	24,344,029
		2009/10	11,075,000		13,959,251	25,034,251
		2010/11	4,335,000		12,712,779	17,047,779
		2011/12	4,565,000		13,183,476	17,748,476
		2012/13	4,760,000		12,291,429	17,051,429
		2013/14	5,005,000		12,394,027	17,399,027
		2014/15	5,260,000		12,137,715	17,397,715
		2015/16	5,530,000		11,868,327	17,398,327
		2016/17	5,815,000		11,585,102	17,400,102
		2017/18	6,110,000		10,940,917	17,050,917
		2018/19	14,025,000		11,296,951	25,321,951
		2019/20	14,555,000		9,922,399	24,477,399
		2020/21	15,295,000		9,502,946	24,797,946
		2021/22	69,055,000		8,641,503	77,696,503
		2022/23	72,625,000		5,115,149	77,740,149
		2023/24	4,200,000		1,916,925	6,116,925
		2024/25	4,410,000		1,706,925	6,116,925
		2025/26	4,630,000		1,486,425	6,116,425
		2026/27	4,860,000		1,254,925	6,114,925
		2027/28	5,105,000		1,011,925	6,116,925
		2028/29	5,360,000		756,675	6,116,675

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2029/30	5,600,000		515,475	6,115,475
		2030/31	5,855,000		263,475	6,118,475
<b>TOTAL SECOND LIEN SEWER REVENUE BONDS</b>			298,705,000		192,823,390	491,528,390
<b>Department of Environmental Quality - Clean Water Loan #R74166</b>						
Due - 4/1 & 10/1	400,000					
		2007/08	88,629	1.130%	2,789	91,418
		2008/09	89,633	1.130%	1,785	91,418
		2009/10	90,654	1.130%	769	91,423
		<b>TOTAL</b>	268,916		5,343	274,259
<b>Department of Environmental Quality - Clean Water Loan #R74170</b>						
Due - 4/1 & 10/1	5,534,000					
		2007/08	258,374	1.130%	54,696	313,070
		2008/09	260,965	1.130%	52,105	313,070
		2009/10	263,581	1.130%	49,489	313,070
		2010/11	266,223		46,847	313,070
		2011/12	268,892		44,178	313,070
		2012/13	271,587		41,483	313,070
		2013/14	274,310		38,760	313,070
		2014/15	277,061		36,009	313,070
		2015/16	279,838		33,232	313,070
		2016/17	282,643		30,427	313,070
		2017/18	285,476		27,594	313,070
		2018/19	288,339		24,731	313,070
		2019/20	291,229		21,841	313,070
		2020/21	294,149		18,921	313,070
		2021/22	297,097		15,973	313,070
		2022/23	300,076		12,994	313,070
		2023/24	303,084		9,986	313,070
		2024/25	306,123		6,947	313,070
		2025/26	309,191		3,879	313,070
		2026/27	155,762		779	156,541
		<b>TOTAL</b>	5,534,000		570,871	6,104,871
<b>Department of Environmental Quality - Clean Water Loans Projected</b>						
Projected	N/A					
		2007/08	2,267,884		920,493	3,188,377
		<b>TOTAL</b>	2,267,884		920,493	3,188,377
<b>Wastewater Financing - Economic Development Loan</b>						
10/08/1997 - Due 12/1	700,000					
		2007/08	30,598	4.909%	23,111	53,709
		2008/09	35,858	4.909%	21,688	57,546
		2009/10	36,136	4.909%	19,985	56,121
		2010/11	36,442	4.909%	18,179	54,621
		2011/12	41,764	4.909%	16,357	58,121
		2012/13	42,103	4.909%	14,269	56,372
		2013/14	42,457	4.909%	12,163	54,620
		2014/15	47,831	4.909%	10,041	57,872
		2015/16	48,223	4.909%	7,649	55,872
		2016/17	48,634	4.909%	5,237	53,871
		2017/18	54,073	4.909%	2,757	56,830

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		TOTAL	464,119		151,436	615,555
<b>TOTAL - State Loans</b>	6,634,000					
		2007/08	2,645,485		1,001,089	3,646,574
		2008/09	386,456		75,578	462,034
		2009/10	390,371		70,243	460,614
		2010/11	302,665		65,026	367,691
		2011/12	310,656		60,535	371,191
		2012/13	313,690		55,752	369,442
		2013/14	316,767		50,923	367,690
		2014/15	324,892		46,050	370,942
		2015/16	328,061		40,881	368,942
		2016/17	331,277		35,664	366,941
		2017/18	339,549		30,351	369,900
		2018/19	288,339		24,731	313,070
		2019/20	291,229		21,841	313,070
		2020/21	294,149		18,921	313,070
		2021/22	297,097		15,973	313,070
		2022/23	300,076		12,994	313,070
		2023/24	303,084		9,986	313,070
		2024/25	306,123		6,947	313,070
		2025/26	309,191		3,879	313,070
		2026/27	155,762		779	156,541
<b>TOTAL STATE LOANS</b>			8,534,919		1,648,143	10,183,062
<b>COMBINED DEBT SERVICE</b>	1,264,924,000					
		2007/08	45,070,485		58,340,248	103,410,733
		2008/09	44,856,456		55,023,576	99,880,032
		2009/10	47,085,371		53,488,938	100,574,309
		2010/11	49,802,665		50,457,549	100,260,214
		2011/12	52,305,656		48,649,055	100,954,711
		2012/13	54,903,690		45,363,612	100,267,302
		2013/14	57,641,767		42,952,069	100,593,836
		2014/15	60,509,892		40,103,484	100,613,376
		2015/16	65,733,061		37,112,727	102,845,788
		2016/17	69,011,277		33,861,635	102,872,912
		2017/18	73,224,549		30,147,086	103,371,635
		2018/19	76,333,339		26,302,651	102,635,990
		2019/20	80,011,229		21,787,308	101,798,537
		2020/21	84,034,149		18,068,311	102,102,460
		2021/22	87,912,097		15,105,726	103,017,823
		2022/23	92,365,076		10,704,993	103,070,069
		2023/24	24,898,084		6,537,886	31,435,970
		2024/25	26,131,123		5,311,185	31,442,308
		2025/26	14,309,191		4,350,979	18,660,170
		2026/27	14,825,762		3,671,304	18,497,066
		2027/28	15,360,000		2,986,075	18,346,075
		2028/29	16,075,000		2,269,350	18,344,350
		2029/30	16,800,000		1,545,975	18,345,975
		2030/31	17,555,000		789,975	18,344,975
<b>TOTAL FUND DEBT SERVICE</b>			<b>\$1,186,754,919</b>		<b>\$ 614,931,696</b>	<b>\$1,801,686,615</b>

# Sewer System Operating Fund

## FUND SUMMARY

Public Utilities Service Area

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Licenses and Permits	646,730	733,870	981,018	1,476,562	1,476,562	1,476,562
Service Charges and Fees	183,713,113	198,182,223	201,926,180	205,821,436	205,821,436	205,921,436
State Sources	(290,346)	302,390	3,600	0	0	0
Local Sources	635,680	599,033	469,231	435,878	435,878	435,878
Bond & Note Sales	624,224	1,826,528	836,434	581,348	581,348	581,348
Miscellaneous Revenues	4,395,136	2,189,628	1,000,000	1,549,813	1,549,813	1,654,813
<b>Total External Revenues</b>	<b>189,724,537</b>	<b>203,833,672</b>	<b>205,216,463</b>	<b>209,865,037</b>	<b>209,865,037</b>	<b>210,070,037</b>
<b>Internal Revenues</b>						
General Fund Discretionary	362,056	352,056	845,488	356,665	356,665	356,665
Other Cash Transfers	144,685,042	152,326,909	228,729,319	165,470,877	165,470,877	165,470,877
Federal Grants Transfers	1,012,158	1,874,419	2,121,595	1,772,991	1,772,991	1,772,991
Interagency Reimbursements	1,377,297	1,793,740	5,460,180	5,924,190	5,924,190	5,924,190
<b>Total Internal Revenues</b>	<b>147,436,553</b>	<b>156,347,124</b>	<b>237,156,582</b>	<b>173,524,723</b>	<b>173,524,723</b>	<b>173,524,723</b>
Beginning Fund Balance	33,907,593	34,581,631	23,594,291	27,700,000	27,700,000	29,450,000
<b>TOTAL RESOURCES</b>	<b>\$ 371,068,683</b>	<b>\$ 394,762,427</b>	<b>\$ 465,967,336</b>	<b>\$ 411,089,760</b>	<b>\$ 411,089,760</b>	<b>\$ 413,044,760</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
Personal Services	38,070,024	38,986,025	42,756,784	45,228,585	45,228,585	45,228,585
External Services	37,333,154	42,920,494	39,403,415	39,718,833	39,718,833	39,830,333
Internal Services	33,020,916	34,599,768	41,636,134	34,755,118	35,212,943	35,212,943
Capital Outlay	104,895,259	108,111,834	185,631,833	127,754,211	127,296,386	127,296,386
<b>Total Bureau Expenditures</b>	<b>213,319,353</b>	<b>224,618,121</b>	<b>309,428,166</b>	<b>247,456,747</b>	<b>247,456,747</b>	<b>247,568,247</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	18,895,000	18,915,621	18,915,621	20,759,121
General Fund Overhead	2,610,483	2,687,815	3,852,190	4,670,044	4,670,044	4,670,044
Other Cash Transfers	120,017,292	136,321,276	133,346,980	136,099,535	136,099,535	136,099,535
Debt Retirement	539,924	5,657,059	445,000	3,947,813	3,947,813	3,947,813
Ending Fund Balance	34,581,631	25,478,156	0	0	0	0
<b>Total Fund Requirements</b>	<b>157,749,330</b>	<b>170,144,306</b>	<b>156,539,170</b>	<b>163,633,013</b>	<b>163,633,013</b>	<b>165,476,513</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 371,068,683</b>	<b>\$ 394,762,427</b>	<b>\$ 465,967,336</b>	<b>\$ 411,089,760</b>	<b>\$ 411,089,760</b>	<b>\$ 413,044,760</b>

## FUND OVERVIEW

The purpose of the Sewer System Operating Fund is to account for revenues and expenses associated with the development, maintenance, and operation of the City's sanitary sewer and storm drainage system. Fund resources include sewer and drainage charges, wholesale contract revenues from other governmental jurisdictions, reimbursements for services provided to other bureaus, and reimbursements from the Sewer System Construction Fund for capital expenses.

### Managing Agency

Bureau of Environmental Services

## SIGNIFICANT CHANGES FROM PRIOR YEAR

### Resources

*Sewer rate revenues of \$193.0 million are the largest source of revenue.*

### Rates, Charges, and Miscellaneous

Public works/utility charges, which include sewer rate revenues, connection charges, wholesale contract revenues, and other miscellaneous charges, are forecast to increase to about \$205.9 million for FY 2007-08. Sewer rate revenues, budgeted at approximately \$193.0 million, are based on the following assumptions: an average single family residential bill increase of 5.3%, an increase of 0.5% in the number of customer accounts, and a 1.5% to 2.0% decrease in forecast usage per customer. Connection charge receipts are projected to be \$9.0 million in FY 2007-08.

### Interfund Cash Transfers and Service Reimbursements

Interfund cash transfers are forecast at approximately \$165.5 million for FY 2007-08. Interfund service reimbursements are budgeted at \$5.9 million, and federal grant reimbursements of \$1.8 million are planned.

Transfers from the Sewer System Construction Fund are \$53.9 million lower than the FY 2006-07 Revised Budget. This reflects a decrease due to the completion of the Westside Combined Sewer Overflow (CSO) Tunnel and Swan Island Pump Station projects in FY 2006-07 and an increase in the bureau's infrastructure expenditures for the startup of the Eastside CSO Tunnel construction.

### Beginning Fund Balance

Beginning fund balance for FY 2007-08 includes an additional \$1,955,000 reflecting closure of the Sewer System Safety Net Fund and the Sewer Revolving Loan Fund, and transfers of remaining balances to the Sewer System Operating Fund.

### Requirements

#### Personal Services

Personal services are budgeted to increase 5.8% over the FY 2006-07 Revised Budget. The increase is due to the addition of 20 FTEs.

#### Materials and Services

The external materials and services budget increased by \$427,000 over the FY 2006-07 Revised Budget, primarily due to reductions in electrical needs for new CSO facilities, a reduced need for technical support services for the Underground Injection Controls implementation, and small decreases in Innovative Wet Weather Grant activities and the Clean River Rewards program. This decrease is offset by an increase of \$1.5 million for watershed investments and \$111,500 of resources from the Sewer Revolving Loan Fund. Future private plumbing loan program activity will occur in the Sewer System Operating Fund.

Internal materials and services expenditures are budgeted to decrease \$6.4 million due to significant operating reductions related to customer services from the Water and Revenue Bureaus. The reductions are partially offset by \$2.8 million in service increases from the Office of Transportation. The capital portion of interagency services will decrease by about \$500,000, reflecting reductions in costs from the Water Bureau, Office of Neighborhood Involvement, and Parks.

### **Capital Outlay**

Capital outlay is budgeted at \$127.3 million in FY 2007-08 versus about \$185.6 million in the FY 2006-07 Revised Budget. This change reflects the bureau's completion of the Westside CSO Tunnel and Pump Station project and the FY 2006-07 start-up of the Eastside Tunnel project.

### **Cash Transfers and General Fund Overhead**

General Fund overhead increased \$818,000. Cash transfers to other funds are budgeted at \$136.1 million for FY 2007-08. Reasons for the change from FY 2006-07 revised appropriations of \$133.3 million include:

- ◆ Transfers to the Sewer System Construction Fund are budgeted at \$1.0 million in the FY 2007-08 Adopted Budget, a \$5.0 million decrease from the FY 2006-07 Revised Budget, based on the projected availability of funds at year-end.
- ◆ Transfers to the Sewer System Debt Redemption Fund are budgeted at \$103.4 million, a \$1.3 million increase.
- ◆ Transfers to the Pension Debt Redemption Fund are budgeted at \$2.8 million, an increase of \$300,000 over FY 2006-07. This transfer represents BES's allocation of debt service requirements on the pension retirement obligation bonds.
- ◆ Transfers to the Sewer System Rate Stabilization Fund are budgeted at \$10.0 million for FY 2007-08, compared to \$6.0 million in the FY 2006-07 Revised Budget, based on the future needs of the Rate Stabilization Fund.
- ◆ Transfers to the Environmental Remediation Fund for Portland Harbor Superfund expenditures are budgeted at \$5.9 million, an increase of \$1.8 million. Transfers earmarked for legal assistance and monitoring and sampling activities increased by \$275,000. Another \$1.4 million is slated for additional payments to the Lower Willamette Group.

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Bond & Note Sales	0	3,200,000	6,000,000	0	0	0
Miscellaneous Revenues	378,564	900,283	1,559,310	2,500,000	2,500,000	2,500,000
<b>Total External Revenues</b>	<b>378,564</b>	<b>4,100,283</b>	<b>7,559,310</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Internal Revenues</b>						
Other Cash Transfers	6,100,000	23,000,000	6,000,000	10,000,000	10,000,000	10,000,000
<b>Total Internal Revenues</b>	<b>6,100,000</b>	<b>23,000,000</b>	<b>6,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>10,000,000</b>
Beginning Fund Balance	17,250,854	20,529,418	35,179,489	50,000,000	50,000,000	50,000,000
<b>TOTAL RESOURCES</b>	<b>\$ 23,729,418</b>	<b>\$ 47,629,701</b>	<b>\$ 48,738,799</b>	<b>\$ 62,500,000</b>	<b>\$ 62,500,000</b>	<b>\$ 62,500,000</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
External Services	3,200,000	0	0	0	0	0
<b>Total Bureau Expenditures</b>	<b>3,200,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	39,738,799	25,000,000	25,000,000	25,000,000
Other Cash Transfers	0	0	9,000,000	1,000,000	1,000,000	1,000,000
Internal Loan Remittance	0	6,000,000	0	0	0	0
Ending Fund Balance	20,529,418	41,629,701	0	36,500,000	36,500,000	36,500,000
<b>Total Fund Requirements</b>	<b>20,529,418</b>	<b>47,629,701</b>	<b>48,738,799</b>	<b>62,500,000</b>	<b>62,500,000</b>	<b>62,500,000</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 23,729,418</b>	<b>\$ 47,629,701</b>	<b>\$ 48,738,799</b>	<b>\$ 62,500,000</b>	<b>\$ 62,500,000</b>	<b>\$ 62,500,000</b>

**FUND OVERVIEW**

The Sewer System Rate Stabilization Fund was created in 1987 to enable the Bureau of Environmental Services to smooth forecast rate increases by managing fluctuations in sewer system revenues over several years. To calculate debt service coverage ratios, the bureau's master bond ordinance allows Sewer System Operating Fund transfers to this fund to be treated as operating revenues; similarly, transfers to the Operating Fund from this fund are treated as operating expenditures.

Fund balances were built up through FY 1996-97 and drawn down through FY 2001-02 to smooth annual rate increases. Since then and through FY 2009-10, transfers in from the Operating Fund will build the fund balance to offset future rate increases associated with construction of the Eastside Combined Sewer Overflow (CSO) tunnel.

**Managing Agency** Bureau of Environmental Services

**SIGNIFICANT CHANGES FROM PRIOR YEAR**

**Resources** Resources include \$50.0 million beginning fund balances, a Sewer System Operating Fund cash transfer of \$10.0 million, and \$2.5 million interest on investments based on an estimated interest rate of 5.0%.

**Requirements** A \$1.0 million cash transfer to the Operating Fund will fund retroactive stormwater fee rebates associated with the Clean River Rewards program. The Operating Fund will repay the Rate Stabilization Fund over three fiscal years, lessening the rate impact of the rebates. Estimated contingency and ending fund balance will reach \$61.5 million, up from a low of \$3 million in FY 2001-02, and from the previous high of \$29.3 million in FY 1995-96. This balance will continue to rise until the bulk of the debt associated with the CSO program is issued, and the additional debt service levels off.

# Sewer System Safety Net Fund

FUND SUMMARY

Public Utilities Service Area

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Miscellaneous Revenues	51,573	75,806	52,000	75,000	75,000	0
<b>Total External Revenues</b>	<b>51,573</b>	<b>75,806</b>	<b>52,000</b>	<b>75,000</b>	<b>75,000</b>	<b>0</b>
<b>Internal Revenues</b>						
Beginning Fund Balance	988,426	1,039,999	1,117,999	1,200,000	1,200,000	0
<b>TOTAL RESOURCES</b>	<b>\$ 1,039,999</b>	<b>\$ 1,115,805</b>	<b>\$ 1,169,999</b>	<b>\$ 1,275,000</b>	<b>\$ 1,275,000</b>	<b>\$ 0</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
General Operating Contingency	0	0	1,169,999	1,275,000	1,275,000	0
Ending Fund Balance	1,039,999	1,115,805	0	0	0	0
<b>Total Fund Requirements</b>	<b>1,039,999</b>	<b>1,115,805</b>	<b>1,169,999</b>	<b>1,275,000</b>	<b>1,275,000</b>	<b>0</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 1,039,999</b>	<b>\$ 1,115,805</b>	<b>\$ 1,169,999</b>	<b>\$ 1,275,000</b>	<b>\$ 1,275,000</b>	<b>\$ 0</b>

## FUND OVERVIEW

This fund was established in 1987 for the deposit of monies from the State Assessment Deferral Loan Fund, managed by the Oregon Department of Environmental Quality. Monies in the fund were used to make loans to low-income homeowners within the boundaries of the Mid-County Sewer project who qualified for participation in the Safety Net program. Repayment of safety net assessment loans are deferred until the property ownership changes or the property owner no longer qualifies.

**Managing Agency** Bureau of Environmental Services

## SIGNIFICANT CHANGES FROM PRIOR YEAR

The fund was closed at the end of FY 2006-07. With repayment of the State Assessment Deferral Loan Fund, there is no further need to segregate remaining balance from other sewer system resources. Remaining fund balance was transferred to the Sewer System Operating Fund.



	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Licenses and Permits	2,147,310	1,857,929	1,853,920	1,991,568	1,991,568	1,991,568
Service Charges and Fees	1,555,831	1,246,678	1,061,330	1,512,144	1,512,144	1,512,144
Local Sources	407,643	480,129	435,000	435,000	435,000	435,000
Miscellaneous Revenues	94,673	160,736	128,691	215,780	215,780	215,780
<b>Total External Revenues</b>	<b>4,205,457</b>	<b>3,745,472</b>	<b>3,478,941</b>	<b>4,154,492</b>	<b>4,154,492</b>	<b>4,154,492</b>
<b>Internal Revenues</b>						
Federal Grants Transfers	16,799	6,672	28,500	0	0	0
Interagency Reimbursements	53,963	61,877	90,411	94,843	94,843	94,843
<b>Total Internal Revenues</b>	<b>70,762</b>	<b>68,549</b>	<b>118,911</b>	<b>94,843</b>	<b>94,843</b>	<b>94,843</b>
Beginning Fund Balance	3,132,785	4,213,470	3,938,779	4,656,435	4,656,435	4,656,435
<b>TOTAL RESOURCES</b>	<b>\$ 7,409,004</b>	<b>\$ 8,027,491</b>	<b>\$ 7,536,631</b>	<b>\$ 8,905,770</b>	<b>\$ 8,905,770</b>	<b>\$ 8,905,770</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
Personal Services	876,265	974,933	1,137,710	1,113,446	1,113,446	1,113,446
External Services	1,012,133	999,698	1,150,839	1,087,131	1,087,131	1,087,131
Internal Services	566,848	623,575	722,361	839,467	839,467	839,467
<b>Total Bureau Expenditures</b>	<b>2,455,246</b>	<b>2,598,206</b>	<b>3,010,910</b>	<b>3,040,044</b>	<b>3,040,044</b>	<b>3,040,044</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	718,741	1,768,373	1,768,373	1,768,373
General Fund Overhead	38,230	82,599	52,437	107,905	107,905	107,905
Other Cash Transfers	673,776	738,676	801,114	757,524	757,524	757,524
Debt Retirement	28,282	38,982	0	0	0	0
Ending Fund Balance	4,213,470	4,569,028	2,953,429	3,231,924	3,231,924	3,231,924
<b>Total Fund Requirements</b>	<b>4,953,758</b>	<b>5,429,285</b>	<b>4,525,721</b>	<b>5,865,726</b>	<b>5,865,726</b>	<b>5,865,726</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 7,409,004</b>	<b>\$ 8,027,491</b>	<b>\$ 7,536,631</b>	<b>\$ 8,905,770</b>	<b>\$ 8,905,770</b>	<b>\$ 8,905,770</b>

**FUND OVERVIEW**

The Solid Waste Management Fund accounts for expenses and revenues associated with the City's oversight of solid waste collection activities in Portland, and the City's efforts to reduce the amount of solid waste through recycling and waste reduction.

The fund supports the Office of Sustainable Development's Solid Waste and Recycling program and Training, Education, and Outreach program. The fund also supports the City's Public Trash Can program and the Bureau of Development Services' Neighborhood Inspections program.

Revenue sources for the Solid Waste Management Fund include residential franchise fees, commercial tonnage and permit fees, and grants. Residential franchise fees are set at 5% of haulers' gross revenue and commercial tonnage fees are set at \$3.80/ton for garbage disposal.

**Managing Agency**      Office of Sustainable Development

# Washington County Supply Bond Redemption Fund

FUND SUMMARY

Public Utilities Service Area

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Service Charges and Fees	145,914	0	0	0	0	0
Local Sources	6,682	0	0	0	0	0
Miscellaneous Revenues	1,070	0	0	0	0	0
<b>Total External Revenues</b>	<b>153,666</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Revenues</b>						
Other Cash Transfers	200,300	0	0	0	0	0
<b>Total Internal Revenues</b>	<b>200,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Beginning Fund Balance	1,670,584	0	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>\$ 2,024,550</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
Debt Retirement	2,024,550	0	0	0	0	0
<b>Total Fund Requirements</b>	<b>2,024,550</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 2,024,550</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

## FUND OVERVIEW

The Washington County Supply Bond Redemption Fund was established to pay the debt service for a special bond issue that financed the Washington County Gravity Supply Line. Under the terms of the contract, two wholesale water distributors were responsible for 90% of the debt service on that issue, while the City of Portland paid the remaining 10%. Debt service terminated in August 2004, and the fund was closed effective June 30, 2005.

**Managing Agency**      Water Bureau

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Miscellaneous Revenues	5,127	8,286	0	0	0	0
<b>Total External Revenues</b>	<b>5,127</b>	<b>8,286</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Internal Revenues</b>						
Other Cash Transfers	13,339,805	12,825,961	16,039,135	18,437,899	18,437,899	18,437,899
<b>Total Internal Revenues</b>	<b>13,339,805</b>	<b>12,825,961</b>	<b>16,039,135</b>	<b>18,437,899</b>	<b>18,437,899</b>	<b>18,437,899</b>
Beginning Fund Balance	11,608	5,359	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>\$ 13,356,540</b>	<b>\$ 12,839,606</b>	<b>\$ 16,039,135</b>	<b>\$ 18,437,899</b>	<b>\$ 18,437,899</b>	<b>\$ 18,437,899</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
Debt Retirement	13,351,181	12,825,961	16,039,135	18,437,899	18,437,899	18,437,899
Ending Fund Balance	5,359	13,645	0	0	0	0
<b>Total Fund Requirements</b>	<b>13,356,540</b>	<b>12,839,606</b>	<b>16,039,135</b>	<b>18,437,899</b>	<b>18,437,899</b>	<b>18,437,899</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 13,356,540</b>	<b>\$ 12,839,606</b>	<b>\$ 16,039,135</b>	<b>\$ 18,437,899</b>	<b>\$ 18,437,899</b>	<b>\$ 18,437,899</b>

**FUND OVERVIEW**

The Water Bond Sinking Fund provides for repayment of bonded debt and interest.

**Managing Agency**      Water Bureau

**SIGNIFICANT CHANGES FROM PRIOR YEAR**

The primary fund resource in FY 2007-08 is a transfer from the Water Fund of \$16.5 million. The Water Construction Fund also provides a \$1.9 million transfer of interest earnings on bond proceeds in FY 2007-08.

# Water Bond Sinking Fund

# Debt Redemption Schedule

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
<b>General Obligation Water Refunding Bonds, 2004 Series C</b>						
06/09/2004 - Due 10/1	7,640,000					
		2007/08	1,450,000	3.00%	170,100	1,620,100
		2008/09	1,495,000	3.00%	125,925	1,620,925
		2009/10	1,545,000	3.20%	78,780	1,623,780
		2010/11	1,590,000	3.40%	27,030	1,617,030
		<b>TOTAL</b>	<b>6,080,000</b>		<b>401,835</b>	<b>6,481,835</b>
<b>Water System Revenue Bonds, 1997 Series A</b>						
11/15/1997 - Due 08/01	30,000,000					
		2007/08	1,050,000	5.00%	26,250	1,076,250
		<b>TOTAL</b>	<b>1,050,000</b>		<b>26,250</b>	<b>1,076,250</b>
<b>Water System Revenue Bonds, 2000 Series A</b>						
03/15/2000 - Due 08/01	35,000,000					
		2007/08	650,000	5.00%	466,705	1,116,705
		2008/09	690,000	5.00%	433,205	1,123,205
		2009/10	720,000	5.00%	397,955	1,117,955
		2010/11	760,000	5.00%	360,955	1,120,955
		2011/12	800,000	5.00%	321,955	1,121,955
		2012/13	840,000	5.13%	280,430	1,120,430
		2013/14	890,000	5.20%	235,765	1,125,765
		2014/15	930,000	5.25%	188,213	1,118,213
		2015/16	990,000	5.25%	137,813	1,127,813
		2016/17	1,040,000	5.25%	84,525	1,124,525
		2017/18	1,090,000	5.25%	28,613	1,118,613
		<b>TOTAL</b>	<b>9,400,000</b>		<b>2,936,133</b>	<b>12,336,133</b>
<b>Water System Revenue Refunding Bonds, 2004 Series A</b>						
05/06/04 - Due 10/1	29,900,000					
		2007/08	2,215,000	5.00%	1,103,950	3,318,950
		2008/09	2,330,000	5.00%	990,325	3,320,325
		2009/10	2,445,000	5.00%	870,950	3,315,950
		2010/11	2,570,000	5.00%	745,575	3,315,575
		2011/12	2,705,000	5.00%	613,700	3,318,700
		2012/13	2,830,000	4.50%	482,400	3,312,400
		2013/14	2,965,000	4.50%	352,013	3,317,013
		2014/15	3,100,000	4.50%	215,550	3,315,550
		2015/16	3,240,000	4.50%	72,900	3,312,900
		<b>TOTAL</b>	<b>24,400,000</b>		<b>5,447,363</b>	<b>29,847,363</b>
<b>Water System Revenue Bonds, 2004 Series B</b>						
05/06/04 - Due 10/1	61,900,000					
		2007/08	2,150,000	5.00%	2,588,550	4,738,550
		2008/09	2,260,000	5.00%	2,478,300	4,738,300
		2009/10	2,380,000	5.00%	2,362,300	4,742,300
		2010/11	2,500,000	5.00%	2,240,300	4,740,300
		2011/12	2,630,000	5.00%	2,112,050	4,742,050
		2012/13	2,760,000	5.00%	1,977,300	4,737,300
		2013/14	2,900,000	5.00%	1,835,800	4,735,800
		2014/15	3,040,000	4.00%	1,702,500	4,742,500
		2015/16	3,160,000	4.00%	1,578,500	4,738,500
		2016/17	3,310,000	5.00%	1,432,550	4,742,550
		2017/18	3,480,000	5.00%	1,262,800	4,742,800
		2018/19	3,650,000	4.75%	1,089,113	4,739,113
		2019/20	3,830,000	4.75%	911,463	4,741,463
		2020/21	4,010,000	4.50%	730,275	4,740,275
		2021/22	4,190,000	4.50%	545,775	4,735,775

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2022/23	4,400,000	5.00%	341,500	4,741,500
		2023/24	4,630,000	5.00%	115,750	4,745,750
		TOTAL	55,280,000		25,304,825	80,584,825
<b>Water System Revenue Refunding Bonds, 2006 Series B</b>						
09/21/06 - Due 10/1	44,000,000					
		2007/08	90,000	4.00%	1,927,006	2,017,006
		2008/09	1,185,000	4.00%	1,901,506	3,086,506
		2009/10	1,240,000	4.00%	1,853,006	3,093,006
		2010/11	1,290,000	4.00%	1,802,406	3,092,406
		2011/12	1,340,000	4.00%	1,749,806	3,089,806
		2012/13	1,400,000	4.00%	1,695,006	3,095,006
		2013/14	1,455,000	5.00%	1,630,631	3,085,631
		2014/15	1,530,000	4.00%	1,563,656	3,093,656
		2015/16	1,585,000	4.00%	1,501,356	3,086,356
		2016/17	5,330,000	5.00%	1,336,406	6,666,406
		2017/18	5,600,000	5.00%	1,063,156	6,663,156
		2018/19	7,010,000	4.25%	774,194	7,784,194
		2019/20	7,315,000	4.38%	465,216	7,780,216
		2020/21	7,630,000	4.00%	152,600	7,782,600
		TOTAL	44,000,000		19,415,953	63,415,953
<b>TOTAL - First Lien Water Bonds</b>	208,440,000					
		2007/08	6,155,000		6,112,461	12,267,461
		2008/09	6,465,000		5,803,336	12,268,336
		2009/10	6,785,000		5,484,211	12,269,211
		2010/11	7,120,000		5,149,236	12,269,236
		2011/12	7,475,000		4,797,511	12,272,511
		2012/13	7,830,000		4,435,136	12,265,136
		2013/14	8,210,000		4,054,209	12,264,209
		2014/15	8,600,000		3,669,919	12,269,919
		2015/16	8,975,000		3,290,569	12,265,569
		2016/17	9,680,000		2,853,481	12,533,481
		2017/18	10,170,000		2,354,569	12,524,569
		2018/19	10,660,000		1,863,306	12,523,306
		2019/20	11,145,000		1,376,678	12,521,678
		2020/21	11,640,000		882,875	12,522,875
		2021/22	4,190,000		545,775	4,735,775
		2022/23	4,400,000		341,500	4,741,500
		2023/24	4,630,000		115,750	4,745,750
<b>TOTAL FIRST LIEN WATER REVENUE BONDS</b>			134,130,000		53,130,523	187,260,523
<b>Second Lien Water System Revenue Bonds, 2006 Series A</b>						
09/21/06 - Due 10/1	68,970,000					
		2007/08	1,520,000	5.00%	3,030,338	4,550,338
		2008/09	1,595,000	5.00%	2,952,463	4,547,463
		2009/10	1,680,000	5.00%	2,870,588	4,550,588
		2010/11	1,755,000	4.25%	2,791,294	4,546,294
		2011/12	1,835,000	4.25%	2,715,006	4,550,006
		2012/13	1,915,000	4.25%	2,635,319	4,550,319
		2013/14	2,005,000	5.00%	2,544,500	4,549,500
		2014/15	2,105,000	5.00%	2,441,750	4,546,750
		2015/16	2,215,000	5.00%	2,333,750	4,548,750
		2016/17	2,320,000	4.50%	2,226,175	4,546,175
		2017/18	2,430,000	4.50%	2,119,300	4,549,300
		2018/19	2,540,000	4.50%	2,007,475	4,547,475
		2019/20	2,650,000	4.00%	1,897,325	4,547,325

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2020/21	2,760,000	4.13%	1,787,400	4,547,400
		2021/22	2,875,000	4.13%	1,671,178	4,546,178
		2022/23	3,000,000	4.25%	1,548,131	4,548,131
		2023/24	3,130,000	4.25%	1,417,869	4,547,869
		2024/25	3,270,000	4.38%	1,279,825	4,549,825
		2025/26	3,415,000	4.38%	1,133,591	4,548,591
		2026/27	3,565,000	4.25%	983,131	4,548,131
		2027/28	3,725,000	4.50%	823,563	4,548,563
		2028/29	3,895,000	4.50%	652,113	4,547,113
		2029/30	4,070,000	4.25%	477,988	4,547,988
		2030/31	4,250,000	4.50%	295,875	4,545,875
		2031/32	4,450,000	4.50%	100,125	4,550,125
		<b>TOTAL</b>	<b>68,970,000</b>		<b>44,736,069</b>	<b>113,706,069</b>
<b>TOTAL - First and Second Lien Water System Revenue Bonds</b>	156,800,000					
		2007/08	7,675,000		9,142,799	16,817,799
		2008/09	8,060,000		8,755,799	16,815,799
		2009/10	8,465,000		8,354,799	16,819,799
		2010/11	8,875,000		7,940,530	16,815,530
		2011/12	9,310,000		7,512,518	16,822,518
		2012/13	9,745,000		7,070,455	16,815,455
		2013/14	10,215,000		6,598,709	16,813,709
		2014/15	10,705,000		6,111,669	16,816,669
		2015/16	11,190,000		5,624,319	16,814,319
		2016/17	12,000,000		5,079,656	17,079,656
		2017/18	12,600,000		4,473,869	17,073,869
		2018/19	13,200,000		3,870,781	17,070,781
		2019/20	13,795,000		3,274,003	17,069,003
		2020/21	14,400,000		2,670,275	17,070,275
		2021/22	7,065,000		2,216,953	9,281,953
		2022/23	7,400,000		1,889,631	9,289,631
		2023/24	7,760,000		1,533,619	9,293,619
		2024/25	3,270,000		1,279,825	4,549,825
		2025/26	3,415,000		1,133,591	4,548,591
		2026/27	3,565,000		983,131	4,548,131
		2027/28	3,725,000		823,563	4,548,563
		2028/29	3,895,000		652,113	4,547,113
		2029/30	4,070,000		477,988	4,547,988
		2030/31	4,250,000		295,875	4,545,875
		2031/32	4,450,000		100,125	4,550,125
		<b>TOTAL</b>	<b>203,100,000</b>		<b>97,866,592</b>	<b>300,966,592</b>
<b>COMBINED DEBT SERVICE</b>	164,440,000					
		2007/08	9,125,000		9,312,899	18,437,899
		2008/09	9,555,000		8,881,724	18,436,724
		2009/10	10,010,000		8,433,579	18,443,579
		2010/11	10,465,000		7,967,560	18,432,560
		2011/12	9,310,000		7,512,518	16,822,518
		2012/13	9,745,000		7,070,455	16,815,455
		2013/14	10,215,000		6,598,709	16,813,709
		2014/15	10,705,000		6,111,669	16,816,669
		2015/16	11,190,000		5,624,319	16,814,319
		2016/17	12,000,000		5,079,656	17,079,656
		2017/18	12,600,000		4,473,869	17,073,869
		2018/19	13,200,000		3,870,781	17,070,781
		2019/20	13,795,000		3,274,003	17,069,003
		2020/21	14,400,000		2,670,275	17,070,275

Bond Description	Amount Issued	Fiscal Year	Principal	Coupon	Interest	Total P+I
		2021/22	7,065,000		2,216,953	9,281,953
		2022/23	7,400,000		1,889,631	9,289,631
		2023/24	7,760,000		1,533,619	9,293,619
		2024/25	3,270,000		1,279,825	4,549,825
		2025/26	3,415,000		1,133,591	4,548,591
		2026/27	3,565,000		983,131	4,548,131
		2027/28	3,725,000		823,563	4,548,563
		2028/29	3,895,000		652,113	4,547,113
		2029/30	4,070,000		477,988	4,547,988
		2030/31	4,250,000		295,875	4,545,875
		2031/32	4,450,000		100,125	4,550,125
<b>TOTAL FUND DEBT SERVICE</b>			<b>\$ 209,180,000</b>		<b>\$ 98,268,427</b>	<b>\$ 307,448,427</b>

**Water Construction Fund****FUND SUMMARY**

Public Utilities Service Area

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Service Charges and Fees	2,816,595	5,346,699	2,778,300	3,000,000	3,000,000	3,000,000
Bond & Note Sales	0	0	68,587,789	0	0	0
Miscellaneous Revenues	670,003	714,166	1,980,195	2,336,676	2,336,676	2,336,676
<b>Total External Revenues</b>	<b>3,486,598</b>	<b>6,060,865</b>	<b>73,346,284</b>	<b>5,336,676</b>	<b>5,336,676</b>	<b>5,336,676</b>
<b>Internal Revenues</b>						
Other Cash Transfers	17,528,432	19,566,048	20,814,104	14,550,004	14,550,004	14,550,004
<b>Total Internal Revenues</b>	<b>17,528,432</b>	<b>19,566,048</b>	<b>20,814,104</b>	<b>14,550,004</b>	<b>14,550,004</b>	<b>14,550,004</b>
Beginning Fund Balance	37,974,485	20,937,734	5,992,844	56,208,626	56,208,626	56,208,626
<b>TOTAL RESOURCES</b>	<b>\$ 58,989,515</b>	<b>\$ 46,564,647</b>	<b>\$ 100,153,232</b>	<b>\$ 76,095,306</b>	<b>\$ 76,095,306</b>	<b>\$ 76,095,306</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
General Operating Contingency	0	0	7,388,987	8,747,513	8,747,513	8,747,513
Other Cash Transfers	38,051,781	34,965,721	49,259,910	58,316,755	58,316,755	58,316,755
Ending Fund Balance	20,937,734	11,598,926	43,504,335	9,031,038	9,031,038	9,031,038
<b>Total Fund Requirements</b>	<b>58,989,515</b>	<b>46,564,647</b>	<b>100,153,232</b>	<b>76,095,306</b>	<b>76,095,306</b>	<b>76,095,306</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 58,989,515</b>	<b>\$ 46,564,647</b>	<b>\$ 100,153,232</b>	<b>\$ 76,095,306</b>	<b>\$ 76,095,306</b>	<b>\$ 76,095,306</b>

**FUND OVERVIEW**

The Water Construction Fund is the capital fund of the bureau. This fund pays for equipment and capital expenditures for the water system, including ongoing capital repair and replacement, enhancements, and large and nonrecurring additions to the system.

**Managing Agency** Water Bureau

**SIGNIFICANT CHANGES FROM PRIOR YEAR****Bond Sales**

The bureau is not planning a bond sale for FY 2007-08. Bonds are typically issued every two years to facilitate compliance with IRS regulations regarding the period during which the proceeds must be spent. The decrease in the ending fund balance is expected as funds are drawn down to fund capital expenditures until the next bond sale.



	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Service Charges and Fees	74,588,574	81,090,938	83,530,437	93,395,447	93,411,343	93,491,792
Local Sources	429	5,851	8,681	1,000	1,000	1,000
Miscellaneous Revenues	1,768,662	3,717,438	1,287,643	1,822,023	1,822,704	1,813,715
<b>Total External Revenues</b>	<b>76,357,665</b>	<b>84,814,227</b>	<b>84,826,761</b>	<b>95,218,470</b>	<b>95,235,047</b>	<b>95,306,507</b>
<b>Internal Revenues</b>						
Other Cash Transfers	37,721,474	34,992,113	47,499,715	56,430,079	56,430,079	56,430,079
Federal Grants Transfers	533,777	3,851,004	5,113,864	4,130,000	4,130,000	4,130,000
Interagency Reimbursements	5,440,935	1,671,996	6,366,400	1,413,987	1,413,987	1,413,987
<b>Total Internal Revenues</b>	<b>43,696,186</b>	<b>40,515,113</b>	<b>58,979,979</b>	<b>61,974,066</b>	<b>61,974,066</b>	<b>61,974,066</b>
Beginning Fund Balance	30,388,433	25,226,284	26,111,687	27,745,488	27,745,488	27,745,488
<b>TOTAL RESOURCES</b>	<b>\$ 150,442,284</b>	<b>\$ 150,555,624</b>	<b>\$ 169,918,427</b>	<b>\$ 184,938,024</b>	<b>\$ 184,954,601</b>	<b>\$ 185,026,061</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
Personal Services	35,535,461	36,641,148	47,380,627	52,259,535	52,259,535	52,259,535
External Services	22,161,310	16,570,127	18,875,922	24,008,792	24,008,792	24,008,792
Internal Services	15,135,007	21,149,918	22,140,619	20,978,198	21,515,000	21,515,000
Capital Outlay	13,077,916	7,272,348	16,716,443	25,915,653	25,915,653	25,915,653
<b>Total Bureau Expenditures</b>	<b>85,909,694</b>	<b>81,633,541</b>	<b>105,113,611</b>	<b>123,162,178</b>	<b>123,698,980</b>	<b>123,698,980</b>
<b>Fund Requirements</b>						
General Operating Contingency	0	0	18,428,629	20,324,653	19,804,428	19,875,888
General Fund Overhead	2,457,471	2,208,678	2,428,366	3,189,304	3,189,304	3,189,304
Other Cash Transfers	34,985,306	36,698,270	42,170,751	38,261,889	38,261,889	38,261,889
Debt Retirement	1,863,529	1,746,276	1,777,070	0	0	0
Ending Fund Balance	25,226,284	28,268,859	0	0	0	0
<b>Total Fund Requirements</b>	<b>64,532,590</b>	<b>68,922,083</b>	<b>64,804,816</b>	<b>61,775,846</b>	<b>61,255,621</b>	<b>61,327,081</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 150,442,284</b>	<b>\$ 150,555,624</b>	<b>\$ 169,918,427</b>	<b>\$ 184,938,024</b>	<b>\$ 184,954,601</b>	<b>\$ 185,026,061</b>

## FUND OVERVIEW

The Water Fund is the operating fund of the water utility. With the exception of debt service, all expenditures are made from this fund for operation, maintenance, and capital assets. Receipts from the sale of water are the primary revenue source for the Water Fund. The cash flow of this fund determines the need for rate increases.

**Managing Agency** Water Bureau

## SIGNIFICANT CHANGES FROM PRIOR YEAR

Water Fund resources are increasing by about \$15.1 million from the FY 2006-07 Revised Budget. The change in resources is primarily from the increase in service charges and fees of \$10.0 million, with the bureau being entirely responsible for all of the base charges for customer services and delinquency revenues. Previously, the Bureau of Environmental Services shared in both the costs and revenues of customer services. Also, there is an increase in the transfer from the Water Construction Fund of \$8.9 million to fund an increasing Capital Improvement Plan. These increases are partially offset by a decrease in customer services interagency revenue from the Bureau of Environmental Services.

The operating budget increased by \$3.7 million primarily due to inclusion of the full cost of the Utility Customer Services operation. The capital budget increased in FY 2007-08 by about \$14.0 million for major rehabilitation of the bureau's aging Interstate facilities and transportation improvement projects in the downtown area.

Interfund transfers to the construction fund, pension debt redemption fund, and sinking fund decreased \$3.9 million. With no bond sale scheduled for FY 2007-08 there will be no bond sale expenses or related increases in year-end accrued interest payable. These decreased transfers are partially offset by an increase of about \$2.2 million in contingency and General Fund overhead.

	Actual FY 2004-05	Actual FY 2005-06	Revised FY 2006-07	Proposed FY 2007-08	Approved FY 2007-08	Adopted FY 2007-08
<b>RESOURCES</b>						
<b>External Revenues</b>						
Miscellaneous Revenues	36,443	64,617	77,547	92,683	92,683	92,683
<b>Total External Revenues</b>	<b>36,443</b>	<b>64,617</b>	<b>77,547</b>	<b>92,683</b>	<b>92,683</b>	<b>92,683</b>
<b>Internal Revenues</b>						
Beginning Fund Balance	1,664,868	1,701,311	1,762,427	1,853,666	1,853,666	1,853,666
<b>TOTAL RESOURCES</b>	<b>\$ 1,701,311</b>	<b>\$ 1,765,928</b>	<b>\$ 1,839,974</b>	<b>\$ 1,946,349</b>	<b>\$ 1,946,349</b>	<b>\$ 1,946,349</b>
<b>REQUIREMENTS</b>						
<b>Bureau Expenditures</b>						
<b>Fund Requirements</b>						
Ending Fund Balance	1,701,311	1,765,928	1,839,974	1,946,349	1,946,349	1,946,349
<b>Total Fund Requirements</b>	<b>1,701,311</b>	<b>1,765,928</b>	<b>1,839,974</b>	<b>1,946,349</b>	<b>1,946,349</b>	<b>1,946,349</b>
<b>TOTAL REQUIREMENTS</b>	<b>\$ 1,701,311</b>	<b>\$ 1,765,928</b>	<b>\$ 1,839,974</b>	<b>\$ 1,946,349</b>	<b>\$ 1,946,349</b>	<b>\$ 1,946,349</b>

**FUND OVERVIEW**

The Water Growth Impact Charge Trust Fund was established to collect and keep contributions from wholesale customers to help pay for expanded facilities required by growth in their demand for water. The fund was established so those water districts that were experiencing growth would contribute a proportionate share of money toward the next major supply increment, and establishment of this fund ensured that those contributions would be kept separate from other bureau revenues. In 1995, wholesale contributions were suspended with the deletion of the growth section in the wholesale agreements, so the only revenue in this fund is interest earned on the fund balance.

**Managing Agency**      Water Bureau

