



City of Portland, Oregon FY 2014-15 Budget in Brief



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Mission, Values, and Goals

City's Mission

The City of Portland is a responsive and accessible local government that strives to continually identify and seize opportunities to improve the quality of life in our community. We work to support civic excellence and effective, responsive community and intergovernmental partnerships.

We provide urban services to meet the public health and safety, transportation, environmental, recreational, planning, and neighborhood livability needs of our citizens and visitors. We are responsible for providing clean and safe drinking water and for the maintenance of the City's water system. We are responsible stewards of our City's fiscal health and resources. We utilize a diverse, skilled, and dedicated workforce to provide seamless service to our citizens and visitors. We strive for excellence in all we do.

Values

- **Commitment:** We believe that service to our citizens and customers is our most important job. We will make sure that people can count on us to be responsive to the needs of the community.
- **Integrity:** Whenever we make a decision, provide a service, or interact with citizens and customers, we act with honesty and integrity. People learn from experience that they can continue to trust us. We treat all people equally and equitably.
- **Partnerships:** Our team supports and complements the leadership of our Mayor and City Council. We involve people and key stakeholders because we value their commitment, diversity, and ownership.
- **Innovation:** We apply creative and cost-effective solutions when delivering services to our community with a goal of continuously improving the quality of life.

Goals

The current goals of the Mayor and the City Council follow. In the coming years, these goals will be updated and realigned to reflect results of the Portland Plan.

Ensure a safe and peaceful community:

- Protect life
- Preserve property
- Promote community responsibility, commitment, and preparedness

Promote economic vitality and opportunity:

- Support quality education
- Provide high quality, reasonably priced public utility services
- Create an attractive location for businesses and jobs

Improve the quality of life in neighborhoods:

- Ensure growth and development are well managed
- Provide access to transportation and recreation services
- Provide affordable housing and reduce neighborhood nuisances

Protect and enhance the natural and built environment:

- Protect the city's land, water, air, and open spaces
- Provide safe drinking and waste water services
- Protect endangered species

Operate and maintain an effective and safe transportation system:

- Provide multi-modal transportation choices
- Maintain and improve street conditions
- Support economic development and neighborhood livability

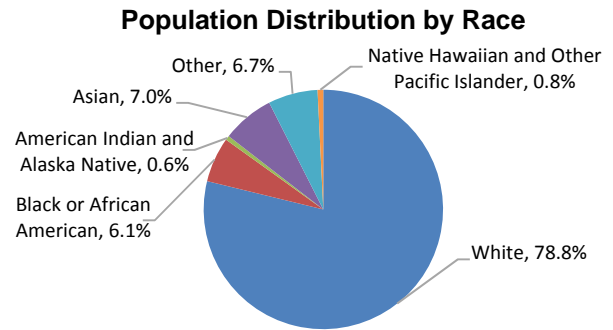
Deliver efficient, effective, and accountable municipal services:

- Deliver responsive, competitive government services
- Maintain healthy City financial condition
- Manage government to achieve goals

Snapshot of Portland

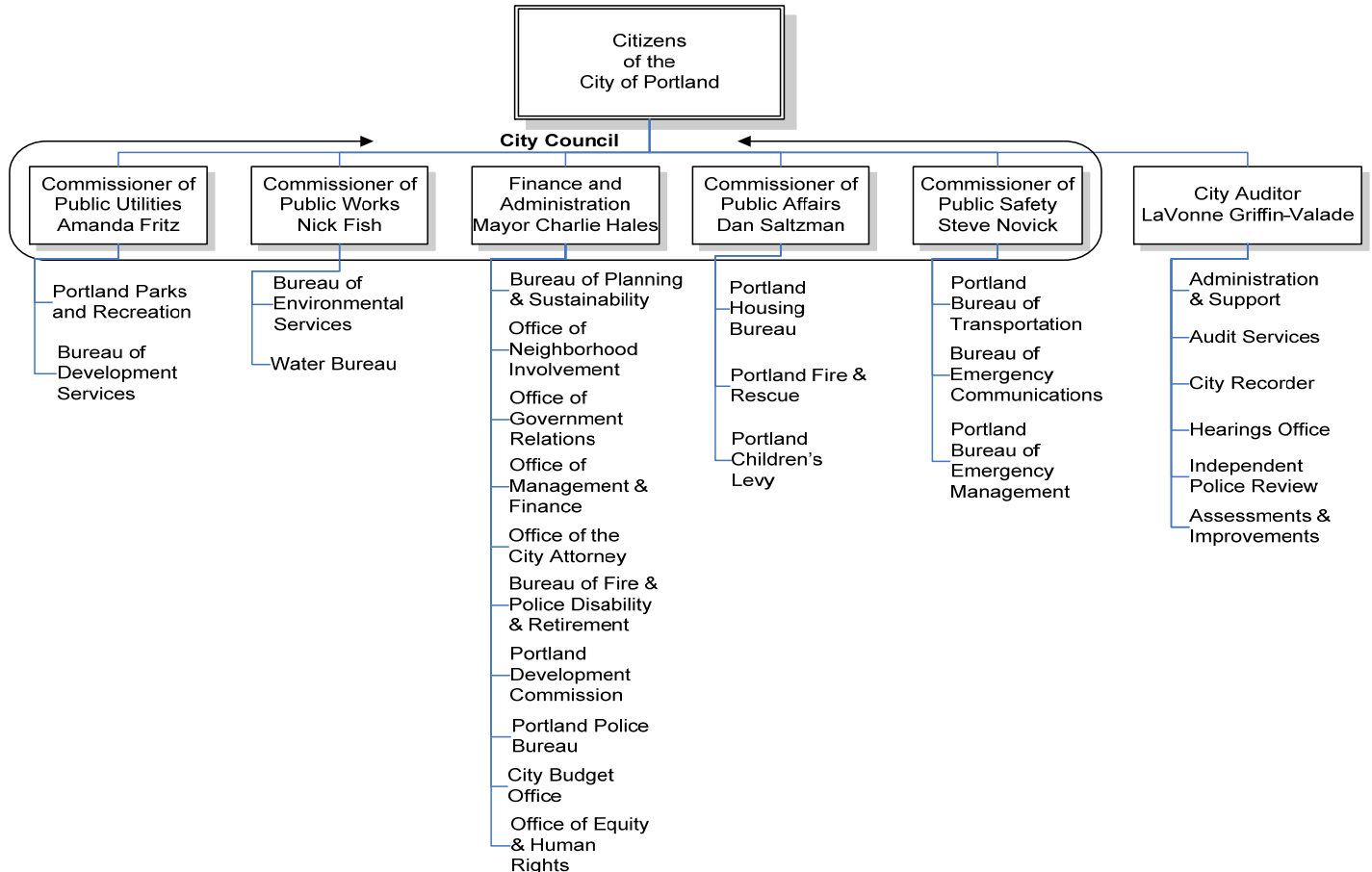
The City of Portland is the largest city in Oregon, the seat of Multnomah County, and the second largest city in the Pacific Northwest. Located astride the Willamette River at its confluence with the Columbia River, Portland is the center of commerce, industry, transportation, finance, and service for a metropolitan area of more than two million people.

	Portland	National
Population	603,650	313,914,040
Population Between 18-64	70.0%	62.80%
High School Graduates	401,090	180,249,230
Bachelors Degree or Higher	194,731	60,742,522
Average Household Size	2.36	2.64
Median Household Income	\$52,158	\$51,371
Median Home Value	\$268,800	\$171,900
Home Ownership	53.1%	63.9%
Total Housing Units	248,698	132,452,249



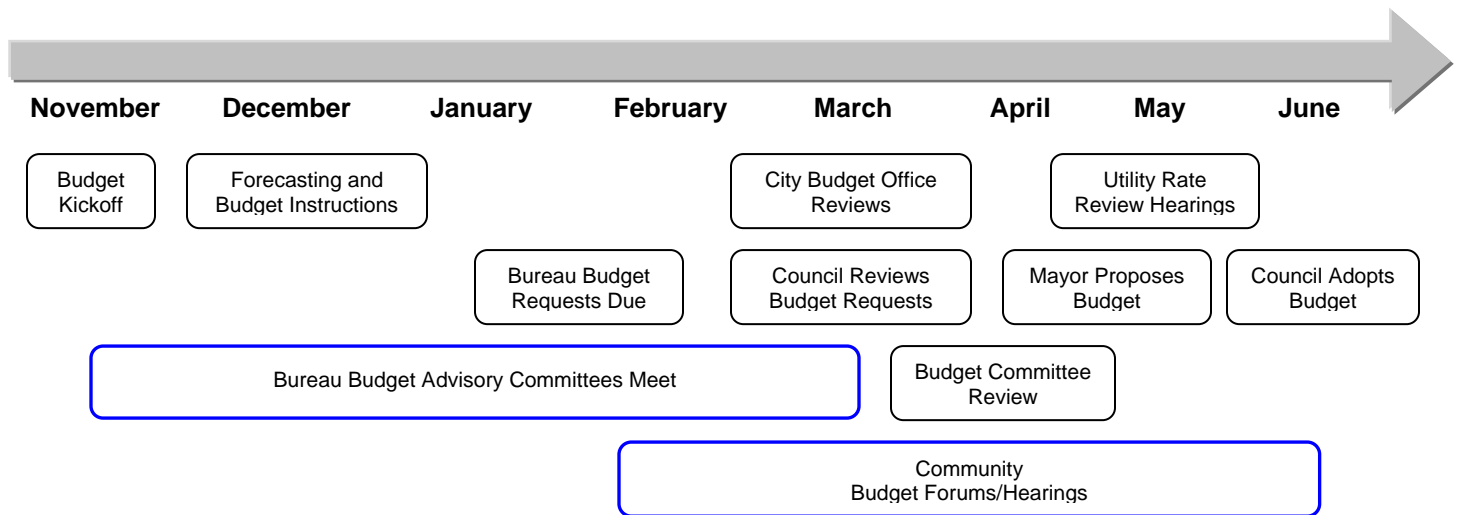
All data was obtained from the 2012 American Community Survey.

The City of Portland, incorporated in 1851, is a commission form of government. The legislative body consists of a Mayor and four Commissioners. The Mayor is the formal representative of the City and is responsible for assigning each of the Commissioners responsibility for one of the five departments: Finance and Administration, Public Affairs, Public Safety, Public Utilities, and Public Works. The Mayor also decides which bureaus the Commissioners will manage, and can change these assignments at any time. The Auditor is an elected position and is independent of the City Council. The Auditor receives and maintains all documents relating to the accounts and contracts of the City; is responsible for conducting financial and performance audits of the City bureaus and their functions; and serves as the Council Clerk, responsible for the processing and filing of all official Council actions. For a complete list of the Elected Official's portfolio and liaison responsibilities, see <http://www.portlandonline.com/auditor/index.cfm?a=191877&c=27481>.



Budget Overview

The diagram below shows the City of Portland's budget development process. The City of Portland's fiscal year runs from July 1st to June 30th. City Council provides preliminary budget directions in early November; bureaus submit Requested Budgets in early February; the Mayor announces a Proposed Budget in early May; and then Council deliberates and adopts a final budget in June. The areas outlined in dark blue indicate times throughout the budget process when the public is encouraged to get involved. To learn more about involvement opportunities and exact dates, see the City's Budget website at www.portlandoregon.gov/budget.



Balancing the General Fund Budget

The General Fund provides resources for primary operations of the City, including police, fire, and parks services. General Fund resources are categorized as either one-time or ongoing. One-time resources are only available for the current year and cannot be relied on in future years (i.e. funding carried over from the prior year). Ongoing resources are those that can be sustained over time (i.e. an increase in property taxes). The City uses a combination of one-time and ongoing resources to fund programs and services.

For FY 2014-15, the City had \$9.3 million in new discretionary resources to allocate, including \$4.6 million in ongoing funds and \$4.7 million in one-time funds. The tables below identify how those resources were used to balance the General Fund budget.

2014-15 General Fund Balancing Ongoing Resources

General Fund Surplus (based on April forecast)	4,573,980
Bureau Program Adds	(6,548,355)
Reduction to FY 2014-15 Contingency	474,375
Adjustments to Urban Renewal Areas	1,500,000
Total General Fund Ongoing Remaining	-

2014-15 General Fund Balancing One-Time Resources

General Fund Surplus (based on April forecast)	4,684,941
Bureau Program Adds	(9,234,322)
Reduction to FY 2014-15 Contingency	198,741
Carryover Resources from FY 2013-14	4,350,640
Total General Fund One-Time Remaining	-

Fund Structure

A fund is defined as a fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific regulated activities and objectives. The requirement to budget by fund can be found in state and federal laws. City funds interact in a variety of ways. One fund may reimburse another fund for goods or services. Cash transfers may also result from the exchange of resources between funds to cover operating and capital expenses; for example, a transfer from the General Fund to the Transportation Operating Fund to support the operations and maintenance of street lights. Transfers between funds result in the budgeting of dollars in both funds. A summary of major fund types used in the City are as follows:

Capital Projects Funds

These funds account for major capital acquisition or construction projects such as those funded by general obligation bonds and those in local improvement districts and parks. Revenues are received when the City issues bonds and notes for capital projects. Revenues are also received from other sources of income to the City.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and the payment of debt service on, general obligation, revenue, assessment, improvement, and urban renewal tax increment bonds. These funds are necessary to manage the City's diverse debt portfolio in a manner that ensures compliance with security covenants as well as state and federal regulations.

Enterprise Funds

Enterprise funds, such as the Water Fund and the Sewer System Operating Fund, support business-type activities that charge a fee to external users for goods and services.

Fiduciary Funds

The City has three funds for the retirement or disability costs of police and fire personnel. Revenues for the primary fund, the Fire & Police Disability & Retirement (FPDR) Fund, are received from a property tax levy authorized by Portland voters in 1948. Other City employees are covered by the Public Employees Retirement System (PERS), which is administered by the State of Oregon.

General Fund

The General Fund includes all activities of the City that are supported by property taxes and other non-dedicated revenues, such as business licenses, utility franchise fees, and state shared cigarette and liquor taxes. Bureaus supported by the General Fund include Portland Fire & Rescue, Portland Police Bureau, and Portland Parks & Recreation, among others.

Internal Service Funds

Internal service funds account for the sale of central services such as vehicle and printing services to other City and/or governmental agencies. These funds operate primarily on revenues received from the agencies using their services.

Permanent Funds

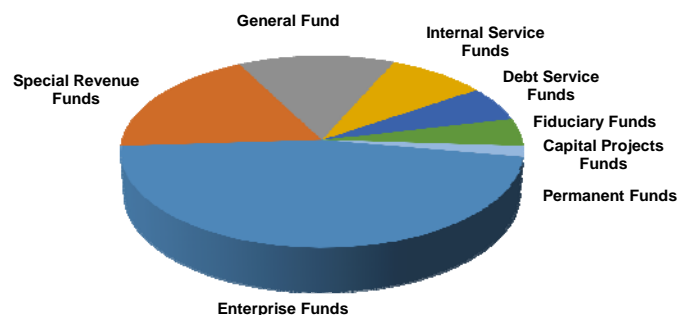
The City occasionally creates accounts for gifts or bequests that are legally restricted to the extent that only earnings, and not principal, may be used as designated by the donor. Currently, the City has only one fund of this type, the Parks Endowment Fund.

Special Revenue Funds

Special revenue funds receive money from specific sources and are restricted to expenditure for specified purposes. Reserve funds hold resources for future use in countering recessionary trends and mitigating mid-year economic downturns or other financial emergencies.

Summary of Total Budget by Fund Type

Fund Type	FY 2014-15	Percent
Enterprise Funds	\$ 1,680,995,657	46.2%
Special Revenue Funds	668,304,094	18.4%
General Fund	515,119,779	14.2%
Internal Service Funds	324,356,594	8.9%
Debt Service Funds	213,470,555	5.9%
Fiduciary Funds	168,476,302	4.6%
Capital Projects Funds	65,020,594	1.8%
Permanent Funds	182,098	0.0%
Total	\$ 3,635,925,673	100.0%



Total Budget

The total legal budget for the City in FY 2014-15 is \$3.64 billion, which reflects a \$60.7 million (1.7%) increase from the FY 2013-14 Revised Budget. The table below shows the budget broken out categorically.

Major Object Category	Revised FY 2013-14	Adopted FY 2014-15	Percent Change
Personnel Services	\$626,211,406	\$630,131,517	0.6%
External Materials & Services	690,986,806	683,724,884	-1.1%
Internal Materials & Services	192,702,266	187,110,093	-2.9%
Capital Outlay	264,075,258	243,031,072	-8.0%
Total Bureau Expenditures	1,773,975,736	1,743,997,566	-1.7%
Contingency	502,072,580	592,451,758	18.0%
Ending Fund Balance	157,963,467	259,355,877	64.2%
Debt Service	493,290,827	455,840,619	-7.6%
Cash Transfers	647,962,878	584,279,853	-9.8%
Total Budget	3,575,265,488	3,635,925,673	1.7%
Less Intracity Transfers	(840,665,144)	(771,389,946)	-8.2%
Net Budget	\$2,734,600,344	\$2,864,535,727	4.8%

Total Bureau Expenditures

Includes operating and capital costs that are required to carry out the programs and services provided by the City.

Total Budget

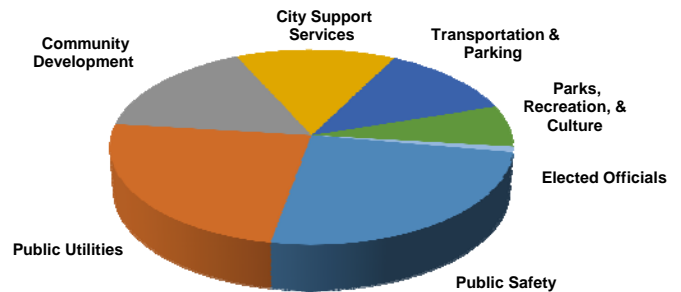
Includes all bureau expenditures and fund requirements that are necessary to meet the financial obligations of the fund (i.e. debt service, contingency, fund transfers, and ending fund balance).

Net Budget

Includes the total budget less intracity transfers, or money charged by bureaus to other bureaus for providing a service (i.e. fleet vehicles, facility maintenance, technology services).

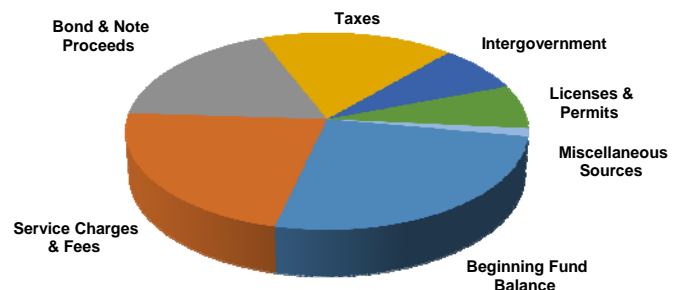
Total Bureau Expenditures by Service Area

Service Area	FY 2014-15	Percent
Public Safety	\$ 437,611,869	25.1%
Public Utilities	418,759,510	24.0%
Community Development	284,272,530	16.3%
City Support Services	250,712,666	14.4%
Transportation & Parking	216,995,815	12.4%
Parks, Recreation, & Culture	119,774,314	6.9%
Elected Officials	15,870,862	0.9%
Total Bureau Expenditures	\$ 1,743,997,566	100.0%



City Net Budget – Resources

Resources	FY 2014-15	Percent
Beginning Fund Balance	\$ 741,532,376	25.9%
Service Charges & Fees	639,753,063	22.3%
Bond & Note Proceeds	515,233,216	18.0%
Taxes	503,884,087	17.6%
Intergovernmental	221,615,489	7.7%
Licenses & Permits	205,784,165	7.2%
Miscellaneous Sources	36,733,331	1.3%
Total Net Resources	\$ 2,864,535,727	100.0%



Beginning Fund Balance – remaining unspent funds from the previous year's budget

Service Charges & Fees – resources from water and sewer rates, system development charges, and various user fees

Taxes - property and transient lodging taxes

Bond & Note Proceeds – proceeds from the sale of debt for major projects

Intergovernmental – resources from federal, state, and local governments (grants, gas & liquor taxes, and 911 funds)

Licenses & Permits – business licenses, utility franchise fees, construction permits, and penalties

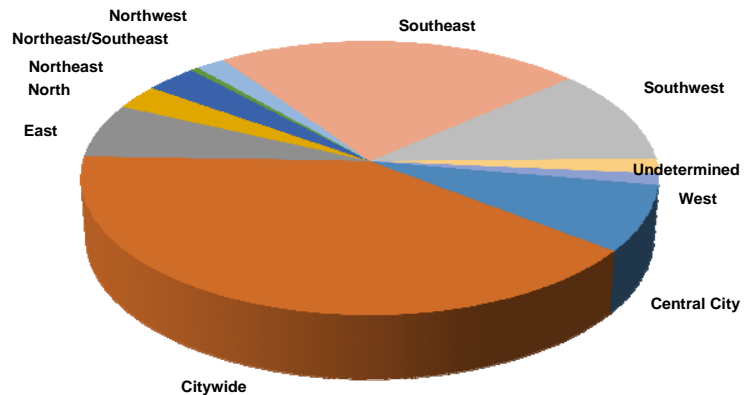
Miscellaneous Revenue – investment interest, capital asset sales, assessment collections, and miscellaneous sales

Capital Budget

The City's capital budget consists of large construction, maintenance, and improvement projects. The FY 2014-15 Capital Improvement Plan (CIP) budget totals \$362.0 million (10.0% of the City's total budget). A majority of the capital budget is public utility and transportation projects.

Capital Budgets by Geographic Area

Geographic Area	FY 2014-15	Percent
Central City	\$ 28,177,996	7.8%
Citywide	144,928,842	40.0%
East	23,033,809	6.4%
North	10,479,490	2.9%
Northeast	11,860,100	3.3%
Northeast/Southeast	1,765,900	0.5%
Northwest	6,672,929	1.8%
Southeast	83,468,465	23.1%
Southwest	40,481,053	11.2%
Undetermined	6,224,000	1.7%
West	4,925,000	1.4%
Total Requirements	\$ 362,017,584	100.0%



The following table summarizes CIP project costs by bureau. The Citywide CIP for FY 2014-15 through FY 2018-19 is projected to be \$1.2 billion. The table at the bottom of the page highlights some of the major capital projects budgeted in FY 2014-15.

Bureau	Revised	Capital Plan					5-Year Total
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	
Bureau of Development Services	4,697,127	3,821,440	2,727,880	0	0	0	6,549,320
Bureau of Environmental Services	119,027,000	111,908,000	105,452,000	106,915,000	104,349,000	101,282,000	529,906,000
Bureau of Fire & Police Disability & Retirement	95,000	43,300	34,900	35,400	36,900	38,400	188,900
Office of Management & Finance	67,944,920	23,222,643	20,167,251	8,713,402	7,865,934	8330794	68,300,024
Portland Bureau of Transportation	104,773,160	85,868,173	21,681,849	10,896,201	3,845,606	3,719,614	126,011,443
Portland Fire & Rescue	15,302,952	6,712,662	0	0	0	0	6,712,662
Portland Parks & Recreation	39,073,152	33,627,366	10,938,716	11,111,510	11,584,760	12,308,475	79,570,827
Portland Water Bureau	117,724,600	96,814,000	67,230,000	77,070,000	92,180,000	59,060,000	392,354,000
Total City Capital Budget	468,637,911	362,017,584	228,232,596	214,741,513	219,862,200	184,739,283	1,209,593,176

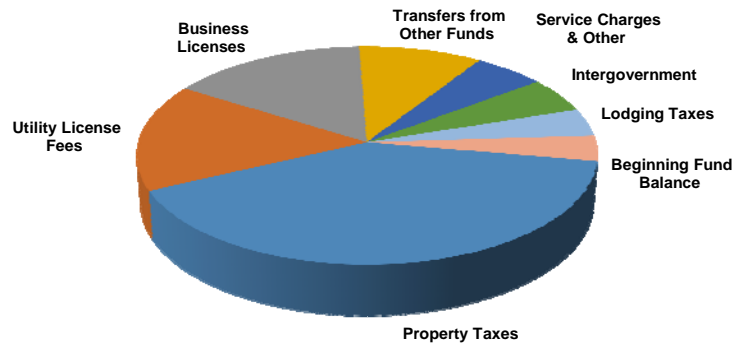
Major Capital Projects			
Public Safety		Parks, Recreation, & Culture	
Fire GO Bond Station 21 Improvements	3,179,553	Beech Park Development	4,050,000
Radio System Replacement	4,211,000	Gateway Urban Plaza Development	4,000,000
Fire Apparatus Replacement	6,712,662	Mt. Tabor Facility	1,528,524
RegJIN Project	3,631,127	South Waterfront Greenway	5,473,521
Public Utilities		Transportation & Parking	
Water - Interstate Facility Rehabilitation	16,248,390	East Portland Access Transit	3,600,000
Water - Powell Butte Reservoir 2	8,400,000	Sellwood Bridge	36,737,340
Water - Kelly Butte Reservoir	19,000,000	Street Light Efficiency & Replacement	6,729,609
BES - Phase 2 Pipe Rehabilitation	41,028,000	Parking Machine Installation	5,100,000
BES - Fanno Basin System Improvements	11,730,000		

General Fund Budget

The General Fund is the City's primary operating fund and supports many of the City's core services. Most of the General Fund is discretionary (\$426.7 million or 82.8%), meaning that City Council can allocate the resources to programs and services in any area. General Fund discretionary resources are typically used to support police, fire, parks, and city support services. A small portion of the General Fund is non-discretionary (\$88.5 million or 17.2%) and is restricted to certain uses. Non-discretionary resources may include grants, contract revenues, service reimbursements, and other revenues generally dedicated to a particular purpose. The total General Fund budget in FY 2014-15 is \$515.1 million.

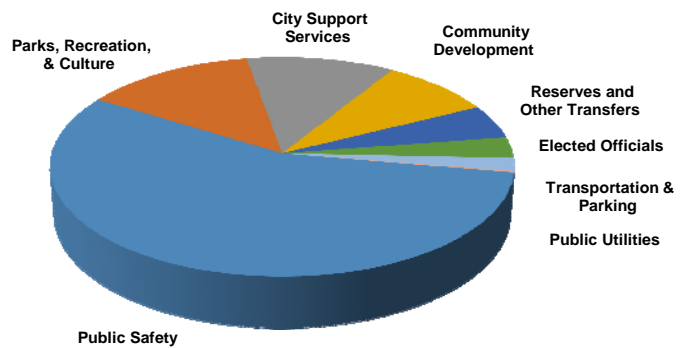
General Fund Resources

Resources	FY 2014-15	Percent
Property Taxes	\$ 206,814,634	40.1%
Utility License Fees	82,273,530	16.0%
Business Licenses	79,799,708	15.5%
Transfers from Other Funds	49,974,687	9.7%
Service Charges & Other	28,818,087	5.6%
Intergovernmental	26,981,682	5.2%
Lodging Taxes	21,088,811	4.1%
Beginning Fund Balance	19,368,640	3.8%
Total Resources	\$ 515,119,779	100.0%



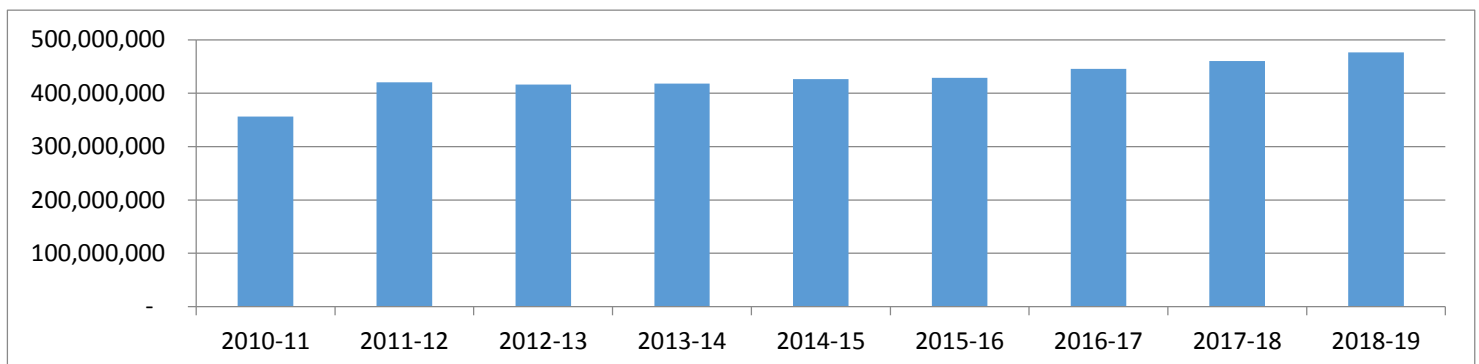
General Fund Requirements by Service Area

Service Area	FY 2014-15	Percent
Public Safety	\$ 288,892,281	56.1%
Parks, Recreation, & Culture	68,844,093	13.4%
City Support Services	59,731,293	11.6%
Community Development	45,223,365	8.8%
Reserves and Other Transfers	25,672,715	5.0%
Elected Officials	15,870,862	3.1%
Transportation & Parking	9,909,127	1.9%
Public Utilities	976,043	0.2%
Total Requirements	\$ 515,119,779	100.0%



The graph below provides historical and projected discretionary resources in the General Fund. Discretionary resources can be spent on any program and largely consist of revenues from property taxes, business license fees, utility franchise fees, and some state shared revenues. FY 2014-15 General Fund discretionary resources are \$8.6 million more than the FY 2013-14 General Fund Revised Budget.

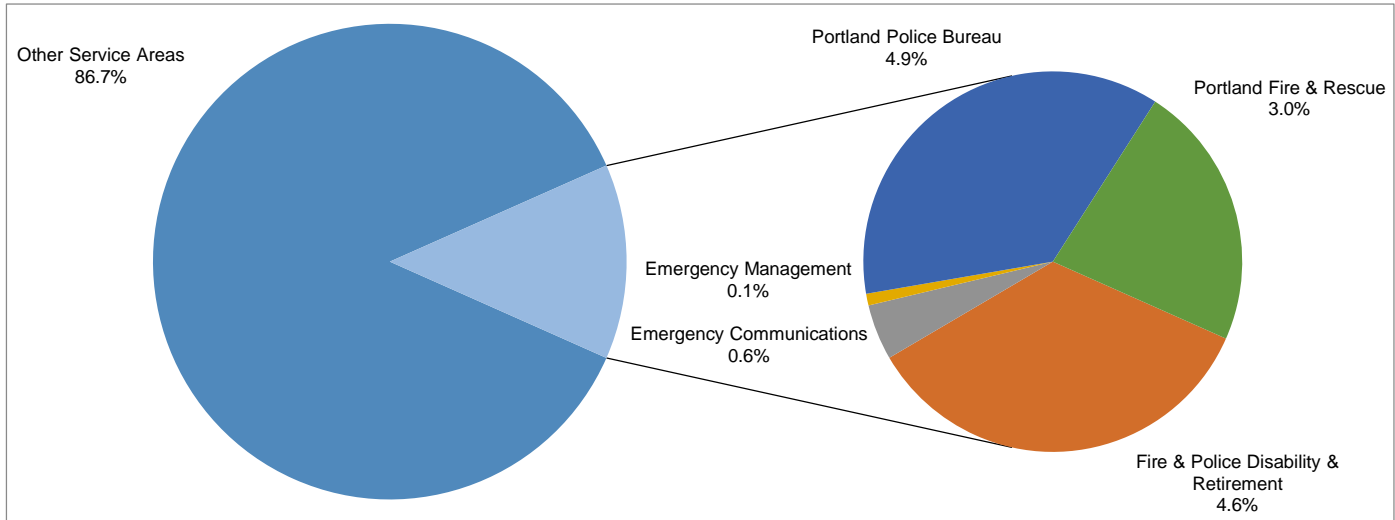
General Fund Discretionary Resources by Fiscal Year



Public Safety Service Area

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

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
Bureau of Emergency Communications	\$23,367,664	\$23,516,967	\$22,879,499
Operating	\$23,367,664	\$23,516,967	\$22,879,499
Capital	\$0	\$0	\$0
Bureau of Fire & Police Disability & Retirement	\$152,449,138	\$162,853,816	\$168,456,702
Operating	\$152,278,490	\$162,758,816	\$168,413,402
Capital	\$170,648	\$95,000	\$43,300
Portland Bureau of Emergency Management	\$1,942,333	\$7,550,120	\$4,768,485
Operating	\$1,942,333	\$7,550,120	\$4,768,485
Capital	\$0	\$0	\$0
Portland Fire & Rescue	\$104,185,290	\$115,367,041	\$108,713,306
Operating	\$97,831,083	\$100,064,089	\$102,000,644
Capital	\$6,354,207	\$15,302,952	\$6,712,662
Portland Police Bureau	\$169,635,142	\$175,570,113	\$177,457,799
Operating	\$169,635,142	\$175,570,113	\$177,457,799
Capital	\$0	\$0	\$0
Total	\$451,579,567	\$484,858,057	\$482,275,791

The FY 2014-15 Adopted Budget reflects a 0.5% decrease in overall public safety spending compared to the FY 2013-14 Revised Budget.

Significant Issues and Major Projects

- The Portland Bureau of Emergency Management received ongoing General Fund resources to support bureau operations in the absence of federal grant funding. Funding will support a new Community Emergency Notification System, the Regional Disaster Preparedness Organization cost sharing, and internal staffing realignments. At present, there is no City fueling infrastructure on the west side of the Willamette River that would be able to service vehicles larger than a standard sedan. One-time funds totaling \$1.2 million will be used as the initial funding source for site development and installation of a fuel station at the SFC Jerome F. Sears facility. In the 2014 Fall BMP, the bureau is

directed to identify and prioritize additional one-time emergency preparedness projects should additional resources be available.

- Portland voters approved 11 amendments to the Fire & Police Disability & Retirement Plan in November 2012. FY 2013-14 was the first full year the amendments were in effect. The most significant changes clarified the final pay definition used to calculate pension benefits for FPDR members hired before January 1, 2007, created a six-month service requirement before new employees are covered by the FPDR Plan, and authorized interim disability benefits while a claim is being reviewed. The net impact of all amendments is expected to result in significant cost savings, primarily from changes to the final pay definition.
- The Portland Police Bureau received ongoing General Fund resources to fund an Equity Manager position and human trafficking prevention efforts, and one-time resources for the care and treatment of individuals with substance abuse problems. The bureau will also undergo a comprehensive staffing and service level analysis specific to law enforcement. This project is scheduled for completion and report to Council in the fall of 2014.
- Portland Fire & Rescue received ongoing General Fund resources to restore a Safety Chief position, and carried over funding for Pulse Point, its Innovation Fund project. Per a budget note, Council directed the bureau to reconsider the City's role and potential reimbursement in regards to emergency medical response, including services operating under a City supervising physician. Looking forward to FY 2015-16, the bureau will need to address funding for 26 positions eliminated during the FY 2013-14 budget development process that are temporarily supported by federal grant funds that expire in January 2016.
- The Bureau of Emergency Communications will use additional 9-1-1 tax revenues from prepaid cell phones to add a Computer-Aided Dispatch (CAD) Coordinator, which will support CAD system maintenance and provide additional on-call coverage for emergency repairs to the system. Additionally, the bureau is continuing its efforts in preparing and coordinating a plan to implement a 3-1-1 system.

Key Performance Measures

	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
BOEC - Non-emergency Call Volume ¹	275,917	300,000	300,000
PBEM – Number of new NET volunteers trained per year ²	91	100	150
FPD&R - Number of Retirements from Active Service ³	45	63	54
Fire - Response Reliability ⁴	91%	92%	92%
Police - Citizens Rating Services as Good or Better	61%	61%	61%
Police - Total Part 1 (Major) Crimes ⁵	32,700	31,000	30,800

¹ As a result of the Portland Police Bureau reducing the number of precincts, BOEC has seen an increase in the number of non-emergency calls.

² Neighborhood Emergency Team (NET) volunteers are trained in emergency preparedness

³ The number of retirements fluctuates from year to year largely due to the demographics of the Fire and Police Bureaus. Labor negotiations also affect retirement patterns. In FY 2008-09, FPD&R changed the retirement benefit calculation to use received, rather than earned, for final pay. This change has also impacted members' retirement decisions.

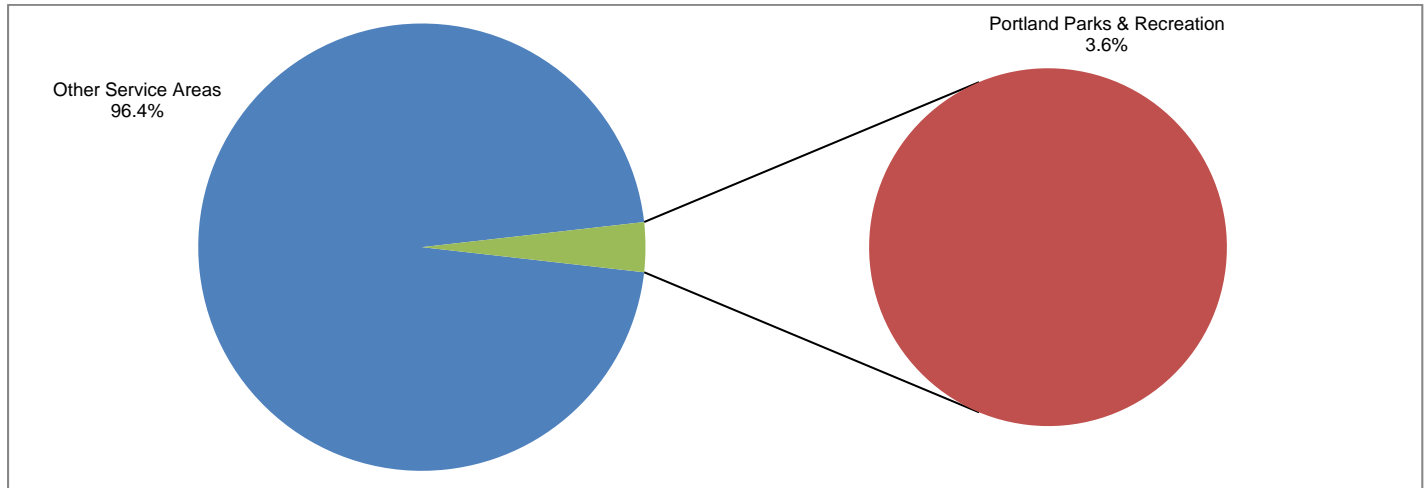
⁴ This measure tracks the percentage of time a unit is available to respond to incident within their home fire management area.

⁵ Part 1 crimes include violent and property crimes such as assault, murder, robbery, arson, and motor vehicle theft.

Parks, Recreation, & Culture Service Area

The Parks, Recreation, & Culture service area includes services for Portland Parks & Recreation, the only bureau in this service area. The bureau also administers the Golf program and Portland International Raceway.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
Portland Parks & Recreation	\$124,384,041	\$134,272,206	\$130,200,689
Operating	\$108,002,920	\$95,199,054	\$96,573,323
Capital	\$16,381,121	\$39,073,152	\$33,627,366
Total	\$124,384,041	\$134,272,206	\$130,200,689

The total budget for this service area is less than what is displayed in the total City budget pie chart on page 7 because it does not include programs such as Spectator Facilities and Special Appropriations which are included in City Support Services.

The FY 2014-15 Adopted Budget reflects a 3.0% decrease in overall parks and recreation spending compared to the FY 2013-14 Revised Budget. While the overall budget for Portland Parks & Recreation is reduced, the vast majority of this is a decrease in budgeted contingency in the capital improvement fund. The bureau's General Fund budget increased from \$64.2 million to \$67.2 million.

Significant Issues and Major Projects

- A construction boom in Portland has led to significant increases in System Development Charge collections. This has allowed the bureau to begin implementing an aggressive construction program to build out a number of park master plans. The capital program will continue to scale up over the next several years as the bureau allocates and spends these revenues.
- The full-time workforce is growing dramatically – from 423.6 FTE in the FY 2013-14 Adopted Budget to 456.2 FTE in the FY 2014-15 Adopted Budget - due to the growing capital program noted above, the conversion of seasonal staff to full-time positions, and positions added over time that are funded with budget increases associated with operating and maintaining new assets.

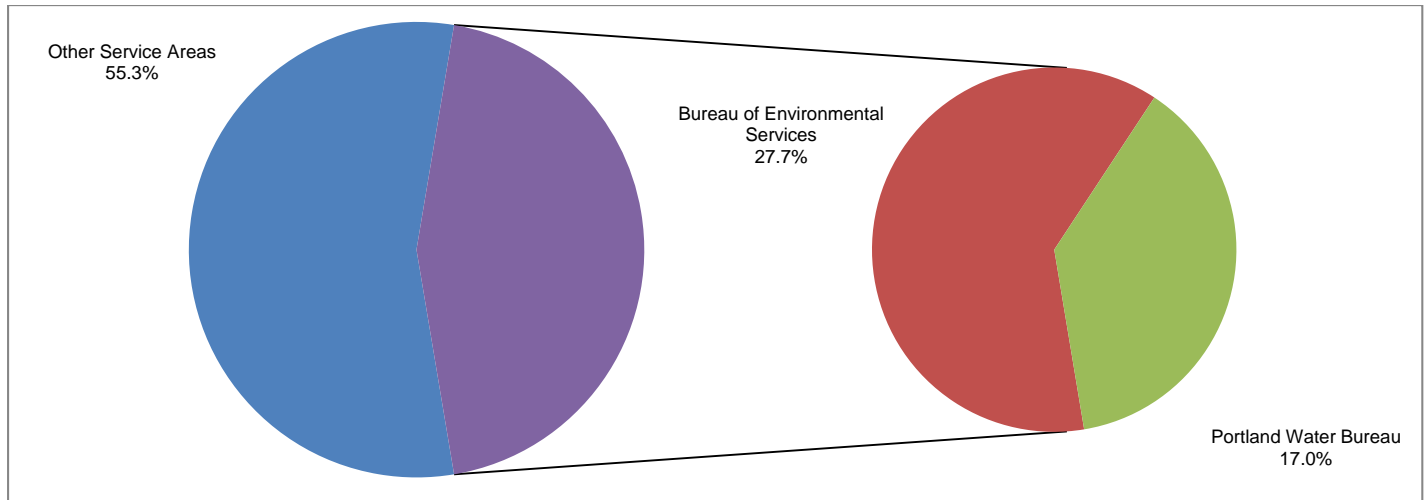
Key Performance Measures

	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
Percent of Residents Living within 1/2 Mile of a Park or Natural Area	80%	80%	81%
Number of Annual Visits (Recreation Programs)	4,000,000	4,000,000	4,000,000
Percentage of Residents Rating the Overall Quality of Parks as Good or Very Good	86%	86%	87%

Public Utilities Service Area

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

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
Bureau of Environmental Services	\$717,933,181	\$835,440,037	\$1,006,780,950
Operating	\$604,974,994	\$716,413,037	\$894,872,950
Capital	\$112,958,187	\$119,027,000	\$111,908,000
Portland Water Bureau	\$819,882,375	\$661,032,862	\$619,520,268
Operating	\$672,370,517	\$543,308,262	\$522,706,268
Capital	\$147,511,858	\$117,724,600	\$96,814,000
Total	\$1,537,815,556	\$1,496,472,899	\$1,626,301,218

The FY 2014-15 Adopted Budget reflects a 8.7% increase in overall public utilities spending compared to the FY 2013-14 Revised Budget. The Adopted Budget includes an average monthly increase of 7.0% for water service and a monthly single family sewer bill increase of 4.0%.

Significant Issues and Major Projects

- The Bureau of Environmental Services' Capital Improvement Plan (CIP) decreases \$7.1 million from FY 2013-14, primarily due to a higher revised budget due to prior year construction lags. As the bureau continues to rehabilitate and replace failing pipe, a significant portion of the bureau's capital plan will invest in priority pipe maintenance needs for the sanitary and combined collection systems, as identified in the bureau's recent system plan.
- In FY 2014-15, the Water Bureau will complete the water storage facilities at Powell and Kelly Buttes. The largest investments in the capital improvement plan will be in the bureau's distribution program (approximately 61%), which will rehabilitate and replace pipes, pumps, and tanks in the City's water distribution system.

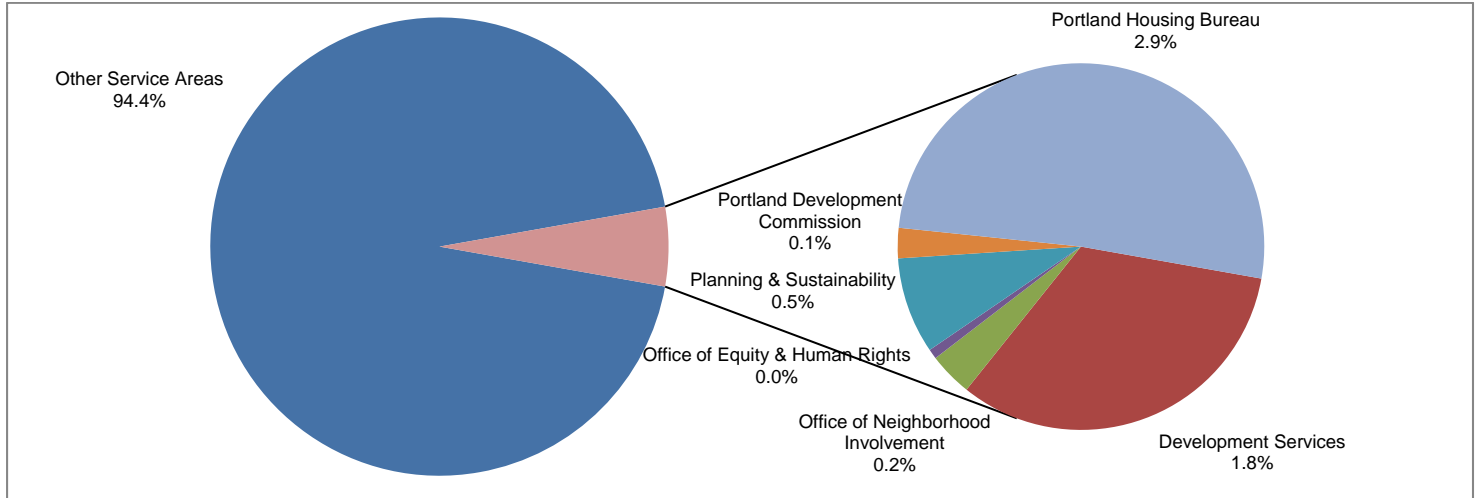
Key Performance Measures

	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
BES - Wastewater Processing Cost Per Million Gallons Per Day	\$582	\$650	\$655
Water - Percent of Customer Payment Transactions Made Through Preferred Methods	59%	39%	39%
Water - Percent of City's Water Supply Provided by Bull Run Watershed Under Normal Operating Conditions	99%	95%	95%

Community Development Service Area

The Community Development service area includes programs in the Bureau of Development Services, Portland Housing Bureau, Bureau of Planning & Sustainability, Office of Equity & Human Rights, Office of Neighborhood Involvement, and the Portland Development Commission.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
Bureau of Development Services	\$54,573,519	\$62,935,730	\$66,958,674
Operating	\$54,001,219	\$58,238,603	\$63,137,234
Capital	\$572,300	\$4,697,127	\$3,821,440
Office of Equity & Human Rights	\$1,149,441	\$1,468,555	\$1,761,648
Operating	\$1,149,441	\$1,468,555	\$1,761,648
Capital	\$0	\$0	\$0
Portland Housing Bureau	\$75,805,136	\$52,188,613	\$103,966,611
Operating	\$75,805,136	\$52,188,613	\$103,966,611
Capital	\$0	\$0	\$0
Office of Neighborhood Involvement	\$7,008,921	\$7,506,899	\$7,819,328
Operating	\$6,988,294	\$7,506,899	\$7,819,328
Capital	\$20,627	\$0	\$0
Bureau of Planning & Sustainability	\$23,617,973	\$17,492,336	\$17,295,284
Operating	\$23,617,973	\$17,492,336	\$17,295,284
Capital	\$0	\$0	\$0
Portland Development Commission	\$6,181,081	\$4,537,437	\$5,425,564
Operating	\$6,181,081	\$4,537,437	\$5,425,564
Capital	\$0	\$0	\$0
Total	\$168,336,071	\$146,129,570	\$203,227,109

The FY 2014-15 Adopted Budget reflects a 39.1% increase in overall community development spending compared to the FY 2013-14 Revised Budget.

Significant Issues and Major Projects

- A sharp decline in Bureau of Development Services permit revenues and workload led to significant staff reductions in FY 2008-09, FY 2009-10, and FY 2010-11. The economic recovery in the region has consistently raised service requests for all programs in the bureau. FY 2014-15 will be the first time since the recession that staffing levels will allow the Development Services Center to be open five days per week. The additional positions approved in prior year budgets have restored service levels, improved bureau response times, and enhanced customer service. FY 2014-15 will be the second year of the permitting software replacement project. The Information Technology Advancement Project has an anticipated completion date in FY 2015-16. The project is a multi-year effort that will eventually result in an online permitting system.
- Starting in FY 2014-15, the Office of Equity & Human Rights will administer the Civil Rights program. The Civil Rights program, which includes management of the American's with Disabilities Act Transition Plan, was transferred from the Office of Management & Finance. The Office of Equity & Human Rights is also realigning internal resources to support the development of a culturally specific mentorship program and enhance translation and interpretation services within the City.
- The Portland Housing Bureau's homelessness prevention and intervention programs received a notable increase in ongoing General Fund resources. The additional \$1.25 million helps to address the FY 2014-15 budget priority to decrease homelessness. Additionally, \$1 million in one-time General Fund resources were allocated to augment the City's capacity to develop rental housing.
- The Office of Neighborhood Involvement's civic engagement programs received ongoing General Fund resources for a partial restoration of the Community Grants program and an expansion of the Diversity and Civic Leadership program. The East Portland Action Plan received one-time General Fund resources to maintain the program, along with a budget note directing the bureau to work with the appropriate parties to develop a transition plan that includes the most efficient and effective funding model to implement neighborhood improvements in East Portland. One-time General Fund resources were also awarded to continue the Restorative Justice program at Parkrose High School.
- The Bureau of Planning & Sustainability received ongoing funding from the General Fund and the Portland Development Commission for 4.0 FTE to continue work on state mandated planning and code projects. The bureau also received financial support from the Bureau of Development Services for 2.5 FTE to continue improving the City's development regulations, with the intention of focusing on detached accessory structures and properties in alternative design density zones.
- General Fund support for the Portland Development Commission includes \$5.18 million to continue neighborhood commercial corridors, small business support, workforce development, Venture Portland, cluster development, and entrepreneurship support. In addition, \$245,000 of one-time General Fund resources were awarded to the Commission to administer grants in support of VOZ, SE Works, Village Market, and neighborhood economic development.

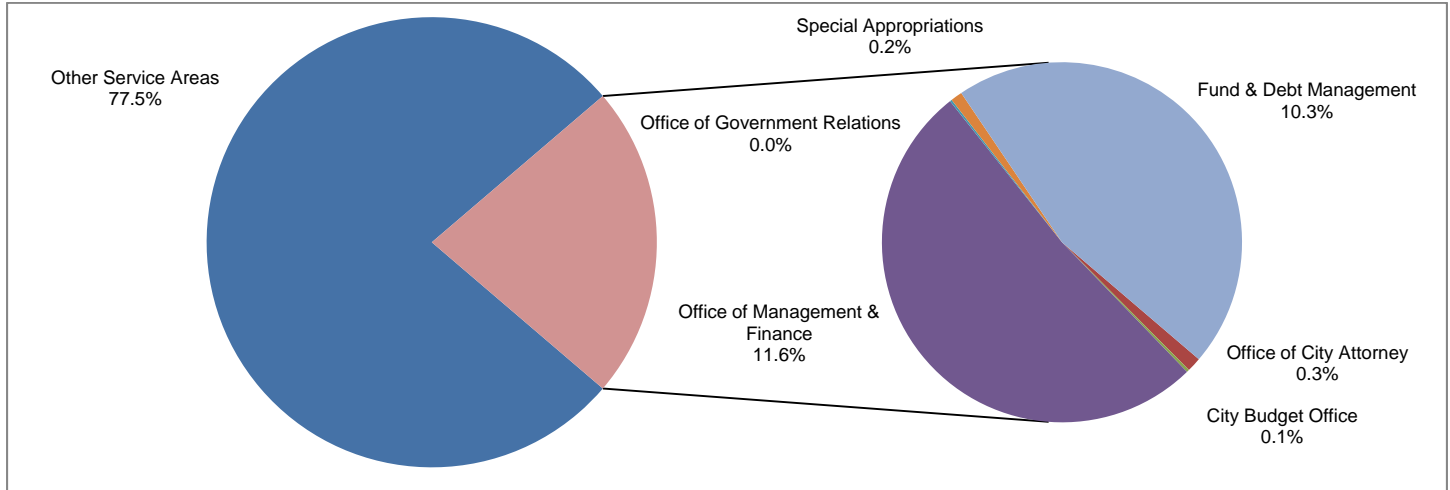
Key Performance Measures

	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
Development Services - Percent of Commercial Inspections Made within 24 Hours of Request	91%	90%	96%
Housing - Number of Households Receiving Placement Rent Assistance	2,231	2,230	2,230
ONI - Number of People Reached By Direct Communication	3,193,358	2,900,000	2,900,000
BPS - Utility Savings to City from Energy- and Water-efficiency Projects and Waste and Toxics Reductions	\$5,600,000	\$5,700,000	\$5,700,000

City Support Services Service Area

The City Support Services service area includes the City's internal support bureaus and all Special Appropriations. The internal support bureaus are the City Budget Office, Office of the City Attorney, Office of Government Relations, Office of Management & Finance, and Fund & Debt Management.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
City Budget Office	\$547,956	\$1,887,934	\$1,966,291
Operating	\$547,956	\$1,887,934	\$1,966,291
Capital	\$0	\$0	\$0
Office of the City Attorney	\$8,977,893	\$10,258,092	\$10,608,072
Operating	\$8,977,893	\$10,258,092	\$10,608,072
Capital	\$0	\$0	\$0
Office of Government Relations	\$1,251,889	\$1,222,840	\$1,459,187
Operating	\$1,251,889	\$1,222,840	\$1,459,187
Capital	\$0	\$0	\$0
Office of Management & Finance	\$466,274,861	\$493,910,511	\$421,690,008
Operating	\$440,240,044	\$425,965,591	\$398,467,365
Capital	\$26,034,817	\$67,944,920	\$23,222,643
Special Appropriations	\$14,515,967	\$10,025,685	\$8,509,143
Operating	\$14,515,967	\$10,025,685	\$8,509,143
Capital	\$0	\$0	\$0
Fund & Debt Management	\$522,009,048	\$408,155,426	\$373,974,977
Operating	\$522,009,048	\$408,155,426	\$373,974,977
Capital	\$0	\$0	\$0
Total	\$1,013,577,614	\$925,460,488	\$818,207,678

The FY 2014-15 Adopted Budget reflects a 14.1% decrease in overall city support services (excluding Fund & Debt Management) spending compared to the FY 2013-14 Revised Budget.

Significant Issues and Major Projects

- The City Budget Office carried over \$35,000 from FY 2013-14 to support a Hatfield Fellowship. The office also received an ongoing General Fund reduction of about \$32,000 due to savings in information technology infrastructure costs.
- The Office of the City Attorney received ongoing General Fund resources for an attorney to focus on critical legal and public records issues Citywide. The position will consolidate the public and legal records work of the office, and work

with bureaus to develop, implement, and administer Citywide policies and practices to ensure improved compliance with the City's legal requirements.

- The Office of Government Relations received \$227,411 of ongoing General Fund resources for state legislative session and business operations support, and the International Relations program.
- A consultant, with participation from an outside task force, completed an organizational review on the Office of Management & Finance (OMF) in FY 2013-14. The Office of Management & Finance's FY 2014-15 Adopted Budget reflects many of the assessments' recommendations, including restoring the Chief Financial Officer position and creating the Bureau of Revenue & Financial Services. The Chief Financial Officer will serve as the director of the newly created bureau. Other recommendations implemented this budget cycle include, transferring the American's with Disabilities Act and Civil Rights program from the OMF-Bureau of Internal Business Services to the Office of Equity & Human Rights and transferring components of the Regulatory program from the OMF-Revenue Bureau to the Portland Bureau of Transportation. Additionally, the OMF-Bureau of Human Resources will perform a Citywide non-represented classification and compensation study and focus on developing an employee on-boarding program. The OMF-Bureau of Technology Services plans to utilize the newly funded technology disaster planning analyst to further the City's emergency preparedness efforts related to technology systems.
- Special Appropriations includes ongoing General Fund resources to support various programs such as: Regional Arts and Culture Council (RACC), the Office of Youth Violence Prevention, Innovation Fund, Future Connect Scholarships, and the Mt Hood Cable Regulatory Commission. One-time General Fund resources were awarded for the Early Works program at Earl Boyles Elementary School, Utility Review Blue Ribbon Commission, Symphony in the Park, and RACC project grants. A budget note directs the City to work with RACC to establish an appropriate funding methodology for determining RACC's annual funding level, and to bring forward any necessary contract amendments in advance of the FY 2015-16 budget process.
- Fund & Debt Management is the financial structure that houses fund level expenses (e.g. contingency, cash transfers, and debt service) for the General Fund, General Reserve Fund, Grants Fund, and multiple debt service funds. Total expenses in this structure can vary widely from year to year depending on debt repayment schedules.

Key Performance Measures

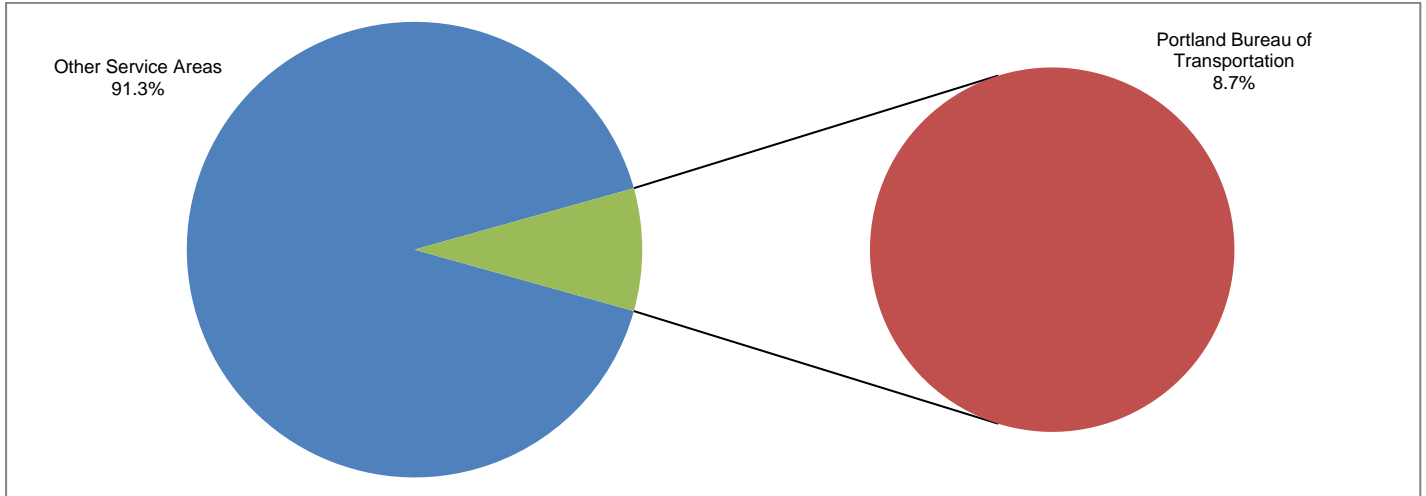
	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
Attorney - Hourly Rate for Legal Services ¹	\$141	\$160	\$155
Govt. Relations - Percent of Target Legislators Contacted	90%	90%	100%
OMF - E-Commerce Revenues Collected by Revenue Bureau (millions)	\$18	\$20	\$20
OMF - Percentage of Minority Applicants per Recruitment	19%	18%	19%
OMF – Number of Prime Contracts Awarded to MWESB Contractors	105	100	100

¹ The hourly rate for legal services is significantly lower than outside counsel rates. For comparison, the average for Portland attorneys is \$284 per hour (Oregon State Bar 2012 Economic Survey).

Transportation & Parking Service Area

The Transportation & 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 Portland Bureau of Transportation.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
Portland Bureau of Transportation	\$238,643,517	\$307,943,499	\$315,829,963
Operating	\$145,323,239	\$203,170,339	\$229,961,790
Capital	\$93,320,278	\$104,773,160	\$85,868,173
Total	\$238,643,517	\$307,943,499	\$315,829,963

The FY 2014-15 Adopted Budget reflects a 2.6% increase in transportation and parking spending compared to the FY 2013-14 Revised Budget. This includes a \$26.8 million, or 13.2%, increase in operating costs and an \$18.9 million, or (18.0%), decrease in capital costs. The Capital Improvement Plan for FY 2014-15 includes funding for streetlight LED conversion, the Sellwood Bridge replacement match, parking machines, safety projects, and road rehabilitation.

Significant Issues and Major Projects

- The bureau's five-year financial forecast does not require reductions due to State Gas Tax revenue projections. However, the current level of service is not sufficient to prevent transportation infrastructure from further deterioration. Revenues are projected to be relatively flat in coming years at a time when the City needs to invest more in maintaining infrastructure. The bureau is pursuing additional revenue options to address this need.
- The Regulatory Services program was transferred from OMF-Revenue Bureau to the Portland Bureau of Transportation. The program, supported by fee and permit revenues, regulates taxi and for-hire transportation, private impound and towing, private parking facilities, and special events.
- The bureau received \$650,000 in one-time General Fund resources for the Southwest Corridor Draft Environmental Impact Statement, a regional effort to determine the best high-capacity transit solution for Southwest Portland and the surrounding area.
- The bureau's budget includes a reduction of about \$180,000 to the street sweeping program that was partially funded through an interagency agreement with the Bureau of Environmental Services.

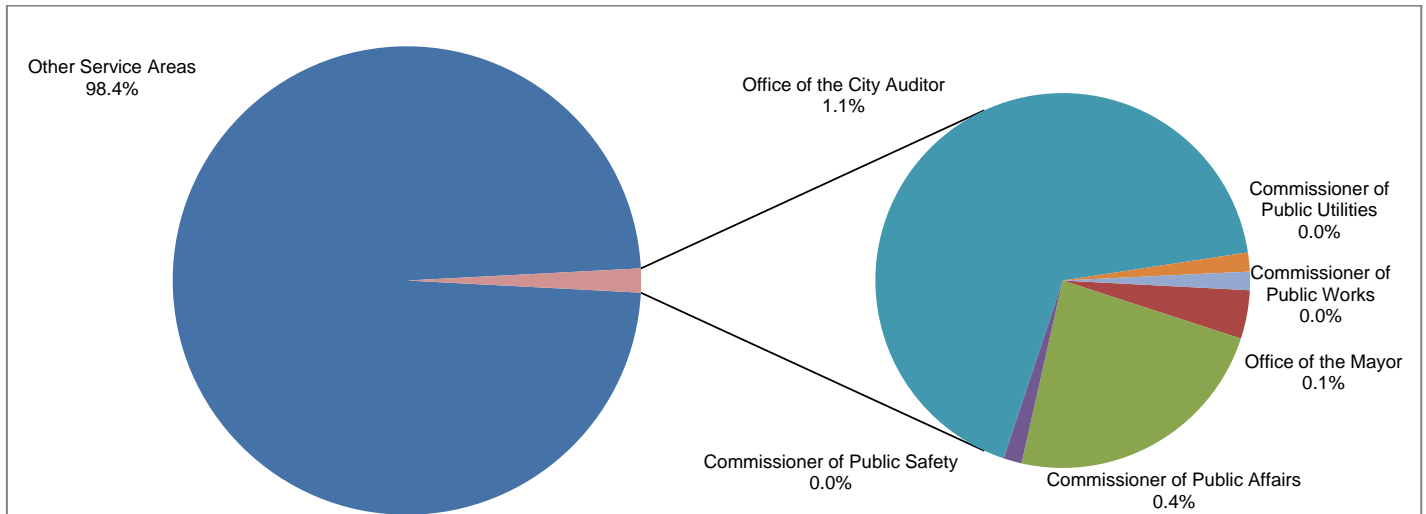
Key Performance Measure

	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
Percent of Bridges in Fair or Better Condition	83%	82%	83%

Elected Officials Service Area

The Elected Officials service area includes the offices of the Mayor, the Commissioners, and City Auditor.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2012-13	Revised FY 2013-14	Adopted FY 2014-15
Commissioner of Public Affairs	\$12,844,666	\$11,625,736	\$14,080,626
Commissioner of Public Safety	\$650,735	\$909,442	\$951,138
Commissioner of Public Utilities	\$842,797	\$994,200	\$978,570
Commissioner of Public Works	\$872,516	\$913,254	\$951,030
Office of the City Auditor	\$38,167,881	\$62,922,059	\$40,414,756
Operating	\$38,162,400	\$62,922,059	\$40,414,756
Capital	\$5,481	\$0	\$0
Office of the Mayor	\$4,060,288	\$2,764,078	\$2,507,105
Total	\$57,438,883	\$80,128,769	\$59,883,225

The FY 2014-15 Adopted Budget reflects a 25.3% decrease in funding for the Elected Officials' services. The decrease is attributable to a \$22 million decrease in the Local Improvement District Fund (located in the Auditor's Office) as a result of the completion and final assessment of the Portland Streetcar Loop Extension projects in FY 2013-14.

Significant Issues and Major Projects

- The Office of the City Auditor received ongoing General Fund resources to support a full-time position in the Council Clerks office to hasten efforts to make Council minutes available to the public more quickly. In addition, the bureau carried over funding from FY 2013-14 to replace the Lien Accounting System and also to develop online records management training for City employees.
- The Office of the Mayor received ongoing and one-time General Fund resources for a Deputy Chief of Staff (\$170,457), Summer Works Program (\$180,000), and Black Male Achievement Initiative (\$200,000). The Adopted Budget also includes a realignment from General Fund compensation set-aside to fully fund existing staffing levels.
- Council Office budgets include realignment packages from General Fund compensation set-aside to fully fund existing staffing levels.

Key Performance Measure

	Actual FY 2012-13	Estimate FY 2013-14	Target FY 2014-15
Auditor - Number of Audit Reports Issued	12	12	12