

The League of Women Voters — Education Fund

CITY GOVERNMENT: Portland, Oregon

A 1990 Update

INTRODUCTION

The charge to the committee by LWV of Portland's convention was to compare Portland's form of city government to alternative forms and evaluate cost, the budget priority process, efficiency of operation and political effectiveness. The committee was to review present positions dating to 1961, 1963, and 1965. The first year study describes the current structure, the historical background, alternative forms of government and a description of the functions of city bureaus. The second year study will consist of a review of the first year publication, criteria for judging forms of city government, advantages and disadvantages of Portland's structure and advantages and disadvantages of alternative forms. The second year study will also include perceptions and opinions of people interviewed who will be selected from within and without city government. Consensus will be taken after the second year study.

FORMS OF MUNICIPAL GOVERNMENT

The Constitution of the United States does not mention cities nor does it delegate any power to cities. The tenth amendment states that all powers not given to the federal government are "reserved" to the states of the people. States have the power to delegate some authority to municipalities, which always remain subordinate to the states.

In the early history of the United States, state legislatures passed separate laws of incorporation for each community petitioning for incorporation. These laws defined structure, powers, and boundaries. When sheer number of petitions made this practice too bur-

densome, legislatures tended to establish general laws of incorporation. These general laws may provide or require various kinds of charters, based on city size. Cities, like counties and other local governmental bodies, are subordinate to the state. By either state constitution enablement or legislative action, cities are created as municipal corporations and are endowed with rights similar to those of private corporations. For example, they can acquire and dispose of property, enter into contracts, and can sue or be sued.

Toward the end of the century, growing dissatisfaction with the limitations of the general law format in serving communities with disparate economies spurred the movement toward the idea of home rule charters. Essentially home rule charters give cities self-government, but the state retains some control over matters of general concern.

In 1906, Oregon changed its constitution to allow any city to adopt home rule and is one of the few states to provide such general accommodation. Although states may change general law charters, they cannot change home rule charters. A home rule charter can be changed only by a vote of the citizens of the municipality.

City charters take five basic forms: New England town meeting, strong mayor-council, weak mayor-council, mayor-council-city manager, and commission. The 1988 Municipal Year Book (see chart page 3) shows that of the reporting cities 41.0% have the mayor-council form of government, 49.7% have council-manager, 2.8% have commission, and .65% have town meeting. However, a multitude of variations exist within the categories.

Almost no city government fits the text book description of its governmental form. For example, the mayor's power to assign bureaus to commissioners is not typical of the commission form of government but is a very

important feature of the Portland commission form.

New England Town Meeting

One of the earliest forms of municipal government in the United States is the New England Town Meeting, in which citizens, all qualified voters, form the legislative body. New England town meetings are prevalent in Maine and Vermont, but the form did not really spread beyond these states.

In early days meetings might convene as often as weekly, but in modern times they may occur as infrequently as annually. Policy setting and election of selectmen are the two main agenda items, and the selectmen perform the administrative duties of the city.

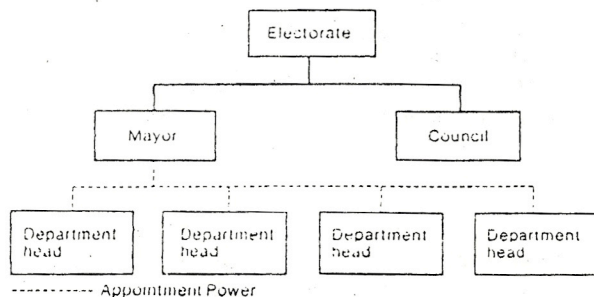
Mayor-Council

The mayor-council form of government usually separates legislative and executive functions. The mayor generally acts as the chief executive, the administrator; the council passes ordinances (laws). In most cases the mayor, elected at large, represents a city-wide constituency. The council members represent individual districts.

In mayor-council forms the councils meet regularly--weekly to monthly. Council members' jobs may be part-time or full-time. The difference between strong mayor-council and weak mayor-council lies in the division of authority between the mayor and the council.

Strong Mayor-Council

In the strong mayor council form the mayor appoints and dismisses administrative personnel: this represents the key difference between weak and strong mayors. The mayor may have veto power and make recommendations to the council. He/she may also prepare and present the local budget. If the mayor has the authority to hire a managing director to supervise departments, the mayor may devote more time to long-range policymaking. The mayor is also the political head of the city, the public leader.

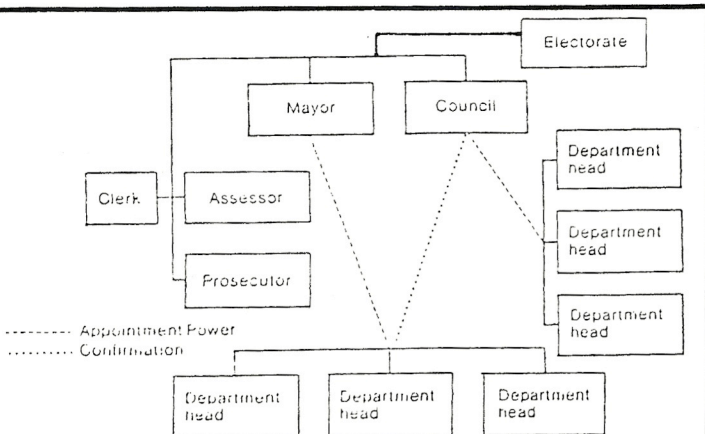


Strong Mayor-Council Structure

Source: *Urban Politics* by Ross/Stedman, p 43

Weak Mayor-Council

In the weak mayor-council type, the mayor has diminished administrative authority. There may also be local and state boards and commissions which have administrative authority. The council may appoint and dismiss department heads and be responsible for preparation and adoption of the budget.

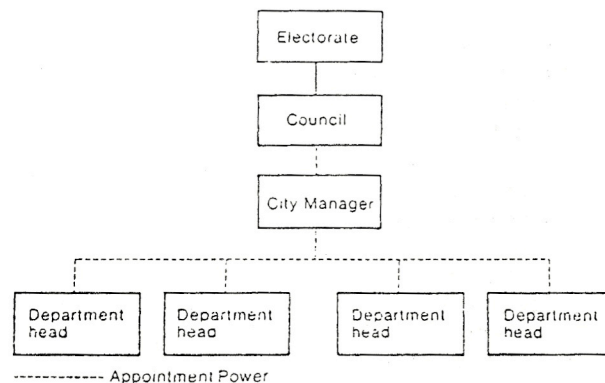


Weak Mayor-Council Structure

Source: *Urban Politics*; Ross/Stedman, p 45.

Council Manager

Generally adopted to correct deficiencies which appeared in other forms of government, the council-manager form seeks to provide professional, nonpartisan, expert management to a city. Essentially, this is a modification of the weak mayor-strong council form. The council retains the legislative or policy-making functions for its own body, but hires a city manager to perform the administrative functions. The manager, who serves at the pleasure of the council, appoints and removes department heads and prepares and administers the budget. Council members are either elected from districts or at-large. Usually one of the members is designated mayor by the council, but the mayor may be elected. The mayor has no appointive or veto powers.

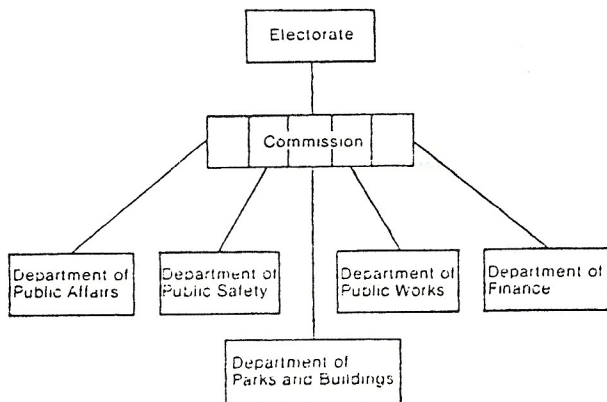


Council-Manager Structure

Source: *Urban Politics*; Ross/Stedman, p 52.

Commission

The commission form vests all the powers of municipal government in one body, the commission. Ordinances, budgets, contracts and many appointments require approval by a majority of the commissioners. Each commissioner has charge of a department, but the means of arriving at that charge varies from city to city. These may include: election to a specific department; vote by the commissioners to department assignment; and department assignment by the mayor. The mayor may be elected or appointed to the position, but either way, he/she is titular head of the commission only and has only one vote. The mayor and commissioners both formulate and administer policy. The commission form lacks both the checks and balances found in the mayor-council form and the administrative accountability of the council-manager form.



Commission Structure

Source: *Urban Politics*; Ross/Stedman, p 48.

THE PAST

Origins of the Commission Form

During the progressive era, which marked the turn of the century, city government reform groups, such as the National Municipal League, proliferated across the country. The municipal reform movement was fueled in part by reformers who felt that city government needed to be run like a business in order to thwart corruption and ensure delivery of effective service. "The commission idea was viewed as a cure-all by its promoters, who promised less taxation, more efficient public service, and 'better men' in government," said one analyst. "In city after city, it was promoted as a means of making government more like business in its organization and methods. Accordingly, chambers of commerce and other organized business groups became the strongest backers of commission government."¹

Other analysts of the time ascribed a less seemly motive to some to the reformers. Described as "politically oriented capitalists,... they felt that public policy should be consistent with the inherent rationalization in corporate systems and sought to bring more order to metropolitan life. Toward this end, they sought to reduce the influence of lower- and moderate-income groups in public decision making. Before the adoption of the commission system, the typical ward-elected alderman was a small businessman, skilled artisan, or unskilled worker. But now upper-class businessmen were determined to change the social background of city officials."²

Cumulative Distribution of U.S. Municipalities By Government Type By City Size

Form of Government	All Cities:	2,500 & Over	5,000 & Over	10,000 & Over	25,000 & Over	50,000 & Over
Mayor-Council	3,766	3,683	2,074	1,099	400	176
Council-Manager	2,513	2,287	1,840	1,243	587	248
Commission	178	177	137	102	48	17
Town Meeting	419	370	219	100	6	1
Rep. Town Meeting	81	81	58	45	19	4

Form of Gvt. (Cont.)	100,000 & Over	250,000 & Over	500,000 & Over	Over 1,000,000
Mayor-Council	75	35	18	6
Council-Manager	87	20	5	
Commission	8	2		
Town Meeting				
Rep. Town Meeting				

Source: International City Management Association (Washington, DC: *The Municipal Year Book* (1983), p XVI.

The commission form of government first appeared on the national scene in Galveston, Texas (in September, 1900.) The existing mayor-council government in Galveston was unable to cope with the emergency created by a major hurricane and accompanying tidal waves. The government resigned. An organization of prominent businessmen developed a new plan of government to manage the crisis and rebuild the city. They secured a new charter from the state embracing their Galveston plan. The plan created a five-member commission with each commissioner heading a department. Commissioners had both legislative and administrative responsibilities.³ After Des Moines, Iowa, refined the plan by adding the initiative, referendum and recall procedures, a merit system and nonpartisan elections, reformers touted it around the country as the model for businesslike government. By 1920, twenty percent of American cities with populations greater than 5,000 had adopted the commission form.⁴

Portland Adopts Commission Form

The first decade of the twentieth century was one of growth in which the city doubled in size but also was one of growing concern about municipal corruption. A reform movement effected a successful campaign to change the government to a commission form in 1913.⁵

Following the 1913 election, commission government was approved by popular vote. The new charter provided for four full-time commissioners and a full-time mayor, all elected at large in a nonpartisan election to staggered terms. Each commissioner and the mayor have one vote, and the mayor has no veto power.

Portland's reform movement was bipartisan, with social, business and religious groups joining hands to rid the city of corruption and mismanagement. In a discussion of the "system of dirty politics" that existed at that time, Portland historian E. Kimbark MacColl quotes former Portland Rabbi Stephen Wise: "It was the union of gambling and liquor interests plus organized prostitution, which in collusion with city officials above all with the police department, poisoned and corroded the life of the city."⁶

Still, municipal reform was not an issue that burned deeply in the hearts of all Portland's citizens. *Oregonian* editor Edgar Piper cautioned the day before the election that the issues were "overdrawn. . . . The people are [the] most important [element]. . . . Beware of creating a fetish over governmental forms."⁷

Shortly after Portland adopted the commission form, criticisms of the new plan emerged. Most centered on the fact that commissioners played both legislative and administrative roles and that the leadership of the city was divided among five people--with no one in charge. As one analyst points out, "All the commissioners were 'first among equals.'"⁸

In 1913, the very year that Portland adopted the commission form, the National Municipal League was already acknow-

ledging serious problems with it. By 1919 the League recommended in its model charter that a city manager be included as an integral feature in the commission form.

In 1948 a citizen's committee appointed by Mayor Dorothy McCullough Lee drafted charter amendments for a council-manager form of government. The committee failed, however, to get enough petition signatures to place the amendment on the November, 1950 ballot.

Commission Form Challenged

Not until 1958 were proponents of the council-manager form able to challenge the commission government at the polls. Proponents of the council-manager form felt that it would: (1) place city administration in the hands of a trained business executive; (2) allow the commissioners more time for long-range policy making and planning; (3) give the mayor the opportunity to lead the city; and (4) establish true budgetary control through centralized purchasing and continuous budgetary survey. Opponents argued that: (1) Portland's commission government worked well and that simple changes could improve it; and (2) the city manager would not be elected by the people and, therefore, could not be recalled by the voters. Thus, citizens would lose some direct control. Voters defeated the measure.

Shortly thereafter, the city council retained Public Administration Service (PAS), a Chicago consulting firm, to study Portland's government. In its 1959 report, PAS observed that reform movements generally arise from discontentment with what exists, but that such discontentment was not evident in Portland. "The people of Portland are now enjoying a reasonably high level of municipal service at a rather modest cost."⁹ While PAS presented "a number of findings of deficient practice and recommendations for change," the firm concluded: "Portland [was] at least as well governed as the average large American city."¹⁰

Still, discontentment with the commission form of government lingered. In 1961, the Portland City Club issued a report on city government and recommended that Portland adopt a strong mayor-council form. The committee concluded that, "The commission form of government cannot be patched up sufficiently to warrant its continuance. . . . So long as there is no chief executive with authority and responsibility for overall management, there cannot be effective, balanced overall management of the city's government."¹¹ The committee recommended the strong mayor-council form as the best hope for city government because it has the strengths of the council manager form plus an elected chief executive.

Five years later, in 1966, Portland voters once again had the opportunity to abandon the commission form of government. The proposal this time was a strong mayor-council form. An elected mayor and a city manager appointed by the mayor would have shared executive authority under the proposed change. The city council would be composed of eight part-time members elected at large.

Among the arguments cited in support of the strong mayor-council form of government were: (1) under the commission form, decisions made during the budget process were often driven by the needs of commissioners' own bureaus instead of the long-term need of the city; (2) no one in the commission form of government is responsible for establishing priorities and for long-range planning; (3) the mayor-council form would provide for separation of legislative and administrative powers; (4) commissioners are generally not trained administrators so the power actually falls to an unelected bureaucracy; and (5) the commission form of government was out of step with the national trend toward the mayor-council form.

Those who opposed the change noted that: (1) one person would have too much power, possibly making appointments to pay political debts; (2) a part-time council might lack the skills or time to study effectively all facts necessary for making policy decisions; (3) full-time politicians depend on being re-elected, so they are more sensitive to the voter; (4) citizens would have less control over city government administration because the mayor would appoint the city administrator; and (5) the commission government was serving the people well. As Commissioner William Bowes said, "No citizen has ever been denied a hearing before the council. The city has one of the finest and most efficient water systems and an excellent public health record. The city also has the highest of credit ratings and the cheapest insurance rates and there have been no scandals."¹²

The measure failed despite the support of both the *Oregonian* and the *Journal* newspapers, and the bipartisan support of several civic groups. The defeat underscores a comment made by Commissioner Kenneth Cooper in 1950: "Portland's chief claim as a city is resistance to change."¹³

THE PRESENT

Current Municipal Services

The City of Portland is not the only provider of local governmental services in the Portland area. Services are also provided by Multnomah County and by the Metropolitan Service District (METRO). The City of Portland provides the infrastructure and the cultural and recreational programs and facilities. It also provides for public safety. Multnomah County provides the services of assessment and taxation, zoning, elections, law enforcement, corrections and justice. It also provides health and human services, libraries, animal control, county parks and bridges. METRO oversees services which extend beyond the boundaries of the city and county and cover Clackamas and Washington Counties. METRO is responsible for regional land use and transportation planning, landfill and recycling programs, operation of the zoo, and management of the Exposition and Recreation Commission facilities

including the convention center and the performing arts center.

The City Charter

The city charter establishes the basic form of the city government. The charter, approved in 1913, establishes a commission form with four full-time commissioners and a full-time mayor, all elected at large in a nonpartisan election. Each commissioner and the mayor have one vote and the mayor has no veto power. The commissioners are elected to staggered terms.

The charter contains fifteen chapters and is quite detailed. Any significant change in the basic form of city government would require a charter amendment approved by the voters. In addition to the city charter, the city code consists of laws passed by the city council based on procedures established by the charter. The city code is in excess of 1,000 pages. There is no provision in the Portland City Charter requiring periodic review of the document.¹⁴

The charter divides city government into five administrative departments: the Departments of Public Affairs, Finance, Public Safety, Public Works, and Public Utilities. Portland's commission form of government places each of the four city commissioners and the mayor in the role of managing the departments. Each department contains various bureaus and/or offices which provide specific services. Some bureaus have built-in citizen participation through bureau advisory committees (BAC).

The mayor is empowered to designate himself/herself or a commissioner and the city auditor as head of each of these departments and to assign individual bureaus to each department. The mayor can change these assignments at any time.

Description of a Selected Group of City Bureaus (Listing Alphabetically)

City Attorney--The City Attorney is appointed by the City Council and is the legal representative of the city and its citizens. The office provides legal services required by the city, including representation in litigation, consultation to council, bureaus, boards and commissions. The office also prepares ordinances and resolutions for submission to the council.

Auditor--The auditor provides accountability for use of public resources. The city auditor must be a Certified Public Accountant. The functions of the city auditor fall under seven general headings: contracts/disbursements; internal auditing; clerk of the council; assessments and liens; municipal elections; records management; boards and commission membership.

Bureau of Buildings--The Bureau of Buildings has the responsibility of enforcing construction, housing, zoning and nuisance regulations and ordinances. The bureau processes all permit applications. The Inspection and Plans

Division reviews submitted plans for code compliance. The Neighborhood Division is involved with the maintenance of existing structures and the enforcement of land use regulations. It enforces the Dangerous Building Code to provide a method of returning vacant or deteriorating housing stock back to useable stock.

Office of Cable Communications--This office supervises all cable television franchising processes, monitors performance and compliance of cable franchises, and promotes orderly development of city-owned cable communications systems. This office includes the Cable Regulatory Commission, Portland Cable Access, and the Municipal Cable Advisory Committee.

Bureau of Community Development--This bureau administers the Federal Community Development Block Grant program for the City of Portland. It consists of five program areas: Housing, Neighborhood Improvements, Economic Development, Community Services, and Administration. The two major goals of this program are improvement of the quality and livability of low income neighborhoods which are experiencing blight and deterioration, and assistance in providing programs which meet the needs of the neighborhood.

Bureau of Emergency Communications--The Bureau of Emergency Communications is headquartered at Kelly Butte. It provides emergency phone answering and related dispatching of field units for the four police agencies in Multnomah County.

Energy Office--This office oversees the implementation of the City's Energy Policy.

Bureau of Environmental Services--This bureau builds and maintains sanitary sewers and operates the sewage treatment plants. The bureau also monitors the operation of the city-owned St. Johns landfill which is due to be closed in 1991. The bureau also participates in regional solid waste management planning.

Bureau of Fire--The primary mission of the Bureau of Fire is providing fire protection for the city. It is also involved in various rescue situations that do not involve fire. All fire fighters are trained in first response life support skills, and those who staff the rescue companies are state certified emergency medical technicians trained in advanced life support skills. The Fire Prevention Division works with the public and businesses to reduce the risk of fires in Portland.

Office of Fiscal Administration--The Office of Fiscal Administration monitors and manages the city's financial activities. (See "Office of Finance and Administration and the Budget" for more complete information about this office.)

Office of General Services--The Office of General Services provides administrative support to the Bureaus of Fleet Management, Facilities Management, Central Services, Computer Services, and Electronic Services. It is also responsible for operation of city-owned parking facilities and city hall conference room reservations. The Office also

manages the Justice Center and the Portland Building operating funds.

Bureau of Licenses--This bureau issues licenses, audits and collects business and lodging fees/taxes; enforces towing the regulations on ground transportation, parking, pawn shops, amusement devices and social games; and collects permit fees.

Office of Neighborhood Associations--The ONA was established by ordinance in 1974. The ordinance provides standards and procedures for organized groups of citizens to communicate with city officials and city bureaus on matters concerning neighborhood livability. This office provides for citizen participation, crime prevention and mediation. It also coordinates and staffs the Bureau Advisory Committees and Neighborhood Needs programs.

Bureau of Parks and Recreation--This bureau maintains parks, gardens, community centers and other facilities; provides recreational programming; manages 9,500 acres and 184 parks. There are three divisions in the bureau: Resource Development, Operations Division, and Recreation Division. The bureau cooperates with the Portland Public Schools in the Community Schools Program. It also operates eleven community centers which offer various classes and recreational opportunities. The Park Futures Master Plan provides a 20 to 30 year vision for parks and recreational facilities.

Bureau of Planning--The Bureau of Planning provides planning for the City of Portland in order to promote the livability, economic health, and appearance of the city, and to preserve Portland's heritage. It enforces the city Planning Code; administers land use regulations, urban design codes and historic districts; reviews land use applications and zoning requests; and provides staff support to the Planning Commission.

Bureau of Police--This bureau is responsible for the protection and preservation of life and property. It is administered by the Chief of Police, who is appointed by the mayor. The three branches of the Bureau of Police are Patrol, Investigations and Services.

Portland Development Commission--The Portland "Development Commission serves as the City's urban renewal agency and is responsible for implementation of a Downtown Development Program, Housing Rehabilitation Program and Economic Development Program. The PDC develops urban renewal plans, acquires properties, relocates persons displaced by project activities, contracts for design and construction of public improvements, and is authorized to promote economic growth and the expansion of businesses in and near the city.

PDC was created in 1958 by charter amendment by a vote of the people. A five member commission, appointed by the mayor, governs the PDC."¹⁵

Bureau of Purchases and Stores--The purchasing agent manages this bureau which serves all city bureaus through

centralized purchasing, municipal stores, and property warehouse operations.

Office of Transportation--The Office of Transportation is responsible for achieving central coordination and focus for the city's transportation activities. It improves, operates and maintains the city's transportation system. It consists of five operating bureaus that provide transportation planning and capital development support for street system improvements. It also designs, constructs, operates and maintains Portland's streets, city-owned bridges, sidewalks, street lighting systems and traffic controls. The Office represents the city's position in regional transportation planning, financing and policy processes.

Bureau of Water Works and Hydroelectric--The Bureau of Water Works constructs, maintains, and operates the municipal water system to ensure that city residents and non-residents alike receive sufficient quantities of high quality water to meet their existing and future needs. In addition, through the Bureau of Hydroelectric Power, facilities for energy generation are constructed and maintained. The Water Bureau is self-supported through user fees. Water from the Bull Run watershed is supplemented as needed by wells along the Columbia River.

(Non-general fund bureaus are those supported mainly by fees and rates, such as, Environmental Services, Transportation, Water Works, Buildings and Emergency Communications.)

The Office of Finance and Administration and the Budget

The Office of Finance and Administration (OFA) has three subordinate bureaus: Financial Planning, Personnel, and Administrative Services. Also reporting to the office are the city's affirmative action, strategic planning and urban services programs.

OFA manages and monitors the city's fiscal resources and is thus involved with every city bureau. Budgeting and monitoring expenditures are now year-round activities. Increased time and attention focus on forecasting, which, OFA Director Stephen Bauer, remarked, "sets the tone for the entire process."¹⁶

The Bureau of Financial Planning prepares the city's annual budget. In addition, its staff consults with all other city bureaus, officials and employees, concerning revenue and expenditure projections. The bureau provides liaison to the citizen advisory committees of each bureau and prepares the five-year forecast.

The Bureau of Financial Planning's ten-member staff includes: the director, an urban economist, three senior management analysts, three management analysts, and two assistant management analysts.

The Budget Process and Citizen Involvement

Citizens play an important role in budget preparation through the following: neighborhood needs report process; citizen bureau advisory committee (BAC); citizen bureau advisory coordinating committee (BACC); public testimony.

Through the neighborhood needs report process, neighborhoods and neighborhood associations identify the needs of their areas and submit requests to the Office of Neighborhood Associations.

The BAC program is unique to the City of Portland. It brings ordinary citizens into the process of developing the city's budget and provides a sounding board for the council and bureau staff. Each of the city's bureaus has a committee of citizen volunteers. BACs begin their work in the fall, and during December, January and February meet with bureau staff members and their respective commissioners. The committees consider how well the budget requests reflect council priorities and citizen needs and then prepare written recommendations for council consideration.

A representative from each BAC sits on the coordinating committee (BACC) otherwise known as the "Big Bac". During February and March the BACC meets with the mayor, commissioners and bureau staff to make recommendations concerning citywide needs, policies and budget priorities.

Budget Preparation

Budget preparation which includes a forecasting model and a budget guidelines resolution consumes great effort and time (October to December) on the part of the Bureau of Financial Planning and other city officials and citizen committees. It culminates in the printing and distribution of the budget manual to city bureaus in December.

Program/Performance Budgeting

Tim Grewe, Manager of the Bureau of Financial Planning, says the bureau has been trying to bring about budgetary reform for the last three years. The bureau is requiring that budgets submitted be performance--rather than resource--driven. This policy requires bureaus to establish priorities and to forecast accomplishments for the budget year.¹⁷ For example, for the two budget years, 1988-1990, the Bureau of Parks and Recreation may highlight programs for "Youth at Risk" as its top priority for funding. Likewise, the Police Bureau may identify implementation of Community Policing as a top priority objective.

Budget Decision-Making Process

After the bureaus submit their budget requests and the BACs submit their reports, the Bureau of Financial Planning prepares an overview of each bureau's budget request, evaluating it for technical accuracy and compliance with budget guidelines.

Budget requests go to the mayor who, with the assistance of Bureau of Finance staff, develops the prepared budget. The mayor consults with commissioners, bureau managers, and the BACC throughout the process.

Budget Hearings and Public Involvement

Public hearings on the proposed budget follow usually during the first two weeks of April. The council hearings include public testimony and the BACC report. The council then holds work sessions to review individual bureau budgets. BACs will have the opportunity to testify directly to the council at these work sessions.

Tax Supervising and Conservation Commission (TSCC)

The council makes amendments and approves the budget for submission to the Tax Supervising and Conservation Commission. The five member commission, appointed by the governor, supervises budgeting and taxing activities of local governments in Multnomah County. TSCC review includes technical and legal checks and a study of property tax estimates. The TSCC can raise questions concerning a variety of matters from estimated gas tax revenues to tax increment financing.

The TSCC issues a certification letter and returns the budget to the council at the end of June. Still, at this point the budget can be changed by up to a maximum 10%. However, the final budget, must be in place by July 1, the beginning of the new fiscal year. Property tax revenues for the year do not begin to arrive until October, so the city must borrow money each year to tide it over from July to October.

Rebuilding the Reserve Fund

During the recession of the early 1980's the city was able to maintain most services by drawing on a reserve fund that had accumulated \$25 million in 1978. Since that time funding from outside sources, primarily federal programs, has dropped from 48% of the city's budget in 1978 to 21% in 1987.¹⁸

OFA has many times warned that the city government would be ill-equipped financially to cope with a recession and has pushed the council to rebuild reserve funds.

By December, 1989, as a result of a healthy regional economy, stringent budget policies and increased fees, the

city has built a reserve fund worth 5% of its general fund--roughly \$9 million. However, OFA director Stephen Bauer advises that Portland should increase its reserve to \$18 million to support the city in the event of a two-year slowdown in the economy.

Budget Synopsis

"State budget law requires the reporting of the total budget, which includes total operating costs and internal transactions between funds and organizations. The Adopted Budget for FY 1989-90 totals approximately \$965 million, representing an increase over FY1988-89 of \$156 million or 19%. The increase is a result of the issuance of debt primarily for capital projects and costs associated with the construction of sewers in East Multnomah County mandated by the Department of Environmental Quality. Additionally, inflation and employee compensation increases are reflected. Also contributing to the increase is the inclusion of two new funds as a result of voter approval of two levy requests. These funds include the Parks System Improvements Fund and the Public Safety Capital Fund, totalling \$2.3 million and \$2.4 million, respectively.

The city's total budget amount (see discussion above) overstates actual program expenditures due to the double counting of internal transactions (budgeted by the fund providing the service and the the fund receiving the service). Additionally, the adopted Budget includes \$40 million in short-term debt which provides for adequate cash flow between July 1 and the receipt of property taxes in November. Subtracting internal transactions and short-term debt, the city's net operating requirements total \$646 million, a 18% increase over FY 1988-89. Again, the increase is a result of those items discussed above--issuance of debt, sewer construction, inflation and employee compensation costs.

The General Fund is the primary focus of the budget process due to the fact that it supports many of the primary services and because council has discretion to allocate the available dollars among programs.

The General Fund is the most visible fund and supports such basic services as police, fire, parks, and the legislative and administrative functions of the city. The utilities--water, environmental services (sewers) and transportation--are supported by separate operating funds.¹⁹ The charts on the following two pages detail total budget and general fund operating requirements for the FY 1989-90.

The City Government Study Committee wishes to thank the following persons for their assistance in preparing this study:

Don Balmer	Chris Thomas	E.K. MacColl
Tim Grewe	Mary Nolan	Stephen Bauer
Blanche Schroeder	Barbara Clark	

The League of Women Voters of Portland City Government Study Committee:

Louise Questad	Corinne Paulson	Barbara Stalions
Leeanne MacColl	Carolyn Rundorff	Debbie Aiona
Betty Von Glahn	Florence Hinchliff	Donna Ward
Cheri Unger	Kris Hudson	

The City Government Study Editorial Committee: Helen Pock and Mildred Taxer