

# Budget Review 2025-26

## City of Portland



### BUDGET HIGHLIGHTS

- The total FY 25-26 budget is \$8.64 billion, a 4% decrease of the FY 24-25 Revised Budget of \$8.97 billion. The expenditure-only portion of the budget is \$5 billion, a decrease of 1% from the current year's budget.
- The city is grappling with the expiration of one-time funds, slowing revenues, and increasing costs across all areas of service. The April 2025 forecast projected a General Fund deficit of \$19.7 million.
- Continuing a trend from last year, declining downtown property tax values are expected to limit property tax revenue growth and closing tax increment financing districts continue to have an impact. The budget shows a 1% increase in overall property tax revenues. The city's local option levies for parks and the children's fund are expected to see a decrease in collections due to declining values and compression.
- The budget is balanced through a combination of cuts, primarily to parks and permitting service areas, and increased revenue from a variety of fees for parking, parks, permitting, rideshare, short-term rental, and water/sewer/stormwater.
  - The Parks Bureau sees \$5 million in general fund cuts, primarily related to Parks maintenance, and FTE cuts of 14.5.
  - Permitting & Development sees 51 FTE in cuts due to budgetary constraints. Inspectors, coordinators, technicians, planners, examiners, supervisors, and admin support all see cuts.
  - Funds are added to police, fire, and Portland Street Response budgets, as well as funds for other homelessness response and city clean-up efforts.
- The FY 26 budget sees a net decrease of 82.40 FTE. The Water Bureau (-31.90) and Permitting & Development (-51) see the largest decreases. Non-represented workers will have a reduced cost of living increase and no merit increase.
- Portland Clean Energy funds (PCEF) continue to grow, albeit more slowly than before. The city is budgeting these funds to plug holes across a large range of services for the second year in a row. Revenue is budgeted at \$197 million, a modest \$3.8 million increase from the current year. Beginning fund balance grows by \$29 million to a total of \$698 million. The city is budgeting \$580 million of these funds in contingency.
- Utility rates are budgeted to increase and were approved by Council in late May, a combined increase of 6.02% for sewer and water for FY 25-26. The average combined monthly bill for a typical city household is expected to be \$159.8, up from \$150.7 in the current year. Future rate increases are planned as the city funds large new infrastructure projects, including the Bull Run water filtration plant, and grapples with rising costs.
- The Urban Flood Safety Fee will be added to utility bills starting in FY 26-27 (this is currently paid out of the city's General Fund).

## PROPOSED TO APPROVED CHANGES

The budget considered in this review is the Approved Budget prior to Councilor amendments that occurred on May 21<sup>st</sup>. The Council submitted 26 budget amendments to Mayor's Proposed Budget. Public testimony totaling seven and a half hours were requested, although the Council had to limit comments to two hours due to timing constraints. After 12 hours of meeting and deliberation, Council ultimately approved 24 amendments resulting in an overall budgetary change of \$9.8 million (increase of 0.1%). Some of the more substantive amendments include:

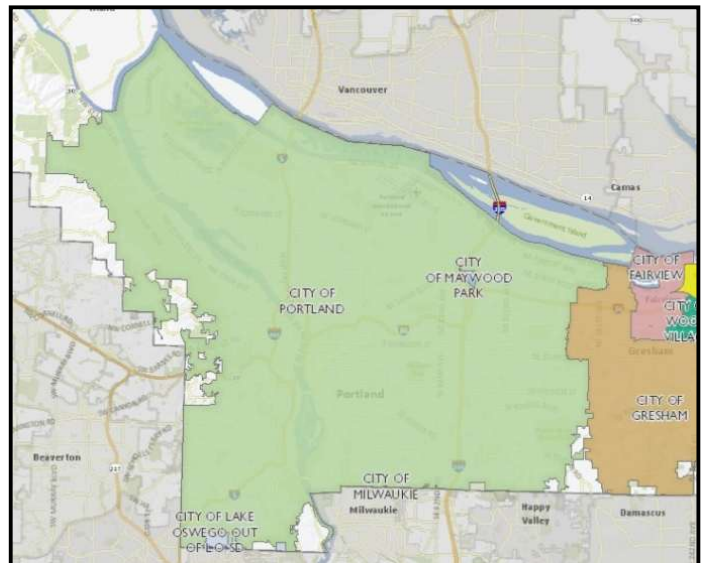
- Reduce Portland Police Bureau by \$2 million to fund parks maintenance.
- Increase fees on rideshare services like Uber and Lyft from 65 cents to \$2 per ride, generating \$10 million for transportation.
- Increase golf fees to \$5, generating \$1 million to support parks maintenance.
- Transfer \$1 million from the golf fund to support parks maintenance and \$1 million to support small-donor elections.
- Reduce the councilors' individual budgets by \$120,000 each for a total of \$1.4 million, to support shared council resources.
- Draw down reserve funds to retain 31 positions in Portland Permitting and Development through the end of September.
- Eliminate the assistant city administrator position and evaluate salaries and classifications for bureau directors and deputy directors.

The full list of approved amendments is here: [FY-2526-Approved-Budget-Amendment-Actions-Summary-2025-05-21.pdf](#), details of the amendments are here: [FY-2526-Approved-Budget-Amendments-2025-05-21 0.pdf](#). Finally, a list of changes at the appropriations level are available here: [Attachment-C---Proposed-to-Approved-Changes--AS-AMENDED-.pdf](#).

## INTRODUCTION & BACKGROUND

The City of Portland serves an area of 146.6 square miles with a population of just over 637,000. The city's boundaries extend into Clackamas and Washington Counties. The city is governed by a full-time, salaried council comprised of the mayor and twelve commissioners. All are elected at large to four-year terms on a non-partisan ballot. City operations are managed by a City Administrator hired by the City Council.

As a result of charter changes approved by voters in 2022, the form of government has changed. Under the new governance structure, the city hired a City Administrator to oversee the bureaus, and City Council expanded from five members to twelve members selected from four geographic districts. Changes were fully implemented in 2025.



As part of charter change, the city bureaus have been restructured into six service areas:

- Budget and Finance
- City Operations
- Community & Economic Development
- Public Safety
- Vibrant Communities
- Public Works

The city has two semi-autonomous commissions:

**Fire and Police Disability and Retirement Plan (FPD&R):** provides disability, death, and retirement benefits to firefighters and sworn police officers. The plan is unique in the nation, in that it is supported by a dedicated property tax levy. The city is obligated to levy the tax, limited to \$2.80 per thousand of real market valuation. The city covers fund shortfalls if levy revenue is inadequate.

**Prosper Portland:** the city's urban renewal and economic development agency, established by voters in 1958. Consists of five members appointed by the mayor, subject to approval of the council.

City of Portland	2021-22	2022-23	2023-24	2024-25
Assessed Value in Billions	\$69.746	\$72.889	\$79.592	\$82.373
Real Market Value (M-5) in Billions	\$166.899	\$178.529	\$178.815	\$173.631
Property Tax Rate Extended:				
Operations	\$4.5770	\$4.5770	\$4.5770	\$4.5770
Fire Police Disability & Retirement	\$3.0089	\$2.7281	\$2.6386	\$2.9545
Children's Initiative Local Option	\$0.4026	\$0.4026	\$0.4026	\$0.4026
Parks Local Option	\$0.8000	\$0.8000	\$0.8000	\$0.8000
Urban Renewal Special Levy	\$0.1961	\$0.1887	\$0.0000	\$0.0000
Debt Service	\$0.3820	\$0.3698	\$0.3993	\$0.3952
Total Property Tax Rate	\$9.3666	\$9.0662	\$8.8175	\$9.1293
Measure 5 Impact	\$-47,320,018	\$-42,679,193	\$-44,286,469	\$-54,285,015
Number of Employees (FTE's)	6,822	7,244	7,290	7,323

## BUDGET OVERVIEW

The total FY 25-26 budget is \$8.64 billion, a 4% decrease from the FY 24-25 Revised Budget of \$8.97 billion. Much of the decrease is attributable to reductions in materials and services costs of \$371 million (-15%) and contingency reduction of \$156 million (-8%). The expenditure-only portion of the budget is \$5.1 billion, a decrease of 1% (\$68 million) from the FY 25 revised budget. Partially balancing decreases is an increase in capital outlay of \$174 million, mostly due to an increase of \$290 million in the Water Fund as revenue bond proceeds are spent down for the Bull Run Filtration project.

Like last year, the city continues to grapple with expenditures rising faster than revenues. The budget is balanced through a combination of cuts, primarily to parks and permitting bureaus, and increased revenue

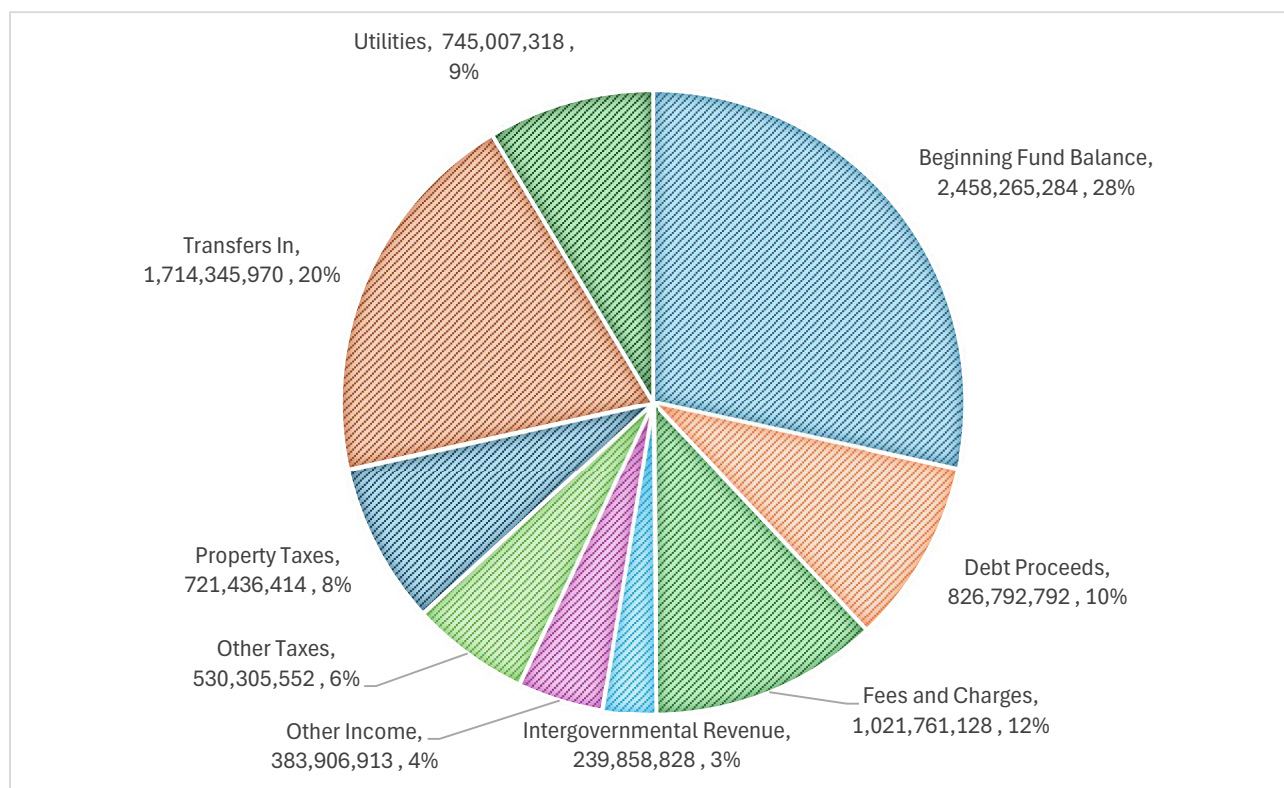
from a variety of fees for parking, parks, permitting, rideshare, short-term rental, and water/sewer/stormwater.

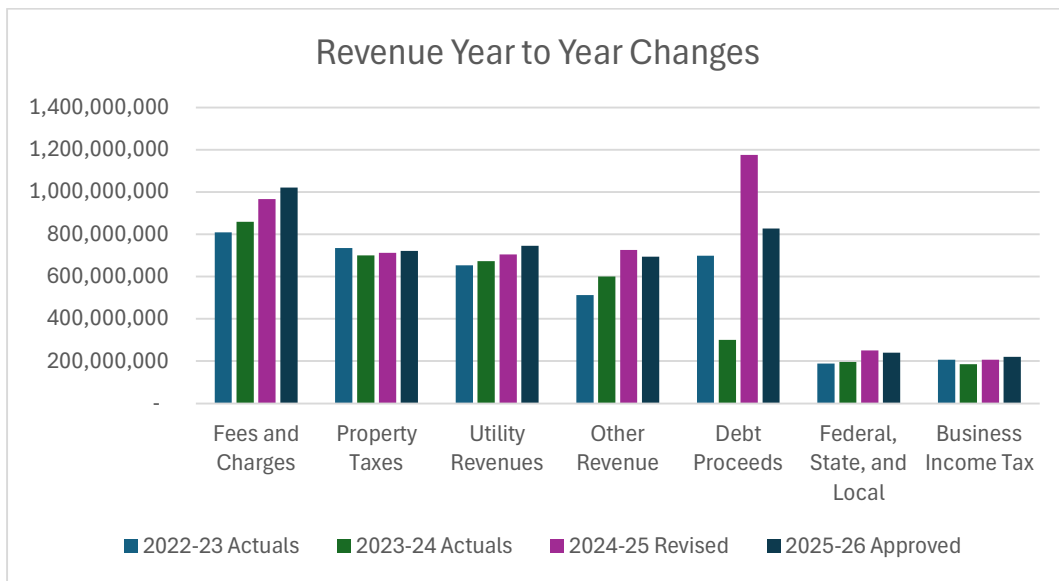
Most bureaus were asked to submit at least 8% cuts for consideration. Per the Mayor's budget message, central services were examined and the City set a reduction target of 20% for work related to communications, equity, community engagement, financial management, procurement, human resources, and information technology functions. The budget message highlights savings of \$9.5 million citywide in these areas. The City expects to incorporate additional savings in these areas into the FY 26-27 budget.

As noted in the introduction, the City of Portland is organized into six operating units. Most revenues are dedicated to particular purposes within those operating units. The city has 87 funds that segregate and track these dedicated revenues and their associated expenditures.

The bulk of the city's flexible spending is in the General Fund, which sees an operational budget of \$1 billion. The allocation of those discretionary dollars is typically the primary focus of the Mayor's Budget Message. This year, the Mayor highlights investments of \$19.5 million in public safety, \$2.5 million for livability concerns such as graffiti and street cleaning, preservation of community centers but cuts to Parks maintenance and building hours. Transportation is set to see a variety of fee increases. The Mayor also identifies funding from a number of outside sources in order to fund housing and homelessness services.

## RESOURCES





The primary sources of revenue for the city are fees and charges, property taxes, utility revenues, and other revenue.

**Fees and Charges** grow by 6% (\$55 million) across 31 different funds. Charges for internal services such as HR, IT, and finance are charged to departments and recorded as charges and fees, in a sense double-counting revenue – revenue is first accounted for from the outside source, then counted again to the internal bureau that receives the funds from other departments to pay for the centralized services. The largest Fees and Charges increases occur in the General fund (\$26 million – primarily driven by increased interagency internal fees and charges).

### Property Taxes

FY 2025-26 property taxes are budgeted at \$721 million for all levies, including TIF/Urban Renewal portions of the permanent rate (\$230 million in FY 2026).

CITY OF PORTLAND PROPERTY TAX REVENUE					
	2022-23 Actuals	2023-24 Actuals	2024-25 Revised	2025-26 Approved	% Change
Permanent Rate	625,839,706	584,500,961	605,114,990	615,484,732	2%
Local Option Levies	71,979,273	73,822,819	70,042,671	66,940,528	-4%
GO Bond Debt	26,851,688	30,277,619	31,126,673	31,824,980	2%
Payments in Lieu and Prior Year	10,722,355	11,285,309	6,379,059	7,186,174	13%
<b>Grand Total</b>	<b>735,393,023</b>	<b>699,886,708</b>	<b>712,663,393</b>	<b>721,436,414</b>	<b>1%</b>

### FY 25-26 Tax Rates and Taxes to be Levied

Permanent Rate:	\$4.5770 per \$1,000 of assessed value
Parks Local Option Levy:	\$0.8000 per \$1,000 of assessed value
Children's Levy:	\$0.4026 per \$1,000 of assessed value
General Obligation Bonds:	\$33,570,654
Fire and Police Disability and Retirement Fund:	\$251,613,821

The chart below shows budgeted property taxes by fund. After seeing declines last year with TIF districts closing, Urban Renewal/TIF taxes see an increase of 6% this year as the Cully TIF district ramps up. Six new districts were approved in 2024, so we are likely to see future growth in this area. General Fund property taxes are budgeted to hold nearly steady with last year. The Fire & Police Disability & Retirement fund sees an increase of \$8 million as debt service payments increase. Local option levies (Parks and Children's) decrease by \$2 million and \$1.1 million respectively as compression rates are expected to increase due to declining downtown property values. GO bond debt sees a 2% increase to align with debt services requirements.

City of Portland				
Budgeted Property Taxes by Fund				
	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved
General Fund	310,738,247	339,887,910	352,238,431	353,000,000
Fire & Police Disability & Retirement Fund	184,369,301	193,478,035	221,850,559	229,889,732
Urban Renewal - All Funds	140,885,403	61,797,623	37,070,100	39,440,100
Parks Local Option Levy Fund	47,987,648	49,372,263	46,594,160	44,610,599
Bonded Debt Interest & Sinking Fund	27,063,595	30,472,927	31,176,673	31,874,980
Children's Investment Fund	24,348,830	24,877,949	23,733,470	22,621,003
<b>Total</b>	<b>735,393,023</b>	<b>699,886,708</b>	<b>712,663,393</b>	<b>721,436,414</b>

### Other Revenues

The city has a myriad of sources that make up the category of **Other Revenues**. Highlights include:

- **Grants** - \$262 million, 18% decrease from the current year. The largest decreases are in the Grants Fund. Both federal and state grants reside here.
- **Portland Clean Energy Fund** - \$198 million, 2% increase for the Clean Energy Surcharge.
- **Transient Lodging Tax (TLT)** - \$53 million, a decrease of \$5 million from the revised budget as tourism levels across the Portland Metro region fail to return to pre-pandemic levels.
- **Portland Arts Tax** - \$12 million, increased from \$10 million last year.

### Utility Revenue

Utility revenues increase by 6% in FY 26 to a total of \$745 million. The Proposed budget included the forecasted rate increase for utilities. The City Council voted on rate increases in late May, with changes to take effect July 1.

Overall, **Intergovernmental Revenues** decrease by \$11 million (4%), with the majority of the decrease in the Tax Increment Financing Reimbursement Fund - this fund accounts for the reimbursement of housing-related costs that are funded from tax increment proceeds in the various City of Portland tax increment financing areas.

**Business Income Tax** increases by 7% to a total of \$220 million.

**Debt Proceeds** decrease by \$349 million from the FY 25 revised budget to a total of \$1 billion. The decrease is driven by higher than usual revenue bond proceeds in the Water Construction fund (budgeted at \$531 million) and Sewer System Construction Fund (\$289 million) last fiscal year.

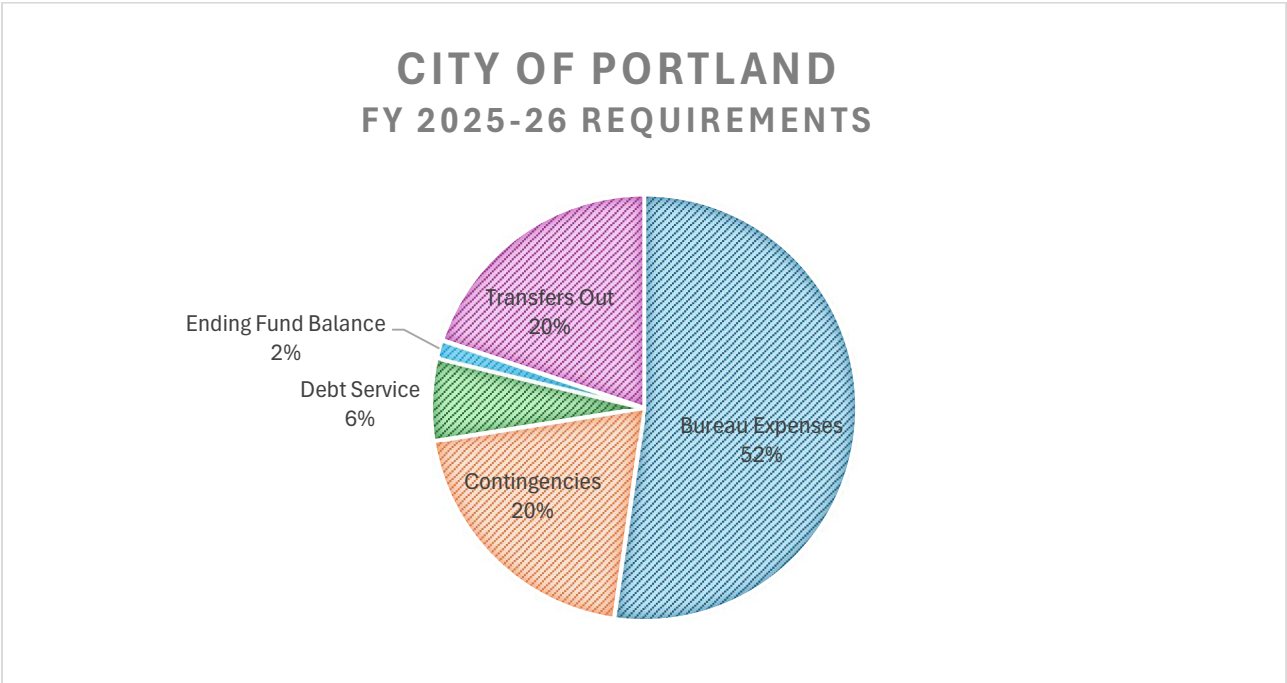
**Beginning Fund Balance**, a total of \$2.5 billion, an increase of \$11 million from the revised FY 25 budget. Nearly half of total budgeted beginning fund balance is found in three funds: PDX Clean Energy Community



Benefits Fund (\$698 million, the fund continues to carry a high fund balance as revenues come in higher than anticipated and funds are held for future work through the Climate Investment Plan); Sewer System Construction Fund (\$253 million), Water Fund (\$200 million), Water Construction Fund (\$152 million) to fund large capital projects, primarily for Bull Run Water filtration; and the Parks Capital Improvement Program Fund (\$138 million, mostly for future capital). The General Fund balance sees a decrease of \$55 million.

**Interfund transfers** make up 20% of the budget at \$1.7 billion dollars. These internal transactions are for materials and services and fund-level cash transfers between funds when one city agency is providing services to another.

REQUIREMENTS



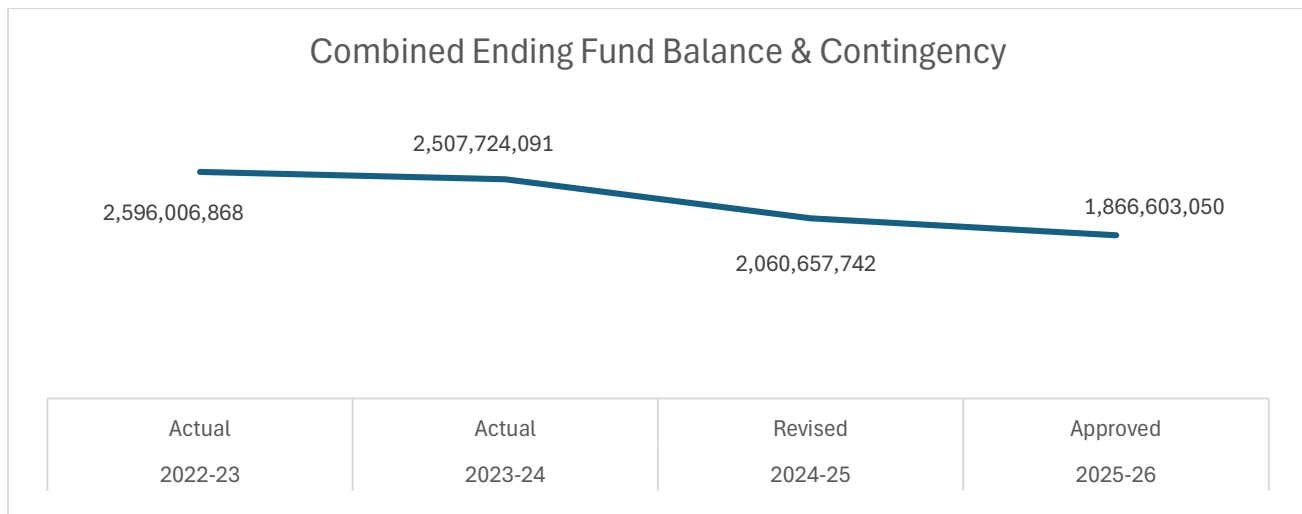
The total budget is \$8.6 billion, which includes requirements for reserves/ending fund balance, fund transfers, and contingencies. The largest categories of expenditures are in materials & services (\$2 billion) and personnel (\$1.4 billion). The expenditure-only (does not include transfers, contingencies, or ending fund balance) portion of the budget is \$5 billion, a decrease of 1% (\$67 million) from the FY 25 revised budget. The majority of the decrease is in materials and services which decrease by 15% as the city transfers funds formerly budgeted as M&S into contingency for the FY26 fiscal year in the Clean Energy Fund. The Clean Energy Fund is one of the largest in the city, with a total fund amount of \$921 million.

## CITY OF PORTLAND REQUIREMENTS BY OBJECT

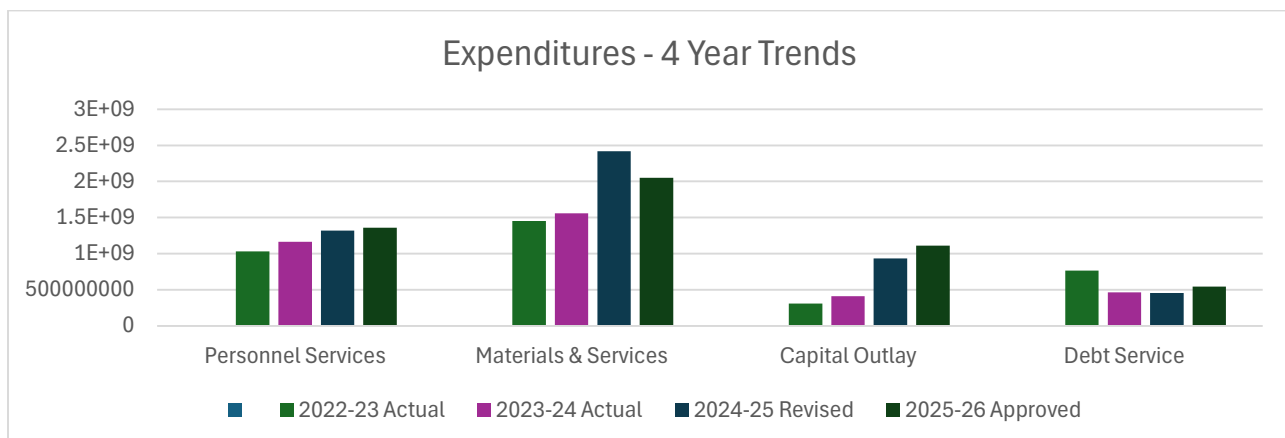
	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Change
Personnel Services	1,029,431,910	1,166,249,399	1,317,701,456	1,359,126,966	3%
Materials & Services	1,450,947,762	1,560,638,234	2,419,555,640	2,048,901,599	-15%
Capital Outlay	309,863,318	411,965,968	935,751,202	1,109,735,600	19%
Debt Service	767,669,660	463,024,958	455,475,822	542,967,014	19%
Fund Transfers	824,972,428	974,571,012	1,776,517,379	1,714,345,970	-3%
Contingencies			1,903,571,215	1,747,599,003	-8%
Ending Fund Balance	2,596,006,868	2,507,724,091	157,086,527	119,004,047	-24%
<b>TOTAL REQUIREMENTS</b>	<b>6,978,891,946</b>	<b>7,084,173,661</b>	<b>8,965,659,241</b>	<b>8,641,680,199</b>	<b>-4%</b>

### Fund Balance

The city does not normally spend down its contingency, so the contingency budget is combined with ending fund balance to evaluate trends. This year's budget sees a decrease of 9% (\$194 million). The Water Fund ending balance and contingency drops \$215 million and the Sewer System fund by \$107 million as work is completed on projects. This is partially balanced by Portland Clean Energy Fund (PCEF) contingency and ending fund balance increases by \$199 million from the Revised to the Approved Budget.



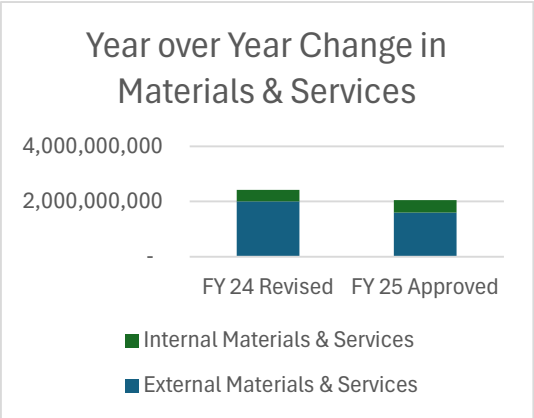
### Expenditures





The total **Personnel Services** budget is \$1.4 billion, a \$41 million (3%) increase over the current year’s budget. After seeing an FTE increase of 103.25 FTE in the last fiscal year, the FY 26 budget sees a decrease of 82.40 FTE. The Water Bureau (-31.90) and Permitting & Development (-51.00) see the largest decreases. Non-represented workers will have a reduced cost of living increase and no merit increase. A full chart showing FTE changes is attached as **Appendix B** at the end of this review.

**Materials & Services** (M&S) total \$2 billion and decrease by 15% from FY 25. The budget divides materials & services into external and internal M&S – the primary source of the decrease is in external M&S, which sees an overall decrease of \$406 million, more than double the decrease in last year’s budget. This is again due to the shift in budgeting for the Clean Energy Fund from contracted services to contingency. The second largest decrease occurs in the General Fund due to programmatic cuts.



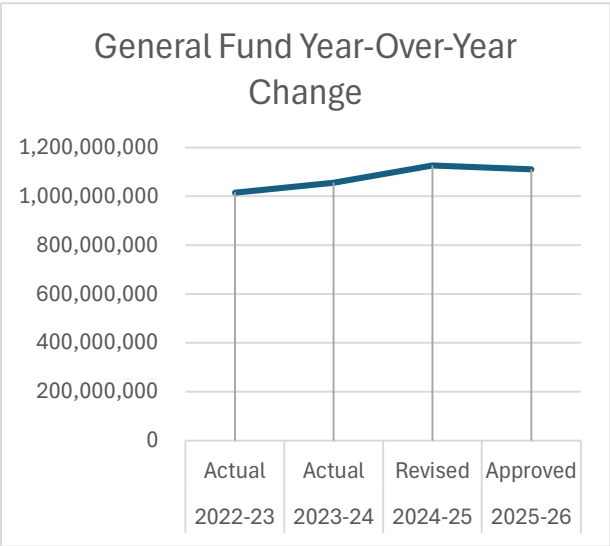
The **Capital Outlay** budget is \$1.2 billion, with the majority budgeted in utility and transportation funds. As in previous years, over half is allocated to the Water Bureau for planned projects (\$644 million), with most for the Bull Run Filtration plant (\$510 million). The budget document provides a CIP summary, and for detailed specifics on budgeted projects, construction project updates are available on the city’s website: [City projects | Portland.gov](https://www.portland.gov/city-projects).

**Debt Service** increases 19% to \$542 million for FY 26, increase driven by \$50 million internal loan from the Parks Capital Improvement Fund to the Fire & Police Disability & Retirement Fund (FPDRF) to be loaned and repaid within the same fiscal year. The city formerly used tax anticipation notes for short-term cash needs in the FPDRF. The Local Improvement District Fund also contributes to the increase with debt service of \$34 million up from \$2 million in the prior year.

## GENERAL FUND

The General Fund is the largest of the city’s funds at \$1.1 billion in FY 26, a decrease of \$16.7 million. The April 2025 forecast projects a General Fund deficit of \$19.7 million for FY 25-26.

The General Fund receives the largest share of property taxes of all city funds. Other funding sources include utility license fees, business license fees, transient lodging taxes, state shared revenues (from cigarette and liquor taxes), interest income, and miscellaneous revenues and beginning cash balances. The General Fund is comprised largely of discretionary funds that the Mayor and City Council can allocate to any area. General fund dollars are used to support city services such as police, fire and parks,



as well as planning, community development and administrative support services.

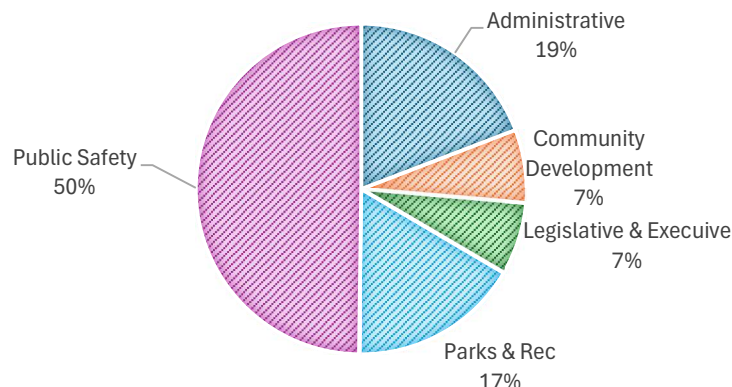
CITY OF PORTLAND GENERAL FUND RESOURCES					
	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Change
Beginning Fund Balance	161,964,850	137,727,174	95,306,890	39,458,477	-59%
Debt Proceeds	-				0%
Fees and Charges	179,663,916	208,410,342	226,906,266	252,811,204	11%
Intergovernmental Revenue	40,807,713	39,946,878	49,644,953	45,187,378	-9%
Other Income	8,607,844	7,538,265	6,796,146	6,614,118	-3%
Other Taxes	236,661,018	209,588,214	238,840,000	248,000,000	4%
Property Taxes	310,738,247	339,887,910	352,238,431	353,000,000	0%
Transfers In	77,602,423	112,794,979	157,427,384	165,375,256	5%
Utilities	960	63,653	-	-	
<b>TOTAL FUND RESOURCES</b>	<b>1,016,046,970</b>	<b>1,055,957,414</b>	<b>1,127,160,070</b>	<b>1,110,446,433</b>	<b>-1%</b>

Permanent property tax rate funds come into the General Fund and are expected to see slow growth, primarily due to declining value in downtown office buildings. The permanent rate property taxes in the General Fund do not include TIF/Urban Renewal portions of the permanent rate taxes, those go directly to the TIF funds. A General Fund balance decline of \$83 million is largely associated with one-time general funds in the current year being spent down for a variety of purposes.

#### GENERAL FUND REQUIREMENTS

CITY OF PORTLAND GENERAL FUND REQUIREMENTS					
	2022-23 Actual	2023-24 Actual	2024-25 Revised	2025-26 Approved	% Change
Bureau Expenses	761,657,267	862,426,963	1,000,382,096	1,016,962,160	7%
Debt Service	13,474,234	14,039,126	14,588,158	14,396,274	4%
Transfers Out	103,188,297	84,854,607	75,666,339	56,231,174	-23%
Contingencies	-		36,523,477	22,856,825	-26%
Ending Fund Balance	137,727,174	94,667,960			-
<b>TOTAL REQUIREMENTS</b>	<b>1,016,046,972</b>	<b>1,055,988,656</b>	<b>1,127,160,070</b>	<b>1,110,446,433</b>	<b>-1%</b>

### GENERAL FUND BY FUNCTION



General Fund expenditures (does not include ending fund balance, contingencies, or transfers) total \$1 billion for FY 26. Of the total of 35 divisions and departments budgeted in the fund, the largest are the Portland Police Bureau (\$306 million), Fire & Rescue (\$195 million), and Portland Parks and Recreation (\$170 million). The bureaus can be organized in the five functions as seen in the pie chart on the previous page. This budget year, all core functions see a decrease from the prior year with the exception of Legislative & Executive (\$18 million increase), which sees increased costs for City Council added staff and offices, and Public Safety (\$22 million increase). The largest decrease occurs in Community Development as permitting positions are cut (decrease of \$10 million) and Parks and Recreation, with cuts to maintenance and FTE (\$5 million net decrease).

## BUDGET HIGHLIGHTS AND OTHER SIGNIFICANT BUDGET AREAS

The size of the city budget and the scope of budgetary changes from year to year are significant; a detailed summary of budgetary changes in each bureau and office are in the [Mayor's Proposed Budget](#) at the beginning of each budget section. *The amendments referenced on p.2 of this document alter some of the items on this list.*

### Highlights from the Mayor's Proposed Budget

- Shelters: \$39 million for safe rest villages, \$26 million for temporary alternative shelter sites
- Council Costs: \$18 million budget to provide staff and potential district offices for the 12-person city council.
- Public Safety: 14 new FTE for Portland Street Response and \$12 million for Police Bureau to hire additional officers, accompanied by a planned reduction in overtime dollars in future years. The Fire and Rescue bureau is also expected to receive overtime budget reductions in future years.
- Parks & Recreation: Over \$5 million in cuts to maintenance and cleaning, and 14.5 FTE net reduction (some positions were added using interest from the Portland Clean Energy Fund).
- Reductions: An 8% reduction in General Fund dollars for most programs, realized through materials & services cuts and FTE reductions. Services are consolidated where possible.
- Central services like budget, finance, human services will plan a 20% target reduction over the next two fiscal years. \$9.5 million will be cut for FY 2026.
- Utilities: Rates are budgeted to increase 5.15% for sewer and 7.9% for water. Water bureau sees cuts of 31.9 FTE; nearly half of the reduction is from cut limited term positions.
- Permitting & Development sees 51 FTE in cuts due to budgetary constraints. Inspectors, coordinators, technicians, planners, examiners, supervisors, and admin support all see cuts.
- Livability: 11 FTE for Portland Solutions (oversees homelessness and livability programs)
- Transportation: \$3.1 million for street sweeping, \$5.1 million increase to revenue from ridesharing fees. Increased parking revenue of \$6.8 million from parking rate increases and parking meter hour extension.

### Clean Energy Fund

The Portland Clean Energy Initiative passed in November 2018. Voters approved Measure 2-201 to invest in community-led projects and programs to reduce greenhouse gas emissions in ways that support economic and social benefits. Revenue comes from a one percent large retailer business surcharge.

Historically revenues have been significantly higher than anticipated, raising \$183 million in FY 22-23 and \$199 million in FY 23-24. The Revised budget for FY 24-25 assumes a slight decrease in tax revenue - \$194 million, but FY 26 revenue assumptions are brought up to \$198 million. Fund balance has grown \$29 million year over year and is budgeted at \$698 million to start fiscal year 2026.

In Fall 2022 the city made substantial changes to code governing the initiative. These code changes included: changing the role of the PCEF committee, changing the allocation models through the Climate Investment Plan (CIP), changing recipient eligibility, and changing the administrative cap. As a result, starting in the FY 25 budget we see PCEF funds covering budgetary gaps in a variety of city bureaus. Any requests on the funds must sequester greenhouse gas emissions and produce demonstrable community benefits.

For FY 26, external materials and services make up the largest category of PCEF spending, with \$214 million budgeted. Expenditures on personnel services are set to increase by \$5.8 million to \$33 million in FY 26. The contingency year over year increase is nearly \$196 million as the city transfers funds formerly budgeted in M&S to contingency.

As mentioned, just like last year, Portland Clean Energy Funds are used in the budget plug holes across a large range of services. Last year the city shared a five year plan to spend \$600 million in bureau projects aligned with PCEF. The plan included the following spending over the next five years: City Operations: \$29 million, Community & Economic Development: \$176 million, Public Works: \$235 million, Vibrant Communities: \$167 million.

#### **Urban Flood**

UFSWQD began billing their Flood Safety Benefit fee this budget year. The estimated total for the city was \$5.1 million, which they paid with one-time General fund dollars budgeted as a special appropriation. For FY 25-26, the city will again pay the fee out of General Fund dollars, budgeted at \$5.3 million. The city anticipates incorporating the fee into the city utility bill on an ongoing basis beginning in FY 26-27 and will spend the year determining a cost allocation methodology and implementation plan to submit to City Council for consideration in October 2025.

## **DEBT STATUS**

The city did not provide a consolidated debt service report in the budget. The city publishes an annual debt report that includes specific details on all the city's debt. The most recent available online is for fiscal year 2022-23: [fy-2022-23-final.pdf](#).

The City of Portland issues debt for a variety of purposes and routinely refinances existing debt to secure better interest rates. In addition to debt issued for its own purposes, the city issues all of the debt for urban renewal projects that are then transferred to Prosper Portland.

#### **BUDGETED DEBT SERVICE**

Of the city's 87 funds, 39 have debt service expenditures in the FY 26 Budget. The largest expenditures of debt service are in the Sewer and Water debt funds, which have had large issuances of revenue bonds in recent years. Debt service on the city's general obligation debt is budgeted in the Bonded Debt Interest and Sinking Fund, details on this fund are below. General obligation debt is for parks, public safety and affordable housing capital projects.

**DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**

	2022-23	2023-24	2024-25	2025-26	%
RESOURCES:	Actual	Actual	Revised	Approved	Change
Beginning Fund Balance	2,047,131	2,399,961	1,300,000	1,000,000	-23.1%
GO Debt Property Taxes	26,851,688	30,277,619	31,126,673	31,824,980	2.2%
Prior Years Property Taxes	211,906	195,308	50,000	50,000	0.0%
Interfund Transfers In	6	-	0	0	0.0%
Interest on Investments	280,062	527,269	100,000	100,000	0.0%
Debt Proceeds	0	0	0	0	0.0%
Interfund Transfers In	0	0	0	0	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>29,390,795</b>	<b>33,400,157</b>	<b>32,576,673</b>	<b>32,974,980</b>	<b>1.2%</b>

**REQUIREMENTS:**

Debt Service	26,990,834	31,096,914	31,776,673	31,974,980	0.6%
Transfers Out					
Ending Fund Balance	2,399,961	2,303,242	800,000	1,000,000	25.0%
<b>TOTAL FUND RESOURCES</b>	<b>29,390,795</b>	<b>33,400,156</b>	<b>32,576,673</b>	<b>32,974,980</b>	<b>1.2%</b>

**OUTSTANDING DEBT**

Numbers in the chart below were confirmed with the city in fall 2024.

City of Portland	6/30/2023	6/30/2024
GO Bonds	289,465,000	266,325,000
Limited Tax GO / Full Faith & Credit	374,427,765	397,018,161
Revenue Bonds	2,830,575,000	2,723,195,000
Improvement Bonds	17,095,000	17,300,000
PERS Bonds	33,338,171	27,232,749
Urban Renewal Tax Increment Bonds	85,362,102	68,789,045
Loans	3,598,069	2,117,729
<b>Total Debt Outstanding</b>	<b>3,633,861,107</b>	<b>3,501,977,684</b>

**BUDGET PROCESS & COMPLIANCE**

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Does the G.O. Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
	X	Does the audit show the district was in compliance with budget law? – <i>public noticing violation</i>

**LOCAL BUDGET LAW COMPLIANCE**

The Proposed Budget as submitted had various funds out of balance in FY 23-24, and the property tax calculation sheet had errors in the GO bond debt calculations. We notified the district, and they will be fixing

the issues prior to publication of the Adopted Budget. They have shared a corrected property tax calculation sheet with TSCC showing the appropriate numbers.

The audit report for FY 2023-24 notes one exception:

The City did not comply with ORS 294.426 Budget Committee Meeting Notice, which requires notice of the Budget Committee Meeting to be published online for at least 10 days before the meeting. We noted that the City Budget Committee meeting notice was published 7 days before the meeting date.

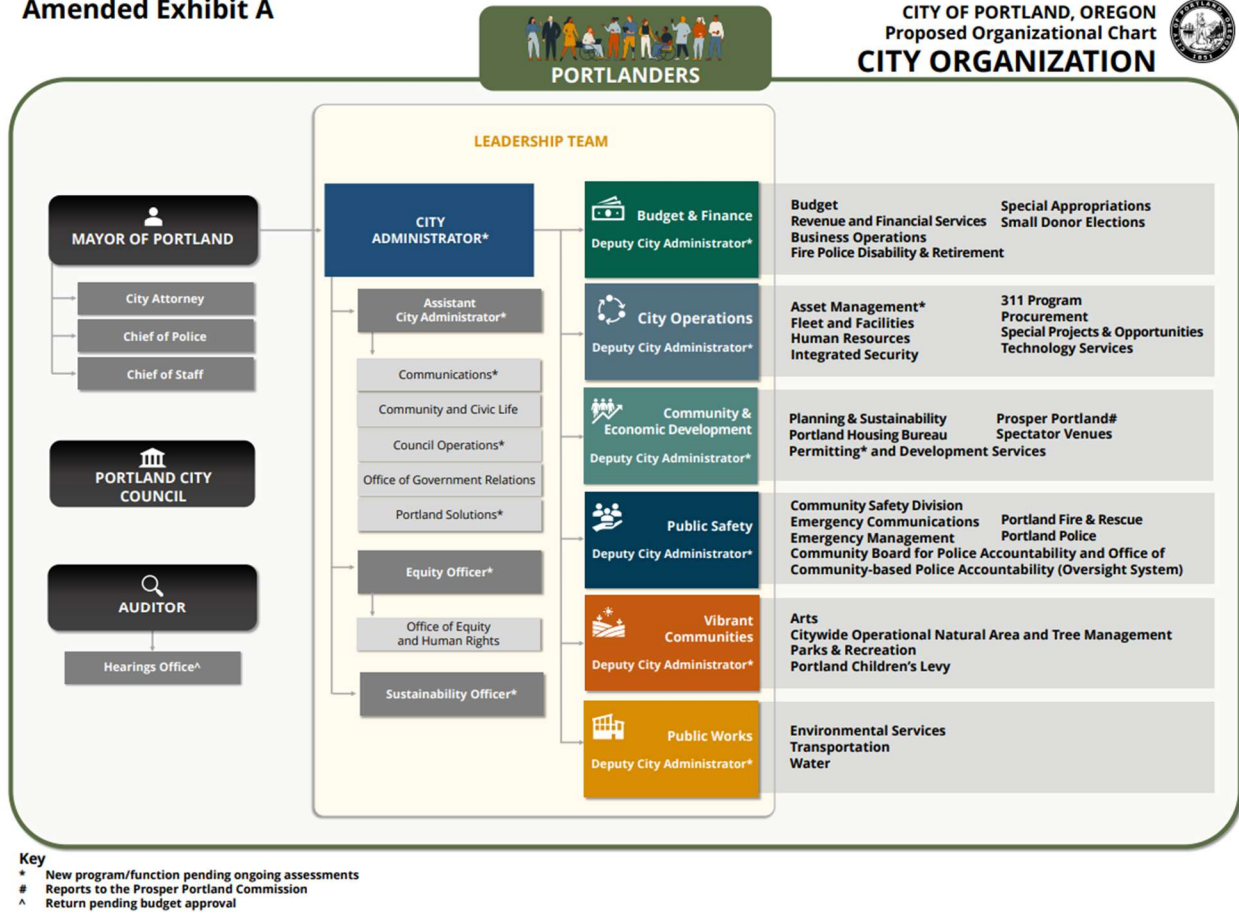
This is the first violation of meeting notice in recent years. As such, staff are not suggesting a recommendation or objection, although if this becomes a recurring issue, we will consider a recommendation at that time.

#### **CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

TSCC staff will share any potential recommendations or objections with Commissioners at the discussion meeting, after receiving final documents from the city.



# Amended Exhibit A



New City Organization Chart from 2024

## Appendix B

Please note: Per the City, this chart contains errors in the Office of the CFO and Office of City Operations for Revised 24-25. These service areas have been reorganized and positions moved between the two, accounting for what looks like decreases/increases across the two. The overall FTE change is reflective of the Approved Budget prior to 5/21 Council Amendments.

Bureau FTE	Actuals FY 2022-23	Actuals FY 2023-24	Revised FY 2024-25	Proposed FY 2025-26	Change
Office of the City Attorney	82.80	82.50	83.50	80.50	(3.00)
Office of the City Auditor	42.00	42.00	46.00	45.00	(1.00)
City Budget Office	22.00	21.00	21.00	18.00	(3.00)
City Administrator	14.00	22.00	33.00	47.00	14.00
Portland Children's Levy	6.80	7.60	7.80	7.80	0.00
Council	0.00	0.00	33.00	51.00	18.00
Office of City Operations	114.00	123.00	126.00	162.00	36.00
Fire & Police Disability & Retirement	18.00	18.00	18.00	18.00	0.00
Portland Permitting & Development	415.80	291.90	332.90	281.90	(51.00)
Office of Community and Econ Development	3.00	4.00	9.00	11.00	2.00
Bureau of Emergency Communications	170.90	169.90	169.90	169.90	0.00
Portland Office of Emergency Management	27.90	27.90	24.90	21.90	(3.00)
Bureau of Environmental Services	645.00	669.00	654.00	658.00	4.00
Portland Fire & Rescue	822.90	824.90	774.40	782.40	8.00
Bureau of Fleet & Facilities	134.00	142.00	146.00	150.00	4.00
Office of Government Relations	14.00	13.00	11.00	10.00	(1.00)
Portland Housing Bureau	79.90	86.00	89.00	90.00	1.00
Bureau of Human Resources	110.00	109.00	110.50	110.00	(0.50)
Office of the Chief Financial Officer	267.00	241.00	259.50	204.00	(55.50)
Office of the Mayor	21.00	21.00	24.00	9.00	(15.00)
Office of Community and Civic Life	44.60	25.90	14.90	13.90	(1.00)
Office of Equity	21.00	23.00	19.00	16.00	(3.00)
Commissioner of Public Affairs	8.00	8.00	8.00	0.00	(8.00)
Office of Community-Based Police Accountability	0.00	0.00	0.00	6.00	6.00
Portland Parks & Recreation	750.53	821.21	825.61	811.11	(14.50)
Portland Police Bureau	1,211.90	1,216.90	1,223.90	1,215.90	(8.00)
Bureau of Planning & Sustainability	138.70	158.80	151.70	172.70	21.00
Commissioner of Public Safety	8.00	8.00	8.00	0.00	(8.00)
Commissioner of Public Utilities	10.00	10.00	8.00	0.00	(8.00)
Commissioner of Public Works	12.00	8.00	7.00	0.00	(7.00)
Office of the Public Safety DCA	56.00	84.00	116.00	126.00	10.00
Special Appropriations	1.00	1.00	3.00	3.00	0.00
Portland Bureau of Transportation	1,061.90	1,064.00	1,024.00	1,039.00	15.00

Bureau FTE	Actuals FY 2022-23	Actuals FY 2023-24	Revised FY 2024-25	Proposed FY 2025-26	Change
Bureau of Technology Services	268.00	275.00	275.00	276.00	1.00
Office of Vibrant Communities	2.00	5.00	7.00	0.00	(7.00)
Water Bureau	639.70	665.70	656.70	624.80	(31.90)
Office of Public Works	0.00	0.00	2.00	9.00	7.00
<b>Total</b>	<b>7,244.33</b>	<b>7,290.21</b>	<b>7,323.21</b>	<b>7,240.81</b>	<b>(82.40)</b>

**CITY OF PORTLAND**

Budget Summary

**\*Numbers are for Approved Budget prior to 5/21 Council Amendments, See "Proposed to Approved" section on p.2**

	2022-23	2023-24	2024-25	2025-26	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved*	Change
<b>PROPERTY TAX BREAKDOWN:</b>					
Permanent Rate Property Taxes	625,839,706	584,500,961	605,114,990	615,484,732	1.7%
Local Option Levy Property Taxes	71,979,273	73,822,819	70,042,671	66,940,528	-4.4%
GO Debt Property Taxes	26,851,688	30,277,619	31,126,673	31,824,980	2.2%
Prior Years Property Taxes	9,046,176	8,460,183	5,779,059	6,486,174	12.2%
Payments in Lieu of Property Taxes	1,676,179	2,825,127	600,000	700,000	16.7%
<b>TOTAL PROPERTY TAX</b>	<b>735,393,023</b>	<b>699,886,708</b>	<b>712,663,393</b>	<b>721,436,414</b>	<b>1.2%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	2,349,804,080	2,595,895,411	2,446,408,893	2,458,265,284	0.5%
Property Taxes	735,393,023	699,886,708	712,663,393	721,436,414	1.2%
Other Taxes	501,323,489	485,354,447	523,178,910	530,305,552	1.4%
Intergovernmental Revenue	188,433,710	195,405,131	250,458,752	239,858,828	-4.2%
Fees and Charges	810,016,673	858,714,782	966,371,632	1,021,761,128	5.7%
Utilities	654,041,896	673,244,417	705,400,388	745,007,318	5.6%
Other Income	216,706,339	300,479,283	408,842,005	383,906,913	-6.1%
Debt Proceeds	698,200,308	300,403,517	1,175,817,889	826,792,792	-29.7%
Transfers In	824,972,428	974,571,012	1,776,517,379	1,714,345,970	-3.5%
<b>TOTAL RESOURCES</b>	<b>6,978,891,946</b>	<b>7,083,954,707</b>	<b>8,965,659,241</b>	<b>8,641,680,199</b>	<b>-3.6%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	1,029,431,910	1,166,249,399	1,317,701,456	1,359,126,966	3.1%
Materials & Services	1,450,947,762	1,560,638,234	2,419,555,640	2,048,901,599	-15.3%
Capital Outlay	309,863,318	411,965,968	935,751,202	1,109,735,600	18.6%
Debt Service	767,669,660	463,024,958	455,475,822	542,967,014	19.2%
Fund Transfers	824,972,428	974,571,012	1,776,517,379	1,714,345,970	-3.5%
Contingencies			1,903,571,215	1,747,599,003	-8.2%
Ending Fund Balance	2,596,006,868	2,507,724,091	157,086,527	119,004,047	-24.2%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>6,978,891,946</b>	<b>7,084,173,661</b>	<b>8,965,659,241</b>	<b>8,641,680,199</b>	<b>-3.6%</b>
<b><u>SUMMARY OF BUDGET - BY FUND</u></b>					
General Fund	1,016,046,971	1,055,988,656	1,127,160,070	1,110,446,433	-1.5%
Transportation Operating Fund	503,871,891	488,309,256	464,711,029	460,667,293	-0.9%
Assessment Collection Fund	86,995	89,826	90,403	93,645	3.6%
Emergency Communication Fund	36,655,664	37,669,541	38,656,816	39,394,224	1.9%
Development Services Fund	127,160,335	105,768,928	100,298,934	91,593,752	-8.7%
Property Management License Fund	9,458,801	9,337,482	11,939,169	10,395,500	-12.9%

Convention & Tourism Fund	22,605,113	24,202,721	24,004,263	23,432,000	-2.4%
General Reserve Fund	75,017,169	79,892,771	83,292,771	91,890,834	10.3%
Special Finance & Resource Fund	109,651,646	116,479,666	97,678,216	112,669,150	15.3%
Transportation Reserve Fund	10,899,944	11,937,351	12,025,094	13,125,094	9.1%
Housing Investment Fund	41,914,509	50,391,356	17,788,279	12,375,855	-30.4%
Public Election Fund	2,895,513	3,420,785	3,656,733	1,309,952	-64.2%
Children's Investment Fund	34,902,850	39,006,835	35,504,637	29,157,997	-17.9%
Grants Fund	103,484,251	107,033,431	282,315,810	237,669,490	-15.8%
Community Development Block Grant Fund	11,214,138	7,234,315	15,561,424	10,244,594	-34.2%
HOME Grant Fund	9,425,571	7,339,128	16,142,464	15,974,604	-1.0%
Portland Parks Memorial Fund	23,530,329	22,809,803	20,402,505	20,812,074	2.0%
Tax Increment Financing Reimburs Fund	42,962,157	41,618,106	52,227,195	39,186,425	-25.0%
Police Special Revenue Fund	10,024,949	10,383,431	8,786,449	8,910,000	1.4%
Arts Education & Access Fund	20,877,992	21,281,758	26,918,793	27,303,384	1.4%
Community Solar Fund	102,637	105,258	117,397	120,018	2.2%
Inclusionary Housing Fund	38,067,395	38,960,370	16,306,328	7,755,772	-52.4%
Housing Property Fund	11,928,545	13,464,940	7,079,189	7,846,617	10.8%
Recreational Cannabis Tax Fund	14,614,385	13,828,000	11,642,112	5,716,702	-50.9%
Cannabis Licensing Fund	2,792,664	2,721,260	2,994,159	2,502,456	-16.4%
Portland Clean Energy Comm Benefits Fund	503,049,684	706,069,394	877,587,270	920,706,556	4.9%
Affordable Housing Development Fund	84,904,326	66,616,053	41,191,247	27,463,057	-33.3%
General Obligations Reserve Fund	31,846,864	44,262,739	57,633,625	56,561,753	-1.9%
Parks Local Option Levy Fund	73,570,057	100,220,198	96,598,741	74,255,599	-23.1%
Fire Special Revenue Fund	-	-	3,000,000	1,460,000	-51.3%
River District URA Debt Redemption Fund	6,223,383	-	-	-	0.0%
Bonded Debt Interest & Sinking Fund	29,390,795	33,400,156	32,576,673	32,974,980	1.2%
Waterfront Renewal Bond Sinking Fund	21,772,031	2,769,957	-	-	0.0%
Interstate Corridor Debt Service Fund	54,479,415	31,820,431	4,840,000	-	-100.0%
Pension Debt Redemption Fund	6,708,767	7,032,157	7,237,972	7,523,088	3.9%
South Park Blocks Redemption Fund	12,479,068	2,894,403	-	-	0.0%
Airport Way Debt Service Fund	-	-	-	-	0.0%
Gas Tax Bond Redemption Fund	10,116	10,116	-	-	0.0%
Lents Town Center URA Debt Redemp Fund	25,823,095	26,681,267	16,357,000	-	-100.0%
Central Eastside Industrial District Debt Fund	12,934,786	3,611,193	1,243,000	-	-100.0%
Bancroft Bond Fund	26,166,536	26,475,597	33,690,372	33,490,372	-0.6%
Convention Center Area Debt Service Fund	13,739,119	4,205,095	-	-	0.0%
North Macadam URA Debt Redemp Fund	32,776,680	29,257,662	30,100,000	29,325,000	-2.6%
Special Projects Debt Service Fund	7,521,673	7,902,025	12,133,353	12,395,363	2.2%
Gateway URA Debt Redemption Fund	12,088,768	12,176,370	12,170,000	12,481,050	2.6%
Governmental Bond Redemption Fund	22,091,973	10,352,637	5,764,733	14,997,734	160.2%
Rosewood NPI Debt Service Fund	22,943	-	-	-	0.0%
Division-Midway NPI Debt Service Fund	-	-	-	-	0.0%
82nd Ave/Division NPI Debt Service Fund	35,664	19,962	-	-	0.0%

Cully Tax Increment Debt Service	-	151,547	1,300,600	2,575,600	98.0%
Local Improvement District Fund	15,348,933	9,921,752	14,902,610	53,454,306	258.7%
Parks Capital Improvement Project Fund	244,370,462	227,565,498	248,399,912	214,123,059	-13.8%
Housing Capital Fund	1,128	1,122	1,300	-	-100.0%
Fire and Rescue Capital Reserve Fund	9,471,331	6,989,788	6,810,000	7,152,000	5.0%
Parks Endowment Fund	200,721	206,740	210,714	219,830	4.3%
Sewer System Operating Fund	702,225,516	775,398,179	935,258,487	775,076,489	-17.1%
Hydroelectric Power Operating Fund	4,009,553	4,734,364	6,692,459	6,425,234	-4.0%
Water Fund	555,651,644	652,383,401	1,127,655,979	1,243,910,406	10.3%
Golf Fund	20,078,355	23,553,442	23,930,681	25,018,338	4.5%
Portland International Raceway Fund	3,245,952	4,020,827	4,083,405	3,891,305	-4.7%
Solid Waste Management Fund	14,812,385	17,313,393	20,677,303	20,524,197	-0.7%
Parking Facilities Fund	18,242,244	17,339,699	13,230,541	10,944,124	-17.3%
Spectator Venues & Visitor Activities Fund	27,833,748	88,799,750	88,825,567	60,257,890	-32.2%
Environmental Remediation Fund	21,802,371	34,619,411	36,211,080	33,185,968	-8.4%
Sewer System Debt Redemption Fund	387,091,601	161,387,367	174,690,902	151,841,748	-13.1%
Water Bond Sinking Fund	76,934,516	77,051,813	96,589,565	86,180,409	-10.8%
Sewer System Construction Fund	515,007,217	372,928,869	536,512,530	323,324,725	-39.7%
Water Construction Fund	130,870,586	167,660,030	733,867,207	844,342,851	15.1%
Sewer System Rate Stabilization Fund	129,429,759	133,356,790	191,906,790	148,700,000	-22.5%
Hydroelectric Power Ren and Repl Fund	111,457	111,457	111,457	111,456	0.0%
Health Insurance Operating Fund	152,189,268	156,854,736	172,110,490	170,495,834	-0.9%
Facilities Services Operating Fund	132,406,313	151,326,256	137,859,958	124,851,788	-9.4%
City Fleet Operating Fund	95,715,844	96,254,094	160,370,872	143,396,066	-10.6%
Printing & Dist Svcs Operating Fund	7,950,196	7,813,703	7,614,765	8,156,938	7.1%
Insurance & Claims Operating Fund	44,224,458	46,186,967	47,209,188	43,901,427	-7.0%
Workers' Comp Self Ins Operating Fun	18,720,516	18,094,181	17,075,279	16,334,457	-4.3%
Technology Services Fund	120,789,929	126,054,443	137,772,649	138,249,148	0.3%
PPA Health Insurance Fund	27,100,392	25,282,488	25,419,260	26,537,126	4.4%
Fire & Police Disability & Retirement Fund	244,436,111	254,976,778	287,433,466	352,769,063	22.7%
FPD&R Reserve Fund	750,000	750,000	1,500,000	1,500,000	0.0%
FPD&R Supp Retirement Reserve Fund	41,286	32,394			0.0%
<b>GRAND TOTAL ALL FUNDS</b>	<b>6,978,891,946</b>	<b>7,084,173,661</b>	<b>8,965,659,241</b>	<b>8,641,680,199</b>	<b>-3.6%</b>

#### **DETAIL OF GENERAL FUND**

##### **RESOURCES:**

Beginning Fund Balance	161,964,850	137,727,174	95,306,890	39,458,477	-58.6%
Property Tax	310,738,247	339,887,910	352,238,431	353,000,000	0.2%
Other Taxes	236,661,018	209,588,214	238,840,000	248,000,000	3.8%
Intergovernmental Revenue	40,807,713	39,946,878	49,644,953	45,187,378	-9.0%
Fees and Charges	179,663,916	208,410,342	226,906,266	252,811,204	11.4%
Utilities	960	63,653	-	-	0.0%

Other Income	8,607,844	7,538,265	6,796,146	6,614,118	-2.7%
Transfers In	77,602,423	112,794,979	157,427,384	165,375,256	5.0%
<b>TOTAL FUND RESOURCES</b>	<b>1,016,046,970</b>	<b>1,055,957,414</b>	<b>1,127,160,070</b>	<b>1,110,446,433</b>	<b>-1.5%</b>

**REQUIREMENTS:**

Bureau Expenses	761,657,266	862,426,963	1,000,382,096	1,016,962,160	1.7%
Debt Service	13,474,234	14,039,126	14,588,158	14,396,274	-1.3%
Transfers Out	103,188,297	84,854,607	75,666,339	56,231,174	-25.7%
Contingencies	0	0	36,523,477	22,856,825	-37.4%
Ending Fund Balance	137,727,174	94,667,960			0.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>1,016,046,971</b>	<b>1,055,988,656</b>	<b>1,127,160,070</b>	<b>1,110,446,433</b>	<b>-1.5%</b>

**DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND**

**RESOURCES:**

Beginning Fund Balance	2,047,131	2,399,961	1,300,000	1,000,000	-23.1%
GO Debt Property Taxes	26,851,688	30,277,619	31,126,673	31,824,980	2.2%
Prior Years Property Taxes	211,906	195,308	50,000	50,000	0.0%
Interfund Transfers In	6	-	0	0	0.0%
Interest on Investments	280,062	527,269	100,000	100,000	0.0%
<b>TOTAL FUND RESOURCES</b>	<b>29,390,795</b>	<b>33,400,157</b>	<b>32,576,673</b>	<b>32,974,980</b>	<b>1.2%</b>

**REQUIREMENTS:**

Debt Service	26,990,834	31,096,914	31,776,673	31,974,980	0.6%
Transfers Out					
Ending Fund Balance	2,399,961	2,303,242	800,000	1,000,000	25.0%
<b>TOTAL FUND RESOURCES</b>	<b>29,390,795</b>	<b>33,400,156</b>	<b>32,576,673</b>	<b>32,974,980</b>	<b>1.2%</b>