



City of Portland, Oregon FY 2016-17 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 goals of the Mayor and the City Council follow. In the coming years, these goals may be updated or 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:

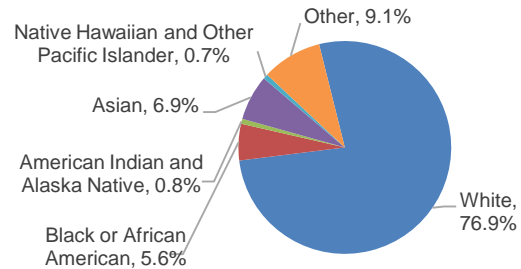
- Deliver responsive, competitive government services
- Maintain healthy City financial condition
- Manage government to achieve goals

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.

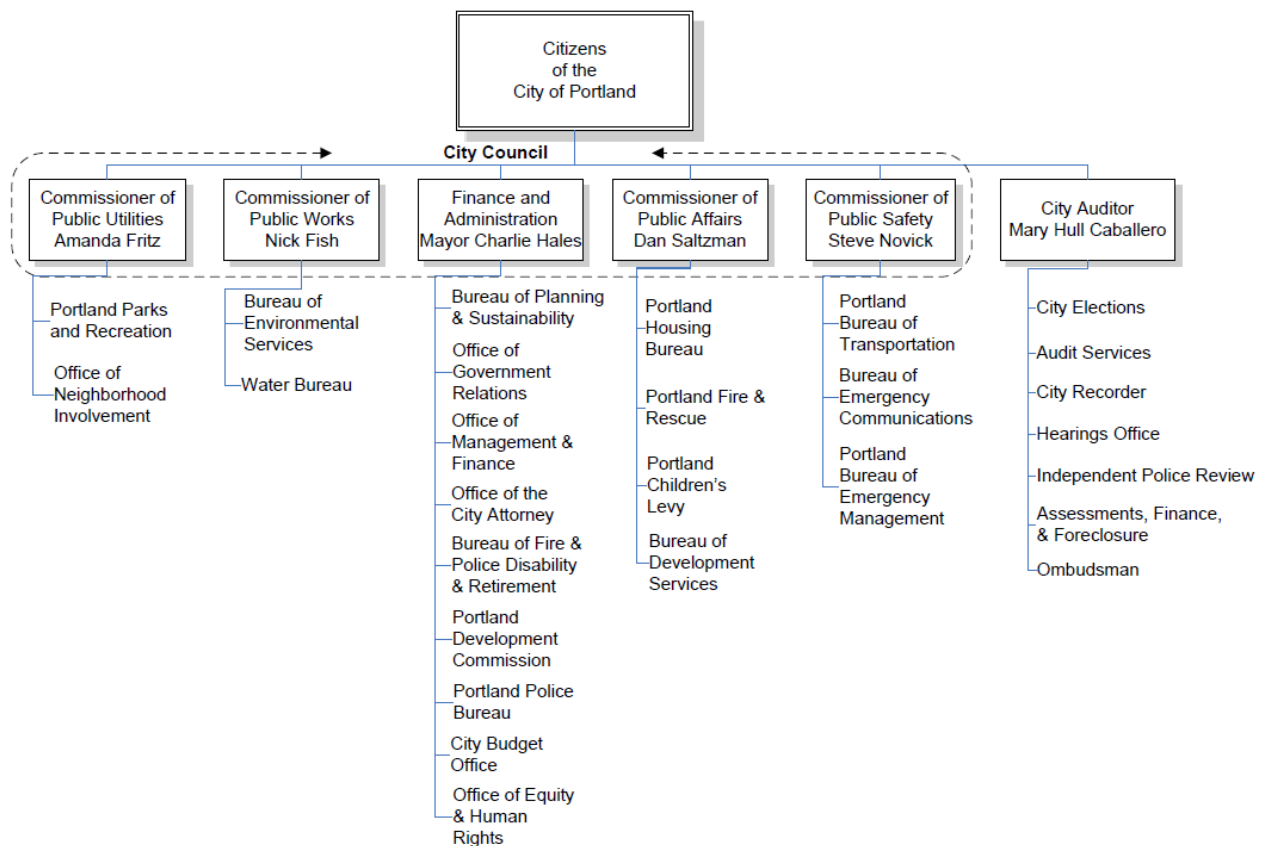
	Portland	National
Population	619,445	318,857,056
Population Between 18-64	70.0%	62.4%
Population Over 25 with High School Diploma or Higher	92.2%	87.0%
Population Over 25 with Bachelor's Degree or Higher	46.1%	30.1%
Average Household Size	2.34	2.65
Median Household Income	\$54,624	\$53,657
Median Home Value	\$311,800	\$181,200
Home Ownership	51.4%	63.1%
Vacant Housing Units	4.9%	12.5%

Population Distribution by Race



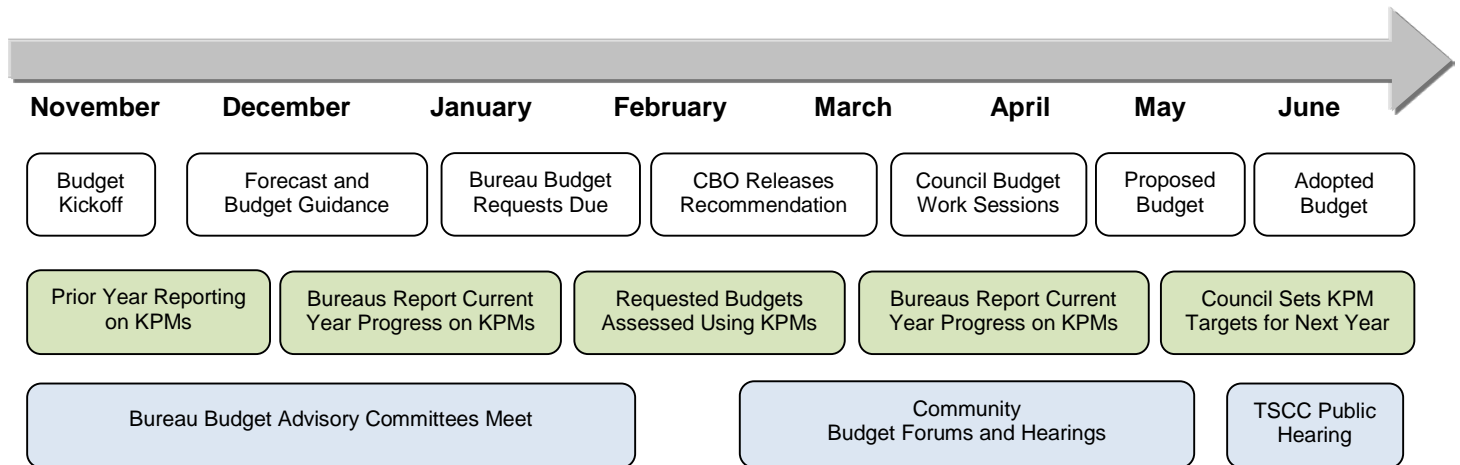
All data was obtained from the 2014 American Community Survey.

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 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 boxes shaded in light green outline the yearly performance management cycle, and the boxes shaded in light blue indicate times when the public is encouraged to get involved in the budget process. To learn more about involvement opportunities and exact dates, see the City's Budget website at www.portlandoregon.gov/budget.



Performance Management

In FY 2015-16, the City of Portland established key performance measures (KPMs) that are reported in the Adopted Budget. These measures are intended to capture the results of the City's programs and services in a way that is easy to understand, reliable, and comparable to other jurisdictions. Each bureau reports progress against their measures over the fiscal year. By tracking the outcomes of the City's core programs and services, KPMs provide Council with critical information for making budget decisions. To view interactive dashboards for all KPMs, visit www.portlandoregon.gov/cbo/performance.

Balancing the General Fund Budget

The General Fund provides resources for primary operations of the City, including police, fire, parks, and housing 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 2016-17, the City had \$25.6 million in new discretionary resources to allocate, including \$9.2 million in ongoing funds and \$16.4 million in one-time funds. The tables below identify how those resources were used to balance the General Fund budget.

2016-17 General Fund Balancing Ongoing Resources

General Fund Surplus (based on April forecast)	9,196,433
Bureau Program Adds	(14,125,559)
Bureau Program Reductions	4,778,348
Reduction to FY 2016-17 Contingency	150,778
Total General Fund Ongoing Remaining	-

2016-17 General Fund Balancing One-Time Resources

General Fund Surplus (based on April forecast)	16,400,000
Bureau Program Adds	(20,453,526)
Bureau Program Reductions	455,040
Bancroft Bond Excess Reserves	1,700,000
Carryover Resources from FY 2015-16	1,688,435
Reduction to FY 2016-17 Contingency	210,051
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

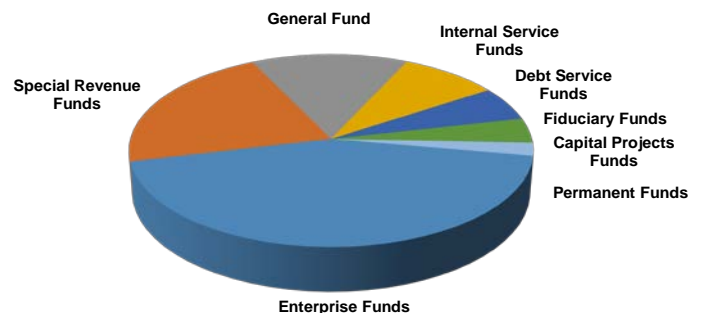
The City occasionally creates accounts for gifts or bequests that are legally restricted to the extent that only earnings, and not principal, may be used as designated by the donor. Currently, the City has only one fund of this type, the Parks Endowment Fund.

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 2016-17	Percent
Enterprise Funds	\$ 1,864,525,505	43.5%
Special Revenue Funds	921,845,388	21.5%
General Fund	602,000,662	14.1%
Internal Service Funds	378,971,539	8.8%
Debt Service Funds	246,331,184	5.8%
Fiduciary Funds	178,734,312	4.2%
Capital Projects Funds	90,995,461	2.1%
Permanent Funds	182,702	0.0%
Total	\$ 4,283,586,753	100.0%



Total Budget

The total legal budget for the City in FY 2016-17 is \$4.28 billion, which reflects a \$404.4 million (10.4%) increase from the FY 2015-16 Revised Budget. The table below shows the budget broken out categorically.

Major Object Category	Revised FY 2015-16	Adopted FY 2016-17	Percent Change
Personnel Services	\$703,109,360	\$727,341,816	3.4%
External Materials & Services	760,239,180	873,427,713	14.9%
Internal Materials & Services	203,413,905	215,006,960	5.7%
Capital Outlay	189,782,914	255,314,400	34.5%
Total City Bureau Expenses	1,856,545,359	2,071,090,889	11.6%
Contingency	690,626,314	779,753,203	12.9%
Ending Fund Balance	225,356,279	314,789,054	39.7%
Debt Service	486,865,909	509,221,229	4.6%
Cash Transfers	619,765,134	608,732,378	-1.8%
Total City Budget	3,879,158,995	4,283,586,753	10.4%
Less Intracity Transfers	(823,179,039)	(823,739,338)	0.1%
Total Net City Expenses	\$3,055,979,956	\$3,459,847,415	13.2%

Total Bureau Expenditures

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

Total Budget

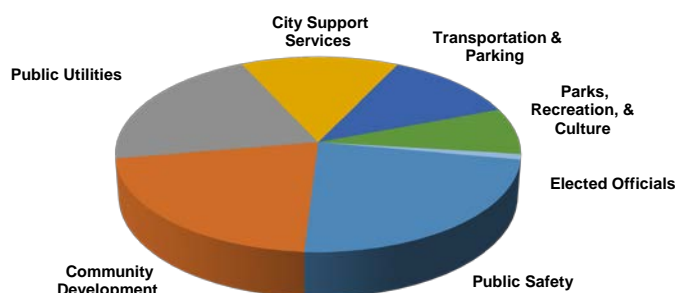
Includes all bureau expenditures and fund requirements that are necessary to meet the financial obligations of the fund (i.e. debt service, contingency, fund transfers, and ending fund balance).

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).

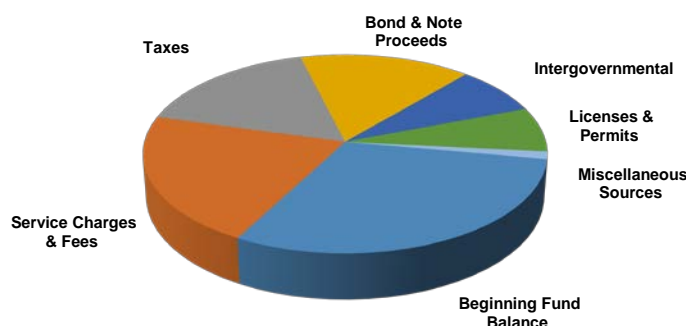
Total Bureau Expenditures by Service Area

Service Area	FY 2016-17	Percent
Public Safety	\$ 480,481,238	23.2%
Community Development	443,532,063	21.4%
Public Utilities	427,500,987	20.6%
City Support Services	294,154,617	14.2%
Transportation & Parking	248,523,006	12.0%
Parks, Recreation, & Culture	158,765,463	7.7%
Elected Officials	18,133,515	0.9%
Total Bureau Expenditures	\$ 2,071,090,889	100.0%



City Net Budget – Resources

Resources	FY 2016-17	Percent
Beginning Fund Balance	\$ 1,043,044,301	30.1%
Service Charges & Fees	736,123,796	21.3%
Taxes	580,827,105	16.8%
Bond & Note Proceeds	533,796,233	15.4%
Intergovernmental	272,240,903	7.9%
Licenses & Permits	252,061,144	7.3%
Miscellaneous Sources	41,753,933	1.2%
Total Net Resources	\$ 3,459,847,415	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 and liquor taxes, and 911 funds)

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

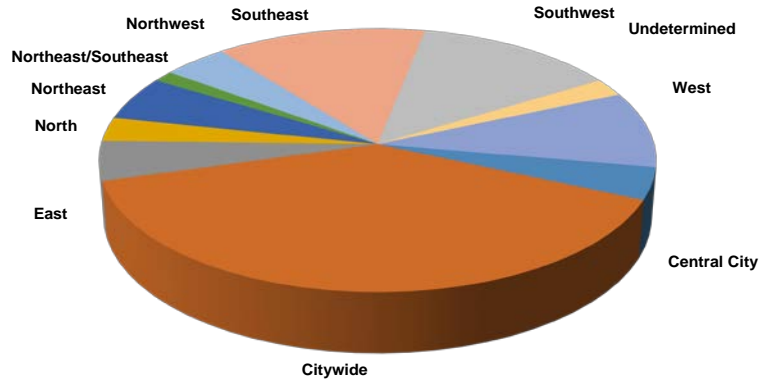
Miscellaneous Revenue – investment interest, capital asset sales, assessment collections, and miscellaneous sales

Capital Budget

The City's capital budget consists of large construction, maintenance, and improvement projects. The FY 2016-17 Capital Improvement Plan (CIP) budget totals \$378.7 million (8.8% 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 2016-17	Percent
Central City	\$ 14,908,420	3.9%
Citywide	147,123,573	38.9%
East	18,346,738	4.8%
North	11,058,824	2.9%
Northeast	20,544,408	5.4%
Northeast/Southeast	5,111,604	1.3%
Northwest	16,151,683	4.3%
Southeast	51,929,039	13.7%
Southwest	49,889,161	13.2%
Undetermined	8,173,000	2.2%
West	35,449,270	9.4%
Total Requirements	\$ 378,685,720	100.0%



The following table summarizes CIP project costs by bureau. The Citywide CIP for FY 2016-17 through FY 2020-21 is projected to be \$1.6 billion. The table at the bottom of the page highlights some of the major capital projects budgeted in FY 2016-17.

Bureau	Revised	Capital Plan					5-Year Total
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	
Bureau of Fire & Police Disability & Retirement	80,320	46,000	20,000	20,000	20,000	20,000	126,000
Bureau of Development Services	5,723,344	3,021,103	0	0	0	0	3,021,103
Bureau of Emergency Communications	1,400,000	0	0	0	0	0	0
Bureau of Environmental Services	104,733,600	109,143,000	116,485,000	110,788,000	113,055,000	111,892,000	561,363,000
Portland Fire & Rescue	13,666,392	1,698,249	0	0	0	0	1,698,249
Office of Management & Finance	40,032,111	43,688,813	78,131,877	63,531,746	68,048,890	30,977,092	284,378,418
Portland Parks & Recreation	50,929,560	47,055,706	32,254,484	12,037,742	6,318,864	3,858,421	101,525,217
Portland Bureau of Transportation	62,596,950	91,142,849	64,420,194	16,159,097	7,366,175	5,797,175	184,885,490
Portland Water Bureau	59,295,750	82,890,000	110,990,000	116,542,000	87,771,000	75,494,000	473,687,000
Total City Capital Budget	338,458,027	378,685,720	402,301,555	319,078,585	282,579,929	228,038,688	1,610,684,477

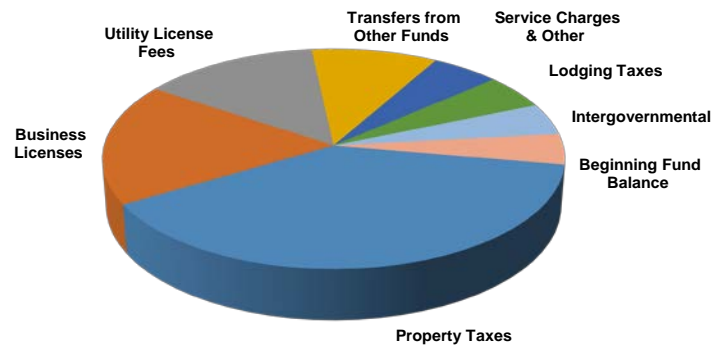
FY 2016-17 Major Capital Projects			
City Facilities & Technology Projects		Parks, Recreation, & Culture	
Portland Building Reconstruction	12,772,356	Beech Park Development	5,000,000
PCC Roof Replacement & Seismic Upgrades	3,935,133	Gateway Urban Plaza Development	5,000,000
BDS - Information Technology Advancement	3,021,103	Pioneer Courthouse Square Improvements	4,000,000
Public Safety Radio System Replacement	2,472,732	Mt. Scott Community Center Roof	2,570,000
Public Utilities		Transportation & Parking	
Water - Washington Park	31,000,000	Sellwood Bridge	16,400,000
Water - Distribution Mains	14,276,000	122nd Ave. Improvements	6,531,595
Water - Fulton Pump Station Improvements	4,215,000	10th and Yamhill Parking Garage	6,196,131
BES - Phase 2 & 3 Pipe Rehabilitation	40,584,000	Lighting Efficiency Program	5,500,000
BES - Slabtown Sewer Replacement	7,000,000	Bond: Gibbs-River Pkwy	4,915,592

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 (\$501.4 million or 83.3%), 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 (\$100.5 million or 16.7%) 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 2016-17 is \$602.0 million.

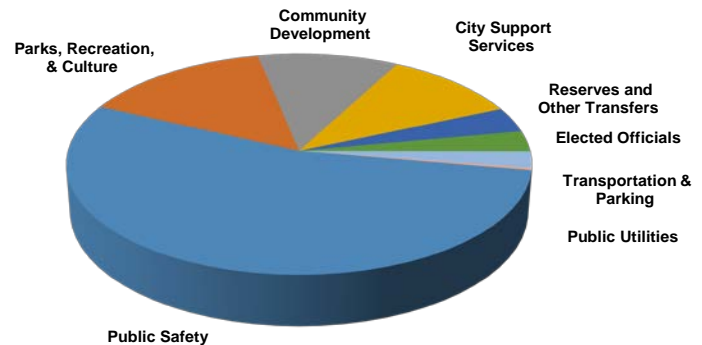
General Fund Resources

Resources	FY 2016-17	Percent
Property Taxes	\$ 232,768,000	38.7%
Business Licenses	108,063,578	18.0%
Utility License Fees	83,536,795	13.9%
Transfers from Other Funds	59,796,414	9.9%
Service Charges & Other	32,169,688	5.3%
Lodging Taxes	30,600,000	5.1%
Intergovernmental	28,026,393	4.7%
Beginning Fund Balance	27,039,794	4.5%
Total Resources	\$ 602,000,662	100.0%



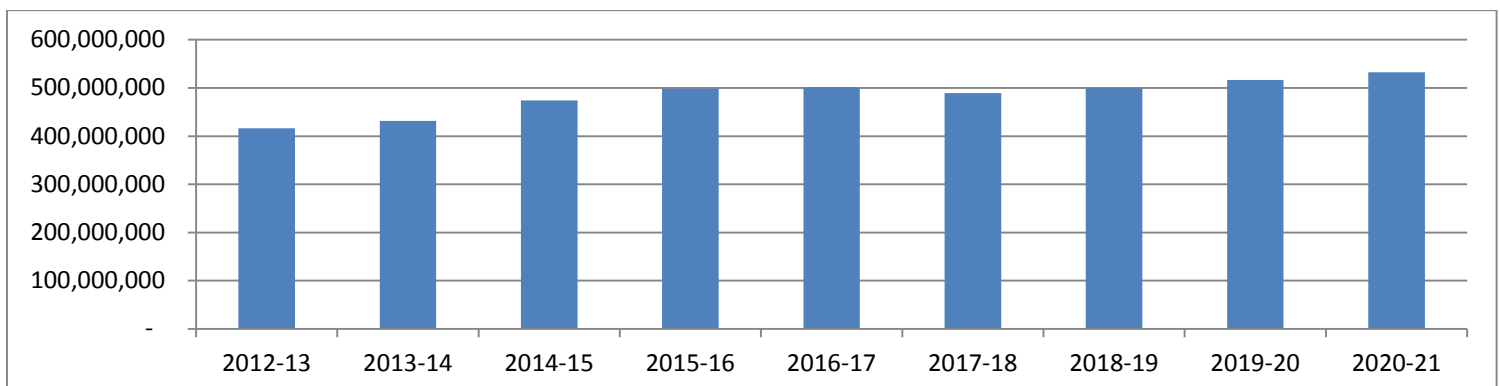
General Fund Requirements by Service Area

Service Area	FY 2016-17	Percent
Public Safety	\$ 326,393,646	54.2%
Parks, Recreation, & Culture	89,022,533	14.8%
Community Development	66,234,193	11.0%
City Support Services	63,892,279	10.6%
Reserves and Other Transfers	21,879,281	3.6%
Elected Officials	18,133,515	3.0%
Transportation & Parking	14,633,349	2.4%
Public Utilities	1,811,866	0.3%
Total Requirements	\$ 602,000,662	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 2016-17 Adopted Budget General Fund discretionary resources are \$2.5 million higher than the FY 2015-16 Revised Budget.

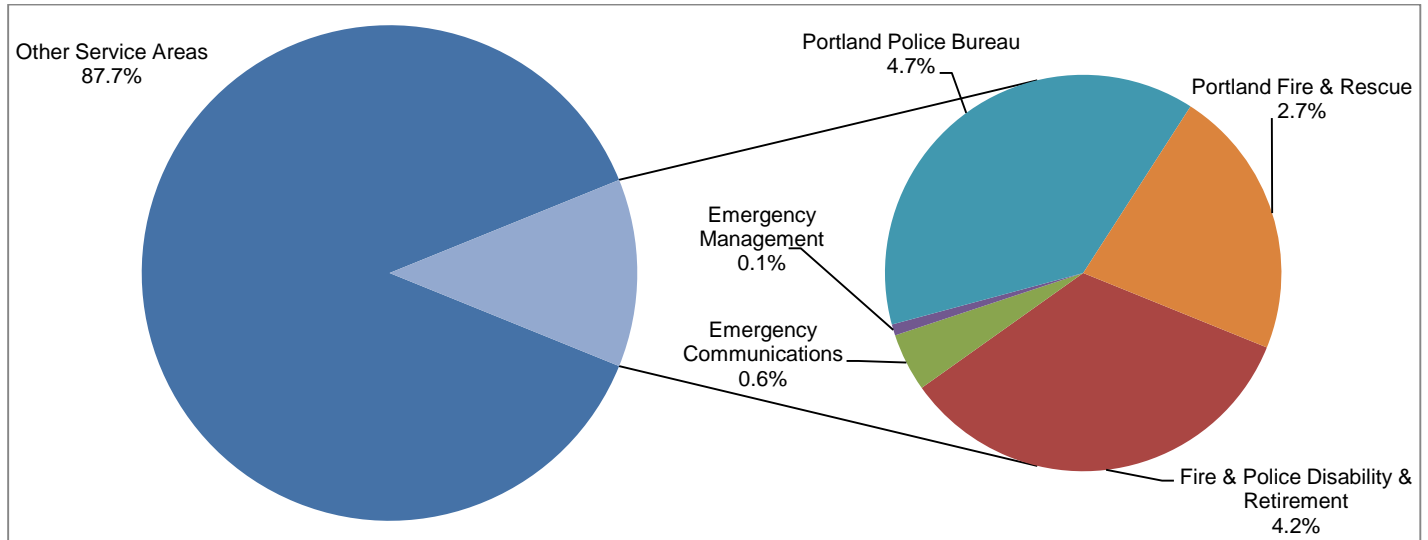
General Fund Discretionary Resources by Fiscal Year



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 2014-15	Revised FY 2015-16	Adopted FY 2016-17
Bureau of Emergency Communications	\$25,648,759	\$25,436,763	\$24,911,190
Operating	\$25,648,759	\$24,036,763	\$24,911,190
Capital	\$0	\$1,400,000	\$0
Bureau of Fire & Police Disability & Retirement	\$164,286,502	\$175,992,259	\$178,734,312
Operating	\$164,190,189	\$175,911,939	\$178,688,312
Capital	\$96,313	\$80,320	\$46,000
Portland Bureau of Emergency Management	(\$435,600)	\$8,182,672	\$4,774,718
Operating	(\$435,600)	\$8,182,672	\$4,774,718
Capital	\$0	\$0	\$0
Portland Fire & Rescue	\$106,020,212	\$128,381,715	\$115,649,379
Operating	\$104,921,726	\$114,715,323	\$113,951,130
Capital	\$1,098,486	\$13,666,392	\$1,698,249
Portland Police Bureau	\$182,510,373	\$197,105,623	\$201,125,579
Operating	\$182,132,897	\$197,105,623	\$201,125,579
Capital	\$377,476	\$0	\$0
Total	\$478,030,246	\$535,099,032	\$525,195,178

The FY 2016-17 Adopted Budget reflects a 1.9% decrease in overall public safety spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- The Bureau of Emergency Communications (BOEC) received \$858,527 in General Fund ongoing resources and \$233,617 from partner agencies to fund 13 new limited term trainee positions. The additional positions will allow the bureau to continue a minimum of twice per year recruitments of dispatch trainee candidates. In addition, the bureau was directed to complete a comprehensive review of its long-term staffing requirements that incorporates the latest trends in the industry. The staffing plan will assist the bureau in developing strategies and action plans to enhance its service delivery.

- The Bureau of Fire & Police Disability & Retirement (FPDR) made one staffing change in FY 2016-17 and adopted a levy rate of \$1.29 per \$1,000 of Real Market Value. The FY 2016-17 Adopted Budget includes \$24,144 to convert two part-time positions into two full-time positions. These positions will provide fiscal analysis and support the continuity of operations for claims management and payments in the Administration & Support section of the bureau.
- The Portland Bureau of Emergency Management (PBEM) received ongoing General Fund resources for a position to permanently staff the City's Basic Earthquake Emergency Communication Nodes program and to assist with the Neighborhood Emergency Team program. These programs create and support volunteer-based disaster response and communication networks in dozens of neighborhoods across the city. Emergency Management also carried forward one-time General Fund resources from FY 2015-16 to support the development and maintenance of FEMA standard Continuity of Operation plans in each City bureau, produce a community survey to better understand community resiliency status and needs, and complete the Natural Hazard Mitigation Plan.
- Portland Fire & Rescue received ongoing General Fund resources to restore 13 firefighter positions previously funded by the Staffing for Adequate Fire and Emergency Response (SAFER) grant which expired at the end of December 2015. The bureau also implemented a revised fee schedule for special events which is estimated to generate an additional \$50,000 in revenue, thereby achieving 100% cost recovery. The radio replacement set-aside is partially funded with \$219,013 in ongoing General Fund resources - the bureau will need to identify additional resources internally or request future funding to fully fund future radio replacement needs.
- The Portland Police Bureau received ongoing General Fund resources to fund 28 new positions, of which the majority are civilian. Council allocated \$1.7 million for 14 new background investigators, a recruiter, and a supervisor; \$1.7 million to support a body camera program; and \$0.4 million for two detectives and one victims advocate in the Sex Assault Division. The Internal Affairs Division will have two more internal affairs investigators and administrative support in order to work towards the compliance guidelines for internal investigations as set out by the settlement agreement between the US Department of Justice and the City of Portland. One non-sworn liaison position is added to begin a community engagement program between the Police Bureau and the immigrant and refugee community in Portland. The radio replacement set-aside is partially funded with \$630,405 in ongoing General Fund resources - the bureau will need to identify additional resources internally or request future funding to fully fund future radio replacement needs.

Key Performance Measures

	Actual FY 2014-15	Estimate FY 2015-16	Target FY 2016-17
BOEC – % of priority medical calls dispatched within 90 seconds ¹	72%	80%	75%
FPDR – Tax levy rate per \$1,000 of Real Market Value	\$1.48	\$1.29	\$1.29
PBEM – % of neighborhoods with Neighborhood Emergency Teams	47%	50%	63%
Fire – Maximum response time to 90% of high priority calls ²	7.12	7.10	7.10
Police – Part 1 person crimes per 1,000 residents ³	5.0	5.0	5.0
Police – Residents who feel safe walking in their neighborhood at night ⁴	61%	60%	60%

¹ Includes priority emergency one and two calls in which incidents represent imminent danger to life.

² All Code 3 call response times are ranked from fastest to slowest. The response time at the 90th percentile is reported.

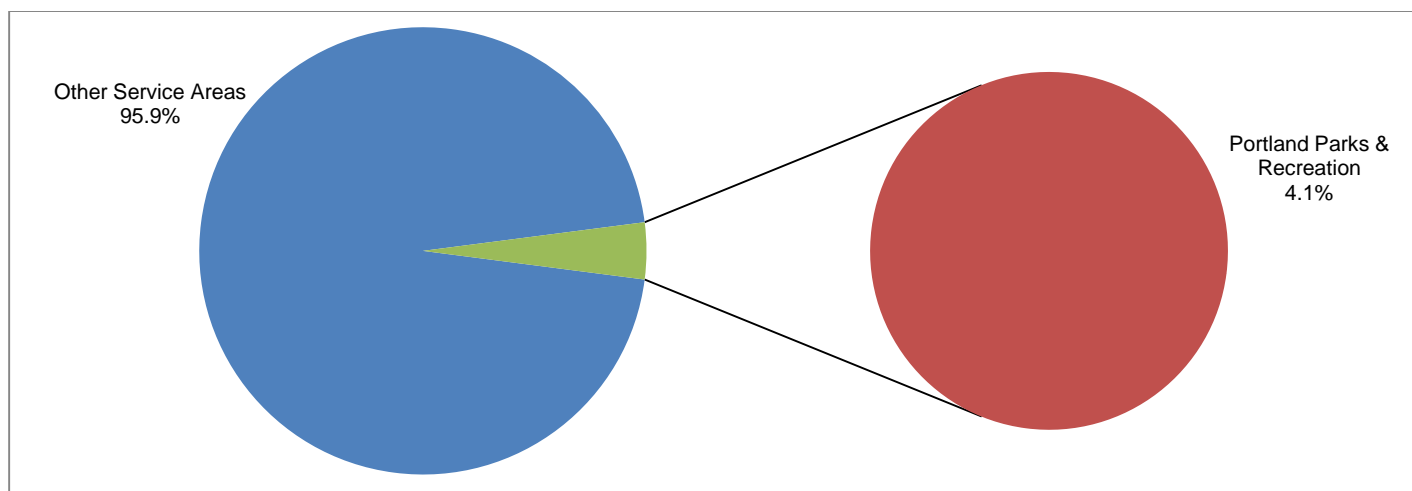
³ Part 1 person crimes include violent crimes such as aggravated assault, murder, and robbery.

⁴ Survey data from the Auditor's Office Annual Community Survey.

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 2014-15	Revised FY 2015-16	Adopted FY 2016-17
Portland Parks & Recreation	\$154,066,617	\$191,963,969	\$175,426,298
Operating	\$136,599,604	\$141,034,409	\$128,370,592
Capital	\$17,467,013	\$50,929,560	\$47,055,706
Total	\$154,066,617	\$191,963,969	\$175,426,298

The FY 2016-17 Adopted Budget reflects an 8.6% decrease in overall parks and recreation spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- Portland Parks & Recreation received \$4.4 million and 101.25 FTE for the conversion of seasonal workers and increased costs of Recreation Services employees' wages and benefits following the recent arbitration settlement with Local 483.
- Additionally, the bureau received \$300,000 of General Fund resources to continue the Parks for New Portlanders program, \$100,000 and 1.0 FTE to implement a revised scholarship policy, \$23,100 to open Matt Dishman Community Center Pool on Sundays, \$150,000 for 2.0 FTE additional park rangers, and \$220,954 to the fund operations and maintenance of new parks.
- The bureau continues to see significant revenues from system development charges, thus allowing 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.

Key Performance Measures

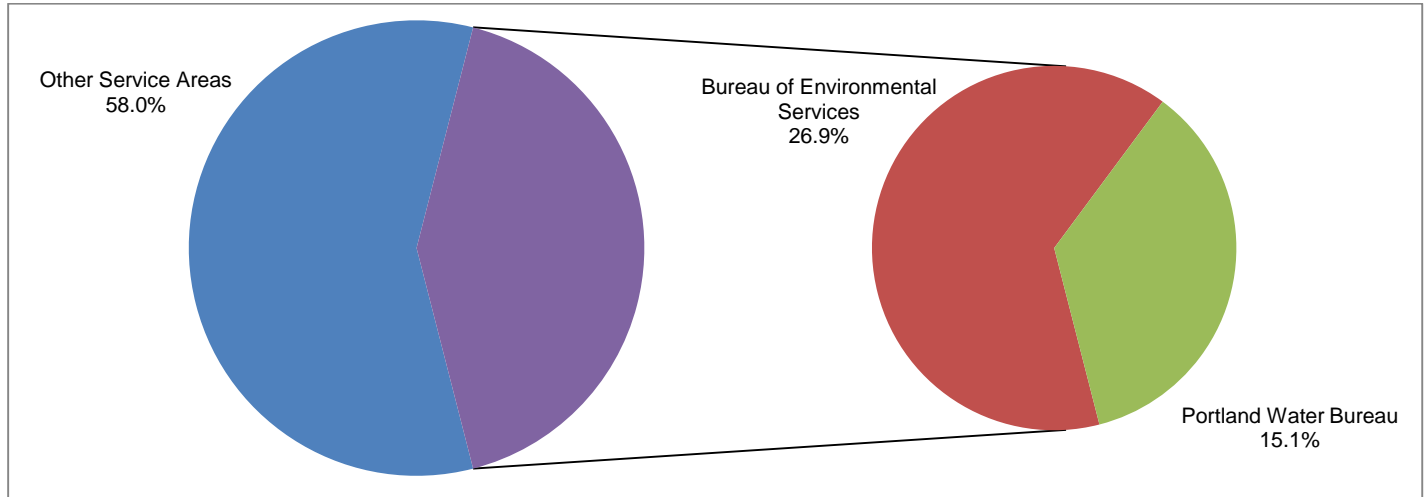
	Actual FY 2014-15	Estimate FY 2015-16	Target FY 2016-17
Parks – % of residents living within 1/2 mile of a park or natural area	80%	80%	80%
Parks – Facility conditions index ¹	7.50	7.50	7.50
Parks – % of residents rating the quality of parks as good or very good	85%	85%	85%

¹ Facility deficiencies identified via annual inspection program. Index represents the sum of all facility deficiencies divided by the total current replacement value of all facilities.

Public Utilities Service Area

The Public Utilities service area includes the Portland Water Bureau and Bureau of Environmental Services.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2014-15	Revised FY 2015-16	Adopted FY 2016-17
Bureau of Environmental Services	\$1,111,003,295	\$1,012,959,882	\$1,154,410,271
Operating	\$1,006,109,606	\$908,226,282	\$1,045,267,271
Capital	\$104,893,689	\$104,733,600	\$109,143,000
Portland Water Bureau	\$617,173,564	\$558,349,705	\$645,005,105
Operating	\$516,573,671	\$499,053,955	\$562,115,105
Capital	\$100,599,893	\$59,295,750	\$82,890,000
Total	\$1,728,176,859	\$1,571,309,587	\$1,799,415,376

The FY 2016-17 Adopted Budget reflects a 14.5% increase in overall public utilities spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- The Adopted Budget includes an average monthly single family bill increase of 7.0% for water service and 3.25% for sewer and stormwater services.
- The Bureau of Environmental Services (BES) total authorized positions increased by 12.3 full-time equivalents over the FY 2015-16 Revised Budget. A number of positions are conversions of contract, limited term, or seasonal staff to regular. The capital program will, for the foreseeable future, focus primarily on maintenance and reliability of the underground infrastructure as well as upgrades to process facilities.
- The Water Bureau will begin construction of the seismically resilient covered storage at Washington Park – the last major project required for compliance with the Long Term 2 Enhanced Surface Water Treatment Rule. Over the next five years, the bureau will also begin construction of the \$56.0 million Willamette River Crossing, which will ensure the flow of water to Portland's west side in the event of a large earthquake. The largest investments in the capital improvement plan will be in the bureau's distribution program (approximately 60%), which will rehabilitate and replace pipes, pumps, and tanks in the City's water distribution system.

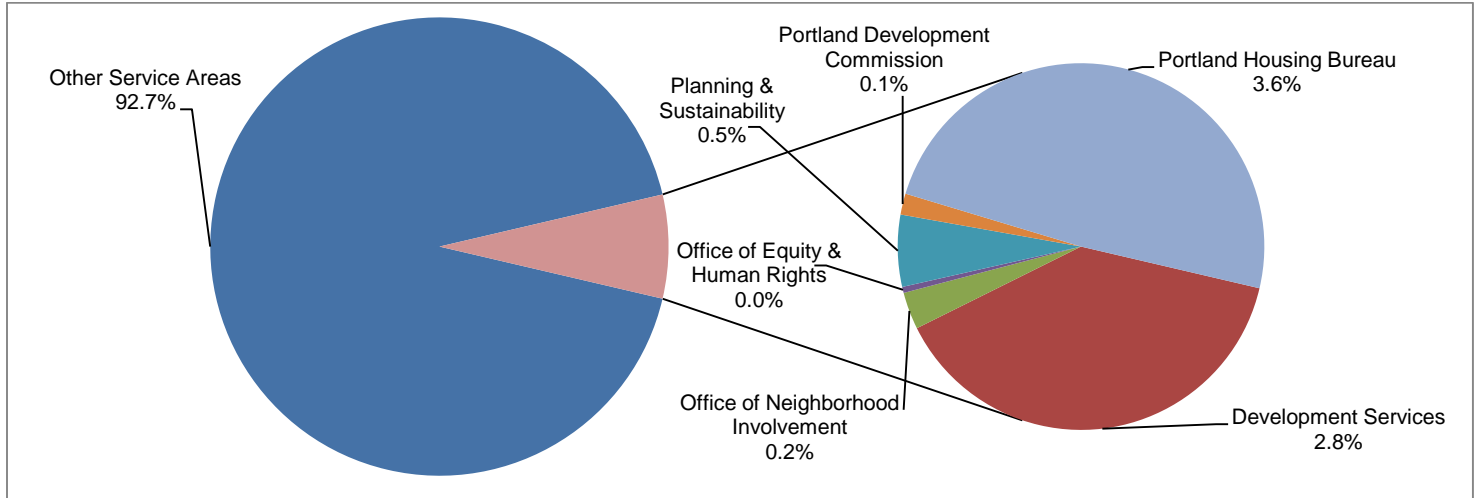
Key Performance Measures

	Actual FY 2014-15	Estimate FY 2015-16	Target FY 2016-17
BES – Number of sanitary sewer overflows	161	125	120
BES – Number of combined sewer overflow events	4	4	4
Water – Unplanned events leading to customers out of water (> 8 hrs.)	1	2	2
Water - % of identified high risk assets addressed	91%	80%	80%

Community Development Service Area

The Community Development service area includes 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 2014-15	Revised FY 2015-16	Adopted FY 2016-17
Bureau of Development Services	\$93,304,246	\$99,879,389	\$122,044,349
Operating	\$90,768,439	\$94,156,045	\$119,023,246
Capital	\$2,535,807	\$5,723,344	\$3,021,103
Office of Equity & Human Rights	\$1,616,842	\$1,864,445	\$1,672,186
Operating	\$1,616,842	\$1,864,445	\$1,672,186
Capital	\$0	\$0	\$0
Portland Housing Bureau	\$81,012,367	\$70,390,602	\$153,310,313
Operating	\$81,012,367	\$70,390,602	\$153,310,313
Capital	\$0	\$0	\$0
Office of Neighborhood Involvement	\$7,809,727	\$9,835,305	\$10,253,063
Operating	\$7,809,727	\$9,835,305	\$10,253,063
Capital	\$0	\$0	\$0
Bureau of Planning & Sustainability	\$17,008,321	\$18,951,073	\$19,833,220
Operating	\$17,008,321	\$18,951,073	\$19,833,220
Capital	\$0	\$0	\$0
Portland Development Commission	\$5,746,616	\$7,104,071	\$5,818,465
Operating	\$5,746,616	\$7,104,071	\$5,818,465
Capital	\$0	\$0	\$0
Total	\$206,498,119	\$208,024,885	\$312,931,596

The FY 2016-17 Adopted Budget reflects a 50.4% increase in overall community development spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- The region's continued economic recovery and growth in the construction industry has enabled the Bureau of Development Services (BDS) to rebuild its financial reserves to healthy levels and add fee-supported staff positions to address the rapidly increasing workload. The bureau's FY 2016-17 budget is \$22.2 million larger than the prior year revised budget; increased funds are predominantly solidifying bureau reserves and contingency, as well as paying for increases in staff to meet industry demand. The bureau's FY 2016-17 General Fund allocation is reduced by \$111,460; however, increased resources from the Land Use Services program will fund five housing inspectors and nuisance

abatement services for the Extremely Distressed Properties Enforcement program and Enhanced Rental Inspections program. The budget also continues support for the Information Technology Advancement Project.

- The Office of Equity & Human Rights (OEHR) created a new Fellowship for Racial Equity, and increased General Fund support for the Black Male Achievement Program (BMA), including using one-time carryover resources to fund a pilot program designated to support BMA Summer Youth Experience participants. The budget transfers administration of and resources for the Equitable Contracting & Purchasing Commission to OEHR from the Office of Management & Finance, and transfers Compliance Officer and Community Liaison and Community Oversight Advisory Board General Fund support and a position from OEHR to Special Appropriations.
- The Portland Housing Bureau's (PHB's) FY 2016-17 budget is more than double the prior year revised budget, and includes \$85.2 million in Tax Increment Financing resources, predominantly supporting the creation and rehabilitation of 824 affordable housing units as awarded through the Fall 2015 Notice of Funding Availability process. The budget also includes \$14.4 million in new one-time Housing Investment Fund resources for affordable housing development.
- The PHB budget includes \$12.8 million in new and continued General Fund ongoing and one-time resources to provide shelter for at least 325 women, veterans, and other vulnerable populations; permanent housing placement support for 675 individuals; intensive street engagement; and homeless prevention services for 500 individuals. In addition, other City bureaus received \$1.2 million in new General Fund support for housing and homeless-related services, and the PHB budget includes \$1.2 million in new General Fund resources for low-income homeowner and rental assistance, primarily targeting issues related to displacement in East Portland.
- On June 22, 2016, the City of Portland signed a five-year Intergovernmental Agreement (IGA) with Multnomah County creating the Joint Office on Homeless Services, housed at the County. Effective July 1, 2016, PHB transferred homeless services staff and resources to the new office.
- The Office of Neighborhood Involvement's (ONI) FY 2016-17 budget includes additional ongoing General Fund resources for four positions: a Mental Health Specialist, a Crime Prevention Administrative Assistant, a Management Analyst, and an Executive Assistant. The bureau also received one-time support for a homeless emergency outreach and engagement program and to continue positions in the Livability and New Portlanders programs.
- The Bureau of Planning & Sustainability's (BPS) budget includes \$0.5 million in one-time General Fund resources to complete multi-year plans and projects, including the City's 2035 Comprehensive Plan. The bureau will also receive Land Use program revenues from the Bureau of Development Services to complete the Single-Dwelling Development Code project and to begin code work related to design regulations and processes. The bureau is instituting a \$1.30/ton commercial fee increase on garbage haulers to fund the beginning of an expansion of public trash can service to all 31 Regional Centers, Town Centers, and Neighborhood Corridors identified in the New Comprehensive Plan.
- The Portland Development Commission (PDC) received one-time General Fund resources for support of Old Town/China Town Action Plan management and the Living Cully project. The bureau also received reductions in funding for Greater Portland Inc., SE Works Youth Transition program, and the Small Business Working Capital program, totaling just over \$200,000.

Key Performance Measures

	Actual FY 2014-15	Estimate FY 2015-16	Target FY 2016-17
BDS – % of commercial inspections made within 24 hours of request	88%	68%	90%
BPS – % of Portlanders living in complete neighborhoods ¹	64%	62%	66%
Equity – % of City management that are employees of color	20%	20%	19%
Housing – Housing units opened that are newly affordable ²	182	362	753
Housing – Retention rate of households placed in permanent housing ³	78%	84%	85%
ONI – % of residents involved in public process or events ⁴	38%	38%	39%
PDC – Ratio of PDC financial assistance to private investment ⁵	6.89	6.55	6.00

¹ Complete neighborhood is defined as meeting threshold criteria on at least 5 of the 7 indicators: bicycle, food, transit, and recreation access, proximity to sidewalks, elementary schools, and commercial services.

² Housing units are affordable to families with incomes at or below 60% median family income.

³ Percentage of households placed in permanent housing that remained in housing for 12 months.

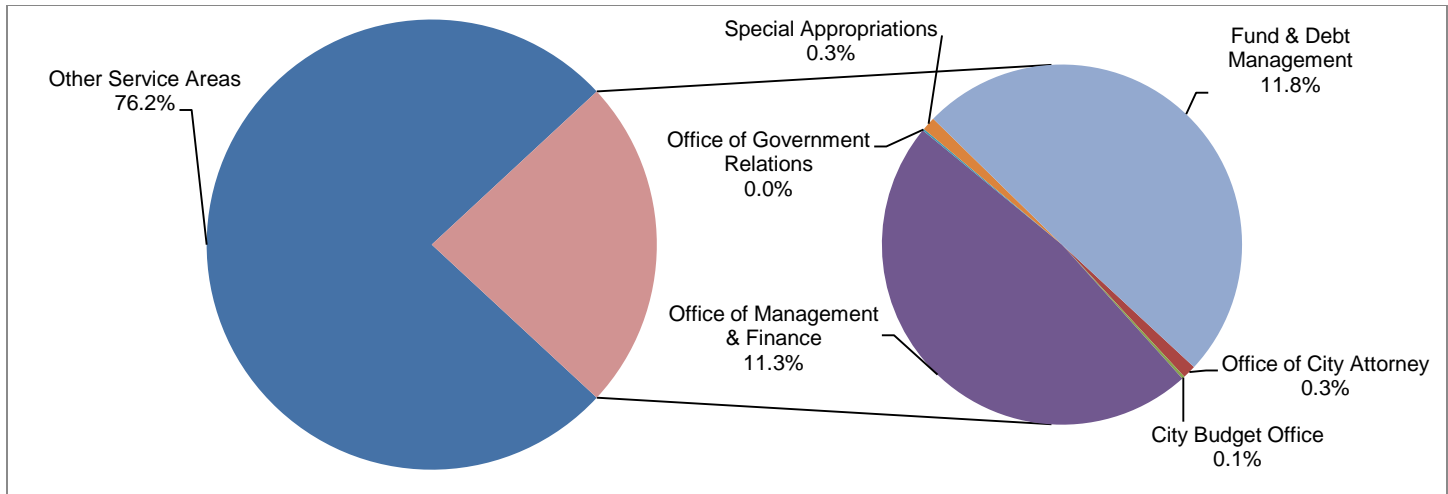
⁴ Residents that have participated in a community project or attended a public meeting at least once in the last year.

⁵ Indicates leverage of PDC financial support for the local economy.

City Support Services Service Area

The City Support Services service area includes the City Budget Office, Office of the City Attorney, Office of Government Relations, Office of Management & Finance, Special Appropriations, and Fund & Debt Management.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2014-15	Revised FY 2015-16	Adopted FY 2016-17
City Budget Office	\$1,915,924	\$2,195,180	\$2,493,705
Operating	\$1,915,924	\$2,195,180	\$2,493,705
Capital	\$0	\$0	\$0
Office of the City Attorney	\$10,852,497	\$11,386,767	\$12,328,400
Operating	\$10,852,497	\$11,386,767	\$12,328,400
Capital	\$0	\$0	\$0
Office of Government Relations	\$1,372,388	\$1,568,650	\$1,629,632
Operating	\$1,372,388	\$1,568,650	\$1,629,632
Capital	\$0	\$0	\$0
Office of Management & Finance	\$486,358,135	\$491,510,093	\$485,168,833
Operating	\$453,555,698	\$451,477,982	\$441,480,020
Capital	\$32,802,437	\$40,032,111	\$43,688,813
Special Appropriations	\$8,878,325	\$11,364,050	\$12,401,976
Operating	\$8,878,325	\$11,364,050	\$12,401,976
Capital	\$0	\$0	\$0
Fund & Debt Management	\$491,953,622	\$456,957,764	\$505,589,385
Operating	\$491,953,622	\$456,957,764	\$505,589,385
Capital	\$0	\$0	\$0
Total	\$1,001,330,891	\$974,982,504	\$1,019,611,931

The FY 2016-17 Adopted Budget reflects a 0.8% decrease in overall city support services (excluding Fund & Debt Management) spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- The City Budget Office (CBO) carried over \$80,000 of General Fund resources from FY 2015-16 to continue a process improvement pilot project.
- The Office of the City Attorney gained two new positions in FY 2016-17, a paralegal funded through realigning interagency resources, and a limited term Deputy City Attorney to support efforts addressing vacant and abandoned homes in Portland. A total of \$420,000 was carried over from FY 2015-16 to pay for expenses anticipated in FY 2016-17 for the Portland Harbor Natural Resources Trustees Participation Agreement, Ban-the-Box implementation, and

extension of a contract for an Honors Attorney position. Reductions taken by the bureau include a cut to its materials and services budget and elimination of a technology support staff position.

- The Office of Government Relations (OGR) reduced its external materials and services budget by \$35,791, and realigned resources to create a new International Relations Associate.
- The Office of Management and Finance (OMF) is moving forward with the Portland Building Reconstruction project which is budgeted in FY 2016-17 at \$12.8 million. The total project cost is to be no greater than \$195 million and should be completed by 2020. In addition, the data center located on the third floor of the building is to be moved to a purpose-built third-party facility. This project is estimated to cost \$9.7 million with \$2.0 million budgeted in FY 2016-17. In addition, a total of \$690,000 of General Fund resources is allocated to homeless camp-related costs, and several positions were added to support revenue collection in the Bureau of Revenue and Financial Services - including two positions to support a data exchange with the Internal Revenue Service and three positions for other collection programs.
- Special Appropriations are primarily for General Fund expenditures that are not specific to a bureau and often provide Citywide benefit. Notable changes in FY 2016-17 include transferring all ongoing funding and positions related to the Community Liaison/Compliance Officer and Community Oversight Advisory Board to Special Appropriations. In addition, \$1,000,000 in one-time resources was allocated for a new competitive Special Appropriations grant process to support community-led projects in the areas of expanding opportunities for youth, community-based arts and culture, limited term special events, expanding economic opportunities for Portlanders, and community health.
- 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 2014-15	Estimate FY 2015-16	Target FY 2016-17
CBO – Customer service rating (5pt scale)	3.98	4.35	4.35
CBO – % of City KPMs with positive year-over-year results	37.9%	29.0%	33.7%
OGR – % of bureaus reporting progress made on government relations issues ¹	60%	82%	70%
OMF – % of subcontracts awarded to Minority, Women, and Emerging Small Business firms ²	30%	30%	30%
OMF – Business license tax gap (in millions) ³	\$5.22	\$5.00	\$4.80

¹ Includes bureaus reporting that the Office of Government Relations helped them make progress on a state, federal, or intergovernmental issue(s).

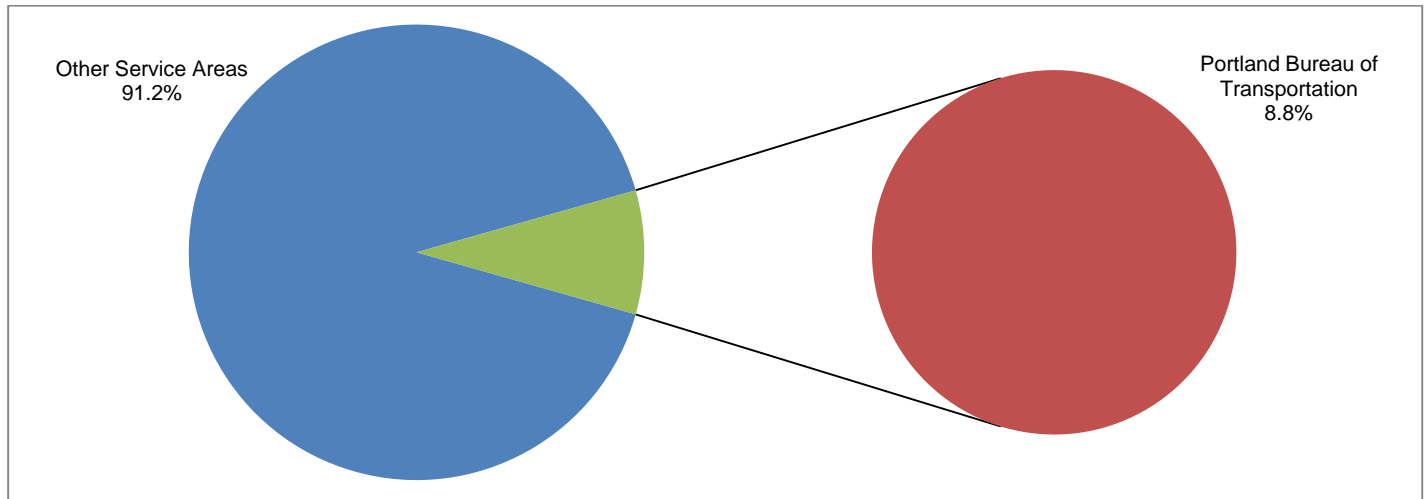
² Includes construction and professional contracts.

³ Estimated difference between business taxes paid/owed (in millions).

Transportation & Parking Service Area

The Transportation & Parking service area includes one bureau, the Portland Bureau of Transportation.

Percent of Total City Budget



Operating and Capital Requirements by Bureau	Actual FY 2014-15	Revised FY 2015-16	Adopted FY 2016-17
Portland Bureau of Transportation	\$269,267,773	\$331,820,940	\$376,040,951
Operating	\$201,700,164	\$269,223,990	\$284,898,102
Capital	\$67,567,609	\$62,596,950	\$91,142,849
Total	\$269,267,773	\$331,820,940	\$376,040,951

The FY 2016-17 Adopted Budget reflects a 13.3% increase in overall transportation and parking services spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- The Capital Improvement Plan for FY 2016-17 totals \$91.1 million and includes funding for streetlight LED conversion, the Sellwood Bridge replacement match, traffic signal reconstruction, safety projects, and road rehabilitation.
- The bureau received \$5.1 million in one-time General Fund resources for street paving (\$1,500,000), traffic signal reconstruction (\$950,000), replacing the Sunderland Road Bridge (\$840,000), youth bus passes (\$967,000), safety improvements at high-crash locations (\$300,000), the Southwest Corridor plan (\$300,000), and planning efforts for street connectivity in underserved areas (\$150,000).
- The implementation of a ten cent fuel tax (Measure 26-173), and the heavy vehicle use tax, will generate approximately \$13.3 million in additional funding for key projects to repair and enhance the safety of Portland's streets.

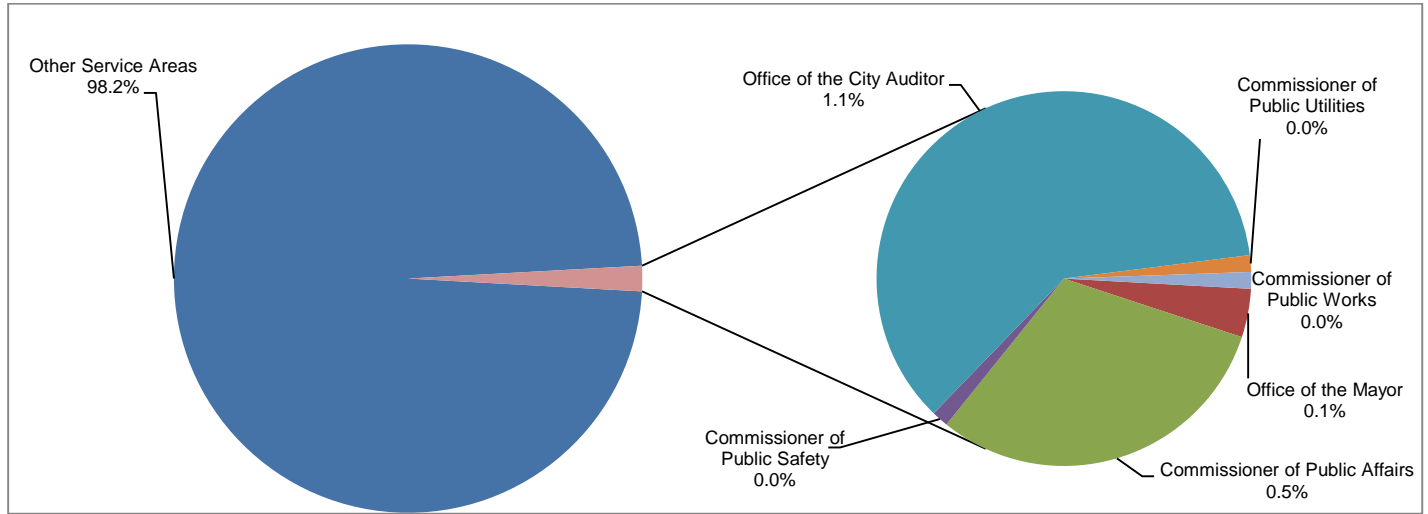
Key Performance Measures

	Actual FY 2014-15	Estimate FY 2015-16	Target FY 2016-17
PBOT – Total number of serious traffic injuries and fatalities citywide	NA	240	230
PBOT – % of bridges in non-distressed condition	84%	85%	86%
PBOT – % of trips made by people walking and bicycling	24%	25%	27%

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 2014-15	Revised FY 2015-16	Adopted FY 2016-17
Commissioner of Public Affairs	\$16,376,305	\$19,082,716	\$23,037,056
Commissioner of Public Safety	\$904,369	\$1,006,463	\$1,076,405
Commissioner of Public Utilities	\$891,132	\$1,075,963	\$1,080,002
Commissioner of Public Works	\$905,002	\$1,009,847	\$1,076,124
Office of the City Auditor	\$37,915,524	\$40,016,955	\$45,559,149
Operating	\$37,372,600	\$40,016,955	\$45,559,149
Capital	\$542,924	\$0	\$0
Office of the Mayor	\$2,524,290	\$3,766,134	\$3,136,687
Total	\$59,516,622	\$65,958,078	\$74,965,423

The FY 2016-17 Adopted Budget reflects a 13.7% increase in funding for the Elected Officials' services spending compared to the FY 2015-16 Revised Budget.

Significant Issues and Major Projects

- The Office of the City Auditor received ongoing and one-time General Fund resources to support the Hearings Office, add two Independent Police Review investigator positions, and replenish the Local Improvement District Fund for costs related to the implementation of the new liens software. The bureau also carried over funding from FY 2015-16 for software and security enhancements and received reductions to its materials and services budget.
- The Office of the Mayor received ongoing and one-time General Fund resources for the SummerWorks youth employment program, to create a new Tribal Liaison position, and to administer the B Corp program. All funding associated with the Compliance Officer and Community Liaison and Community Oversight Advisory Board was transferred to Special Appropriations, resulting in a net reduction to the office's budget.
- The Commissioner of Public Affairs received \$60,000 in one-time General Fund resources to provide eviction prevention services through the Gateway Center for Domestic Violence.

Key Performance Measure

	Actual FY 2014-15	Estimate FY 2015-16	Target FY 2016-17
Auditor – % of audit recommendations implemented or in process	80%	85%	85%
Auditor – % of IPR investigations completed in 60 days	NA	20%	45%