

# **Adopted Budget**

## *In Brief*

**City of Portland, Oregon**  
**Fiscal Year 2009-10**

*Mayor Sam Adams*

*Commissioner Nick Fish*

*Commissioner Amanda Fritz*

*Commissioner Randy Leonard*

*Commissioner Dan Saltzman*

*Auditor LaVonne Griffin-Valade*

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# Budget Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Portland, Oregon for its annual budget for the fiscal year beginning July 1, 2008.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

The award is valid for a period of one year only. We believe our current budget document continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Portland**

**Oregon**

For the Fiscal Year Beginning

**July 1, 2008**

Handwritten signature of the President of GFOA.

President

Handwritten signature of the Executive Director of GFOA.

Executive Director

# Mayor's Message

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Office of Mayor Sam Adams  
City of Portland

## INTRODUCTION

As Mayor, I feel a great sense of honor and responsibility in having the opportunity to present this budget to you. This budget comes at an extremely difficult time in our City's history. We are living through the worst global recession in more than a generation. This recession has impacted Portlanders in many ways: higher unemployment, lower home values, and less economic security. My priorities are to invest in a return to full prosperity and simultaneously shore up funding for the core City services essential to every resident of Portland. As a result, this budget focuses on those basic needs, striving to keep all Portlanders safe and secure in their jobs, homes, and neighborhoods.

### **Preparing for Financial Challenges**

Starting last fall, it was clear: our City was going to face the worst recession in decades. It faced a number of financial challenges as well as potential reductions in state and federal funding. The City also had many ongoing programs and positions that were being funded with one-time revenue, creating a "shadow obligation" for the City to fund in the future. Considering these risks and factors, we started preparing early for the reality that the FY 2009-10 budget would be exceptionally challenging.

As Mayor-elect, I worked with Mayor Tom Potter and the City Council to direct all bureaus to prepare for these risks. We asked bureaus to propose programmatic reductions of up to 5 percent in anticipation of declining revenues. We also asked bureaus to rank each discrete program and service based on its relationship to the bureau's mission and its support from the community. This was the first time that bureaus have been asked to complete such a ranking. This process provided valuable insight into each bureau's budget make-up, weighing each proposed reduction and making strategic cuts in services. While programmatic cuts are always difficult, this approach ensured the protection of core City programs and services.

I also asked bureaus to begin addressing the ongoing programs and positions that were funded with one-time revenue. Although I knew we would not be able to fix this problem in my first year, I also knew that we had to start paring these programs back or absorbing them within current resources if we were to put the City on a sound financial footing in the long-term.

Finally, I asked bureaus to be creative in terms of realignments and efficiencies that could save money without reducing services, and I asked them to consider new revenue sources, so long as they did not impact the City's most vulnerable populations.

### **Public Input and Stakeholder Involvement**

As part of this year's budget, I directed bureaus to form Budget Advisory Committees (BACs) that included management, labor, customers, as well as internal and external experts and stakeholders. These committees were asked to review the bureau's draft budget request, weigh in on the program and service rankings, and provide input on the proposed reductions. In addition, I formed a citywide Budget Process Advisory Committee that included bureau management, labor, Council staff, employees, and citizens. This committee met multiple times to provide direction on the City's approach to the FY 2009-10 budget and suggestion ways to improve and rationalize the budget process.

The city held three community forums, where we gathered specific input from Portland residents. The feedback Portlanders provided helped us prioritize services and weighed in on specific areas for improvement as well as areas that could be cut. We also conducted an extensive public information and survey process in order to statistically validate the input that was received at the community forums. An additional public hearing was also held on May 18th, where citizens had the opportunity to testify on the official budget.

## **MAYOR'S APPROACH**

In building my initial budget as Mayor, I had four key goals:

1. Keep the City on a sound financial footing to weather the economic downturn while protecting General Fund resources and increasing the annual contingency.
2. Protect core services such as public safety and increase funding to human services programs such as housing assistance and homelessness.
3. Make strategic investments in youth and local businesses so that we can emerge stronger from the recession.
4. Increase bureau accountability for service and performance improvement.

### **Weathering the Economic Downturn**

Balancing the FY 2009-10 budget meant cutting ongoing General Fund spending by \$8.9 million, or roughly 2.7 percent. This was accomplished through a combination of administrative efficiencies and reductions in programs and services.

Approximately 59 percent of reductions come from administrative savings rather than programmatic cuts. Although some of the cuts will result in lost programs, by making prudent reductions, this budget ensures that City spending is sustainable into the future. The Adopted Budget is not only balanced for FY 2009-10, it is also balanced over the entire five-year forecast as required by Council policy.

The Adopted Budget also reduces the "shadow obligations" that have grown in recent years. By funding ongoing programs and positions with one-time revenue, past budgets set up an unsustainable dynamic where important programs were constantly on the chopping block. That reality hit home during this budget process, as the available one-time revenue for FY 2009-10 is just a little over half of what it was in FY 2008-09. The Adopted Budget puts a number of bureaus on a more sustainable path, including the Bureau of Planning and Sustainability, the Office of Neighborhood Involvement, the Bureau of Housing, and the

Office of Human Relations. However, we were not able to completely solve this problem without cutting important services, and so one-time funding will continue to support some key services. I will be asking my fellow Commissioners and City bureau directors to work with me over the next year to develop a path to financial sustainability for every City bureau.

As an additional precaution against continued economic hard times through next fiscal year, the Adopted Budget increases the City's \$1.4 million General Fund contingency, setting aside \$2.2 million for unexpected issues that may arise next year. These funds can only be used with Council authorization, and I propose that they only be used for critical needs that arise during the year or to make up for revenue shortfalls as a result of the recession.

Finally, the Adopted Budget does not use the General Fund reserves, which remain at 10 percent of General Fund revenues. Although the economic triggers have been met that would authorize Council use of the reserves, I asked Council not to tap those reserves for two reasons:

1. It is unlikely that we have seen the bottom of the recession in terms of City revenues, and the cuts we faced this year were not severe enough to warrant use of the reserves;
2. Use of General Fund reserves can negatively impact our ability to maintain the highest unlimited tax obligation bond rating possible, which could cause the City's borrowing costs to rise.

### **Protecting Core Services**

The Adopted Budget protects core city services, with a key focus on public safety, housing, and services to vulnerable populations:

- ◆ Implements the Police precinct reorganization, which saves \$2.1 million while maintaining patrol officers and the neighborhood response teams.
- ◆ Keeps the Mounted Patrol, Juvenile Response Unit, and Crisis Response Team.
- ◆ Funds the Police Service Coordination Team, or SCT (\$2.6 million). The SCT integrates criminal justice partners including police, a deputy district attorney, a probation officer, and the county jail to work collaboratively to funnel objectively identified chronic drug and drug related property crime offenders into one to three day periods of detention.
- ◆ Keeps all fire stations open.
- ◆ Keeps open two fire rescue units slated for closure.
- ◆ Fully funds the Office of Youth Violence Prevention (\$539,000).
- ◆ Fully funds CHIERS (\$432,180), a roving response van with emergency medical technicians that assesses and transports alcoholics and addicts from streets and hospital emergency rooms throughout the city to the Hooper Sobering Station.
- ◆ Provides funding to operate the sobering center with Multnomah County (\$478,897).
- ◆ Increases the City's commitment to housing assistance programs by 30%, including:
  - ❖ Ongoing funding for Resource Access Center operations (\$1 million);
  - ❖ One-time bridge funding to maintain housing support and shelter services (\$5.8 million in General Fund and federal stimulus funding); and
  - ❖ One-time funding to expand rent assistance, housing, and economic opportunity programs (\$3.1 million in General fund and federal stimulus funding).
- ◆ Continues Food Bank support (\$50,000).
- ◆ Continues assistance for low-income tax preparation (\$75,000).

- ◆ Fully funds community gardens with an eye toward expansion.

### **Making Strategic Investments**

As a result of higher than expected business license fees and lower bureau spending, the City has \$14 million in forecast one-time resources for next year. While much of that funding was needed to maintain the core services noted above, the Adopted Budget also makes some key strategic investments in the City's youth and our economy, investments that are intended to set a course that allows us to emerge from this recession stronger than before.

Portland may see the highest teen unemployment in recent history this summer. By providing employment opportunities for at-risk youth, we will promote education and economic development while having a positive impact on public safety. Therefore, the budget increases funding for youth programs by 40% and focuses those programs on at-risk youth, including:

- ◆ \$744,250 for career and college exposure, internships, work experience, and academic support;
- ◆ \$150,000 for environmental education and invasive species removal;
- ◆ \$137,000 for the Youth Planning program; and
- ◆ \$500,000 for teen programming at the Parks Bureau.

Investing in our small and local businesses will allow these drivers of economic activity to survive the recession and help the economy rebound. To further these initiatives, the budget:

- ◆ Increases funding for small business assistance and economic development by 27% including:
  - ❖ \$210,000 for Small business marketing and export assistance; and
  - ❖ \$500,000 for business storefront improvements.
- ◆ Increases funding for main street revitalization (\$500,000).
- ◆ Provides funding for targeted business recruitment (\$410,000).
- ◆ Provides funding to the African American and Hispanic Chambers of Commerce to support small business technical assistance and mentoring (\$500,000 total).
- ◆ Provides funding to move the Portland+Oregon Sustainability Institute forward (\$175,000).
- ◆ Continues funding for the Alliance of Portland Neighborhood Business Associations (\$290,495).
- ◆ Should the State's transportation funding package be signed by the Governor, my intent is to provide an \$8 million per year funding stream for the Sellwood Bridge out of new state gas tax revenues to support a local funding match for the reconstruction of the bridge. The Sellwood Bridge is my number one local transportation priority.

### **Increasing Bureau Accountability**

During budget development, I asked bureaus to put together a Bureau Baseline and a Program Summary Template. Together, these documents provide Council and citizens with a broad overview of each City bureau, its programs, and key performance measures. This is the first step to increasing transparency for our citizens of exactly what they are buying with their tax dollars, and holding bureaus accountable for meeting their goals. These documents are posted online with the Adopted Budget, and I will be working continuously with bureaus to improve and refine these materials for the future.



Additionally, included in the budget are City bureaus' Service and Performance Improvement plans which list three key areas the bureaus have identified that need improvement and how those improvements will be realized. As part of next year's budget process bureaus will be required to show their progress.

Finally, this budget completes the consolidation of the Bureau of Planning and the Office of Sustainable Development into the Bureau of Planning and Sustainability. This merger will result in a more efficient, effective bureau that ensures that sustainability is positioned as the cornerstone of the City's planning process. This budget also reflects the progress made in the creation of the new Portland Housing Bureau and the City's consolidated permitting process.

## CONCLUSION

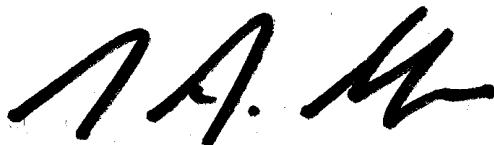
I want to commend all the hardworking Portlanders - citizens and City employees alike - who participated in our community budget forums, employee budget forums, and other outreach efforts. With your input and feedback, we have been able to focus this budget on the programs and services that matter most to you.

And to the directors of all the bureaus in this city, I want to express my sincere appreciation for the frank discussions and tough choices we had to make. Every bureau responded to my call for cuts with smart, strategic recommendations that sought to minimize impact to their core mission while recognizing the tough budget reality we all face.

Portland will weather this economic storm. We are positioned to lead the nation in the green revolution and reap the economic rewards -living-wage jobs, new business ventures and increased prosperity -- of our sustainability leadership. But, we will only be able to lead if we continue to support all our citizens in their individual efforts to make a better life for themselves.

As I said in my State of the City Address, sustainability is about the environment and the economy, but it is also about equity. In these uncertain and financially trying times, this is a budget that gets to the heart of equity. It is a budget guided by both empathy and common sense. By investing in programs that most serve those with the greatest need, we are looking out for our most vulnerable neighbors - resident, business owner, or student. These basic needs are at the core of this budget.

Thank you,

A handwritten signature in black ink, appearing to read 'S.A. Adams', written in a cursive style.

Sam Adams

Mayor

# Overviews

## City Overview

### INTRODUCTION

This section of the FY 2009-10 budget document provides general information on the city of Portland, its demographics, and its government management systems. The information will help the reader understand the environment in which decisions are reached during the budget process. This section will also make it easier to examine and understand other sections of this budget document.

Portland's budget document reflects City policies, goals, and priorities. In reviewing how revenues are collected and spent, readers of the budget are watching policy at work. The budget implements the City's long-range strategic and financial plans and serves as an operations guide for the government and its activities. It is also a communications tool, informing residents of the short- and long-term issues and challenges confronting the City. The budget document reflects the goals of residents and leaders alike.

### CITY OF PORTLAND CHARACTERISTICS

#### Basic Statistics

The city of Portland, with a population of 568,380, comprises an area of approximately 145 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, Portland is the center of commerce, industry, transportation, finance, and services for a metropolitan area of more than two million people. (The Portland/Vancouver Primary Metropolitan Statistical Area includes the Oregon counties of Clackamas, Columbia, Multnomah, Washington, and Yamhill, as well as Clark County in Washington). Portland is the largest city in Oregon, the seat of Multnomah County, and the second largest city in the Pacific Northwest.

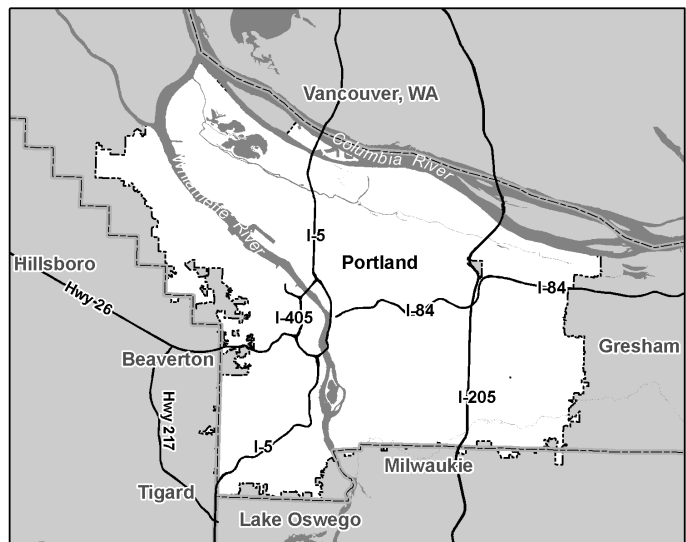


Figure 1: A Profile of Portland's Citizens

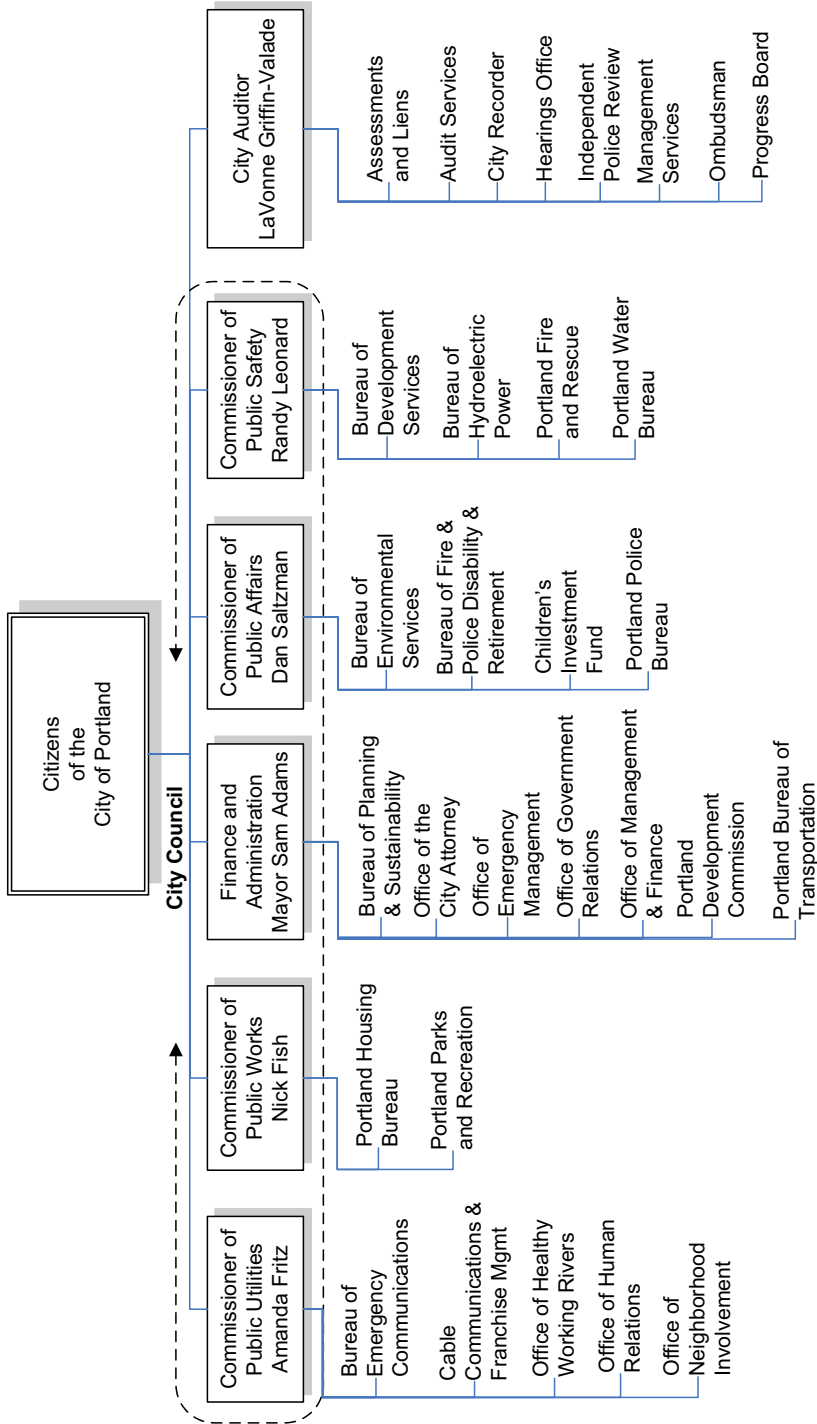
General Characteristics	2000	Percent of Total	2007	Percent of Total	Percent Change
<b>City Population</b> <sup>1</sup>	529,121	---	550,795	---	4.1%
Male	261,565	49.4%	270,567	49.1%	3.4%
Female	267,556	50.6%	280,228	50.9%	4.7%
<b>Age</b>					
Median age (years)	35.2	---	37.8	---	7.4%
Under 5 years	32,300	6.1%	35,401	6.4%	9.6%
25 years and older	363,106	68.7%	389,821	70.8%	7.4%
65 years and older	61,163	11.6%	55,595	10.1%	-9.1%
<b>Race/Ethnic Distribution</b>					
One Race	507,166	95.9%	530,677	96.3%	4.6%
White	412,241	77.9%	431,419	81.3%	4.7%
Black or African American	35,115	6.6%	35,002	6.6%	-0.3%
American Indian & Alaska Native	5,587	1.1%	9,938	1.9%	77.9%
Asian	33,470	6.3%	35,163	6.6%	5.1%
Native Hawaiian & other Pac. Is.	1,993	0.4%	2,896	0.5%	45.3%
Some other race	18,760	3.5%	16,259	3.1%	-13.3%
Two or more races	21,955	4.1%	20,118	3.7%	-8.4%
Hispanic or Latino (of any race)	36,058	6.8%	46,836	8.5%	29.9%
<b>Household Population</b>	514,129	---	534,523	---	4.0%
Average household size	2.30	---	2.25	---	-2.2%
Average family size	3.00	---	3.04	---	1.3%
<b>Social Characteristics</b>					
Population 25 years and over	363,851	---	389,821	---	7.1%
High school graduate or higher	311,725	85.7%	349,884	89.8%	12.2%
Bachelor's degree or higher	118,698	32.6%	149,763	38.4%	26.2%
Civilian veterans (18 years and over)	49,757	11.9%	39,259	9.0%	-21.1%
Speak language other than English at home (population 5 years and over)	84,128	16.9%	96,264	18.7%	14.4%
<b>Portland at Work</b>					
Management, professional, and related occupations	102,760	37.2%	120,718	41.8%	17.5%
Service occupations	41,444	15.0%	45,348	15.7%	9.4%
Sales and office occupations	73,250	26.5%	69,057	23.9%	-5.7%
Farming, fishing, and forestry	679	0.2%	2,070	0.7%	204.9%
Construction, extraction, and maintenance occupations	19,405	7.0%	17,612	6.1%	-9.2%
Production, transportation, and material moving occupations	38,546	14.0%	33,725	11.7%	-12.5%
Median Household Income (dollars) <sup>2</sup>	\$40,146	---	\$47,143	---	17.4%
Median Family Income (dollars) <sup>2</sup>	\$50,271	---	\$61,419	---	22.2%
<b>Housing in Portland</b>					
Total Housing Units	237,307	---	253,971	---	7.0%
Owner-occupied housing units	124,767	55.8%	136,705	57.4%	9.6%
Renter-occupied housing units	98,970	44.2%	101,386	42.6%	2.4%
Vacant housing units	13,570	5.7%	15,880	6.3%	17.0%
Median home price <sup>3</sup>	\$163,400	---	\$250,000	---	53.0%

<sup>1</sup> All data is from the US Census Bureau's 2007 American Community Survey, unless noted.

<sup>2</sup> Source: US Census Bureau, adjusted for inflation.

<sup>3</sup> Source: local RMLS, May 2009

Figure 2: City of Portland Organization Chart



## FORM OF CITY GOVERNMENT

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

The Charter provides for five nonpartisan Council members, called Commissioners, including the Mayor. They are elected at-large to four-year terms. The positions are full-time and salaried. The City Auditor is also elected and required by Charter to be a Certified Public Accountant. The Auditor is not part of the Council and has no formal voting authority.

*The Mayor and Commissioners act as legislators and administrators.*

The Mayor is the formal representative of the City and is responsible for assigning each of the Commissioners responsibility for one of five departments: Finance and Administration, Public Affairs, Public Safety, Public Utilities, and Public Works. The Mayor also decides which bureaus the Commissioners will manage. The Mayor can change these assignments at any time. Traditionally, the Mayor has been the Commissioner of Finance and Administration.

The Mayor and Commissioners act as legislators and administrators. Thus, Council members are responsible for both enacting and enforcing City laws, as well as administering bureaus under their supervision.

The Auditor receives and maintains all documents relating to the accounts and contracts of the City, including its debts, revenues, and financial affairs. The position is responsible for conducting financial and performance audits of City bureaus and their functions. In addition, the Auditor's Office serves as the Council Clerk, responsible for the processing and filing of all official Council actions.

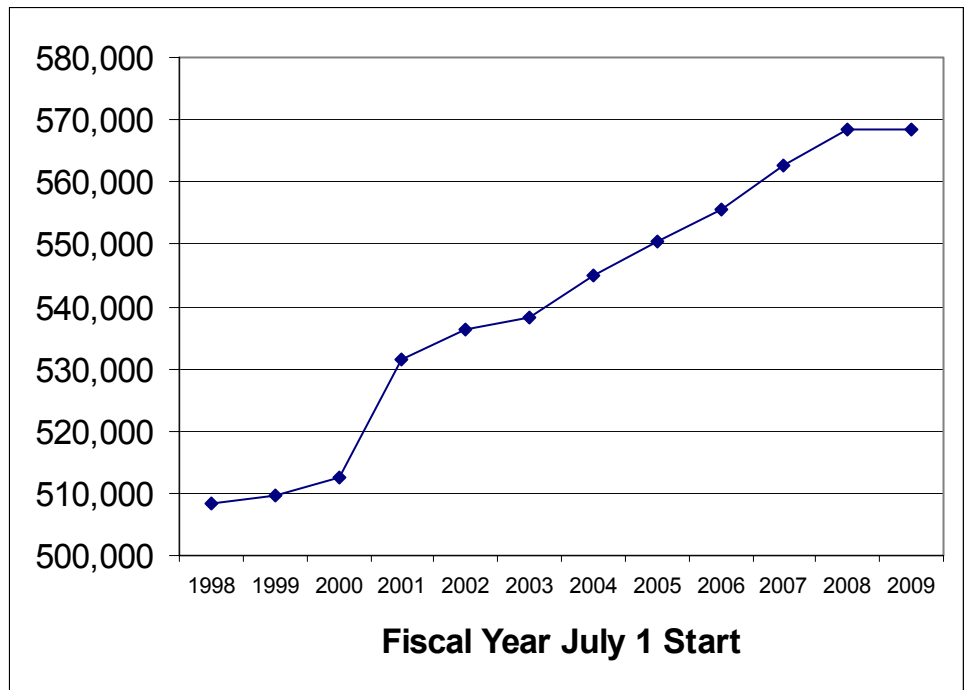
## DEMOGRAPHIC DATA

### Population

*Since 2000, Portland's Population has been growing at 0.96% per annum, which is well below the Metro average of 1.64.*

Rapid increases in population can be a negative trend if service demands increase faster than revenue growth. Similarly, declines in population can reduce demand and revenue requiring cuts in expenditures. From July 1, 1997 to July 1, 2008 Portland's population increased by about 59,880. This is overall increase of about 11.8% over eleven years or about 1.0% annually.

**Figure 3: Portland's Population Growth**

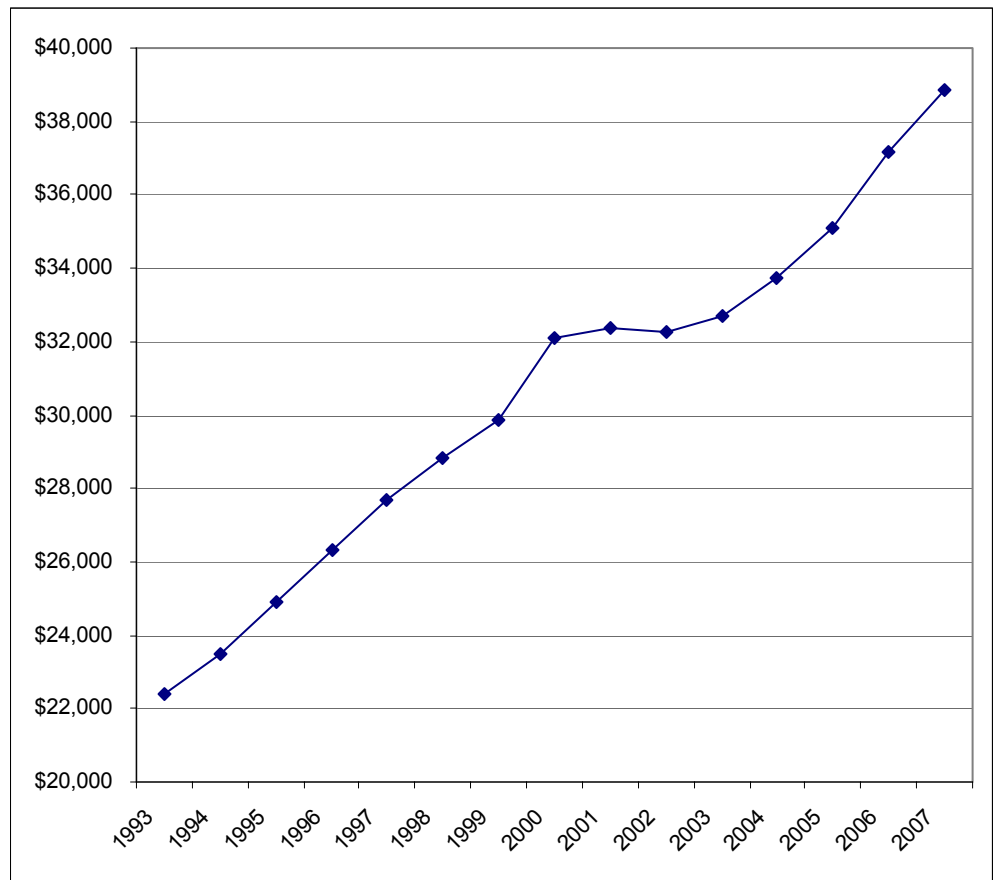


### Per Capita Income

*Portland's 2007 per capita income of \$36,842 is 10.6% higher than the state average.*

Per capita personal income is one measure of a community's ability to pay for government services. Declining per capita personal income is a warning trend indicating general economic problems and a potential decline in the ability of local economy to generate tax resources for government services. From 1993 to 2007 per capita personal income in the Portland metro area increased by 4 percent per year in nominal dollars or by about 1 percent in constant dollars adjusted for inflation.

**Figure 4: Portland's Per Capita Income  
(not adjusted for inflation)**



# Budget Overview

## BUDGET SUMMARY

### Total City Budget

The total City budget is up by \$269.4 million from the FY 2008-09 Revised Budget, although bureau expenses are flat.

### Total Legal Budget

State of Oregon Local Budget Law requires the City to report its total legal budget. This is defined to include total operating costs and the internal transactions between funds. The total Adopted Budget for FY 2009-10 is \$3.58 billion, which reflects a \$269.4 million (8.1%) increase from the FY 2008-09 Revised Budget. As shown in Figure 1, the increases are in contingency, ending fund balance, debt service, and fund-level cash transfers. City bureau expenses were essentially flat, increasing by \$5.9 million (0.3%).

### Total Net Budget

The total City budget overstates actual expenditures for programs because it double counts internal transactions (internal materials and services and fund-level cash transfers). Such transactions occur between City funds, when one City agency provides services to another. Because this technically inflates the budget, the City usually references a net budget.

The net Adopted Budget is \$248.3 million more than the FY 2008-09 Revised Budget.

After eliminating the internal double count and tax anticipation notes, the City's net budget in FY 2009-10 is \$2.75 billion. Table 1 of the Financial Summaries provides greater detail of the total and net City budget figures. A summary is shown below.

**Figure 5: Expenditures by Major Object Category**

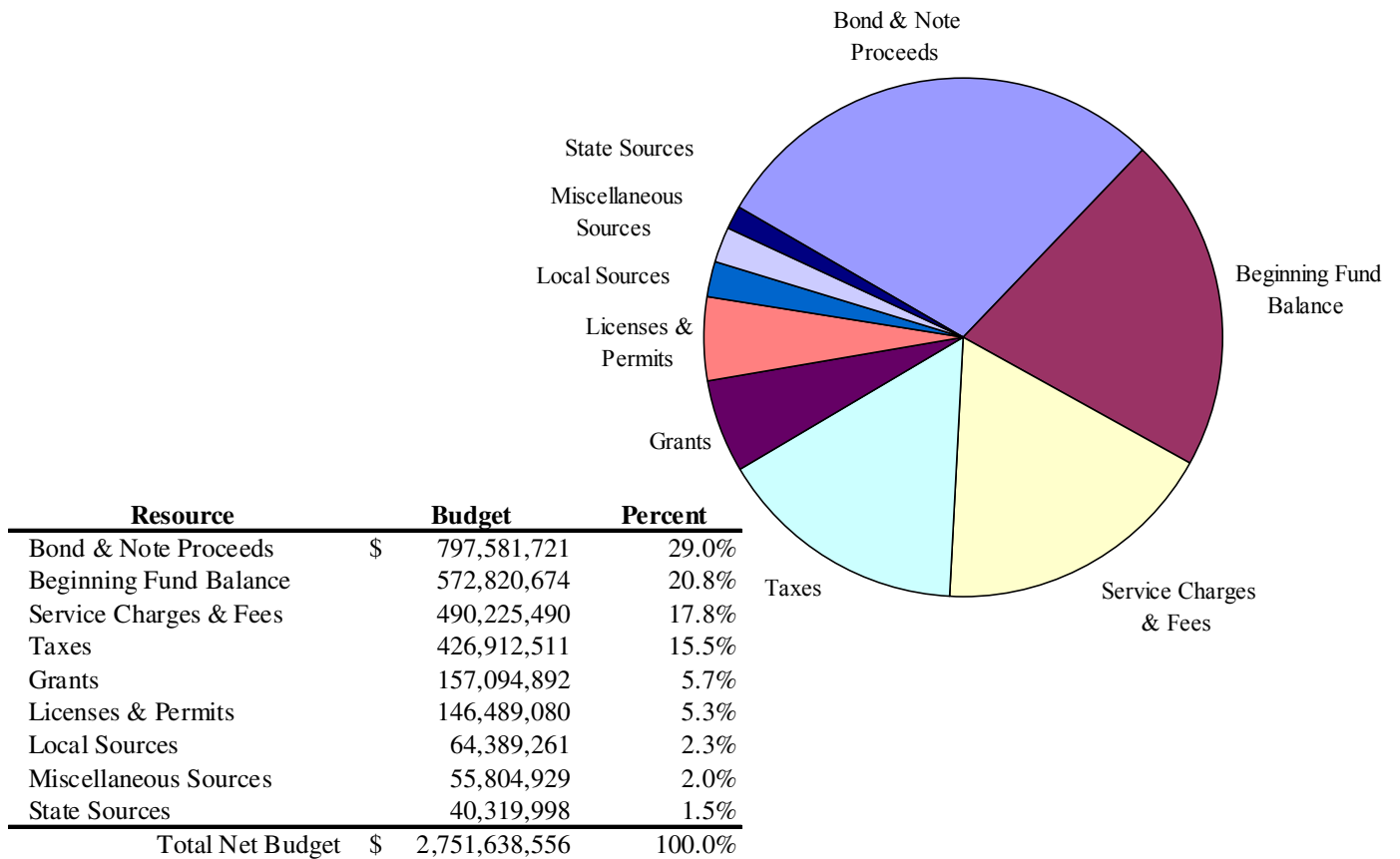
Major Object Category	Revised FY 2008-09	Adopted FY 2009-10	Dollar Change	Percent Change
Personal Services	\$ 564,787,905	\$ 552,517,445	\$ (12,270,460)	-2.2%
External Materials & Services	768,206,216	705,350,134	(62,856,082)	-8.2%
Internal Materials & Services	197,790,803	183,631,327	(14,159,476)	-7.2%
Capital Outlay	295,130,863	390,307,654	95,176,791	32.2%
<b>Total City Bureau Expenses</b>	<b>1,825,915,787</b>	<b>1,831,806,560</b>	<b>5,890,773</b>	<b>0.3%</b>
Contingency	419,728,425	546,671,392	126,942,967	30.2%
Ending Fund Balance	89,207,248	142,416,457	53,209,209	59.6%
Debt Service	366,250,829	414,375,474	48,124,645	13.1%
Fund-level Cash Transfers	604,829,928	640,032,395	35,202,467	5.8%
<b>Total City Budget</b>	<b>3,305,932,217</b>	<b>3,575,302,278</b>	<b>269,370,061</b>	<b>8.1%</b>
Less Intracity Transfers	(802,620,731)	(823,663,722)	(21,042,991)	2.6%
<b>Total Net City Expenses</b>	<b>\$ 2,503,311,486</b>	<b>\$ 2,751,638,556</b>	<b>\$ 248,327,070</b>	<b>9.9%</b>

### Total City Budget Charts

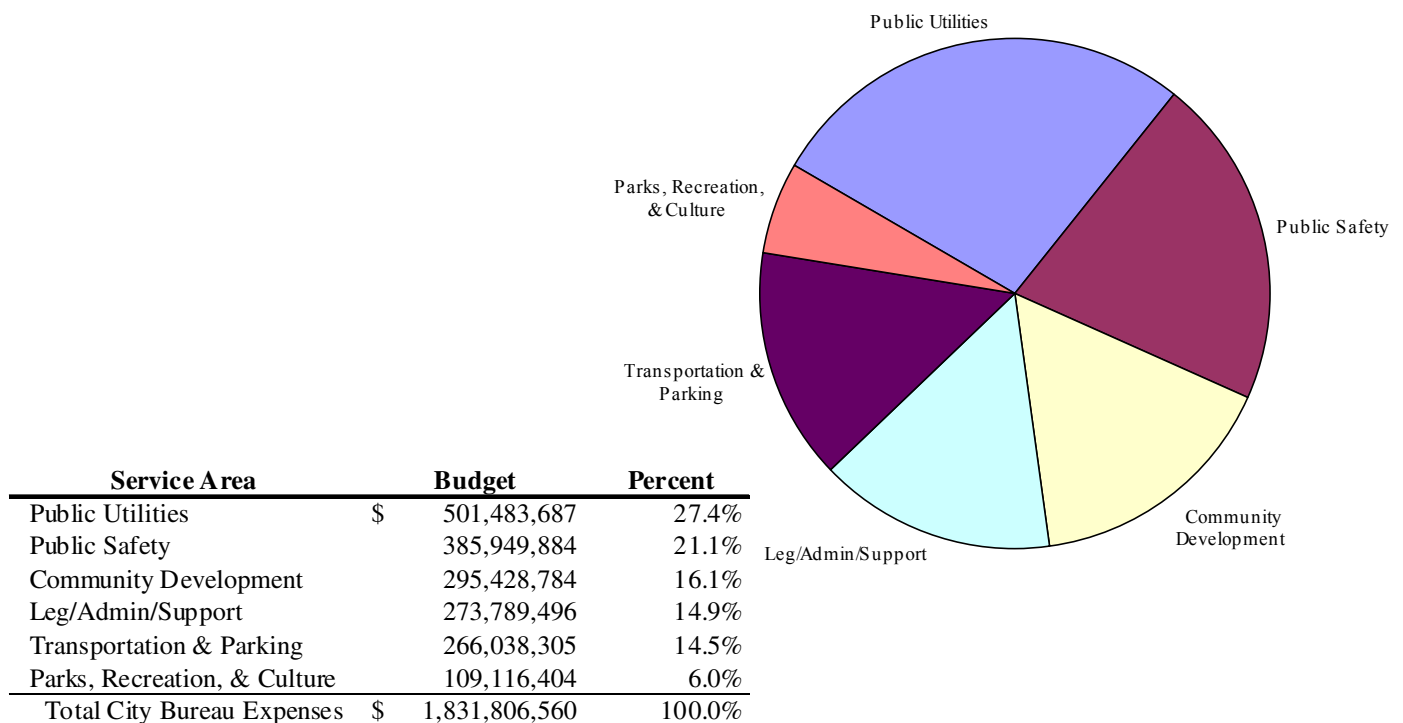
The following charts graphically summarize the total net City budget.



**Figure 6: City Net Budget—Resources**



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



**General Fund Budget**

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

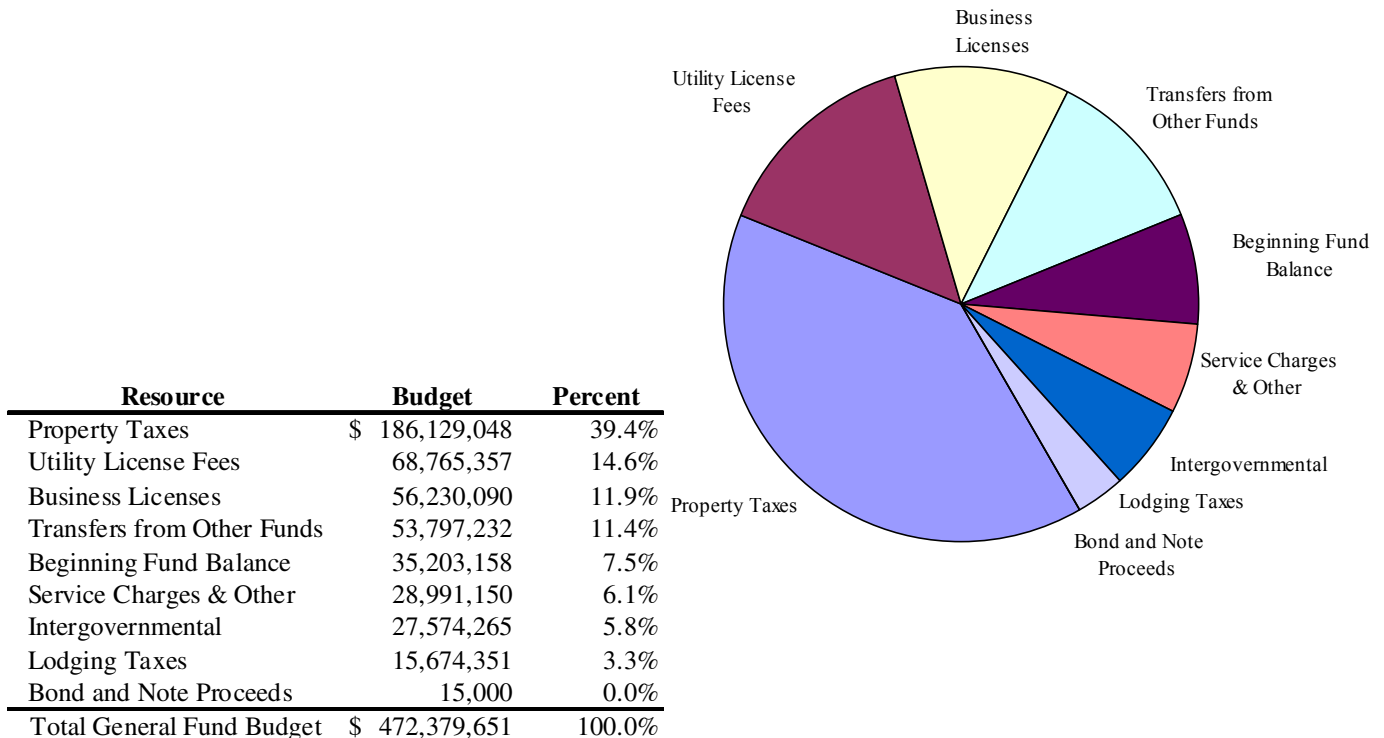
*Discretionary resources total \$383.0 million, 81.5% of the General Fund.*

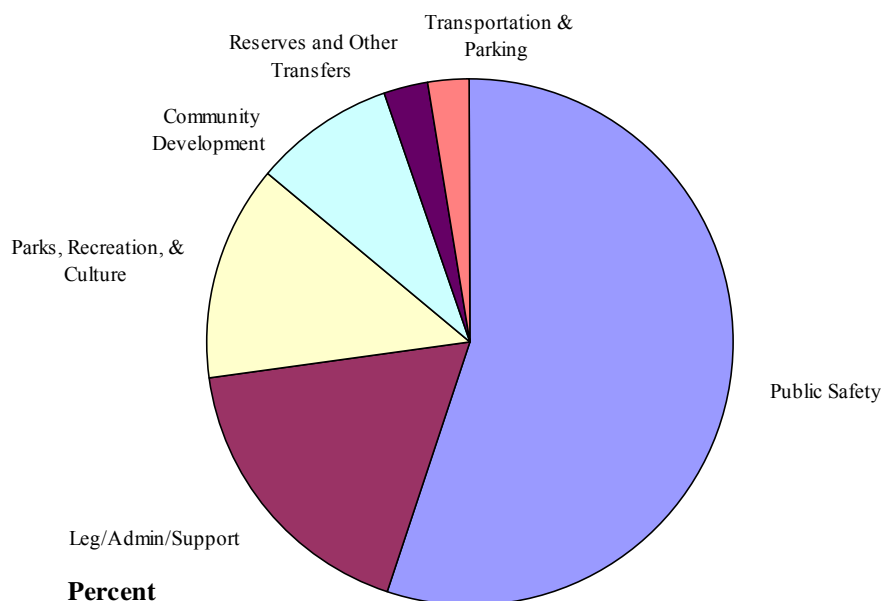
Discretionary resources include property taxes, utility license fees, business license fees, transient lodging taxes, state shared revenues (from cigarette taxes and liquor sales), interest income, and miscellaneous revenues and cash transfers into the General Fund. Nondiscretionary resources include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

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

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

**Figure 8: General Fund—Resources by Major Category**



**Figure 9: General Fund—Requirements by Service Area**

Service Area	Budget	Percent
Public Safety	\$ 259,337,886	54.9%
Leg/Admin/Support	84,606,180	17.9%
Parks, Recreation, & Culture	62,255,402	13.2%
Community Development	41,109,989	8.7%
Reserves and Other Transfers	12,797,896	2.7%
Transportation & Parking	12,272,298	2.6%
<b>Total General Fund Budget</b>	<b>\$ 472,379,651</b>	<b>100.0%</b>

## CAPITAL IMPROVEMENT PLAN

### Overview

The FY 2009-10 Adopted Capital Improvement Plan (CIP) budget totals \$542.8 million, not including the Portland Development Commission. The Citywide CIP for FY 2009-10 through FY 2013-14 is projected to be \$2.1 billion.

### FY 2009-10 Highlights

#### *Public Safety*

- ◆ Fire & Rescue Facilities GO Bond Program \$3,110,880
- ◆ Public Safety Systems Revitalization Project \$27,923,858
- ◆ Fire Apparatus Replacement \$1,726,280

#### *Parks, Recreation, and Culture*

- ◆ Director Park \$1,840,000
- ◆ Trail Acquisition and Development \$5,520,008
- ◆ River District Neighborhood Park \$2,450,000

#### *Public Utilities*

- ◆ Powell Butte Improvements \$13,842,000
- ◆ Combined Sewer Overflow Program \$134,514,000
- ◆ Sewage Treatment Systems \$22,216,000

- ◆ EPA LT2 Compliance Planning \$10,000,000
- ◆ Sandy River Crossing Conduit Relocation \$11,932,000
- ◆ Interstate Facility Rehabilitation \$2,069,000

*Transportation*

- ◆ Downtown Mall LRT \$19,216,195
- ◆ Streetcar Eastside Extension & Vehicle Purchase \$42,665,000
- ◆ Ledbetter Railroad Overcrossing \$5,070,472
- ◆ East Burnside: Bridge to 14th Avenue \$13,627,796
- ◆ Gibbs St. Pedestrian Bridge \$5,149,147

*Legislative, Administrative, and Support*

- ◆ Core Computer Storage Capacity \$655,000
- ◆ New Archives Center \$197,952
- ◆ Voicemail Replacement \$250,000

# Financial Overview

## CITY FINANCIAL PLANNING PROCESS

The first step in the budget process involves preparing updated five-year financial forecasts for each major fund. In addition to the General Fund, specific forecasts are prepared for other major City funds including Transportation, Environment Services, Development Services, and Water.

These forecasts, which project resources and expenditure requirements by fund over a five-year period, identify long-term service and financial issues requiring attention during the budget process. The forecasts aid Council by placing decisions in a long-range financial context for purposes of developing budgets that are balanced for the coming year and subsequent out-years of the five-year financial forecast horizon. Council reviews these plans during work sessions early in the budget process. At that time, bureau managers are given direction and guidance for preparing and finalizing budgets.

A summary of these financial forecasts is included in this section. Due to its significance to the City's annual budget, the General Fund five-year financial forecast and financial plan is described in greater detail.

## GENERAL FUND FINANCIAL FORECAST

### Overview

Financial Planning regularly generates five-year estimates of General Fund discretionary resources and requirements for Council. Discretionary resources include revenues plus beginning balance that are allocated by Council without restriction, in accordance with Council priorities. Discretionary resources include property taxes, utility license fees, business license, lodging tax revenues, state shared (cigarette and liquor) revenues, some interest income, some court fines, some cash transfers into the General Fund, and small amounts of other miscellaneous revenues. Discretionary resources exclude grants, bureau contract and service reimbursement revenues, bureau fee revenue, bureau overhead recovery, and other revenues dedicated for a specific purpose.

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

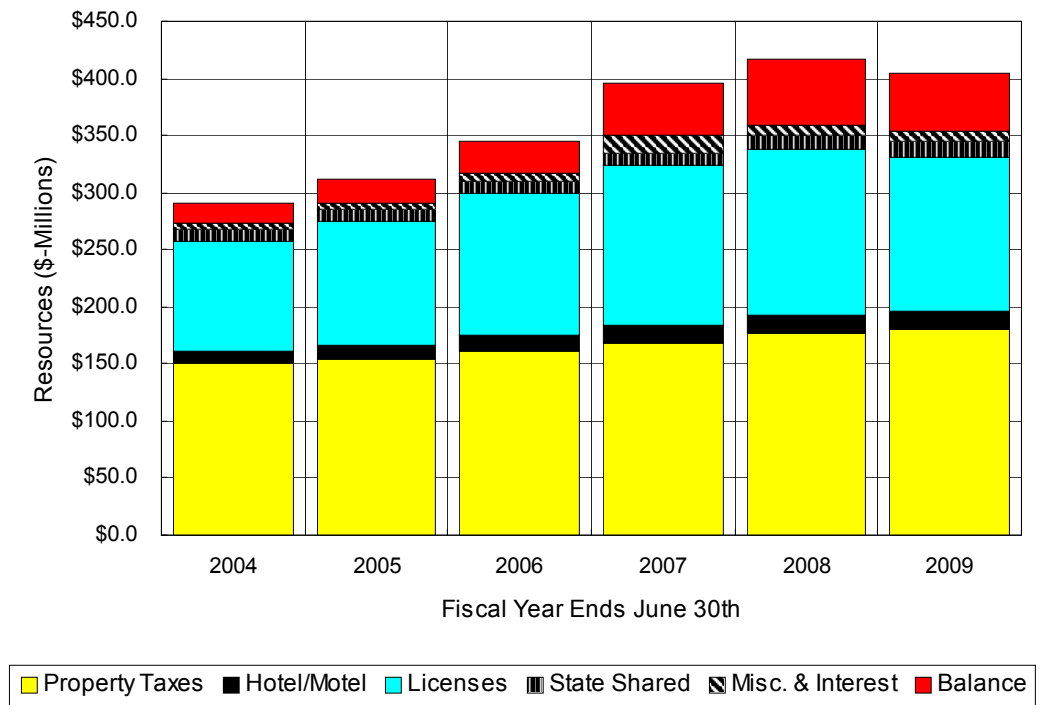
The five-year revenue forecast is used to develop the five-year financial forecast. The financial forecast compares estimated annual resources (revenue plus beginning fund balance) with projected costs of maintaining General Fund "current appropriation levels" (CAL). Initial revenue and financial forecasts were published in December 2008 and formally reviewed with Council.

Both the revenue and financial forecasts were updated in March. The revenue forecast was updated using the most recent financial and economic data. The discretionary beginning balance estimate, a key resource of the General Fund, is updated at the conclusion of each accounting period and published in the Financial Outlook. The outlook provides current overall information on the General Fund's financial condition

**Historical Resources**

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

**Figure 10: General Fund Discretionary Resources**



Revenue growth over the past five years has averaged about 5.3% per year. The General Fund's beginning fund balance has averaged about \$36.8 million. Beginning balances have been higher than normal over the last several years due to under-expenditure of budgets and larger ending balances than budgeted. Revenue growth through the end of FY 2007-08 was also stronger than anticipated in revenue forecasts. Overall resource growth (revenues plus beginning fund balance) has averaged about 6.9 % per year reflecting a strong "up-cycle" in both the national and regional economies. The graph clearly shows the strong revenue growth over the period FY 2005-06 to FY 2007-08. General Fund discretionary revenue growth for the three-year period ending FY 2007-08 was about 6.3% per year. This was well above what could be considered "trend" growth in the 3% to 4% range. This financial environment, along with only modest inflation allowed the General Fund to maintain current appropriation levels and programs.

General Fund business license revenue growth averaged about 6.9% over the past five years. Business license revenue declined steeply during the last recession with a rebound in revenues starting only during FY 2004-05. Business license revenue peaked at about \$76 million in FY2007-08 and is expected to decline to between \$66 million and \$67 million for FY2008-09. Revenue growth between FY 2003-04 and FY 2007-08 averaged 16.9%.

Utility license and franchise fees have grown much more slowly averaging about 3.8% per year over the last five years. Growth has been weaker in this area due in part to the continuing decline in Qwest's franchise fee revenues and Council's action capping Water and Bureau of Environmental Services (BES) utility license fee revenues at FY 2004-05 levels. Qwest's franchise fee revenues are in a long slow decline as wireless and other telecom technologies displace traditional landline telecom technology. Traditional investor-owned electric utility franchise fees have also been growing very slowly. Recession, and past electric rate increases have combined to depress energy consumption and revenue growth. With the exception of natural gas related franchise fee revenues this situation may persist in subsequent revenue forecasts.

Transient lodging tax revenues are cyclical like business license revenues and follow the business cycle. Transient lodging tax revenues peaked at \$11.15 million during FY 2000-01. In the aftermath of September 11th revenues declined to \$10.4 million in FY 2001-02, with about \$10.7 million in revenues realized at year-end FY 2002-03. Revenues began to recover during FY 2003-04 and surpassed the previous cycle's peak at the end FY 2004-05. Revenues grew strongly through the end of FY2007-08 but growth leveled out during FY2008-09 in response to deteriorating economic conditions. FY2008-09 revenues will probably end the year at or slightly above FY 2007-08 revenues.

State-shared cigarette and liquor tax revenues grew at a 6.8% rate over the last five years, with most of this growth occurring over the last couple of years. Miscellaneous revenues and interest income stagnated for most of the last five years due, in large part, to a much lower interest rate environment. During the last economic cycle General Fund interest income declined to \$583,848 but followed rising interest rates to an FY 2006-07 peak of \$4.5 million. Revenues are currently running at an annual rate of about \$3 million, mid-FY2008-09. The low interest rate environment has sharply cut General Fund interest income. Revenue is expected to continue to decline over the next 12 to 18 months.

**Forecast Assumption:  
Continued Recession,  
Recovery Late in FY  
2009-10**

The November revenue forecast as well as the March update reflects the sea change in both the national, state, and regional economies that has occurred over the last twelve months. The national economy peaked during late calendar 2007 and has been in recession ever since. The Pacific Northwest entered the recession late as employment levels did not start to decline until the end of calendar 2008 and the housing market was one of only two or three in the nation not showing any year-over-year declines until late in calendar 2008.

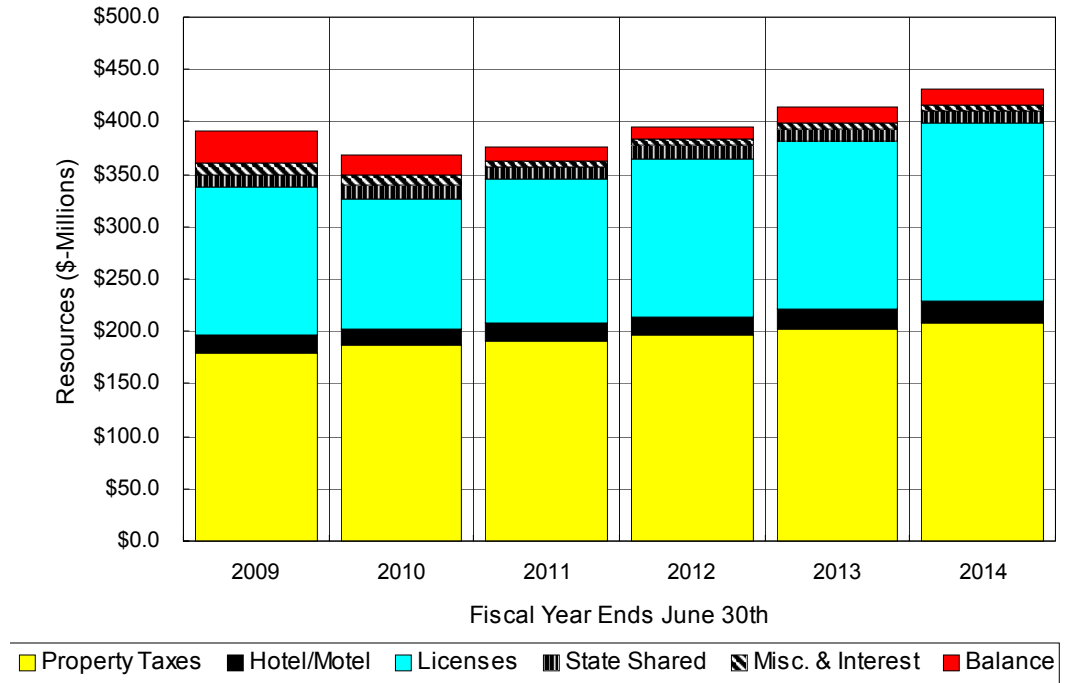
However, the regional economy's deterioration was swift. By March of 2009, Oregon's unemployment rate, at 12.9% (not seasonally adjusted), was among the highest in the nation, second only to Michigan. The metro area's unemployment rate for March was 11.8% (not seasonally adjusted). Although OMF prepared FY 2008-09 revenue estimates using the assumption of a mild recessionary dip, far worse economic conditions than expected led the Council to pare budgets mid-year so as to offset an expected drop in business license revenues. The deteriorating economic environment led OMF to assume a continuing recession in FY 2009-10. Thus, both business license and transient lodging tax revenues are forecast to continue their decline and bottom out during FY 2009-10. Specific FY 2009-10 revenue projections in the March forecast are as follows:

- ◆ Transient Lodging Tax revenue is assumed to be about \$15.7 million, versus an expected FY 2008-09 year-end of about \$16.2 million. Revenues are not forecast to surpass the previous cycle's peak until FY2011-12. Revenues are forecast to grow strongly during the last two years of the five year forecast. Special events such as the recent NCAA regional and NBA playoffs may cause a temporary bump in revenues.
- ◆ Utility License and Franchise Fees are assumed to grow modestly. Revenues are projected to flatten out into FY 2009-10 with no real growth until FY 2012-13. This forecast may be too optimistic. NW Natural announced a \$32 million June 2009 credit that will be distributed to customers. In addition, the price of natural gas has dropped to a six-year low and it is likely that NW Natural will put through a large fuel cost adjustment next fall that will entail a significant rate decrease leading to revenues below forecast. Water and BES license fees are expected to resume growth in the out years of the forecast after having been capped for the last five years. Cable and telecom franchise and utility license revenues are expected to grow briskly over the five years while Qwest land line related revenues will continue to decline. Overall revenues are projected to grow at 3.3% per year. Per Council ordinance #36441 the General Fund does not benefit from this revenue growth as all out year revenues up to \$4 million above the spring 2008 forecast are allocated to PBOT.
- ◆ Property Taxes are expected to grow by about 2.9% annually over the life of the forecast. Revenue growth remains constrained by Measure 50. In addition, the collapse of the residential housing market is expected to impact compression levels. Best estimates are that housing prices in the metro-area are down by 10% to 15%. The forecast assumes a higher delinquency rate, around 6.5%, which drops out year revenue growth to between 2.8% and 2.9%. The City has no experience with this property tax system under the combined stresses of a deep recession and housing market collapse.
- ◆ Business License peaked at \$76.5 million (inclusive of audit recovery) in FY 2007-08. The original FY 2008-09 forecast assumed \$75.7 million, but the Revenue Bureau currently estimates current year revenue between \$66 and \$67 million. The forecast for FY 2009-10 is \$56.2 million, indicating a peak to trough decline, for this cycle, of just over 36%. Revenues are forecast to grow moderately in the future but do not reach the previous peak until FY 2011-12 and do not surpass the previous peak until FY 2012-13.

Figure 2 summarizes the current five-year revenue forecast as of early April. Average annual revenue growth is projected at about 3.0% but all of the revenue growth occurs in the out years of the forecast. Budget-to-budget revenue growth, as of the end of March is forecast to be a negative 5.8%. The critical resource forecast assumption is a recession that bottoms out during FY 2009-10 along with the reemergence of local area economic growth in FY 2010-11.



**Figure 11: Forecast General Fund Discretionary Resources**



**December and March Financial Forecast Results**

At this point both the State and regional economies are deeply mired in recession with consistent year-over-year monthly job losses and rising unemployment. When viewed in terms of cyclical revenue impacts, this recession is deeper than the recession of the early 1980s and has already exceeded the length of all post World War II recessions. As noted above Oregon and metro-area unemployment rates are among the highest in the nation.

This environment translated initially into a December resource forecast for FY 2009-10 of about \$375.2 million. The December financial forecast showed that:

- ◆ Insufficient resources would be available in FY 2009-10 and beyond to fund estimated General Fund CAL requirements of \$379.8 million. Balancing the General Fund over the life of the five-year forecast required \$7.1 million of ongoing "CAL" reductions leaving Council with \$2.5 million for one-time budgets and projects.

The December financial forecast was updated in March using more recent revenue and expenditure information:

- ◆ The March revenue forecast decreased estimated FY 2009-10 revenues by \$8.3 million and increased the beginning balance estimate by \$1.8 million for a net resource loss of \$6.5 million.
- ◆ Two large revenue adjustments were made to the November revenue forecast. First, the property tax revenue forecast was reduced \$2.2 million based on the property tax simulation described above. Second, the business license revenue forecast was lowered by \$6.7 million, reflecting a longer, deeper recession.
- ◆ Ongoing CAL reductions required to balance the General Fund increased to \$8.8 million, while one-time resources declined to about \$1.8 million.

Figure 3 summarizes March financial forecast results showing the \$8.8 million in ongoing CAL reductions that balance the General Fund over the life of the financial forecast.

**Figure 12: Five-Year Financial Plan**

ITEM	Adopted	Out-Years of Proposed Financial Plan			
	2010	2011	2012	2013	2014
Total Resources	\$368,701,963	\$375,920,620	\$395,844,883	\$413,266,740	\$430,917,434
Requirements					
Bureaus & Programs	\$334,686,210	\$338,966,386	\$354,211,561	\$367,004,678	\$382,713,964
Est. CAL Reduction	-\$8,780,000	\$0	\$0	\$0	\$0
Planned One-Time	\$348,658	\$245,408	\$200,000	\$200,000	\$200,000
New One-Time	\$1,753,855	\$71,895	\$2,739,905	\$6,822,046	\$6,071,765
Council Set-Asides	\$40,693,240	\$36,636,931	\$38,693,417	\$39,240,015	\$41,931,705
Total Requirements	\$368,701,963	\$375,920,620	\$395,844,882	\$413,266,740	\$430,917,434
Difference-GAP	\$0	\$0	\$0	\$0	\$0
Reserve Fund, Percent	10.1%	10.1%	10.1%	10.0%	10.0%

A subsequent update to the March financial forecast was done in late April, after the Revenue Bureau estimated FY 2008-09 business license revenues at between \$66 and \$67 million versus a \$62 million revenue estimate last fall. The difference of almost \$4 million is available as FY 2009-10 beginning balance. In addition, OMF analyzed FY 2008-09 General Fund revenue and expenditure data through March 2009, and spending appears to be weaker than previously projected. Data shows that spending, particularly in external materials and services, appears to be weaker than anticipated earlier in the year prior to the change over to the City's new financial system. Thus, OMF increased the forecast FY 2008-09 ending balance from \$18.8 million in late February to \$31.1 million. The two changes

resulted in total one-time forecast for next year of \$14.0 million, a \$12.3 million increase. Subsequently, during the budget process, the beginning fund balance estimate was further increased by \$2.3 million in order to accommodate some carryover requirements identified during the budget process. By May, the budgeted beginning fund balance estimate was increased from \$32.9 million to \$35.2 million.

## Uncertainties and Forecast Risks

.The Council's Adopted Budget and financial plan balances the General Fund for the life of the five-year forecast given revenue forecast assumptions for business license and transient lodging tax revenues. The forecast shows the development in the last two out-years of large amounts of one-time money. This gives the Council's five-year financial plan some flexibility for the FY 2010-11 budget cycle.

Future financial uncertainties that may impact the forecast include:

- ◆ A longer than expected recession. Most observers think that the recently passed federal stimulus legislation, as well as measures taken to strengthen the financial sector, will lead to the emergence of economic growth towards the end of calendar 2009 or early calendar 2010. However, recent jobs and unemployment numbers are not encouraging. This forecast is critically dependent on an economic recovery that starts midway through FY 2009-10. A longer, deeper recession will likely result in another round of CAL budget reductions for the FY 2010-11 budget cycle. This represents the principal risk to the City's five-year financial plan.
- ◆ The current financial forecast and proposed five-year plan assumes that projected increases in healthcare spending remain slightly under 10% per year. The reemergence of higher healthcare inflation would increase City costs above the forecast.
- ◆ Current labor contracts will end in June 2010. Higher expenditures could result from upcoming labor contract negotiations if contracts are resolved above expected price level increases.
- ◆ The Public Employees Retirement System (PERS), like other pension systems, suffered large asset losses during calendar 2008 and early calendar 2009. PERS lowered employer pension contribution rates for the FY 2009-10 to FY 2010-11 biennium based on an actuarial study that used system earning results through the end of FY 2006-07. The financial forecast builds in the assumption that large employer contribution increases will have to occur beginning FY 2011-12. The size of the expected employer contribution rate increases will depend on system investment results over the next two years. Lower PERS earnings could result in higher than forecast PERS costs.
- ◆ Business license revenues are now being collected and booked net of refunds and after adjustment for the buildup of credits. This revenue stream has been shown to be more volatile. Forecasts will tend to be less accurate than in the past because there is little or no historical data available to generate forecasts on a net revenue concept.

The principal risk to Council's Adopted budget and five-year financial plan on the resource side is a longer, deeper recession. Subsequent revenue forecasts, particularly for business license, could easily show even lower revenues making it difficult for Council to fund even the reduced ongoing CAL levels in the Adopted Budget.

## FINANCIAL OUTLOOK—MAJOR FUNDS

In addition to the General Fund, the Financial Overview includes the outlook for the City's other major funds: the Sewer System Operating Fund, the Transportation Operating Fund, and the Water Fund. The following table shows the actual expenditures or budgets for the General Fund, the three other major funds, and the sum of all other funds for FY 2007-08, FY 2008-09, and FY 2009-10.

None of the major funds budget an unappropriated ending balance; each of the funds manages its reserves differently. The General Fund's 10% reserves are maintained in the General Reserve Fund. For the Bureau of Environmental Services, the combined ending fund balances of the Sewer System Operating Fund and the (BES) Sewer System Rate Stabilization Fund must be equal to or greater than 10% of each year's operating expenses, as defined by bond covenants. BES generally maintains 1% reserves in contingency in its operating fund and 9% in its rate stabilization fund. The Office of Transportation maintains a Transportation Reserve Fund but has been unable to fund it at the desired 10% level of discretionary revenues; the FY 2009-10 level is 2.29%. The Water Bureau's policy is to keep a minimum of \$12 million in operating reserves in Water Fund contingency, representing about 45 days of operating budget expenditures, and a further minimum of \$5 million in Water Construction Fund contingency. Water's actual financial reserves at any point are typically larger than these amounts, and vary with the timing of bond sales, the dates for scheduled debt service payments, season of the year, weather, and other factors.

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

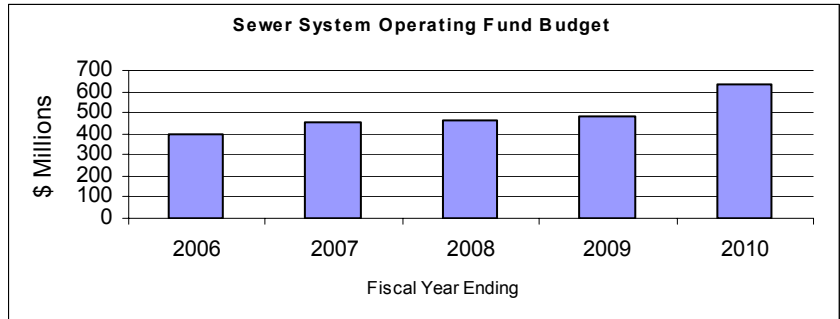
The FY 2009-10 budget is based upon bureaus' financial plans which were developed using information available through December 2008. The following is a brief overview of the updated financial outlook for the City's three major non-General Fund bureaus. For each fund, the chart shows total fund expenditures.

Figure 13: Summary of Major Funds

	General Fund	Sewer System Operating Fund	Transportation Operating Fund	Water Fund	All Other Funds
<b>FY 2007-08 Actual</b>					
Beginning Balance	\$81,658,081	\$48,142,145	\$21,805,638	\$21,805,638	\$556,302,138
External Revenues	378,891,785	218,940,802	113,494,351	113,494,351	1,193,129,488
Internal Revenues	94,911,052	186,750,550	49,713,885	49,713,885	365,660,137
Total Resources	\$555,460,918	\$453,833,497	\$185,013,874	\$185,013,874	\$2,115,091,763
Bureau Expenses	\$422,424,430	\$264,877,406	\$151,386,429	\$151,386,429	\$506,673,178
Fund-level Expenses	57,831,467	163,375,398	13,389,706	13,389,706	928,932,937
Ending Fund Balance	75,205,021	25,580,693	20,237,739	20,237,739	679,485,648
Total Requirements	\$555,460,918	\$453,833,497	\$185,013,874	\$185,013,874	\$2,115,091,763
<b>FY 2008-09 Revised Budget</b>					
Beginning Balance	\$57,879,525	\$27,000,000	\$33,407,180	\$33,407,180	\$639,174,125
External Revenues	377,723,857	228,979,131	112,163,909	112,163,909	881,412,670
Internal Revenues	83,154,912	210,611,071	44,758,453	44,758,453	419,337,842
Total Resources	\$518,758,294	\$466,590,202	\$190,329,542	\$190,329,542	\$1,939,924,637
Bureau Expenses	\$437,966,152	\$286,115,270	\$148,942,334	\$148,942,334	\$803,949,697
Fund-level Expenses	59,160,946	163,581,506	12,200,611	12,200,611	723,937,083
Contingency	21,631,196	16,893,426	29,186,597	29,186,597	322,830,609
Ending Fund Balance	0	0	0	0	89,207,248
Total Requirements	\$518,758,294	\$466,590,202	\$190,329,542	\$190,329,542	\$1,939,924,637
<b>FY 2009-10 Adopted Budget</b>					
Beginning Balance	\$35,203,158	\$23,200,000	\$21,641,887	\$21,641,887	\$471,133,742
External Revenues	366,369,787	240,189,193	154,314,958	154,314,958	1,263,628,986
Internal Revenues	70,806,706	257,835,211	68,364,178	68,364,178	358,293,449
Total Resources	\$472,379,651	\$521,224,404	\$244,321,023	\$244,321,023	\$2,093,056,177
Bureau Expenses	\$423,142,099	\$339,200,861	\$222,186,187	\$222,186,187	\$625,091,226
Fund-level Expenses	46,984,364	164,528,000	13,321,486	13,321,486	816,252,533
Contingency	2,253,188	17,295,543	8,813,350	8,813,350	509,495,961
Ending Fund Balance	-	200,000	-	-	142,216,457
Total Requirements	\$472,379,651	\$521,224,404	\$244,321,023	\$244,321,023	\$2,093,056,177

**Bureau of Environmental Services**

Bureau of Environmental Services (BES) operating programs continue to emphasize water quality through efforts at pollution prevention,



analytical services, drainage system maintenance, and watershed improvement programs. Capital costs continue to be the prime driver behind forecast rate increases. The largest category of capital improvement costs is the combined sewer overflow (CSO) program, followed by maintenance and reliability projects, and surface water management projects.

BES's estimated annual revenue requirement increases \$78.0 million over the forecast period. The five-year financial plan forecasts an increase of 6.65% in the average single-family sewer and stormwater bill for FY 2009-10 from \$49.69 to \$52.99.

**Operating Plan:** Five-year operating budget reductions are projected for the Portland Harbor Superfund program, electrical savings at the Swan Island pump station and from a new co-generation plant at the Columbia Boulevard Treatment Plant, and from the Clean River Rewards program. Five-year increases to the operating budget include additional resources for sewer pipe inspection and repair of sewer laterals, increased CSO flows, improvements for asset management, and resources to reduce the City's stormwater footprint and enhance watershed health.

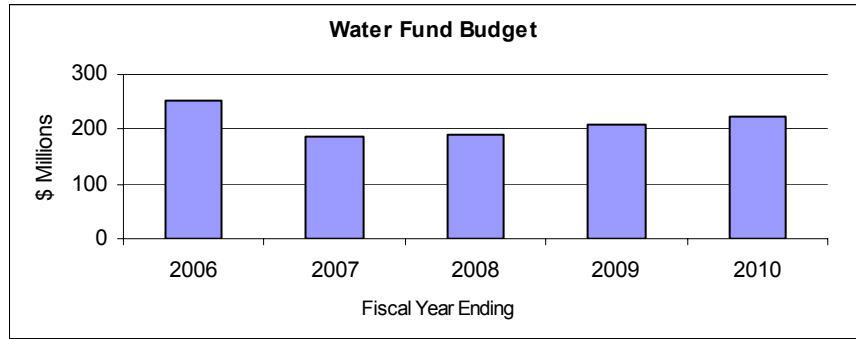
**Capital Plan:** CIP expenditures are projected to total \$665 million over the forecast interval (including inflation). The pattern of expenditures is influenced primarily by the timing of the Eastside CSO project. These expenditures are funded by sewer system revenue bonds, but also include substantial cash contributions (\$75.7 million over the five-year forecast interval) made possible by coverage requirements on sewer system revenue bonds.

**Annual Operating and CIP Budgets:** The BES operating budget for FY 2009-10 is \$271.3 million including expenditures of \$106.7 million for operating programs, \$5.6 million for General Fund overhead, \$12.8 million for utility license fees, \$120.0 million for debt payments to provide resources for the capital program and \$21.0 million for debt accruals and cash transfers to other funds for future reserves.

The capital budget for FY 2009-10 is \$242.6 million including expenditures of \$134.5 million for the CSO program, \$58.0 million for system maintenance and reliability, \$22.2 million for treatment systems, \$12.1 million for systems development, and \$15.8 million for surface water management projects.

**Water Bureau**

The preliminary financial plan for the Water Bureau projected an average retail rate increase of 17.9% in FY 2009-10; the increase was approved



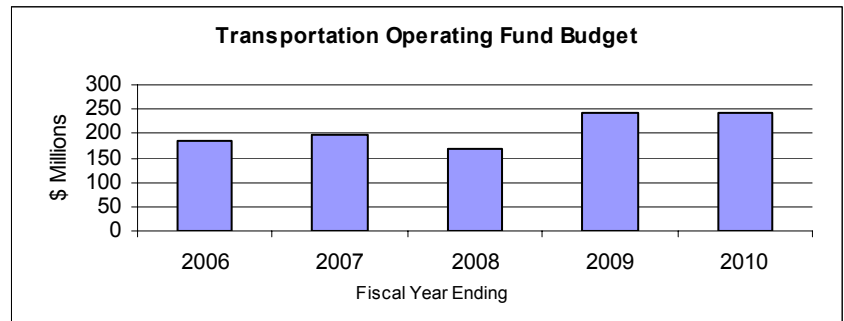
by City Council. The primary factors contributing to the FY 2009-10 retail rate increase include funding related Long Term 2 Enhanced Surface Water Treatment Rule (LT2) compliance mandate, lower retail water demand, and less reimbursable work related to the slowdown in economic development projects. Future years' rates are estimated at about 19% per year for the next four years. These rates currently assume construction of a filtration plant to comply with LT2. The average single-family residential water bill will experience a total bill increase of 17.9% for FY 2009-10.

**Operating Budget:** The operating budget of \$68.7 million for FY 2009-10 is a decrease of \$3.1 million from the FY 2008-09 Revised Budget of \$71.8 million.

**Capital Budget:** The FY 2009-10 CIP budget of \$78.9 million reflects an increase of \$15.2 million from the FY 2008-09 Revised Budget. The increase in FY 2009-10 CIP budget is to implement projects to ensure compliance with Federal Safe Drinking Water regulations. The Water Bureau will begin design work on enhanced water treatment and initial construction to replace exposed drinking water storage facilities to comply with the LT2 rule, unless a variance or other form of relief from this rule is obtained.

**Office of Transportation**

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



general transportation revenues (GTR). In the most recent financial forecast, the funding gap is projected to increase to an estimated cumulative total of \$15.7 million in FY 2013-14. In FY 2009-10, the bureau received \$5.8 million in General Fund one time resources for streetlight operations and maintenance, \$3.0 million for various traffic safety capital improvements, and \$1.3 million for other transportation operations.

**Total Budget:** The FY 2009-10 Adopted Budget is \$266.0 million, reflecting a 28.4% increase over the FY 2008-09 Revised Budget. The increase is attributed to changes in the bureau's capital programs, which increase 138.5% due in large part to a on-time increase in federal grant pass-through, like the American Reinvestment and Recovery Act (ARRA) projects.

**Capital Budget:** The capital budget is approximately \$146.0 million for FY 2009-10. Over the five-year Capital Improvement Plan (CIP) only 10% of the revenue for transportation projects comes from GTR. The remaining 90% is funded by grants, system development charges, permit fees, contracts, and the General Fund. The capital budget is significantly higher than previous years due to spending through the ARRA and construction of the eastside streetcar extension and purchase of streetcar vehicles.

## CITY DEBT MANAGEMENT

The City of Portland issues a variety of debt instruments to raise capital for construction projects and acquisition of equipment and facilities, and to refinance existing debt. Most of the City's debt is rated by one or more national rating agencies, including Moody's Investors Service and Standard & Poor's Corporation. Bond ratings are based on an independent analysis by financial market professionals and indicate the credit-worthiness of City's debt obligations. "Aaa" is the highest possible rating, and is based on analysis of four basic factors: economic condition, debt load, financial condition, and overall management of the City.

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

Since 1973, the City's unlimited tax general obligation debt has been rated "Aaa" by Moody's. The City's limited tax revenue bonds are rated Aa1 by Moody's. The underlying ratings for most other types of City revenue bonds are between "A1" and "Aa1" by Moody's and "AA" by Standard & Poor's. Many of the City's revenue bonds are insured and had carried the triple-A rating of the bond insurer. However, with turmoil in the bond insurance industry, including widespread downgrades by the rating agencies, the effective rating for a significant portion of the City's insured bonds is the underlying rating, which currently is higher than the insured rating.

The following is a brief summary of the City's existing debt and debt instruments, projected as of June 30, 2009.

### General Obligation (GO) Debt

General Obligation (GO) debt is backed by the full faith and credit and unlimited taxing power of the City. Under current Oregon law, all general obligation debt (except for refunding bonds) must be approved by the voters. The City's outstanding GO debt includes:



- ◆ \$66.8 million of voter-approved general obligation bonds for park system improvements and emergency facilities improvements
- ◆ \$3.1 million of general obligation water bonds; these bonds are repaid from water user charges, but are secondarily backed by the City's general obligation pledge

### Revenue Bonds

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

- ◆ \$1.4 billion of sewer system revenue bonds
- ◆ \$334.4 million of urban renewal bonds
- ◆ \$267.0 million of water revenue bonds
- ◆ \$16.9 million of hydroelectric power revenue bonds
- ◆ \$4.9 million of gas tax revenue bonds
- ◆ \$2.9 million of golf revenue bonds
- ◆ \$2.7 million of parking revenue bonds

### General Fund-Backed Debt

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

- ◆ \$287.5 million of limited tax pension obligation bonds, of which approximately \$106.7 million is attributed to General Fund bureaus and approximately \$180.8 to non-General Fund bureaus
- ◆ \$122.0 million of limited tax revenue bonds for projects related to an intergovernmental agreement known as the Visitor Development Initiative, which includes outstanding bonds for the Convention Center Expansion project (\$93.2 million), Civic Stadium (PGE Park) Improvement project (\$27.3 million), and Portland Center for Performing Arts improvements (\$1.5 million). While ultimately secured by the General Fund, these bonds are expected to be repaid with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax levied by Multnomah County and, for the Civic Stadium bonds, from revenues generated from Spectator Facilities operations.
- ◆ \$74.8 million of limited tax revenue bonds for building improvements and equipment acquisition
- ◆ \$21.3 million of arena limited tax revenue bonds. Proceeds of these bonds were used to refund bonds originally issued for public improvements relating to the Oregon Arena Project. These arena limited tax revenue refunding bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.
- ◆ \$21.5 million of limited tax revenue bonds issued to refund bonds originally issued to pay for the Portland Streetcar project. These bonds are expected to be repaid from parking revenues, but are additionally secured by the General Fund.
- ◆ \$13.9 million of limited tax revenue bonds for improvements to the Portland Transit Mall. These bonds are expected to be repaid with revenues from the City's parking meters.
- ◆ \$20.1 million of limited tax housing revenue bonds
- ◆ \$44.3 million of limited tax improvement bonds
- ◆ \$2.3 million of bonds issued for improvements in the South Waterfront area of the City
- ◆ \$167.6 million of principal on urban renewal lines of credit. It is expected these interim financing obligations will be retired with the proceeds of long-term urban renewal and redevelopment bonds.

- ◆ \$29.1 million of principal on lines of credit used to provide short-term and interim financing for local improvement district projects, the Enterprise Business Solution Project, extension of the Portland streetcar and other transportation projects, and homeownership.

**Debt Limitation**

Under Oregon law (ORS 287.004), the City's general obligation debt limit is equal to 3% of the City's real market valuation (\$90.9 billion), or about \$2.7 billion. Certain self-supporting bonds are exempted from this limitation. The City's debt policies are more restrictive, specifying that general obligation debt can be no more than 0.75% of real market value, or approximately \$682.1 million for FY 2008-09. Currently the City has \$66.8 million of outstanding general obligation debt that is subject to these debt limitations.

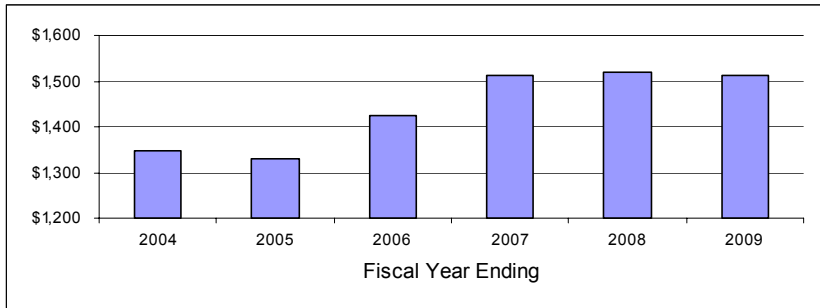
**Figure 14: Debt Limitation Criteria**

Criteria	Limit
FY 2008-09 Real Market Value	\$90,943,842,539
3% of Real Market Value	\$2,728,315,276
City outstanding debt subject to limit	\$66,820,000
Percent of limitation outstanding	2.45%
Debt margin	\$2,661,495,276

The figure below displays gross bonded debt per capita. Included in these figures are the City's outstanding general obligation bonds, limited tax improvement bonds, limited tax revenue bonds, and General Fund-backed lines of credit.

**Figure 15: Gross Bonded Debt per Capita**

The City periodically assesses opportunities to refund bonds for economic savings. Additionally, there are times when existing bond covenants



or other financial structures impinge on prudent and sound financial management. In such cases, the City may choose to refund debt for restructuring purposes.

The City's debt management policies prescribe the circumstances under which the City may refinance outstanding debt. In order to issue advance refunding bonds (i.e., bonds in which the call or maturity date of the refunded bonds is more than 90 days from the date of issuance of the refunding bonds), net present value savings must equal at least 5% of the proceeds of the refunding bonds. Exceptions to this policy can be made with the approval of the Debt Manager and the Director of the Bureau of Financial Services. Notwithstanding City policy, Oregon law requires that advance refunding bonds issued for the purpose of obtaining debt service savings, must attain present value savings of at least 3% of the proceeds of the bonds. The City may issue current refunding bonds (bonds in which the call or maturity date of the refunded bonds is 90 days or less from the date of issuance of the refunding bonds) when net present value savings equal or exceed \$100,000. Savings

requirements for current or advance refundings undertaken to restructure debt may be waived by the Debt Manager and the Chief Administrative Officer if such a restructuring is in the City's overall best financial interests.

In FY 2008-09 the City issued two series of refunding bonds. The City issued the South Park Blocks Urban Renewal and Redevelopment and Refunding Bonds, 2008 Series B (Tax-Exempt), the proceeds of which were largely used to refund the outstanding South Park Blocks Urban Renewal and Redevelopment Bonds, 2000 Series A. Because the 2008 bonds were the last issue of bonds for the South Park Blocks urban renewal area, the refunding bonds were issued for debt restructuring in order to generate more proceeds for projects. The City also issued the Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) to currently refund the outstanding Limited Tax Revenue Bonds, 1999 Series A for economic savings.

In addition to the refunding bonds, the City issued about \$34.6 million of South Park Blocks Urban Renewal and Redevelopment Bonds, 2008 Series A (Federally Taxable) to fund improvements in the South Park Blocks urban renewal area; \$79.7 million of First Lien Water System Revenue Bonds to pay for various improvements to the Water System; and the General Obligation Emergency Facilities Bonds, 2008 Series A to fund improvements related to the City's fire stations and other emergency facilities.

In FY 2008-09, the City borrowed approximately \$38.8 million on various lines of credit and state loans to fund capital projects including clean water, local improvement, urban renewal, home-ownership, Enterprise Business Solution, and transportation projects.

#### **Anticipated Debt Issuance in FY 2009-10**

The City anticipates issuing the following debt obligations during FY 2009-10:

- ◆ \$400 million in Sewer System Revenue Bonds to finance improvements to the sewer system
- ◆ \$30 million in urban renewal bonds for the River District urban renewal area
- ◆ \$25 million in urban renewal bonds for the Interstate Corridor urban renewal area
- ◆ \$8 million in limited tax improvement bonds to finance assessments

The City will likely incur additional indebtedness during FY 2009-10 for other capital needs. The amounts and specific types of debt instruments to be issued will be determined throughout the fiscal year.

# Total City Budget – Revenues and Expenses

TABLE 1

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

	Actual FY 2007–08	Revised FY 2008–09	Adopted FY 2009–10
<b>RESOURCES</b>			
<b>External Revenues</b>			
Taxes	402,341,349	402,527,738	426,912,511
Licenses and Permits	172,048,458	160,506,161	146,489,080
Service Charges	447,294,534	465,521,598	490,225,490
Grants	42,602,336	107,450,317	157,089,892
Federal Sources	0	532,000	5,000
State Sources	48,720,738	43,831,050	40,319,998
Local Sources	53,561,860	94,270,115	64,389,261
Miscellaneous	83,068,879	72,974,512	55,804,929
Debt Proceeds	768,312,623	364,829,985	797,581,721
<b>Total External Revenues</b>	<b>2,017,950,777</b>	<b>1,712,443,476</b>	<b>2,178,817,882</b>
<b>Transfers from Other Funds</b>			
Service Reimbursements	190,288,884	197,790,803	183,631,327
Cash Transfers	556,460,625	604,829,928	640,032,395
<b>Total Transfers from Other Funds</b>	<b>746,749,509</b>	<b>802,620,731</b>	<b>823,663,722</b>
Beginning Fund Balances	729,713,640	790,868,010	572,820,674
<b>Total Budget</b>	<b>3,494,413,926</b>	<b>3,305,932,217</b>	<b>3,575,302,278</b>
<b>Less Intracity Transfers</b>	<b>(746,749,509)</b>	<b>(802,620,731)</b>	<b>(823,663,722)</b>
<b>TOTAL NET BUDGET</b>	<b>\$ 2,747,664,417</b>	<b>\$ 2,503,311,486</b>	<b>\$ 2,751,638,556</b>
<b>REQUIREMENTS</b>			
<b>Bureau Expenses</b>			
Personal Services	514,054,656	564,787,905	552,517,445
External Materials & Services	575,319,551	768,206,216	705,350,134
Internal Materials & Services	190,288,884	197,790,803	183,631,327
Capital Outlay	217,083,518	295,130,863	390,307,654
<b>Total Bureau Expenses</b>	<b>1,496,746,609</b>	<b>1,825,915,787</b>	<b>1,831,806,560</b>
<b>Fund-Level Expenses</b>			
Debt Service	620,459,852	366,250,829	414,375,474
Fund-Level Cash Transfers	556,459,362	604,829,928	640,032,395
General Fund Overhead	0	0	0
Contingency	0	419,728,425	546,671,392
<b>Total Fund-Level Expenses</b>	<b>1,176,919,214</b>	<b>1,390,809,182</b>	<b>1,601,079,261</b>
<b>Total Appropriated Budget</b>	<b>2,673,665,823</b>	<b>3,216,724,969</b>	<b>3,432,885,821</b>
Unappropriated Ending Balance	820,746,840	89,207,248	142,416,457
<b>Total Budget</b>	<b>3,494,412,663</b>	<b>3,305,932,217</b>	<b>3,575,302,278</b>
<b>Less Intracity Transfers</b>	<b>(746,748,246)</b>	<b>(802,620,731)</b>	<b>(823,663,722)</b>
<b>TOTAL NET BUDGET</b>	<b>\$ 2,747,664,417</b>	<b>\$ 2,503,311,486</b>	<b>\$ 2,751,638,556</b>

# Appropriation Schedule – FY 2009–10

**TABLE 2**

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
<b>Bureau of Development Services</b>					
Development Services Fund	37,314,654	6,535,968	2,264,514	842,625	46,957,761
<b>Total Bureau of Development Services</b>	<b>37,314,654</b>	<b>6,535,968</b>	<b>2,264,514</b>	<b>842,625</b>	<b>46,957,761</b>
<b>Bureau of Emergency Communications</b>					
Emergency Communication Fund	16,973,782	1,585,695	629,093	167,897	19,356,467
<b>Total Bureau of Emergency Communications</b>	<b>16,973,782</b>	<b>1,585,695</b>	<b>629,093</b>	<b>167,897</b>	<b>19,356,467</b>
<b>Bureau of Environmental Services</b>					
Environmental Remediation Fund	6,034,198	519,954	67,530	1,036	6,622,718
Grants Fund	4,051,751	0	0	0	4,051,751
Sewer System Construction Fund	0	193,349,406	248,650,594	1,600,000	443,600,000
Sewer System Debt Redemption Fund	0	0	0	120,169,336	120,169,336
Sewer System Operating Fund	339,200,861	17,295,543	151,016,572	13,511,428	521,024,404
Sewer System Rate Stabilization Fund	0	67,850,000	5,000,000	0	72,850,000
<b>Total Bureau of Environmental Services</b>	<b>349,286,810</b>	<b>279,014,903</b>	<b>404,734,696</b>	<b>135,281,800</b>	<b>1,168,318,209</b>
<b>Bureau of Fire &amp; Police Disability &amp; Retirement</b>					
Fire & Police Disability & Retirement Fund	106,339,040	6,253,280	292,549	37,171,538	150,056,407
Fire & Police Disability & Retirement Reserve Fund	0	0	750,000	0	750,000
<b>Total Bureau of Fire &amp; Police Disability &amp; Retirement</b>	<b>106,339,040</b>	<b>6,253,280</b>	<b>1,042,549</b>	<b>37,171,538</b>	<b>150,806,407</b>
<b>Bureau of Planning and Sustainability</b>					
General Fund	11,737,899	0	0	0	11,737,899
Grants Fund	5,503,221	0	0	0	5,503,221
Solid Waste Management Fund	3,718,757	90,774	888,518	44,854	4,742,903
<b>Total Bureau of Planning and Sustainability</b>	<b>20,959,877</b>	<b>90,774</b>	<b>888,518</b>	<b>44,854</b>	<b>21,984,023</b>
<b>Cable Communications and Franchise Management</b>					
Cable Fund	5,341,386	1,318,222	18,668	0	6,678,276
General Fund	1,860,169	0	0	0	1,860,169
<b>Total Cable Communications and Franchise Management</b>	<b>7,201,555</b>	<b>1,318,222</b>	<b>18,668</b>	<b>0</b>	<b>8,538,445</b>
<b>Commissioner of Public Affairs</b>					
Children's Investment Fund	15,366,129	980,000	25,000	0	16,371,129
General Fund	2,052,390	0	0	0	2,052,390
<b>Total Commissioner of Public Affairs</b>	<b>17,418,519</b>	<b>980,000</b>	<b>25,000</b>	<b>0</b>	<b>18,423,519</b>
<b>Commissioner of Public Safety</b>					
General Fund	737,090	0	0	0	737,090
<b>Total Commissioner of Public Safety</b>	<b>737,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>737,090</b>
<b>Commissioner of Public Utilities</b>					
General Fund	836,592	0	0	0	836,592

# Appropriation Schedule – FY 2009–10

**TABLE 2**

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
<b>Total Commissioner of Public Utilities</b>	836,592	0	0	0	836,592
<b>Commissioner of Public Works</b>					
General Fund	785,292	0	0	0	785,292
<b>Total Commissioner of Public Works</b>	785,292	0	0	0	785,292
<b>Office of the City Attorney</b>					
General Fund	8,242,650	0	0	0	8,242,650
<b>Total Office of the City Attorney</b>	8,242,650	0	0	0	8,242,650
<b>Office of the City Auditor</b>					
Assessment Collection Fund	411	81,593	153	0	82,157
Bancroft Bond Interest and Sinking Fund	0	0	0	6,470,261	6,470,261
Campaign Finance Fund	808,247	0	552,753	0	1,361,000
General Fund	8,670,343	0	0	0	8,670,343
Local Improvement District Construction Fund	1,474,678	4,785,700	23,755,465	21,934,087	51,949,930
<b>Total Office of the City Auditor</b>	10,953,679	4,867,293	24,308,371	28,404,348	68,533,691
<b>Office of Government Relations</b>					
General Fund	1,211,900	0	0	0	1,211,900
<b>Total Office of Government Relations</b>	1,211,900	0	0	0	1,211,900
<b>Office of Human Relations</b>					
General Fund	594,652	0	0	0	594,652
<b>Total Office of Human Relations</b>	594,652	0	0	0	594,652
<b>Office of Management and Finance</b>					
Airport Way Debt Service Fund	0	0	0	5,524,350	5,524,350
BFRES Facilities GO Bond Construction Fund	3,155,178	4,596,157	109,875	0	7,861,210
Bonded Debt Interest and Sinking Fund	0	0	0	9,124,646	9,124,646
Central Eastside Industrial District Debt Service Fund	0	0	0	4,940,281	4,940,281
CityFleet Operating Fund	26,954,127	18,278,112	1,315,020	337,407	46,884,666
Convention and Tourism Fund	3,291,541	45,775	13,831	0	3,351,147
Convention Center Area Debt Service Fund	0	0	0	10,802,771	10,802,771
Emergency Communication Fund	2,760,000	0	0	0	2,760,000
Enterprise Business Solutions Services Fund	6,053,076	2,485,125	0	16,027,200	24,565,401
Facilities Services Operating Fund	35,547,812	13,327,182	1,130,681	5,815,892	55,821,567
Fire & Police Supplemental Retirement Reserve Fund	8,160	0	0	0	8,160
Gateway URA Debt Redemption Fund	0	0	0	2,781,736	2,781,736
General Fund	62,029,033	2,253,188	39,194,104	7,790,260	111,266,585
General Reserve Fund	0	49,081,603	15,636,392	0	64,717,995
Governmental Bond Redemption Fund	0	0	0	8,496,055	8,496,055
Grants Fund	1,193,425	0	0	0	1,193,425

# Appropriation Schedule – FY 2009–10

**TABLE 2**

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
Health Insurance Operating Fund	40,450,680	14,606,342	314,059	26,660	55,397,741
Insurance and Claims Operating Fund	11,028,617	18,907,570	476,696	63,005	30,475,888
Interstate Corridor Debt Service Fund	0	0	0	10,904,085	10,904,085
Lents Town Center URA Debt Redemption Fund	0	0	0	8,614,373	8,614,373
North Macadam URA Debt Redemption Fund	0	0	0	9,104,032	9,104,032
Pension Debt Redemption Fund	0	0	134,279	3,924,884	4,059,163
Printing & Distribution Services Operating Fund	7,440,634	1,722,639	450,353	114,341	9,727,967
Private for Hire Transportation Safety Fund	83,803	8,168	1,389	0	93,360
Property Management License Fund	4,268,400	0	0	0	4,268,400
River District URA Debt Redemption Fund	0	0	0	22,708,159	22,708,159
South Park Blocks Redemption Fund	361,284	0	0	7,157,831	7,519,115
Special Finance and Resource Fund	144,935,887	0	0	3,433,436	148,369,323
Special Projects Debt Service Fund	0	0	0	6,414,893	6,414,893
Spectator Facilities Operating Fund	5,102,376	3,727,604	149,327	6,059,588	15,038,895
Technology Services Fund	64,817,935	17,885,002	6,975,845	1,904,631	91,583,413
Waterfront Renewal Bond Sinking Fund	445,462	0	0	10,195,164	10,640,626
Willamette Industrial URA Debt Service Fund	0	0	0	706,798	706,798
Workers' Comp Self Insurance Operating Fund	4,538,855	18,072,229	280,107	58,933	22,950,124
<b>Total Office of Management and Finance</b>	<b>424,466,285</b>	<b>164,996,696</b>	<b>66,181,958</b>	<b>163,031,411</b>	<b>818,676,350</b>
<b>Office of the Mayor</b>					
General Fund	2,651,252	0	0	0	2,651,252
<b>Total Office of the Mayor</b>	<b>2,651,252</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,651,252</b>
<b>Office of Neighborhood Involvement</b>					
General Fund	6,437,995	0	0	0	6,437,995
<b>Total Office of Neighborhood Involvement</b>	<b>6,437,995</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,437,995</b>
<b>Portland Bureau of Transportation</b>					
Gas Tax Bond Redemption Fund	0	4,717	0	1,133,458	1,138,175
Grants Fund	33,447,861	0	0	0	33,447,861
Parking Facilities Fund	10,320,454	7,286,035	3,500,554	3,075,275	24,182,318
Transportation Operating Fund	222,186,187	8,813,350	7,990,231	5,331,255	244,321,023
Transportation Reserve Fund	0	2,517,889	0	0	2,517,889
<b>Total Portland Bureau of Transportation</b>	<b>265,954,502</b>	<b>18,621,991</b>	<b>11,490,785</b>	<b>9,539,988</b>	<b>305,607,266</b>
<b>Portland Fire and Rescue</b>					
General Fund	90,865,649	0	0	0	90,865,649
<b>Total Portland Fire and Rescue</b>	<b>90,865,649</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90,865,649</b>

# Appropriation Schedule – FY 2009–10

**TABLE 2**

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

	Bureau Program Expenses	Fund Requirements			Total Appropriation
		Contingency	Interfund Cash Transfers	Debt Retirement	
<b>Portland Housing Bureau</b>					
General Fund	10,743,080	0	0	0	10,743,080
Grants Fund	9,598,574	0	0	0	9,598,574
HOME Grant Fund	5,043,210	0	0	0	5,043,210
Housing Community and Development Fund	13,151,586	0	235,000	0	13,386,586
Housing Investment Fund	9,269,619	0	807,599	8,150,000	18,227,218
Tax Increment Financing Reimbursement Fund	864,874	0	0	0	864,874
<b>Total Portland Housing Bureau</b>	<b>48,670,943</b>	<b>0</b>	<b>1,042,599</b>	<b>8,150,000</b>	<b>57,863,542</b>
<b>Portland Office of Emergency Management</b>					
General Fund	1,639,338	0	0	0	1,639,338
Grants Fund	7,386,736	0	0	0	7,386,736
<b>Total Portland Office of Emergency Management</b>	<b>9,026,074</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,026,074</b>
<b>Portland Parks &amp; Recreation</b>					
General Fund	56,729,051	0	0	0	56,729,051
Golf Fund	7,011,835	1,797,612	1,040,218	144,441	9,994,106
Golf Revenue Bond Redemption Fund	0	0	0	807,370	807,370
Grants Fund	2,497,746	0	0	0	2,497,746
Parks Capital Construction & Maintenance Fund	28,234,749	1,857,471	1,255,952	81,357	31,429,529
Parks Endowment Fund	13,987	8,117	0	0	22,104
Parks Local Option Levy Fund	1,978,492	4,802,059	52,006	0	6,832,557
Portland International Raceway Fund	1,557,808	681,498	61,470	302,010	2,602,786
Portland Parks Memorial Trust Fund	1,553,979	921,157	0	0	2,475,136
<b>Total Portland Parks &amp; Recreation</b>	<b>99,577,647</b>	<b>10,067,914</b>	<b>2,409,646</b>	<b>1,335,178</b>	<b>113,390,385</b>
<b>Portland Police Bureau</b>					
General Fund	155,317,724	0	0	0	155,317,724
Grants Fund	568,777	0	0	0	568,777
Police Special Revenue Fund	935,500	0	0	0	935,500
<b>Total Portland Police Bureau</b>	<b>156,822,001</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156,822,001</b>
<b>Portland Water Bureau</b>					
Hydroelectric Power Bond Redemption Fund	0	0	0	2,716,057	2,716,057
Hydroelectric Power Operating Fund	858,492	233,110	379,126	17,678	1,488,406
Hydroelectric Power Renewal and Replacement Fund	0	9,153,110	300,000	0	9,453,110
Water Bond Sinking Fund	0	0	0	23,840,898	23,840,898
Water Construction Fund	0	12,586,396	83,909,308	0	96,495,704
Water Fund	147,619,628	30,366,040	40,407,564	3,831,202	222,224,434
<b>Total Portland Water Bureau</b>	<b>148,478,120</b>	<b>52,338,656</b>	<b>124,995,998</b>	<b>30,405,835</b>	<b>356,218,609</b>
<b>TOTAL CITYWIDE APPROPRIATION</b>	<b>\$1,831,806,560</b>	<b>\$ 546,671,392</b>	<b>\$ 640,032,395</b>	<b>\$ 414,375,474</b>	<b>\$ 3,432,885,821</b>



## Summary of Authorized Positions

**TABLE 3**

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

	Actual FY 2006–07	Actual FY 2007–08	Revised FY 2008–09	Adopted FY 2009–10	Change
<b>Bureau Positions</b>					
Bureau of Development Services	328.77	346.88	358.28	301.88	-56.40
Bureau of Emergency Communications	141.25	141.33	140.00	144.00	4.00
Bureau of Environmental Services	483.50	503.94	522.65	527.65	5.00
Bureau of Fire & Police Disability & Retirement	13.70	15.20	15.76	15.76	0.00
Bureau of Planning and Sustainability	63.15	78.46	82.97	113.75	30.78
Cable Communications and Franchise Management	6.80	8.80	8.80	8.80	0.00
Commissioner of Public Affairs	11.35	10.00	14.70	14.70	0.00
Commissioner of Public Safety	6.39	7.00	6.39	6.39	0.00
Commissioner of Public Utilities	8.50	8.50	9.00	9.00	0.00
Commissioner of Public Works	7.00	7.00	7.00	7.00	0.00
Office of the City Attorney	47.23	53.15	54.15	54.15	0.00
Office of the City Auditor	47.91	47.60	48.00	48.50	0.50
Office of Government Relations	7.00	6.50	7.00	7.00	0.00
Office of Human Relations	0.00	0.00	4.00	4.00	0.00
Office of Management and Finance	671.62	670.97	674.68	666.35	-8.33
Office of the Mayor	29.13	24.40	17.00	22.00	5.00
Office of Neighborhood Involvement	35.71	39.78	41.33	40.25	-1.08
Office of Sustainable Development	35.24	43.28	46.51	0.00	-46.51
Portland Bureau of Transportation	768.24	792.86	798.33	743.42	-54.91
Portland Fire and Rescue	735.37	753.17	759.25	752.25	-7.00
Portland Housing Bureau	30.08	31.46	29.26	32.57	3.31
Portland Office of Emergency Management	17.09	15.17	17.00	15.50	-1.50
Portland Parks & Recreation	408.27	416.85	437.32	427.30	-10.02
Portland Police Bureau	1,282.87	1,291.24	1,287.58	1,242.55	-45.03
Portland Water Bureau	652.24	656.91	672.62	629.90	-42.72
<b>Total Bureau Positions</b>	<b>5,838.41</b>	<b>5,970.45</b>	<b>6,059.58</b>	<b>5,834.67</b>	<b>-224.91</b>
<b>TOTAL CITY</b>	<b>5,838.41</b>	<b>5,970.45</b>	<b>6,059.58</b>	<b>5,834.67</b>	<b>-224.91</b>

# General Fund Revenues and Expenses

TABLE 4

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

	Discretionary Budget		Total Budget	
	Revised FY 2008–09	Adopted FY 2009–10	Revised FY 2008–09	Adopted FY 2009–10
<b>RESOURCES</b>				
Property Taxes	179,974,860	186,129,048	179,974,860	186,129,048
Lodging Taxes	16,079,911	15,674,351	16,079,911	15,674,351
Business Licenses	68,552,644	56,230,090	68,552,644	56,230,090
Utility License Fees	65,810,675	68,749,357	65,810,675	68,749,357
Overhead, Service Reimbursements	488,973	45,988	75,787,760	46,572,614
Service Charges, Permits & Fees	0	0	22,465,362	22,968,684
Court Fines	3,031,219	2,851,614	4,913,219	4,779,614
State Shared Cigarette & Liquor	12,036,210	12,276,690	12,036,210	12,276,690
Interest Income	3,542,595	1,554,088	4,321,970	2,620,342
Cash Transfers	6,755,705	6,560,847	8,340,999	7,565,311
Contracts, Miscellaneous, Other State	50,000	50,000	22,664,834	13,610,392
Beginning Fund Balance	50,242,186	35,203,158	57,879,525	35,203,158
<b>TOTAL GENERAL FUND RESOURCES</b>	<b>\$ 406,564,978</b>	<b>\$ 385,325,231</b>	<b>\$ 538,827,969</b>	<b>\$ 472,379,651</b>
<b>EXPENSES</b>				
Bureau of Planning & Sustainability	10,810,277	8,312,833	12,776,907	11,737,899
Bureau of Police	136,915,922	139,086,280	153,553,063	155,317,724
Commissioner of Public Affairs	2,505,090	1,371,572	3,040,703	2,052,390
Commissioner of Public Safety	324,490	316,451	879,249	836,592
Commissioner of Public Utilities	314,508	318,456	762,539	785,292
Commissioner of Public Works	300,317	303,593	709,037	737,090
Office of Cable Communications & Franchise Mgmt	1,994,547	1,855,169	2,192,325	1,860,169
Office of the City Attorney	1,816,097	1,896,436	7,921,784	8,242,650
Office of the City Auditor	3,810,182	4,017,759	8,207,602	8,670,343
Office of Government Relations	464,712	487,997	1,151,841	1,211,900
Office of Human Relations	654,419	594,652	654,419	594,652
Office of Management & Finance	35,991,809	41,241,722	99,057,419	63,131,234
Office of the Mayor	1,587,269	1,054,258	3,055,032	2,651,252
Office of Neighborhood Involvement	6,853,576	5,868,640	7,752,199	6,437,995
Pension Bond Principal & Interest	0	6,638,060	0	6,638,060
Portland Fire & Rescue	82,142,748	85,201,057	88,400,040	90,865,649
Portland Housing Bureau	17,181,124	10,634,580	19,476,591	10,743,080
Portland Office of Emergency Management	691,912	654,242	1,703,773	1,639,338
Portland Parks & Recreation	36,102,453	39,627,605	59,308,846	56,729,051
Office of Sustainable Development	1,762,923	0	3,336,775	0
<b>Total Bureau Expenses</b>	<b>342,224,375</b>	<b>349,481,361</b>	<b>473,940,144</b>	<b>430,882,360</b>
Total Bureau Expenses	342,224,375	349,481,361	473,940,144	430,882,360
Transfers to Other Funds	53,400,190	33,515,681	53,947,412	39,169,103
Tax Anticipation Notes & Interest	0	0	0	0
Contingency - Operating & Reserve	10,940,413	2,328,188	10,940,413	2,328,188
<b>TOTAL GENERAL FUND EXPENSES</b>	<b>\$ 406,564,978</b>	<b>\$ 385,325,231</b>	<b>\$ 538,827,969</b>	<b>\$ 472,379,651</b>

# Operating and Capital Budget by Service Area

**TABLE 5**

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

	Revised FY 2008–09			Adopted FY 2009–10		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
<b>Public Safety</b>						
BFRes Facilities GO Bond Construction	12,768,926	2,626,459	15,395,385	44,298	3,110,880	3,155,178
Bureau of Emergency Communications	16,739,320	6,128,082	22,867,402	16,973,782	2,760,000	19,733,782
Office of Emergency Management	8,492,514	0	8,492,514	9,026,074	0	9,026,074
Portland Fire and Rescue	88,123,666	3,194,400	91,318,066	89,139,369	1,726,280	90,865,649
Fire & Police Disability & Retirement	102,199,295	0	102,199,295	106,347,200	0	106,347,200
Portland Police Bureau	158,197,669	0	158,197,669	155,886,501	0	155,886,501
Police Special Revenue	589,560	0	589,560	935,500	0	935,500
PPA Health Insurance	115,387	0	115,387	0	0	0
Special Appropriations	620,046	0	620,046	0	0	0
<b>Total Public Safety</b>	<b>387,846,383</b>	<b>11,948,941</b>	<b>399,795,324</b>	<b>378,352,724</b>	<b>7,597,160</b>	<b>385,949,884</b>
<b>Parks, Recreation, and Culture</b>						
Golf	6,903,053	250,000	7,153,053	6,761,835	250,000	7,011,835
Portland Parks and Recreation	57,867,937	1,419,696	59,287,633	56,956,451	2,270,346	59,226,797
Parks Construction	2,477,508	42,231,861	44,709,369	370,316	27,864,433	28,234,749
Parks Endowment	2,600	0	2,600	13,987	0	13,987
Parks Local Option Levy	8,835,077	0	8,835,077	928,492	1,050,000	1,978,492
Parks Memorial Trust	1,841,113	0	1,841,113	1,553,979	0	1,553,979
Portland International Raceway	1,547,834	0	1,547,834	1,557,808	0	1,557,808
Special Appropriations	4,302,329	0	4,302,329	4,436,381	0	4,436,381
Spectator Facilities	2,742,516	341,000	3,083,516	5,102,376	0	5,102,376
<b>Total Parks, Recreation, and Culture</b>	<b>86,519,967</b>	<b>44,242,557</b>	<b>130,762,524</b>	<b>77,681,625</b>	<b>31,434,779</b>	<b>109,116,404</b>
<b>Public Utilities</b>						
Bureau of Environmental Services	100,696,210	190,196,024	290,892,234	100,695,612	242,557,000	343,252,612
Portland Water Bureau	71,638,109	63,748,737	135,386,846	68,715,628	78,904,000	147,619,628
Environmental Remediation	6,294,732	0	6,294,732	6,034,198	0	6,034,198
Hydroelectric Power Operating	1,217,151	0	1,217,151	858,492	0	858,492
Sewer System Construction	100,000	0	100,000	0	0	0
Solid Waste Management	3,729,509	0	3,729,509	3,718,757	0	3,718,757
<b>Total Public Utilities</b>	<b>183,675,711</b>	<b>253,944,761</b>	<b>437,620,472</b>	<b>180,022,687</b>	<b>321,461,000</b>	<b>501,483,687</b>
<b>Community Development</b>						
Cable Comm and Franchise Mgmt	6,363,582	0	6,363,582	7,201,555	0	7,201,555
Children's Investment	12,722,752	0	12,722,752	15,366,129	0	15,366,129
Convention and Tourism	3,482,253	0	3,482,253	3,291,541	0	3,291,541
Development Services	43,226,314	0	43,226,314	37,314,654	0	37,314,654
HOME Grant	4,593,825	0	4,593,825	5,043,210	0	5,043,210
Bureau of Housing	28,395,702	0	28,395,702	20,341,654	0	20,341,654
Housing & Community Development	11,277,418	0	11,277,418	13,151,586	0	13,151,586
Housing Investment	14,944,082	0	14,944,082	9,269,619	0	9,269,619
Office of Human Relations	654,419	0	654,419	594,652	0	594,652
Local Improvement District Construction	1,476,336	0	1,476,336	1,474,678	0	1,474,678
Office of Neighborhood Involvement	7,532,848	0	7,532,848	6,437,995	0	6,437,995
Office of Sustainable Development	5,427,535	0	5,427,535	0	0	0
Bureau of Planning and Sustainability	12,452,407	0	12,452,407	17,241,120	0	17,241,120
Portland Development Comm Grants	420,273	0	420,273	0	0	0
Property Management License	4,502,378	0	4,502,378	4,268,400	0	4,268,400
River District URA Debt Redemption	55,227	0	55,227	0	0	0

# Operating and Capital Budget by Service Area

TABLE 5

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

	Revised FY 2008–09			Adopted FY 2009–10		
	Operating Budget	Capital Improvements	Total Expenditures	Operating Budget	Capital Improvements	Total Expenditures
South Park Block Redemption	0	0	0	361,284	0	361,284
Special Appropriations	6,426,626	0	6,426,626	7,824,484	0	7,824,484
Special Finance & Resource	177,736,902	0	177,736,902	144,935,887	0	144,935,887
Tax Increment Financing Reimburse	0	0	0	864,874	0	864,874
Waterfront Renewal Bond Sinking	1,408,797	0	1,408,797	445,462	0	445,462
<b>Total Community Development</b>	<b>343,099,676</b>	<b>0</b>	<b>343,099,676</b>	<b>295,428,784</b>	<b>0</b>	<b>295,428,784</b>
<b>Transportation and Parking</b>						
Bureau of Transportation	146,227,742	60,965,819	207,193,561	109,609,624	146,024,424	255,634,048
Parking Facilities	12,020,516	0	12,020,516	10,320,454	0	10,320,454
Private for Hire Transportation Safety	83,794	0	83,794	83,803	0	83,803
Special Appropriations	50,000	0	50,000	0	0	0
<b>Total Transportation and Parking</b>	<b>158,382,052</b>	<b>60,965,819</b>	<b>219,347,871</b>	<b>120,013,881</b>	<b>146,024,424</b>	<b>266,038,305</b>
<b>Legislative, Administrative &amp; Support Services</b>						
Assessment Collection	206	0	206	411	0	411
Business License Surcharge	302,420	0	302,420	0	0	0
Campaign Finance	997,690	0	997,690	808,247	0	808,247
Office of the City Attorney	8,238,183	0	8,238,183	8,242,650	0	8,242,650
Office of the City Auditor	8,298,340	0	8,298,340	8,670,343	0	8,670,343
CityFleet	30,822,100	70,000	30,892,100	21,890,149	5,063,978	26,954,127
Enterprise Business Solution Services	4,891,570	0	4,891,570	6,053,076	0	6,053,076
Facilities Services	21,398,461	20,882,513	42,280,974	28,118,762	7,429,050	35,547,812
Government Relations	1,212,341	0	1,212,341	1,211,900	0	1,211,900
Health Insurance Operating	38,658,005	0	38,658,005	40,450,680	0	40,450,680
Insurance and Claims	10,009,261	0	10,009,261	10,778,617	250,000	11,028,617
Management & Finance - Gen Fund	43,962,834	3,614,606	47,577,440	37,572,210	4,419,000	41,991,210
Management & Finance - Grants	274,276	277,000	551,276	448,567	744,858	1,193,425
Mayor and Commissioners' Offices	6,554,487	0	6,554,487	7,062,616	0	7,062,616
Pension Debt Redemption	136,000	0	136,000	0	0	0
Printing & Distribution	8,061,766	0	8,061,766	7,440,634	0	7,440,634
Special Appropriations	6,060,282	0	6,060,282	7,776,958	0	7,776,958
Technology Services	50,433,870	25,896,358	76,330,228	42,997,935	21,820,000	64,817,935
Workers' Compensation	4,237,351	0	4,237,351	4,288,855	250,000	4,538,855
<b>Total Legislative, Administrative &amp; Support Services</b>	<b>244,549,443</b>	<b>50,740,477</b>	<b>295,289,920</b>	<b>233,812,610</b>	<b>39,976,886</b>	<b>273,789,496</b>
<b>TOTAL EXPENDITURES</b>	<b>\$1,404,073,232</b>	<b>\$ 421,842,555</b>	<b>\$1,825,915,787</b>	<b>\$1,285,268,013</b>	<b>\$ 543,383,369</b>	<b>\$1,831,806,560</b>
<b>FUND REQUIREMENTS</b>						
Contingency			419,728,425			546,671,392
Debt Retirement			366,250,829			414,375,474
Ending Fund Balance			89,207,248			142,416,457
General Fund Overhead Transfers			22,962,943			24,377,465
Other Cash Transfers			581,866,985			615,654,930
<b>TOTAL CITY BUDGET</b>	<b>\$</b>	<b>\$</b>	<b>\$3,305,932,217</b>	<b>\$</b>	<b>\$</b>	<b>\$3,575,302,278</b>
<b>TOTAL NET CITY BUDGET</b>	<b>\$</b>	<b>\$</b>	<b>\$2,503,311,486</b>	<b>\$</b>	<b>\$</b>	<b>\$2,751,638,556</b>

# Capital Budget

TABLE 6

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

Service Area	Revised	Adopted	Capital Plan					5-Year Total	
			Prior Years	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12		FY 2012-13
<b>Bureau</b>									
<b>Legislative, Administrative, and Support</b>									
Office of Management and Finance	9,301,533	30,714,426	42,116,668	44,524,213	8,863,779	6,813,470	8,411,947	110,730,077	
<b>Total Leg, Admin, and Support</b>	<b>9,301,533</b>	<b>30,714,426</b>	<b>42,116,668</b>	<b>44,524,213</b>	<b>8,863,779</b>	<b>6,813,470</b>	<b>8,411,947</b>	<b>110,730,077</b>	
<b>Parks, Recreation, and Culture</b>									
Portland Parks and Recreation	1,822,730	23,297,982	31,434,779	40,532,474	82,151,477	77,145,658	42,700,832	273,965,220	
<b>Total Parks, Recreation, and Culture</b>	<b>1,822,730</b>	<b>23,297,982</b>	<b>31,434,779</b>	<b>40,532,474</b>	<b>82,151,477</b>	<b>77,145,658</b>	<b>42,700,832</b>	<b>273,965,220</b>	
<b>Public Safety</b>									
Portland Fire and Rescue	Ongoing	2,666,400	1,726,280	1,781,521	1,838,530	1,897,363	1,958,078	9,201,772	
<b>Total Public Safety</b>	<b>Ongoing</b>	<b>2,666,400</b>	<b>1,726,280</b>	<b>1,781,521</b>	<b>1,838,530</b>	<b>1,897,363</b>	<b>1,958,078</b>	<b>9,201,772</b>	
<b>Public Utilities</b>									
Bureau of Environmental Services	421,907,127	183,442,000	242,557,000	185,044,000	70,900,000	60,607,000	60,189,000	619,297,000	
Portland Water Bureau	92,703,000	59,177,000	78,904,000	91,680,000	247,735,000	270,225,000	104,825,000	793,369,000	
<b>Total Public Utilities</b>	<b>514,610,127</b>	<b>242,619,000</b>	<b>321,461,000</b>	<b>276,724,000</b>	<b>318,635,000</b>	<b>330,832,000</b>	<b>165,014,000</b>	<b>1,412,666,000</b>	
<b>Transportation and Parking</b>									
Bureau of Transportation	27,885,566	37,964,734	146,024,424	107,532,173	26,614,484	11,301,685	6,331,685	297,804,451	
<b>Total Transportation and Parking</b>	<b>27,885,566</b>	<b>37,964,734</b>	<b>146,024,424</b>	<b>107,532,173</b>	<b>26,614,484</b>	<b>11,301,685</b>	<b>6,331,685</b>	<b>297,804,451</b>	
<b>Total City Capital Plan</b>	<b>\$553,619,956</b>	<b>\$337,262,542</b>	<b>\$542,763,151</b>	<b>\$471,094,381</b>	<b>\$438,103,270</b>	<b>\$427,990,176</b>	<b>\$224,416,542</b>	<b>\$2,104,367,520</b>	

# Capital Budget by Geographic Area

TABLE 7

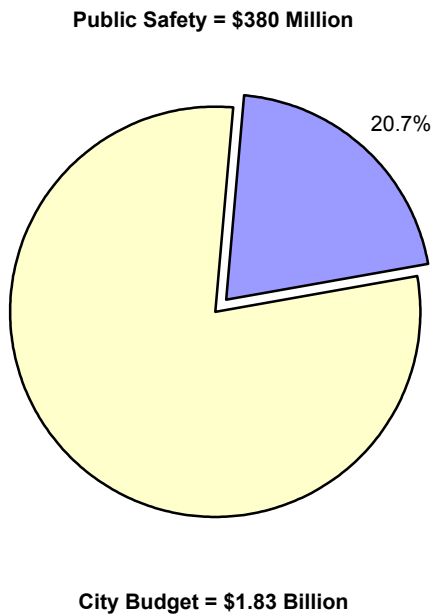
This table summarizes capital costs by geographic area within each Service Area.

Service Area	Revised	Adopted	Capital Plan					5-Year Total
			Prior Years	FY 2008–09	FY 2009–10	FY 2010–11	FY 2011–12	
<b>Legislative, Administrative, and Support</b>								
Central City	5,765,082	3,490,642	4,312,748	4,246,387	5,819,308	4,058,019	2,511,013	20,947,475
Citywide	1,771,224	12,930,394	29,893,040	36,158,461	3,044,471	2,755,451	5,900,934	77,752,357
East	0	0	4,000,000	0	0	0	0	4,000,000
Southeast	18,260	181,080	241,440	2,439,584	0	0	0	2,681,024
Southwest	1,746,967	14,112,310	3,669,440	1,679,781	0	0	0	5,349,221
<b>Total Leg, Admin, and Support</b>	<b>9,301,533</b>	<b>30,714,426</b>	<b>42,116,668</b>	<b>44,524,213</b>	<b>8,863,779</b>	<b>6,813,470</b>	<b>8,411,947</b>	<b>110,730,077</b>
<b>Parks, Recreation, and Culture</b>								
Central City	312,394	3,668,500	4,760,000	1,991,000	3,174,000	0	0	9,925,000
East	31,869	394,139	1,303,688	6,532,000	19,563,000	18,899,000	11,440,000	57,737,688
North	63,918	1,025,000	2,618,301	5,568,000	3,882,000	6,775,000	4,459,000	23,302,301
Northeast	49,521	1,231,211	2,670,209	1,610,000	619,000	0	0	4,899,209
Northwest	165,900	531,036	2,638,500	3,275,000	4,822,000	4,241,000	4,648,000	19,624,500
Southeast	86,632	858,000	2,878,620	6,048,000	27,925,000	30,043,000	3,300,000	70,194,620
Southwest	11,917	2,118,083	1,660,000	3,580,000	3,519,000	61,000	3,300,000	12,120,000
Undetermined	1,100,579	13,472,013	12,905,461	11,928,474	18,647,477	17,126,658	15,553,832	76,161,902
<b>Total Parks, Recreation, and Culture</b>	<b>1,822,730</b>	<b>23,297,982</b>	<b>31,434,779</b>	<b>40,532,474</b>	<b>82,151,477</b>	<b>77,145,658</b>	<b>42,700,832</b>	<b>273,965,220</b>
<b>Public Safety</b>								
Citywide	Ongoing	2,666,400	1,726,280	1,781,521	1,838,530	1,897,363	1,958,078	9,201,772
<b>Total Public Safety</b>	<b>Ongoing</b>	<b>2,666,400</b>	<b>1,726,280</b>	<b>1,781,521</b>	<b>1,838,530</b>	<b>1,897,363</b>	<b>1,958,078</b>	<b>9,201,772</b>
<b>Public Utilities</b>								
Central City	218,002	200,000	1,448,000	4,462,000	4,462,000	498,000	2,600,000	13,470,000
Citywide	157,826,259	57,605,000	72,002,000	101,728,000	227,429,000	232,054,000	85,307,000	718,520,000
East	276,742,648	118,907,000	81,822,000	47,845,000	10,717,000	3,088,000	6,878,000	150,350,000
North	12,297,753	8,183,000	22,975,000	33,195,000	11,014,000	5,515,000	7,304,000	80,003,000
Northeast	13,543,013	3,022,000	18,904,000	800,000	56,000	1,181,000	1,307,000	22,248,000
Northwest	6,509,951	27,599,000	56,021,000	47,209,000	8,169,000	10,482,000	9,686,000	131,567,000
Southeast	24,912,287	18,248,000	44,037,000	22,271,000	50,401,000	68,241,000	46,448,000	231,398,000
Southwest	1,838,698	5,078,000	20,442,000	17,082,000	1,870,000	4,936,000	2,045,000	46,375,000
Undetermined	20,260,398	3,028,000	2,899,000	1,925,000	1,640,000	1,810,000	2,262,000	10,536,000
West	461,118	749,000	911,000	207,000	2,877,000	3,027,000	1,177,000	8,199,000
<b>Total Public Utilities</b>	<b>514,610,127</b>	<b>242,619,000</b>	<b>321,461,000</b>	<b>276,724,000</b>	<b>318,635,000</b>	<b>330,832,000</b>	<b>165,014,000</b>	<b>1,412,666,000</b>
<b>Transportation and Parking</b>								
Central City	21,652,273	1,740,631	19,216,195	0	0	0	0	19,216,195
Citywide	1,262,447	11,779,360	59,632,616	77,323,185	23,197,185	11,176,685	6,206,685	177,536,356
East	0	0	506,461	1,122,588	0	0	0	1,629,049
North	645,980	9,701,449	20,762,060	10,868,292	125,000	125,000	125,000	32,005,352
Northeast	1,194,523	9,073,983	23,859,613	1,809,800	0	0	0	25,669,413
Northwest	1,034,419	2,093,374	5,186,903	2,770,225	0	0	0	7,957,128
Southeast	967,348	1,818,171	4,326,895	5,137,733	1,892,299	0	0	11,356,927
Southwest	1,128,576	1,757,766	12,533,681	8,500,350	1,400,000	0	0	22,434,031
<b>Total Transportation and Parking</b>	<b>27,885,566</b>	<b>37,964,734</b>	<b>146,024,424</b>	<b>107,532,173</b>	<b>26,614,484</b>	<b>11,301,685</b>	<b>6,331,685</b>	<b>297,804,451</b>
<b>Total City Capital Plan</b>	<b>\$553,619,956</b>	<b>\$337,262,542</b>	<b>\$542,763,151</b>	<b>\$471,094,381</b>	<b>\$438,103,270</b>	<b>\$427,990,176</b>	<b>\$224,416,542</b>	<b>\$2,104,367,520</b>

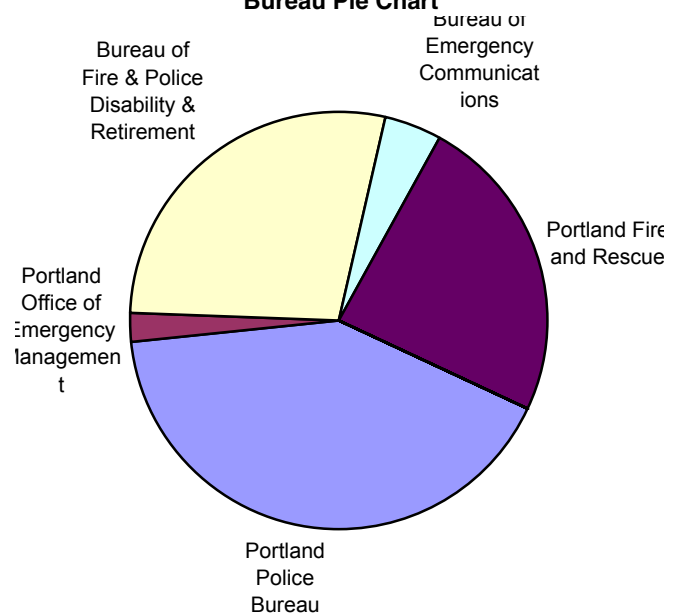
# Public Safety

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

**Percent of City Budget**



**Bureau Pie Chart**



## Service Area Overview

Expenditures	Revised FY 2008–09	Adopted FY 2009–10	Change from Prior Year	Percent Change
Operating	374,334,024	378,300,266	3,966,242	1.1%
Capital	3,194,400	1,726,280	-1,468,120	-46.0%
<b>Total Service Area Requirements</b>	<b>\$ 377,528,424</b>	<b>\$ 380,026,546</b>	<b>\$ 2,498,122</b>	<b>0.7%</b>
Authorized Positions	2,220	2,170	-50.00	-2.3%

# Service Area Highlights

## DESCRIPTION

The Public Safety service area includes the Bureau of Emergency Communications (BOEC), the Bureau of Fire & Police Disability & Retirement (FPD&R), the Portland Police Bureau (PPB), Portland Fire & Rescue (PF&R), and the Portland Office of Emergency Management (POEM). These bureaus provide critical public safety services, such as police protection, fire and emergency medical response, 9-1-1 call taking, emergency dispatch, and disaster planning and response.

## MAJOR THEMES

The FY 2009-10 public safety budget protects and maintains essential services despite the implementation of budget reductions. Each bureau adopted a different strategy to comply with Council's directive to reduce budgets, but none of the reductions affect direct, front-line services provided to the public. For example, the precinct restructuring implemented by Police actually increases the number of officers assigned to patrol while eliminating unnecessary management positions. Portland Fire & Rescue also eliminated several administrative positions, while POEM eliminated a vacant analyst position.

### Portland Police Bureau

The Police Bureau's Adopted Budget for FY 2009-10 is about \$2.5 million lower than the bureau's FY 2008-09 Revised Budget. This is mostly due to a lower grant budget in FY 2009-10. The Adopted Budget for the Police Bureau makes \$3.8 million in ongoing budget reductions and eliminates 33 positions across the bureau. Major highlights of the bureau's FY 2009-10 budget are discussed below:

- ◆ The Adopted Budget includes a precinct restructuring plan that would consolidate the current five precincts into three. Condensing the precincts allows the bureau to cut budgeted management and support positions while increasing the number of officers assigned to patrol. The precinct restructure provides \$2.1 million in cost savings in FY 2009-10 and cuts 24 positions. The budget also includes one-time funds of \$195,000 for moving expenses associated with the reorganization.
- ◆ Additional efficiencies in the bureau include adjustments in the CrimeStoppers program (ongoing reduction of \$80,000), eliminating an officer position in the Portland Police Reserve Unit (ongoing reduction of another \$80,000), and a reduction in the bureau's interagency expenses of \$342,000.
- ◆ The bureau is implementing reprogramming to fund victim advocates programs by redirecting funds for the bureau's annual lease payment for the Northeast Precinct building, the debt for which will soon be retired. The Police Bureau will reprogram \$149,000 of the lease savings to make permanent two positions that were previously limited-term advocating for victims of sexual assault. Another \$100,000 of the lease savings are directed to providing ongoing funding for contracts with nonprofit organizations that supply domestic violence advocates, while \$50,000 is redirected to continue partial City support for the Multnomah County Domestic Violence Coordinator.



- ◆ Other programmatic cuts totalling \$1.2 million include eliminating three staff positions associated with the Information and Referral office, the Arson Detail detective, one police officer assigned to crime analysis, one criminalist in the Forensic Evidence division, one Canine Officer, one Fire & Police Disability & Retirement liaison officer, two positions in the Compliant Signer unit, and an ongoing cut of \$225,000 from the bureau's general external materials budget.
- ◆ For FY 2009-10 only, the budget eliminates the annual \$1.8 million set-aside in General Fund contingency for bureau hiring.
- ◆ One-time budget increases include \$2.6 million for continuation of the current Service Coordination Team (SCT) program, a 14% increase over the FY 2008-09 one-time appropriation, and \$911,000 to support private contracts for the Central City Concern Hooper Inebriate Emergency Response Service (CHIERS) program and sobering stations, transferring management of the programs from the Portland Housing Bureau to Police.

### **Portland Fire and Rescue**

The \$90.9 million FY 2009-10 Adopted Budget for PF&R is 0.5% less than its FY 2008-09 Revised Budget due to reductions in licenses and permits; charges and services; and grants and donations. Significant changes include:

- ◆ As part of the Citywide budget reduction process, the FY 2009-10 Adopted Budget includes a reduction to PF&R's ongoing General Fund appropriation of about \$1.02 million. Seven eliminated positions include: an Office Support Specialist, a Management Assistant, a Public Education Office Fire Inspector, a Utility Worker, an Emergency Management Staff Captain, a Battalion Headquarters Staff Lieutenant, and an EMS Coordinator. Other reductions include decreases in travel, vehicles, phones, email accounts, and education expenses; elimination of a Promotion Assessment Center; various overtime costs; and changes in interagency agreements with the Office of Management & Finance.
- ◆ PF&R received \$66,978 in one-time funding to extend an Office Support Specialist III position to support PF&R's increased workload as a result of the implementation and ongoing activities of the City's Human Capital Management (HCM) system.
- ◆ PF&R received \$61,805 in one-time funding for a limited term Senior Administrative Specialist to support the bureau's community outreach efforts.
- ◆ The FY 2009-10 Adopted Budget includes \$66,462 in one-time funding for premium pay for 12 divers. This additional premium pay was not provided for in the contract with members of the Portland Fire Fighters Association.

### **Bureau of Emergency Communications**

BOEC's FY 2009-10 budget is \$1.2 million less than the FY 2008-09 Revised Budget. Although BOEC took 5% General Fund discretionary reductions like other bureaus, BOEC received an increase in ongoing General Fund discretionary funding for the addition of four dispatcher positions resulting from the Police precinct consolidation.

The total fund budget is \$22.0 million and includes \$1.5 million in contingency and \$2.7 million in General Fund resources for the new computer-aided dispatch (CAD) system. BOEC is scheduled to switch to the new CAD system in FY 2010-11.

**Portland Office of  
Emergency  
Management**

The FY 2009-10 budget for POEM is \$512,000 more than the FY 2008-09 Revised Budget. This is almost entirely because of a higher grant budget in FY 2009-10. Two FY 2009-10 budget decisions impact POEM:

- ◆ The Adopted Budget includes a 5% (or \$34,000) reduction to POEM's General Fund appropriation resulting in the reduction of a vacant assistant financial analyst position that works with the City's central grants office to half-time. In addition, POEM will eliminate one of its two assigned vehicles.
- ◆ The bureau's General Fund allocation has been reduced by \$7,500 as a result of reduction packages for the City's internal service operations.

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

The FY 2009-10 Adopted Budget for FPDR is 9.8% higher than the FY 2008-09 Revised Budget. The increase is due both to a peak period of retirements for the Police and Fire Bureaus' sworn staff and to a decision by the bureau to increase its operating contingency from 3% to 5% of bureau-level expenditures. FY 2007-08 ended with the lowest fund balance in many years because of an unexpectedly large increase in the number of retired members in FY 2006-07, and 88% of the operating and cost of living adjustment contingencies were utilized. In addition, in FY 2008-09, FPDR changed from an "earned" to a "received" final pay calculation that has the potential to create more spikes in the number of retirements.

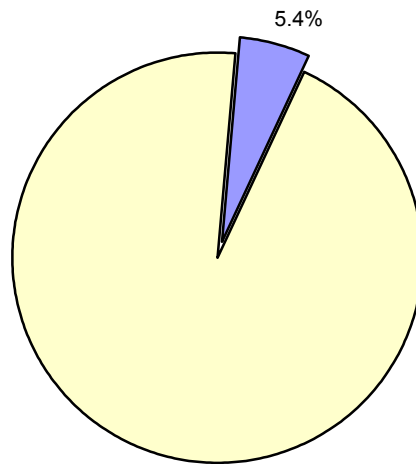
To implement one of the recommendations from a disability program performance audit, FPDR's FY 2009-10 Adopted Budget also includes \$100,000 to replace or enhance the disability management functions of the bureau's current database and \$50,000 to replace the pension payment functions if the disability management system is replaced.

# Parks, Recreation, and Culture

## Portland Parks & Recreation

### Percent of City Budget

Parks, Recreation, and Culture = \$99.6 Million



City Budget = \$1.83 Billion

### Service Area Overview

Expenditures	Revised FY 2008–09	Adopted FY 2009–10	Change from Prior Year	Percent Change
Operating	79,475,122	68,142,868	-11,332,254	-14.3%
Capital	43,901,557	31,434,779	-12,466,778	-28.4%
<b>Total Service Area Requirements</b>	<b>\$ 123,376,679</b>	<b>\$ 99,577,647</b>	<b>\$ -23,799,032</b>	<b>-19.3%</b>
Authorized Positions	437	427	-10.00	-2.3%

# Service Area Highlights

## DESCRIPTION

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

## MAJOR THEMES

### Portland Parks and Recreation

The FY 2009-10 Adopted Budget includes Council's decision to continue supporting backfilling revenues previously generated by Parks Levy. The Parks Levy expired in June 2008. In addition to the levy backfill funding, the FY 2009-10 operating budget includes more than \$2 million of resources in the following areas:

- ◆ Continuing enhanced teen programming;
- ◆ Replacement of deteriorating fitness equipment at the Matt Dishman Community Center and other community centers;
- ◆ Updating the Mt. Tabor Master Plan, including the maintenance facility and nursery;
- ◆ Addressing the current backlog of trail planning with a 0.5 FTE trail planner position;
- ◆ Continuance of the "Protect the Best" program for invasive species management;
- ◆ Support the Bureau of Environmental Service's Grey to Green program with a tree inspector and botanic specialists dedicated to invasive species eradication and tree policy efforts; and
- ◆ Continuing support of the Interstate Cultural Firehouse and Camp Ky-O-Wa.

### Capital Improvement Plan

PP&R Capital Improvement Plan (CIP) budget totals \$31.4 million in FY 2009-10. Of this amount, \$1.0 million is supported by the City's General Fund with remaining funding derived from grants, levy funds, Portland Development Commission, Metro, and other sources.

### Budget Decrease

The decrease in operating expenditures relates to two primary sets of issues. In FY 2009-10, the General Fund took over financing what previously was being funded by the Park's Local Option Levy. Internal M&S has significantly been reduced as the levy has expired with regard to funding PP&R's operations. Personnel expenditures were affected but to a lesser degree.

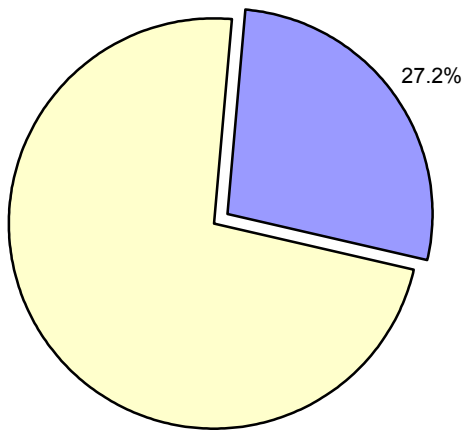
Secondly, the transition to the new EBS financial system affected the manner in which transactions were recorded whereby their affects are now depicted in external M&S and contingency. This is a one time affect and results in FY 2009-10 being the base year for how bureau expenditures will be depicted going forward under the new accounting format.

# Public Utilities

Bureau of Environmental Services  
Portland Water Bureau

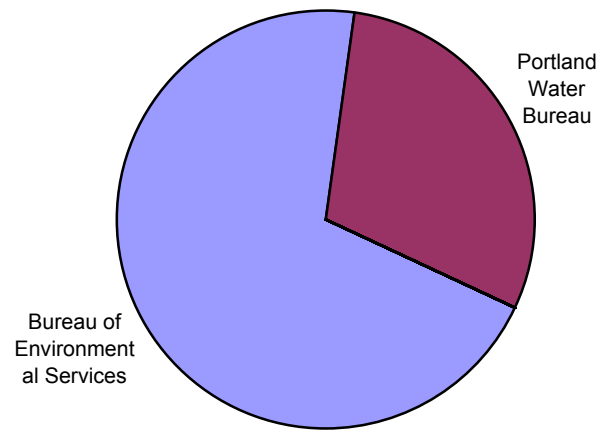
**Percent of City Budget**

Public Utilities = \$497.8 Million



City Budget = \$1.83 Billion

**Bureau Pie Chart**



## Service Area Overview

Expenditures	Revised FY 2008–09	Adopted FY 2009–10	Change from Prior Year	Percent Change
Operating	179,946,202	176,303,930	-3,642,272	-2.0%
Capital	253,944,761	321,461,000	67,516,239	26.6%
<b>Total Service Area Requirements</b>	<b>\$ 433,890,963</b>	<b>\$ 497,764,930</b>	<b>\$ 63,873,967</b>	<b>14.7%</b>
Authorized Positions	1,195	1,158	-37.00	-3.1%

# Service Area Highlights

## DESCRIPTION

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

## MAJOR THEMES

### Utility Rate Increases

The Adopted Budget for FY 2009-10 includes an average effective retail rate increase of 17.9% for water service. The average single family sewer bill increase is 6.5%. These rate increases are higher than anticipated in the bureaus' financial plans largely due to increases in their capital programs.

### Portland Water Bureau

The Water Division's budget of \$148.2 million is composed of the operating budget of \$69.6 million and the Capital Improvement Plan (CIP) budget of \$78.9 million.

#### *The Operating Budget*

The operating budget of \$68.7 million represents a decrease of \$3.1 million from the FY 2008-09 Revised Budget of \$71.8 million. Major changes in the operating budget include:

Two Reduction Packages - The first decision package cuts \$1.5 million to comply with Council directive to reduce the operating budget by 2.5%. The second decision package cuts \$1.7 million and 24 full time and 1 part time positions to comply with Council directive to reduce the operating budget by 5.0%. All of these positions are vacant.

#### *Water Capital Budget*

The capital budget of \$78.9 million is an increase of \$15.2 million from the FY 2008-09 Revised Budget of \$63.7 million. The increase is mainly the result of adding \$20.6 million and four full time positions to implement a series of projects to ensure compliance with Federal Safe Drinking Water regulations. The Water Bureau will begin design work on enhanced water treatment and initial construction to replace exposed drinking water storage facilities in response to the LT2 rule.

#### *Staffing*

The Budget funds 627.4 FTE, a decrease of 39.0 FTE compared to the FY 2008-09 Revised Budget of 666.4 FTE. This includes 10.5 FTE limited term positions ending on June 30, 2009.

#### *Rate Increase*

The FY 2009-10 average effective in city retail volume rate and base charge increase is 17.9%.

The Hydroelectric Power Division's FY 2009-10 operating budget is \$858,492. This budget supports the Portland Hydroelectric Project's (PHP) administrative and operational costs with power sales revenue that is specifically dedicated for that purpose. This division's budget reflects a 5% reduction in FY 2009-10 per Council directive. The division's budget for FY 2009-10 also increases its annual cash transfer to the General Fund by \$40,000 to a total of \$290,000.

## **Long Term 2 Enhanced Surface Water Treatment Rule**

In January 2006, the Environmental Protection Agency (EPA) issued a new drinking water rule under the Safe Drinking Water Act called the Long-Term 2 Enhanced Surface Water Treatment Rule (LT2). Compliance with LT2 would have impacts on two separate parts of Portland's water system.

First, the rule requires the City to provide additional treatment to the Bull Run water supply to either remove or inactivate *Cryptosporidium*. Second, the rule would require changes to how open drinking water reservoirs are managed and operated. The rule requires that water systems with uncovered finished water reservoirs, like those at Mt. Tabor Park and Washington Park, either cover the reservoirs or provide treatment at the outlets of the reservoirs to inactivate *Cryptosporidium* and other viruses.

The City is pursuing parallel compliance strategies. Commissioner Leonard has directed the bureau to begin planning and budgeting to achieve compliance with the LT2 rule as written. In addition, he has directed the bureau to request a variance to the rule from the EPA. A variance could conceivably enable the bureau to avoid the expenses associated with building a new treatment plant or replacing open reservoirs if the City can demonstrate to the EPA that, due to the nature of the Bull Run source, neither action is necessary. The bureau is also pursuing legislative relief from the rule through the City's federal delegation.

If compliance with the requirements of adding treatment and potentially covering the open reservoirs is mandated, the projected costs are significant. One strategy being implemented for potential compliance is building up a financial reserve to help mitigate the costs for construction by phasing in the likely rate increases and simultaneously lowering the eventual peak rates that would probably occur under compliance with a build option.

### **Bureau of Environmental Services**

The Bureau of Environmental Service's (BES) FY 2009-10 Adopted Budget for operating and capital expenditures is \$349.3 million, \$52.1 million or 17.5% higher than the Revised Budget for FY 2008-09. The Capital Improvement Program increased \$59.1 million over the current year which is primarily due to increases in Combined Sewer Overflow abatement projects and Green Infrastructure, specifically Balch Consolidation Conduit, Portsmouth Force Main, Fanno Basin System Improvements and additional resources for Grey to Green and Green Street facilities.

The operating portion of the Adopted Budget is 0.4% (\$0.4 million) higher than the FY 2008-09 Revised Budget. The increase, offset by budget reductions of 5% from the FY 2008-09 budget, is primarily due to additional resources required for Portland Harbor, cMOM: Capacity Assurance, Management, Operations and Maintenance - an EPA required program to improve collection system maintenance, System Operations increases for utility costs, Asset Management resources to perform an inventory of critical stormwater systems and updating the Combined Sewer Overflow Facilities plan. Other increases include the Grey to Green Program's effort in extending the urban canopy and eradication of invasive species, Local Economic Stimulus Package capital resources, and the establishment of the new Healthy Working Rivers Program.

### **Combined Sewer Overflows (CSO)**

The City is subject to Oregon Department of Environmental Quality (DEQ) administrative orders regarding overflows from the bureau's combined sewer and stormwater collection system. The City has agreed to eliminate CSO discharges that violate applicable water quality standards by December 1, 2011. The FY 2009-10 Adopted Budget includes \$134.5 million of CSO capital costs.

**Portland Harbor Superfund**

The bureau represents the City's interests on the Portland Harbor Superfund site by working with DEQ to identify and reduce sources of contamination conveyed to the Willamette River via stormwater outfalls, and with other stakeholders to assess current and past land use practices within the lower Willamette drainage basin. This information will be used in the Superfund process over the next several years to assess the City's potential liability for cleanup activities. The FY 2009-10 Adopted Budget includes \$5.1 million of expenditures related to the Portland Harbor Superfund.

**Healthy Working Rivers**

Healthy Working Rivers (HWR) will integrate environmental restoration, economic development and community involvement for the Portland segments of the Willamette and Columbia Rivers. HWR will facilitate river related projects contributing to City and regional economic prosperity, implement habitat improvement projects to restore and protect riparian ecological functions. The FY 2009-10 Adopted Budget includes funding of \$801,491 for two existing and four new positions, as well as funding for technical support.

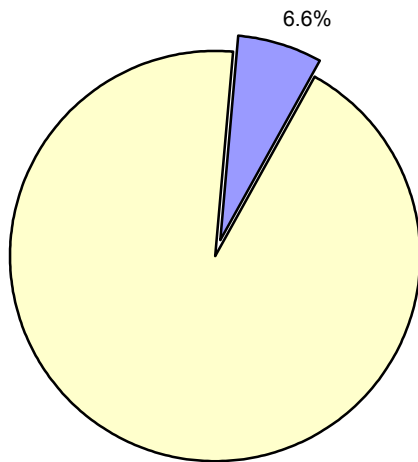


# Community Development

Cable Communications and Franchise Management  
 Bureau of Development Services  
 Portland Housing Bureau  
 Office of Neighborhood Involvement  
 Bureau of Planning and Sustainability  
 Office of Sustainable Development

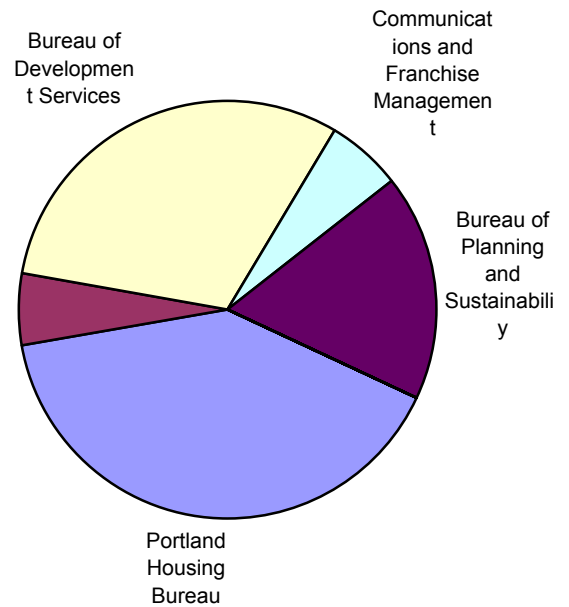
**Percent of City Budget**

Community Development = \$120.6 Million



City Budget = \$1.83 Billion

**Bureau Pie Chart**



**Service Area Overview**

Expenditures	Revised FY 2008–09	Adopted FY 2009–10	Change from Prior Year	Percent Change
Operating	137,943,222	120,585,024	-17,358,198	-12.6%
Capital	0	0	0	0.0%
<b>Total Service Area Requirements</b>	<b>\$ 137,943,222</b>	<b>\$ 120,585,024</b>	<b>\$ -17,358,198</b>	<b>-12.6%</b>
Authorized Positions	567	497	-70.00	-12.3%

# Service Area Highlights

## DESCRIPTION

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

## MAJOR THEMES

### **Bureau of Development Services**

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

The FY 2009-10 Adopted Budget for BDS is \$37.3 million. This represents a 13.7% decrease over the FY 2008-09 Revised Budget and a net reduction of 56 FTEs. As the construction industry faces perhaps the most severe post-World War II recession ever, revenues will be monitored closely throughout the year to ensure that the bureau maintains its fiscal health while continuing to providing excellent service to the industry and ensuring the safety of Portland's built environment. It is currently projected that, in addition to the budgeted changes, three rounds of 48 position reductions will be necessary.

### **Portland Housing Bureau**

Beginning in FY 2009-10, the former Bureau of Housing and Community Development (BHCD) will merge with portions of the Portland Development Commission (PDC) to establish the new Portland Housing Bureau (PHB). The transition will occur with PDC employees remaining PDC employees and co-locating with the PHB employees. After full transition, where PDC employees become cCity employees, the new Portland Housing Bureau will also have responsibility for allocating the Tax Increment Funding (TIF) affordable housing set-aside established by City Council in 2007.

PHB is receiving \$6.9 million in federal stimulus funds, \$4.8 million of which is programmed in the FY 2009-10 budget. In addition, the budget includes \$3.3 million in Neighborhood Stabilization grant funds, \$394,000 for Bridges to Housing, and \$370,500 for Veterans Housing. The bureau also received \$1 million in ongoing and \$0.5 million in one-time General Fund resources to restore expiring one-time funding for FY 2008-09.

### **Bureau of Planning and Sustainability**

In January 2009, City Council approved the merging of the Bureau of Planning with the Office of Sustainable Development (OSD), creating the Bureau of Planning and Sustainability (BPS). BPS promotes integrated land use planning and development based on sustainability principles and practices. BPS also develops and implements policies and programs that provide environmental, economic and social benefits to residents, businesses and government, which strengthen Portland's position as an international model of sustainable practices and commerce.

The FY 2009-10 Adopted Budget for BPS is \$21.0 million. This represents a 3.0% decrease over the combined revised FY 2008-09 budgets of the Bureau of Planning and the Office of Sustainable Development. Significant changes include: the addition of \$1.3 million in General Fund one-time funding for various multi-year projects including the Comprehensive Plan Update and the River Plan; shifting of the River Renaissance program to the Office of Healthy Working Rivers in the Bureau of Environmental Services; the addition of \$4.4 million in Federal Energy Efficiency and Conservation Block Grant funds; the addition of \$1.2 million of one-time funds from other local government partners for various multi-year projects; and \$0.7 million in ongoing General Fund reductions to meet Citywide reduction targets.

**Cable  
Communications and  
Franchise  
Management**

The Office of Cable Communications and Franchise Management administers utility and telecommunications franchises, protects the public's interest in cable communications, and regulates private use of telecommunications public rights-of-way. The FY 2009-10 Adopted Budget continues a limited-term position which will generate additional collection revenues from new licenses generated by the utility license reform and by increasing collection efforts of nonpayment and underpayment of existing licenses.

**Office of  
Neighborhood  
Involvement**

The Office of Neighborhood Involvement (ONI) continues to coordinate efforts to make Portland neighborhoods more livable and to promote meaningful and diverse civic participation.

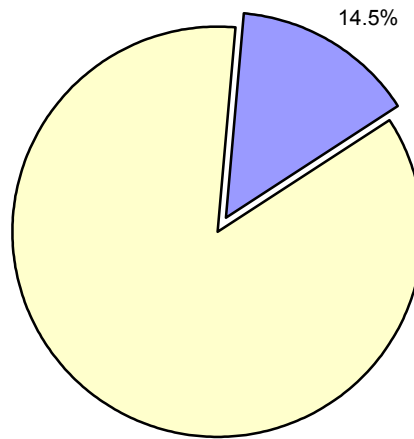
The FY 2009-10 Adopted Budget for ONI is \$6.4 million. This reflects a 14.5% decrease over the FY 2008-09 Revised Budget. The adopted budget includes the "Right Budget for ONI" to restore the cuts in ONI Reduction Packages - 2.5% and 5% - and add \$516,131 in one-time funds to maintain critical programs. This package is a reduction from FY 2008-09 budget of over \$465,000 of total program budgets. As part of the budget process, ONI has realigned the use of ongoing funding for FY 2009-10. The realignment reflects an emphasis on programs that focus on civic engagement, capacity building, and partnership with underrepresented communities were identified as programs that were most core to the bureau's mission and serving the highest community need.

# Transportation and Parking

Portland Bureau of Transportation

## Percent of City Budget

Transportation and Parking = \$266 Million



City Budget = \$1.83 Billion

## Service Area Overview

Expenditures	Revised FY 2008–09	Adopted FY 2009–10	Change from Prior Year	Percent Change
Operating	146,227,742	119,930,078	-26,297,664	-18.0%
Capital	60,965,819	146,024,424	85,058,605	139.5%
<b>Total Service Area Requirements</b>	<b>\$ 207,193,561</b>	<b>\$ 265,954,502</b>	<b>\$ 58,760,941</b>	<b>28.4%</b>
Authorized Positions	798	743	-55.00	-6.9%

# Service Area Highlights

## DESCRIPTION

The Transportation and Parking service area includes those programs that plan, build, manage, maintain, and facilitate an effective and safe transportation system and provide access and mobility throughout the city. The service area consists of one bureau, the Bureau of Transportation (PBOT).

## MAJOR THEMES

### **Bureau of Transportation**

In FY 2009-10, PBOT continues to face significant challenges in finding adequate resources to maintain a deteriorating infrastructure, manage congestion, and provide for a safe and reliable transportation system. To help address these challenges, the bureau will increase parking meter rates and hours of operation, increase parking garage rates, and increase various fees for services that are not at 100% cost recovery.

The bureau made significant reductions in its operating budget to address shortfalls caused by declining gas tax revenues. As the federal government increases the Corporate Average Fuel Economy (CAFE) standards and consumers respond to higher fuel prices, usage of gasoline has not kept pace with inflation and in some years show a nominal decrease. This trend is expected to continue in the future and further restrict the bureau's ability to provide services.

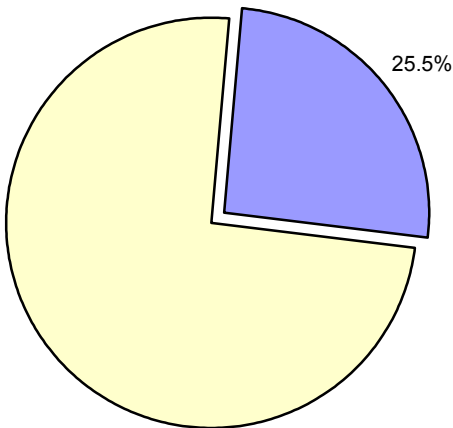
# Legislative, Administrative, and Support

Office of the City Attorney  
 Office of the City Auditor  
 Office of Government Relations  
 Office of Human Relations  
 Office of Management and Finance

Office of the Mayor  
 Commissioner of Public Affairs  
 Commissioner of Public Safety  
 Commissioner of Public Utilities  
 Commissioner of Public Works

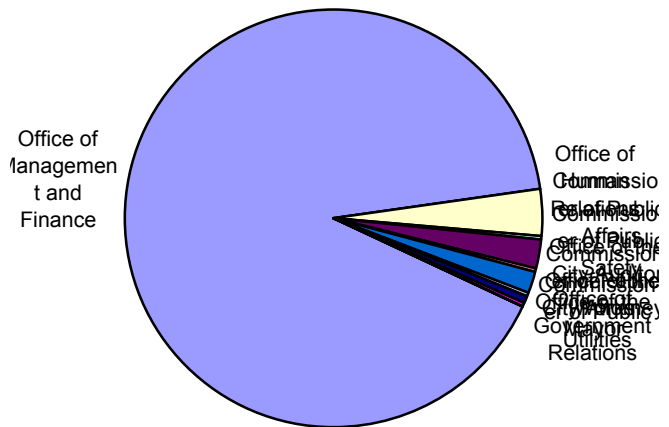
**Percent of City Budget**

Legislative, Administrative, and Support = \$467.9 Million



City Budget = \$1.83 Billion

**Bureau Pie Chart**



## Service Area Overview

Expenditures	Revised FY 2008–09	Adopted FY 2009–10	Change from Prior Year	Percent Change
Operating	520,856,911	422,050,145	-98,806,766	-19.0%
Capital	25,126,027	45,847,766	20,721,739	82.5%
<b>Total Service Area Requirements</b>	<b>\$ 545,982,938</b>	<b>\$ 467,897,911</b>	<b>\$ -78,085,027</b>	<b>-14.3%</b>
Authorized Positions	842	839	-3.00	-0.4%

# Service Area Highlights

## DESCRIPTION

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

## MAJOR THEMES

### Office of the City Attorney

The FY 2009-10 Adopted Budget for the City Attorney's Office is \$8.2 million. There are no major additions to the budget and no additional staff.

### Office of the City Auditor

The FY 2009-10 Adopted Budget for the Auditor's Office totals \$8.7 million, an increase of 4.5% over the FY 2008-09 Revised Budget. The Adopted Budget reflects a 5% reduction package within all program areas of the Auditor's Office and eliminates a half-time complaint investigator position within the Independent Police Review Division. Additional funding of \$85,190 for operations and maintenance at the new Archives Center on the PSU campus has also been included, as well as one-time funding of \$78,004 for one assistant archivist position. The Adopted Budget also includes one-time funding to purchase and implement Efiles, an online program for maintaining important City records, for Central Accounting and the Bureau of Planning and Sustainability and ongoing funds for maintenance and support of the software. Finally, the Adopted Budget includes \$41,000 of one-time funds to purchase and implement Council agenda and minutes software.

### Office of Management and Finance

The FY 2009-10 Adopted Budget for the Office of Management and Finance (OMF) totals \$267.9 million, a decrease of approximately 11.3% over the FY 2008-09 Revised Budget. Significant budgetary actions include the funding for the Enterprise Business Solution project and the Public Safety Systems Revitalization Project in the Citywide Projects Division and the Emergency Coordination Center in the Facilities Services Division. Other significant budgetary items include one-time funding for the revenue-generating positions in the Revenue Bureau and adding two positions in the Bureau of Human Resources for the implementation and ongoing operation of the Human Capital Management module of the City's enterprise resource planning system.

Most General Fund bureaus reduced their budgets by 5% as directed by the Mayor. The exceptions to the above include a restoration of \$33,894 for the Bureau of Purchases to fund technology upgrade in FY 2009-10. The other exception is a vacant revenue-generating position that was proposed for elimination to meet the 5% reduction, but was not approved.

Special appropriations, previously budgeted as a separate entity, but now budgeted within OMF, are primarily used for General Fund expenditures that are not specific to a bureau and often provide Citywide benefit. These include payments to non-City agencies, funding for some City programs, and some City set-asides. Some special appropriations are one-time allocations, while others are ongoing.

Special appropriations included in the FY 2009-10 Adopted Budget total \$20.0 million. Major items include \$4.2 million to the Regional Arts and Culture Council, \$5.7 million to the Portland Development Commission for economic development and economic opportunity programs, and nearly \$1.1 million for Downtown Services to keep downtown Portland a safe and attractive center for people and businesses.

**Mayor and  
Commissioner Offices**

In FY 2009-10, the Office of Youth Violence Prevention will be transferred from the Mayor's Office to the Office of Commissioner of Public Affairs along with \$97,092 in ongoing funding.

The FY 2009-10 Adopted Budget for the Office of the Commissioner of Public Affairs is \$2,052,390, which is 45.3% more than the FY 2008-09 Revised Budget. This is due primarily to the carryover of the One-Stop Domestic Violence Program from last fiscal year and the addition of the Office of Youth Violence Prevention as explained above.

**Children's Investment  
Fund**

The Children's Investment Fund is managed by the Commissioner of Public Affairs and provides services to Portland's children with funds approved by the voters in a 2002 property tax levy which was renewed in 2008. Under the terms of the ballot measure, these services are provided in three areas: early childhood, child abuse prevention and intervention, and after-school and mentoring. The ballot measure also limited the costs of administering the program to no more than 5% of expenditures.

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

The FY 2009-10 Adopted Operating Budget is \$15.4 million.

**Office of Government  
Relations**

The FY 2009-10 Adopted Budget for the Office of Government Relations is \$1.2 million, which represents no net change to the FY 2008-09 Revised Budget amount.

**Office of Human  
Relations**

The FY 2009-10 Adopted Budget for the Office of Human Relations is \$0.6 million. A total of \$184,366 was added this year for various programs while a decrease in one-time funding resulted in a 9.1% net decrease from the FY 2008-09 Revised Budget.



