

Figure 1-Current General Fund 5-Year Revenue Forecast

The key environmental assumption remains national and regional economic growth. Economic conditions are improved compared to last Spring (Asia). The City's national economic advisor, Regional Financial Associates, forecasts continued but slower growth. The State's economist also forecasts slower growth.

Figure 1 summarizes the 5 year revenue forecast off of the FY1999-00 base. The revenue growth rate now depends critically on assessed value growth. Revenue growth is forecast to average 3.8 percent over the next five years. Slower regional growth or a recession will quickly translate into lower revenue growth because of the increased importance of business license revenues and the sensitivity of property tax revenues to real estate market cycles.

Estimated FY2000-01 General Fund current service level (CSL) costs are \$232.8 million, up \$958,030 million (0.5%) above financial plan. Out-year CSL costs use a 2% (1.1% on-going) FY1999-00 COLA. Higher labor settlement (or arbitration) costs during FY1999-00 increase CSL costs and are a risk to this forecast. Increased Risk Management inter-agency costs are not included in bureau CSL targets with the exception of \$103,655 for Planning (AK Media). Council adopted ordinances increased Parks' target by \$93,845. Phase-in of the BIT cost-of-service study increased targets by about \$354,000. This phase-in is consistent with the approach used in prior years for overhead and inter-agency adjustments so as to manage systemic changes of this type. Bureau CSL targets are about \$542,000 higher, net, due to higher inflation factors.

Estimated Current Service Level Forecast Assumptions		FY2000-01
FY2000-01 CSL Cost		
Estimated-Previous Forecast...		\$231,843,047
This CSL Forecast.....		\$232,801,077
Difference In CSL Estimates.....		\$958,030
General Inflation Rates.....		
GDP Price Deflator....(RFA).....		2.0%
CPI-% (Dec.'98-Dec.'99).....		3.2%
Benefits Inflation.....		3.2%
Producer Price Index.....		3.3%
CPI-Energy.....		2.3%
External M&S.....		
General-Overall.....		3.1%
Energy-Electricity.....		0.0%
Energy-Gas.....		1.9%
Sewer.....		8.9%
Water.....		3.0%
Utilities-Overall.....		3.6%
Internal M&S.....		
General-Overall.....		3.2%
Risk/Workers' Comp.....		3.2%
Wage & Salary % Increase.....		
Public Safety.....		3.2%
All Other.....		3.2%

COUNCIL set-asides, FY2000-01, are shown in the table to the right in line item detail as follows

- The business license refunds set-aside is increased by \$1.1 million. Recent experience shows that refunds need to be budgeted at 8% to 10% of business license revenues.

- Preliminary cashflow analysis shows that the General Fund will have to resume issuing Tax Anticipation Notes (TANS) next year. Interest costs are estimated at \$327,740.

- The capital set-aside is reduced \$936,154. This equals annual debt service costs that resulted from Council's decision to fund this fiscal year's capital set-aside using debt. In the out-years of the forecast this set-aside increases \$1 million per year.

- The compensation set-aside is down net, \$65,046. This reflects a 3.2% CPI-W number as offset by a lower DCTU class compensation impact than assumed last Spring. The set-aside also includes a \$362,288 provision for non-represented class-compensation cost adjustments. The FY2001-02, compensation set-aside has been sized using a forecast 2.7 percent CPI-W increase.

Adopted Budget Council Budget Set-Asides		
Set-Aside Item	Forecast FY2000-01	
	Financial Plan	New Forecast
LID & Schools Debt Service	\$416,201	\$1,348,491
Compensation Set-Aside	\$6,859,263	\$6,794,217
POBS Debt Service	\$2,987,736	\$3,223,981
General Fund Contingency	\$1,400,000	\$1,400,000
Unforeseen & Inventory	\$2,000,000	\$2,000,000
Subtotal-Contingency	\$3,400,000	\$3,400,000
Capital Set-Aside	\$5,000,000	\$4,063,846
Precincts/City Hall Projects	\$2,479,350	\$2,479,350
Existing Master Lease	\$1,437,781	\$1,288,733
Subtotal-Capital Set-Aside	\$8,917,130	\$7,831,928
PDOT-CSL & One-Time(*)	\$718,305	\$726,034
Street Light O&M Transfer(*)	\$4,954,380	\$4,956,890
2040 Planning/Town Centers	\$736,550	\$736,550
Unemployment Insurance	\$200,000	\$200,000
Business License Refunds	\$3,989,937	\$5,057,122
City Hall Maintenance Reserve	\$350,000	\$350,000
TANS Borrowing-Interest	\$0	\$327,740
Unused Line	\$0	\$0
Homeless/OMSI-Debt Service	\$1,150,000	\$1,262,088
Housing Investment Fund	\$4,330,000	\$4,330,000
Miscellaneous Transfers	\$101,954	\$102,981
Cultural Tourism (Art Museum)	\$200,000	\$0
Total Budgeted/Council Adopted Budget Set-Asides	\$39,311,458	\$40,648,022
Difference versus Previous Forecast.....		\$1,336,565

(*) Before 2.5% target reduction.

Adopted Budget Current Service Level (CSL) Requirements General Fund Financial Model

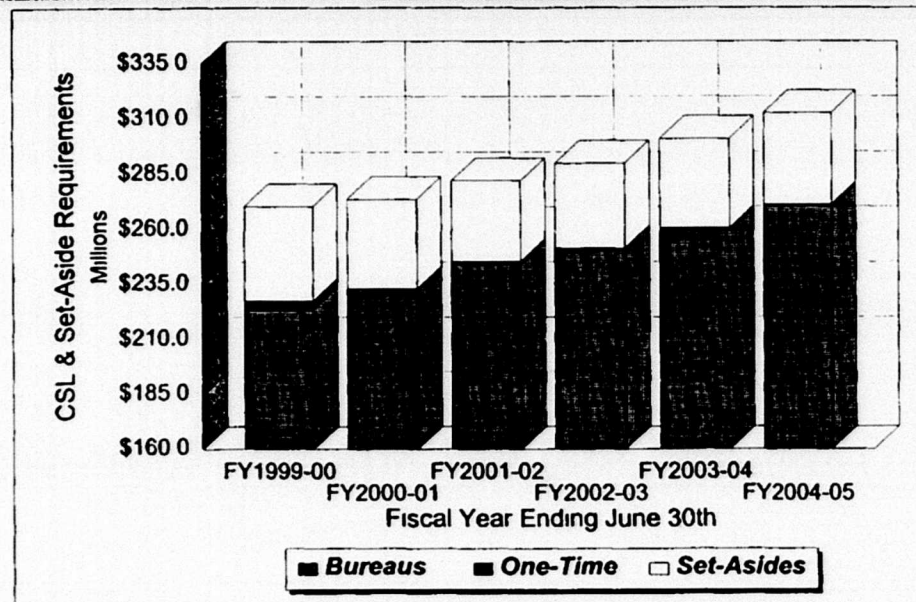


Figure 2-Current Service Level (CSL) Requirements Financial Forecast (FORC0104)

Set-asides are up net about \$1.4 million. The bulk of this increase is located in refunds and TANS interest.

Other set-asides in Council's second year Budget are unchanged, but Pension Obligation Bonds debt service is \$236,245 above last June's estimate. Interest rates are higher than anticipated last last Spring. It should be noted that the POBS "consume" a large amount of annual revenue growth that otherwise would have been available to Council as new on-going money

ments.

35855

Prepared By Bureau of Financial Planning, City of Portland

Office of Finance & Administration

Current 5-Year Financial Forecast

City Of Portland-General Fund

As Of... 21-Dec-99

Forecast Shows Higher Resources, With \$1.55 Billion On-Going, Above CSL Costs Available To Council

Item	Adopted Financial Plan	December Forecast	Differences From Plan
Council Discretionary Available FY2000-01.....	\$273,934,532	\$275,258,260	\$1,323,728
Requirements:			
Capital Set-Aside.....	\$5,000,000	\$4,063,846	(\$936,154)
Council Set-Asides.....	\$34,311,458	\$36,584,177	\$2,272,719
One-Time Bureaus	\$0	\$256,159	\$256,159
Bureaus, On Going.....	\$231,843,047	\$232,801,077	\$958,030
Fund Requirements..	\$271,154,505	\$273,705,259	\$2,550,754
Resources Less Re-requirements EQUALS.....	\$2,780,027	\$1,553,002	(\$1,227,026)
Programs FY2000-01.....	\$1,145,294	\$1,553,002	\$407,708
Available One-Time.....	\$1,634,733	\$0	(\$1,634,733)
Programs FY2001-02.....	\$0	\$902,650	\$902,650
Available One-Time.....	\$1,495,716	\$1,161,905	(\$333,811)

\$1.55 Billion On-Going Above CSL Available For FY2000-01

- ◆ Forecast revenues are up \$3 218 million compared to the previous forecast. The beginning fund balance estimate however, is \$1 895 million lower. Resources are up net over the financial plan by \$1 323 million.
- ◆ CSL costs are \$2 550 million higher than the financial plan and total about \$273 705 million. Resources less estimated CSL requirements leaves Council with \$1 553 million available, all on-going, and compared to a financial plan of \$1 145 million on-going and \$934,733 one-time.
- ◆ CSL estimates do not include the \$2.6 million one-time FY1999-00 budgets and \$900,000 of Risk inter-agency increases.
- ◆ The forecast shows about \$902,650 available on-going and \$1 162 million available one-time for the second year, FY2001-02, budget. The financial plan estimated that about \$1 495 million of one-time would be available to Council in the FY2001-02 budget.

Resource Outlook

December Forecast: Higher Revenues, Lower Balance

The December forecast shows improved revenues but a lower beginning fund balance estimate. The result is a December FY2000-01 General Fund resource estimate \$1.323 million above last June's financial plan. CSL costs are \$2 550 million higher; bureau CSL targets are \$958,030 higher. Council set-asides are net, \$1,336,564 higher than estimated in Council's adopted financial plan.

Labor Settlements (Police, Fire) A Key Uncertainty

The financial plan assumes a 2.0% FY1999-00 cost-of-living (COLA) adjustment. Contracts with Police and Fire remain unresolved at this time. Contracts in excess of 1.1% on-going plus 0.9%, put financial forecast results at risk. Incorporating settlements in excess of 2.0% (1.1% on-going) alters this forecast, making it much more difficult to support current service levels (CSL).

Some Key Forecast Assumptions	M50 Assess. Value \$1000....	\$31,506,840	State Cigarette & Liquor Tax Revenues To City.....	\$7,957,661
	FY1999-00 M50 Tax Base.....	\$144,206,805	CPI-W Increase (December '98 To December '99).....	3.2%
	M50 Compression Loss.....	(\$3,462,643)	Measure 50 FPD&R Levy.....	\$62,899,292
	Est. Tax Base Imposed.....	\$140,744,162	Beginning General Fund FY2000-01 Balance.....	\$8,480,910
	Delinquency/Discount(%)....	-5.0500%	Estimated Urban Renewal Divide-The-Taxes (7 Districts).	\$31,027,575
	Delinquency/Discount (\$)....	(\$7,107,580)	Current Forecast: FY2000-01 to FY2004-05	
	New Tax Base Revenues.....	\$133,636,582		
	County M50 Levy.....	\$166,211,672		
	Library-Local Option.....	\$22,757,766		
	Total-County Levies.....	\$188,969,438		

Forecast FY2000-01 resources are up \$1.323 million (0.48%) compared to the previous forecast. Forecast revenues are up about \$3,218 (1.22%) million compared to the financial plan on the strength of higher property taxes and utility license, franchise fee revenues. Property taxes are higher, new construction continues to generate larger than expected increases in assessed values that translate directly into increased property tax revenues. The financial forecast continues to assume values growth of about 1.1 percent from new construction. The business license revenue forecast is unchanged from the previous forecast.

Transient lodging taxes revenues are \$529,900 below the previous forecast. This reflects delayed convention center expansion and excess room capacity that has developed over the past twelve months. Cigarette and liquor tax distributions are down \$907,000; revenues continue to be volatile year-to-year.

Revenue Forecast RECAP-First Year Budget, FY2000-01			
General Fund Revenue Category	FY2000-01		
	Financial Plan	New Forecast	Difference
Property Taxes.....	\$136,583,278	\$138,661,975	\$2,078,697
Transient Lodgings.....	\$11,376,568	\$10,846,666	(\$529,902)
Business Licenses.....	\$53,065,824	\$53,127,604	\$61,780
Utility License/Franchise....	\$45,204,284	\$48,032,587	\$2,828,302
State Revenues.....	\$8,864,888	\$7,957,661	(\$907,227)
Interest Income.....	\$2,475,964	\$2,126,404	(\$349,560)
Transfers (*) IN.....	\$2,319,747	\$2,326,583	\$6,836
Miscellaneous.....	\$3,667,869	\$3,697,869	\$30,000
Revenue Forecast.....	\$263,558,423	\$266,777,350	\$3,218,927
Beginning FUND Balance....	\$10,376,109	\$8,480,910	(\$1,895,199)
Forecast Resources.....	\$273,934,532	\$275,258,260	\$1,323,728
% Change In Revenues.....		1.22%	
% Change In Resources.....		0.48%	

Overall, revenue growth is expected to average about 3.8% per year. Current levy property taxes are forecast to grow at 4.5%. Franchise fees are forecast to grow at 3.7% per year and transient lodging taxes by 4.8% per year. Business licenses grow by 2.7% per year.

Some key revenue forecast assumptions are an "M50" General Fund tax base levy of \$144.21 million. The levy estimate results from application of the fixed permanent \$4.5770 per \$1,000 tax rate to about \$31.5 billion of Measure 50 assessed values. This levy is assumed compressed by about 1.78% reflecting actual experience with the new Measure 50 system and actual property-by-property compression. The property tax revenue forecast also incorporates Council's creation of three new urban renewal districts (River District, Lents, and Macadam) as well as a new "IMAX" urban renewal district. The delinquency and discount rate assumption is 5.05 percent. This assumption is unchanged from the previous forecast even though the delinquency/discount rate was slightly higher during FY1998-99. Last year reversed the trend of a declining delinquency rate. Measure 50 "special" or property-by-property compression is assumed stable at 1.8% of the General Fund's tax levy.

Revenue Forecast ASSUMPTIONS	
Revenue Category	FY2000-01
CITY Property Tax Levies.....	
Measure 50 Taxbase Levy.....	\$144,206,805
Local Option Levy.....	\$0
Measure 50 F&PD&R Levy(*)....	\$62,899,292
FPD&R, General Fund Total.	\$207,106,096
MULTNOMAH County Levies	
Measure 50 Levy Authority.....	\$166,211,672
Local Option Levy (Library).....	\$22,757,766
Mult. County Levy Total.....	\$188,969,438
M50 Assessed Value Growth....	4.1%
Percent of FY2000-01 Levies	
Not Received First Year.....	-5.050%
Measure 50 Compression.....	-1.774%
Est. Portland Population.....	518,995
GDP Growth (RFA).....	2.7%
Revenue Sharing (State).....	\$7,957,661

(*) Preliminary, estimated by Financial Management.

THE BOTTOM LINE: The revised forecast shows some improvement in revenues compared to the previous forecast. The bulk of the improvement is in utility license, franchise fee and property tax revenues. The beginning fund balance estimate is down substantially from the previous forecast reflecting stronger spending out of budgets during FY1998-99 and on into the first quarter of the current fiscal year. The result is a first year budget resource estimate that is slightly above CSL costs.

FY2000-01 Through FY2004-05 Financial Forecast Summary

- This fourth Measure 50 forecast continues to show a relatively stable General Fund financial outlook over the five year forecast period. Property tax revenue growth has been higher than expected: new construction continues to add values to the tax roles at a rate of about 1.5 percent per year. This probably represents what can be expected at the high end of the business cycle. The financial forecast continues to assume that new construction will add an additional 1.1 percent to values year over year. This translates into 1.1 percent of additional property tax revenue growth (all other variables the same)
- The financial forecast assumes the use of about \$1.65 million of excess reserves during FY2000-01. This continues to represent Council's planned use of excess reserves. Reserve levels continue at or above the 10% level for the life of the financial forecast.
- The scenario used for the 5-year forecast is realistic. Legislative action that reduces revenues, either property tax revenues, state shared cigarette and liquor revenues, or franchise fees upsets the forecast. The possibility of a recession or slower economic growth continue to represent more of a risk to the five-year forecast than at any time during the recent past.

Out-Year Detail Of 5-Year Financial Forecast, Two-Year Budget

The revised financial forecast shows a five year forecast that is balanced with the General Reserve Fund at or above the required 10% level throughout the forecast period. The five year forecast does, however commit all available excess reserves above the 10 percent requirement in order to meet CSL requirements as currently understood. The table below summarizes the five year financial forecast as it currently stands given Council's previous five-year financial plan and the current CSL cost forecast incorporates higher capitals set-asides into Council's five year financial plan. In addition, the five-year plan continues to incorporate increased operation and maintenance costs for the Fire Bureau.

Item	Two Year Budget		Next Two-Year Budget		Out-Year
	2001	2002	2003	2004	2005
Total Resources.....	\$273,608,260	\$283,137,342	\$292,641,003	\$303,733,295	\$315,387,090
Transfer In From General Reserve.....	\$1,650,000	\$0	\$0	\$0	\$0
Bureaus & Programs....	\$232,801,077	\$244,407,985	\$253,699,575	\$263,103,180	\$272,924,717
Capital Set-Aside(*)....	\$4,063,846	\$5,062,950	\$6,062,850	\$7,064,850	\$7,061,050
Est. New On-Going.....	\$1,553,002	\$902,650	\$0	\$0	\$0
Scheduled One-Time..	\$256,159	\$1,000	\$0	\$0	\$0
New One-Time.....	\$0	\$1,161,905	\$355,474	\$185,387	\$1,007,901
Pension Bonds P&I.....	\$3,223,981	\$3,742,995	\$4,935,042	\$5,746,017	\$6,507,994
Council Set-Asides.....	\$33,360,195	\$27,857,857	\$27,588,062	\$27,633,861	\$27,885,427
Total Requirements	\$275,258,260	\$283,137,342	\$292,641,003	\$303,733,295	\$315,387,090
Difference	\$0	\$0	\$0	(\$0)	(\$0)
Reserve Fund As A Percent Net Revenues	10.1%	10.2%	10.4%	10.5%	10.5%

(*) Per Council Adopted Resolution #35526, June 12, 1996

Risks To The Financial Forecast

This forecast continues to assume moderate State and regional economic growth. All indications, both from the State and Regional Financial Associates (RFA) suggest that the national economy will continue to grow moderately although slower than in past years. As was the case in past years, uncertainties continue to plague the forecast. Some crucial uncertainties are:

- Southeast Asia turmoil seems to have resolved itself over the past 12 months but this long economic expansion is clearly generating "pressures" that may yet result in recession.
- The "Y2K" problem may generate some disruptions. Continuing Police and Fire labor contract uncertainties as well as the City's PERS problem represent clear risks to the forecast.

Two-Year Forecast Resources-By Budget Category Detail			
<i>Category</i>	<i>FY2000-01</i>		<i>FY2001-02</i>
RESOURCES	Financial Plan	New Forecast	Forecast
Property Taxes			
Current Year Taxes	\$132,960,153	\$134,495,962	\$140,327,234
Prior Year Taxes	\$3,111,189	\$3,706,912	\$3,202,904
Payment in Lieu of Taxes	\$511,937	\$459,102	\$459,102
Total Property Taxes	\$136,583,278	\$138,661,975	\$143,989,240
Other Taxes			
Lodging Tax	\$11,376,568	\$10,846,666	\$11,267,290
Licenses & Permits			
Business Licenses	\$53,065,824	\$53,127,604	\$54,523,238
Utility License-External	\$31,689,753	\$34,650,587	\$36,237,035
State Sources(*)			
State Shared Revenue	\$8,864,888	\$7,957,661	\$7,970,369
Local Government			
Local Shared Revenue	\$1,542,869	\$1,542,869	\$1,542,869
Miscellaneous Revenues			
Refunds	\$30,000	\$30,000	\$30,000
Interest on Investments	\$2,475,964	\$2,126,404	\$2,180,435
Other Misc. Revenues			
Other Misc. Revenues	\$95,000	\$125,000	\$125,000
Unforeseen Reimbursable	\$2,000,000	\$2,000,000	\$2,000,000
Transfers, Other Funds			
Utility License-Internal			
Water Operating	\$3,777,000	\$3,766,000	\$4,013,000
Sewer Operating	\$9,737,531	\$9,616,000	\$10,560,000
Miscellaneous			
Parking Facility-Tax Offset	\$183,582	\$190,418	\$196,131
Hyro-Fund Transfer	\$250,000	\$250,000	\$250,000
Auto Port-Tax Offset	\$0	\$0	\$0
Refuse Disposal	\$35,000	\$35,000	\$35,000
HCD-Indirect	\$167,738	\$167,738	\$167,738
Federal Grants-Indirect	\$33,427	\$33,427	\$33,427
Transfer-General Reserve	\$1,650,000	\$1,650,000	\$0
Supplemental Retire.....	\$0	\$0	\$0
Subtotal-Transfers, Misc.	\$2,319,747	\$2,326,583	\$682,296
Beginning Fund Balance			
Unencumbered	\$10,376,109	\$8,480,910	\$8,016,571
TOTAL DISCRETIONARY	\$273,934,532	\$275,258,260	\$283,137,342
Checksum Total-Page 2	\$273,934,532	\$275,258,260	\$283,137,342
Checksum Difference	\$0	\$0	\$0

(*) Cigarette & liquor tax distributions to General Fund from State of Oregon

This table shows the resource forecast by budget categories as they appear in City's budget document. The italicized categories are identical to line items on the summary on page 2. Local Shared Revenues and Miscellaneous Revenues are collapsed into one simplified category on page 2 (Misc.& Local Shared) but are shown here in budget detail.

The Financial Forecast is written and produced by D S Barden, City Economist, Kourosh Ghaemmaghami, Economist, Bureau of Financial Planning
dbarden@c1 portland or us (823-6954) and kmaghami@c1 portland or us (823-6957)

The table to right combines the FY2000-01 resource forecast with bureau CSL targets plus Council set-asides. Total resources are \$275,258 million. Deducting assumed set-asides of \$40,648 million leaves \$234,610. Bureau CSL targets are \$233,057 million leaving \$1,553 million on-going and no one-time versus Council's financial plan of \$1,145 on-going and \$935 million one-time. The forecast for the second year shows \$902,650 on-going and \$1,162 million available one-time. FY2001-02 is improved compared to Council's financial plan which previously showed only \$1,495 million available one-time for Council's second year budget.

Source & Uses of Funds: Forecast FY2000-01		
Item	Budget	FY2000-01
	FY1990-00	New Forecast
Forecast FUND Revenues.....	\$256,844,458	\$266,777,350
Beginning FUND Balance.....	\$13,584,770	\$8,480,910
Total FUND RESOURCES	\$270,429,228	\$275,258,260
Less: Assumed Set-Asides..	(\$38,845,690)	(\$36,584,177)
Less: Capital Set-Aside.....	(\$4,000,000)	(\$4,063,846)
EQUALS AVAILABLE TO BUREAUS PROGRAMS.....	\$227,583,538	\$234,610,238
Bureaus CSL Requirement.(*)	\$227,583,537	\$233,057,236
EST. GAP, DIFFERENCE.....	\$1	\$1,553,002
AVAILABLE For ON-GOING PROGRAMS.....		\$1,553,002
New One-Time..FY2000-01 First Year.....		\$0

The "Forecast" column, shows that forecast FY2000-01 resources are marginally above Council's plan. As noted elsewhere in this document, the principal reason for this result is a lower beginning fund balance estimate (at period 5 this fiscal year). General Fund spending remains strong relative to slower growing revenues. The beginning balance estimate may improve as more FY1999-00 accounting data becomes available.

On-going labor negotiations and potential Police and Fire labor arbitrations could easily result in compensation adjustments exceeding the financial plan's COLA assumptions. In addition, there is little if any indication that the City's PERS pension obligation has been stabilized by the \$300 million dollar November payment to PERS.

The upshot of this discussion is that General Fund resources exceed requirements by about \$1.553 million, all on-going, for FY2000-01. The second year numbers show both on-going and one-time resources available. Continuing labor contract and PERS uncertainties however, cloud this picture.

Forecast Difference Between Resources And Current Service Level (CSL) Requirements General Fund Financial Model

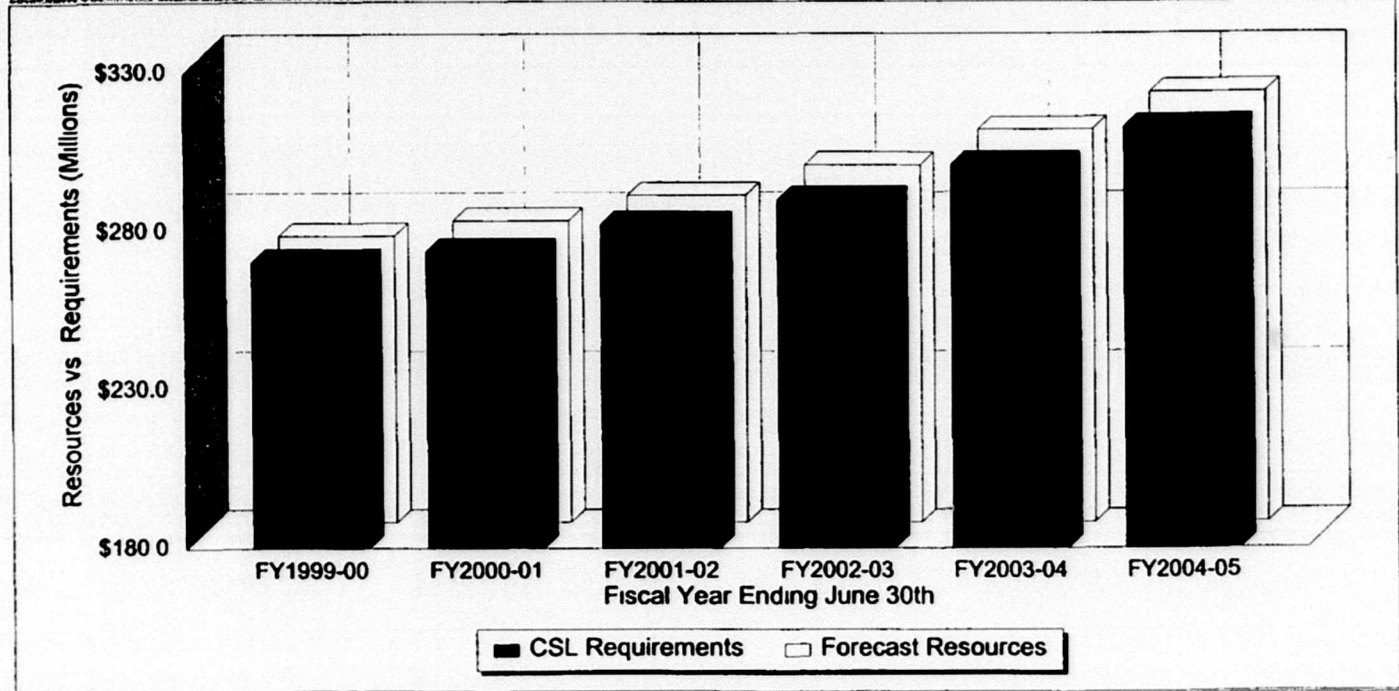


Figure 3-Financial Forecast Resources Compared To Requirements

2-YEAR FINANCIAL FORECAST RESOURCES & REQUIREMENTS DETAIL

The table below summarizes the full two-year financial forecast General Fund resources and requirements.

- Resources total \$558.395 million for two years ending FY2001-02
- Estimated requirements total \$554 778 million over two years.
- The General Fund CSL resources exceed requirements in the first year budget by about \$1,533,002 The second year there appears to be \$902,650 million on-going and \$1,162,905 one-time.

		<i>Resources & Requirements Summary Next Two Years</i>			
		Budget	Current 2 Year Budget Forecast		
Item-Category	RESOURCES	FY1999-00	FY2000-01	FY2001-02	Total
		\$270,429,228	\$275,258,260	\$283,137,342	\$558,395,603
Less: Assumed Set-Asides					
LID & Other Debt Service		\$6,454,900	\$1,348,491	\$1,350,003	\$2,698,494
Compensation Set-Aside		\$3,482,208	\$7,121,957	\$6,147,108	\$13,269,065
Other Set-Asides					
Contingency		\$2,316,942	\$1,400,000	\$1,400,000	\$2,800,000
Unforeseen Reimbursable		\$2,000,000	\$2,000,000	\$2,000,000	\$4,000,000
Subtotal-Contingency		\$4,316,942	\$3,400,000	\$3,400,000	\$6,800,000
Capital Set-Aside		\$4,000,000	\$4,063,846	\$5,062,950	\$9,126,796
PERS Debt Service		\$0	\$3,223,981	\$3,742,995	\$6,966,976
Master Lease		\$1,357,566	\$1,288,733	\$1,436,223	\$2,724,955
Subtotal-Capital		\$5,357,566	\$8,576,560	\$10,242,168	\$18,818,727
City Hall/Precincts-Debt Service		\$2,427,396	\$2,479,350	\$2,479,350	\$4,958,700
Street Light O&M Transfer		\$4,851,151	\$4,956,890	\$5,025,127	\$9,982,017
2040 Planning		\$1,565,048	\$736,550	\$266,753	\$1,003,303
Unemployment Insurance		\$200,000	\$200,000	\$200,000	\$400,000
Business License Refunds		\$3,935,438	\$5,057,122	\$5,189,708	\$10,246,830
City Hall Maintenance Reserve		\$250,000	\$350,000	\$400,000	\$750,000
Y2K Year 2000 Set-Aside		\$65,000	\$0	\$0	\$0
PDOT CSL Support, One-Time		\$1,419,876	\$726,034	\$745,752	\$1,471,786
Homeless Shelter Debt Service		\$1,150,000	\$1,262,088	\$1,112,113	\$2,374,200
Housing Investment Initiative		\$6,806,962	\$4,330,000	\$0	\$4,330,000
Misc. Transfers/Transfer To Reserve		\$363,203	\$102,981	\$105,721	\$208,702
Cultural Tourism		\$200,000	\$0	\$0	\$0
Subtotal, Assumed Set-Asides		\$42,845,690	\$40,648,022	\$36,663,802	\$77,311,824
LESS: Estimated Bureau Requirements.....					
		\$227,583,537	\$233,057,236	\$244,408,985	\$477,466,221
Total: Bureaus + Set-Asides.....		\$270,429,227	\$273,705,259	\$281,072,787	\$554,778,046
Difference: Fund Resources Less Bureau Requirements, Set-Asides...					
		\$1	\$1,553,002	\$2,064,555	\$3,617,557
Assumed, On-Going Programs.....		\$0	\$1,553,002	\$902,650	\$2,455,652
Assumed, One-Time Projects.....		\$0	\$0	\$1,161,905	\$1,161,905

Discussion of PERS Pension Obligation Bonds (POBS) Debt Service Schedule 35855

In November of 1999, the City sold \$300 million of Pension Obligation Bonds (POBS) The bond proceeds will be used to eliminate the City's unfunded PERS pension liability This should reduce the City's employer's PERS contribution rate from 10.48% (current) to 8.56% during FY2000-01 In selling the POBS, the City avoids an immediate PERS employer contribution rate increase to 17.4%. In addition, the City has been able to structure the debt service costs so as to phase in the higher pension costs over a ten year period thus allowing revenue growth to help absorb the impact of higher employer PERS costs.

It needs to be pointed out that first year General Fund POBs debt service cost of \$3.2 million reduces on-going available resources available to Council dollar for dollar.

Annual pension bond debt service will be allocated to bureaus using the most recent year's actual PERS contributions This means that for FY2000-01, actual FY1998-99 PERS contributions are used to allocate annual FY2000-01 debt service costs of \$8,048,992 The table below details the allocation of pension bond debt service for the two-year budget period FY2000-02

FUND	Bureau Total PERS	Percentage Allocation	Annual POB Debt Service	
			FY2000-01	FY2001-02
			\$8,048,992	\$9,344,762
General Fund Bureaus..	\$9,611,990	35.26784%	\$2,838,706	\$3,295,696
Street Light (PDOT).....	\$60,862	0.22331%	\$17,974	\$20,868
BOEC @ 7%.....	\$896,883	3.29080%	\$264,876	\$307,517
OPDR.....	\$346,817	1.27252%	\$102,425	\$118,914
Subtotal.....	\$10,916,552	40.05447%	\$3,223,981	\$3,742,995
PDOT (net).....	\$5,014,563	18.39919%	\$1,480,949	\$1,719,360
BOEC (net).....	\$259,426	0.95187%	\$76,616	\$88,950
Buildings (OPDR)	\$1,301,983	4.77717%	\$384,514	\$446,415
BES	\$3,563,778	13.07604%	\$1,052,489	\$1,221,925
Hydroelectric	\$27,315	0.10022%	\$8,067	\$9,366
WATER	\$3,701,370	13.58088%	\$1,093,124	\$1,269,101
Golf Operating	\$223,183	0.81889%	\$65,913	\$76,524
PIR	\$42,964	0.15764%	\$12,689	\$14,731
Refuse Disposal	\$69,305	0.25429%	\$20,468	\$23,763
Environ. Remediation	\$1,600	0.00587%	\$473	\$549
Parks Bond Const.	\$123,643	0.45366%	\$36,515	\$42,394
Parks Construction	\$2,066	0.00758%	\$610	\$708
Facilities Services	\$221,856	0.81402%	\$65,521	\$76,069
Fleet Operating	\$521,345	1.91289%	\$153,969	\$178,755
Print & Distribution	\$176,673	0.64824%	\$52,177	\$60,576
Comm. Services	\$219,608	0.80577%	\$64,857	\$75,298
BGS	\$118,330	0.43417%	\$34,946	\$40,572
PDC	\$748,704	2.74711%	\$221,114	\$256,711
TOTAL All Funds.....	\$27,254,264	100.00000%	\$8,048,992	\$9,344,762

The table below details POB debt service for the three out-years of the financial forecast. About half of

	2002	2003	2004
Out-Year Debt Service.....	\$9,344,762	\$12,320,826	\$14,345,507

the debt issued is variable interest rate debt. Actual annual debt service numbers will fluctuate year-to-year in response to short term interest rates. The out-year numbers must be viewed as approximate. Higher interest rates clearly represent a risk to this and subsequent forecasts.

Discussion of PERS Pension Obligation Bonds (POBS) Debt Service Schedule

In November of 1999, the City sold \$300 million of Pension Obligation Bonds (POBS). The bond proceeds will be used to eliminate the City's unfunded PERS pension liability. This should reduce the City's employer's PERS contribution rate from 10.48% (current) to 8.56% during FY2000-01. In selling the POBS, the City avoids an immediate PERS employer contribution rate increase to 17.4%. In addition, the City has been able to structure the debt service costs so as to phase in the higher pension costs over a ten year period thus allowing revenue growth to help absorb the impact of higher employer PERS costs.

Annual pension bond debt service will be allocated to bureaus using the most recent year's actual PERS contributions. This means that for FY2000-01, actual FY1998-99 PERS contributions are used to allocate annual FY2000-01 debt service costs of \$8,048,992. The table below details the allocation of pension bond debt service for the two-year budget period FY2000-02.

FUND	Bureau Total PERS	Percentage Allocation	Annual POB Debt Service	
			FY2000-01	FY2001-02
			\$8,048,992	\$9,344,762
General Fund Bureaus	\$9,611,990	35.26784%	\$2,838,706	\$3,295,696
Street Light (PDOT)	\$60,862	0.22331%	\$17,974	\$20,868
BOEC @ 77%.....	\$896,883	3.29080%	\$264,876	\$307,517
OPDR .	\$346,817	1.27252%	\$102,425	\$118,914
Subtotal..	\$10,916,552	40.05447%	\$3,223,981	\$3,742,995
PDOT (net).....	\$5,014,563	18.39919%	\$1,480,949	\$1,719,360
BOEC (net)	\$259,426	0.95187%	\$76,616	\$88,950
Buildings (OPDR)	\$1,301,983	4.77717%	\$384,514	\$446,415
BES	\$3,563,778	13.07604%	\$1,052,489	\$1,221,925
Hydroelectric	\$27,315	0.10022%	\$8,067	\$9,366
WATER	\$3,701,370	13.58088%	\$1,093,124	\$1,269,101
Golf Operating	\$223,183	0.81889%	\$65,913	\$76,524
PIR	\$42,964	0.15764%	\$12,689	\$14,731
Refuse Disposal	\$69,305	0.25429%	\$20,468	\$23,763
Environ Remediation	\$1,600	0.00587%	\$473	\$549
Parks Bond Const.	\$123,643	0.45366%	\$36,515	\$42,394
Parks Construction	\$2,066	0.00758%	\$610	\$708
Facilities Services	\$221,856	0.81402%	\$65,521	\$76,069
Fleet Operating	\$521,345	1.91289%	\$153,969	\$178,755
Print & Distribution	\$176,673	0.64824%	\$52,177	\$60,576
Comm. Services	\$219,608	0.80577%	\$64,857	\$75,298
BGS	\$118,330	0.43417%	\$34,946	\$40,572
PDC	\$748,704	2.74711%	\$221,114	\$256,711
TOTAL All Funds	\$27,254,264	100.00000%	\$8,048,992	\$9,344,762

The table below details POB debt service for the three out-years of the financial forecast.

	2003	2004	2005
Out-Year Debt Service	\$12,320,826	\$14,345,507	\$16,247,859

Current CSL Forecast Compared To Previous Forecast

The table and graph compare the current FY2000-01 General Fund CSL estimate with the CSL estimate used in the previous five-year financial forecast document. The new FY2000-01 CSL estimate is higher when compared to the previous forecast but is net of the 2.5% reduction to targets.

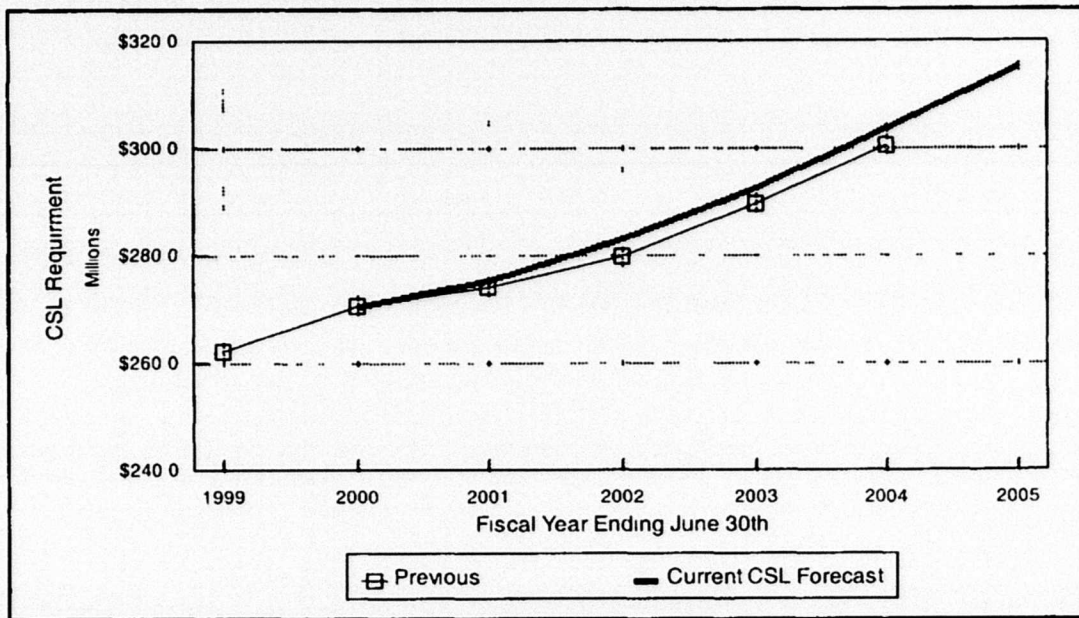
- As noted on page 6, Council set-asides are up net \$1,336,565. In this forecast business license refunds are up \$1.067 million. PERS pension bond debt service is higher. Reinstatement of the issuance of tax anticipation notes (TANS) increases set-asides by another \$327,000. Changes beyond the business license refund increase are largely offsetting.

Discretionary CSL	2001	Previous(*)	Difference
Capital Set-Aside.	\$4,063,846	\$5,000,000	(\$936,154)
Council Set-Asides	\$36,584,177	\$34,311,458	\$2,272,719
One-Time Bureaus	\$256,159	\$0	\$256,159
Bureaus, On Going.. . . .	\$232,801,077	\$231,843,047	\$958,030
Estimated CSL Cost	\$273,705,259	\$271,154,505	\$2,550,754

(*)Council's Adopted Budget and Financial Forecast (FORC00AB, FP00AB)

- Bureau CSL requirements are up \$958,030 compared to the previous forecast (but before the 2.5% cut) and reflect a PERS payroll tax rate of 8.56% but higher inflation. Although the CSL estimate is higher, the previous forecast contemplated an additional \$1.146 million being available to Council during this two-year budget cycle on-going for FY2000-01 and \$1.634 million one-time.

Current CSL Forecast versus Approved Budget



Adopted Budget Council Set-Asides

The schedule below shows estimated Council FY2000-01 set-asides and compares this schedule with the previous financial plan schedule. The differences are as follows:

- The compensation set-aside is down net about \$65,406. This results mainly from a lower DCTU class compensation cost, and a \$336,000 non-rep class-comp element. A higher 3% CPI-W increase is used in this forecast.
- Business license refunds are up \$1,067 million reflecting recent experience.
- This forecast assumes that the General Fund will have to issue \$10 million of tax anticipation notes resulting in estimated interest costs of \$327,740.
- PERS pension obligation bond debt service is revised upward \$236,245.
- The capital set-aside is \$4.1 million in this forecast rather than \$5 million. Council rerouted \$936,154 to pay schools related debt service cost.

Council Set-Aside Item	FY2000-01	Financial Plan	Difference
Unused Line	\$0	\$0	\$0
Comp. SET-ASIDE... ..	\$6,794,217	\$6,859,263	(\$65,046)
Fund Contingency			
General Contingency.....	\$1,400,000	\$1,400,000	\$0
Unforeseen	\$2,000,000	\$2,000,000	\$0
Contingency.....	\$3,400,000	\$3,400,000	\$0
Street Light O&M @ 97.5%	\$4,832,968	\$4,954,380	(\$121,412)
PERS Pension (POBS)..	\$3,223,981	\$2,987,736	\$236,245
Capital Set Aside.....	\$4,063,846	\$5,000,000	(\$936,154)
Existing Master Lease.. .	\$1,200,113	\$1,349,161	(\$149,048)
LID Payments..... ..	\$181,201	\$181,201	\$0
City Hall/Precincts Debt..	\$2,479,350	\$2,479,350	\$0
Cultural Tourism..... ..	\$0	\$200,000	(\$200,000)
Homeless Debt Transfer.	\$1,262,088	\$1,150,000	\$112,088
2040 Set-Aside.....	\$736,550	\$736,550	\$0
Schools/Property Debt....	\$1,167,290	\$235,000	\$932,290
TANS Interest.....	\$327,740	\$0	\$327,740
PDOT CSL @ 97.5%.....	\$707,883	\$718,305	(\$10,422)
Housing Preservation.. .	\$0	\$0	\$0
PPDS (Debt) Transfer.....	\$88,620	\$88,620	\$0
Housing Investment.....	\$4,330,000	\$4,330,000	\$0
Unemploy. Insurance.....	\$200,000	\$200,000	\$0
Misc. Transfers	\$102,981	\$101,954	\$1,026
Business Lic. Refunds....	\$5,057,122	\$3,989,937	\$1,067,186
City Hall Maint. Reserve.	\$350,000	\$350,000	\$0
COUNCIL Set-Asides ...	\$40,505,949	\$39,311,458	\$1,194,492
Checksum Error . . .	\$142,073	\$0	\$1,194,492

One-Time Second Year Budgets and CRC Capital Set-Aside Allocations

The schedule below shows bureau one-time budgets, carryover budgets, and CRC approved capital allocations. These budget allocations are not part of on-going discretionary (CSL) support.

CSL Requirements	FY2000-01 One-Time & Capital		
	One-Time	Carryover	CRC Capital
Police	\$0	\$0	\$0
Fire	\$0	\$0	\$0
Parks (by Ordinance) ..	\$2,250	\$0	\$0
Commissioners' Offices.	\$0	\$0	\$0
Mayor's Office ..	\$0	\$0	\$0
Cable Communications	\$0	\$0	\$0
Energy	\$0	\$0	\$0
Government Relations ..	\$0	\$0	\$0
OF&A ...	\$0	\$0	\$0
City Attorney.....	\$0	\$0	\$0
Licenses.....	\$0	\$0	\$0
Purchases & Stores.....	\$0	\$0	\$0
Auditor ..	\$0	\$0	\$0
Neighborhood Involve't ..	\$0	\$0	\$0
To General Services.....	\$0	\$0	\$0
Planning.....	\$253,909	\$0	\$0
Community Develop.....	\$0	\$0	\$0
Cable Access.....	\$0	\$0	\$0
Special Approps.....	\$0	\$0	\$0
PDOT, One-Time	\$0	\$0	\$0
Street Light (PDOT).....	\$0	\$0	\$0
To BGS for CIPs.....	\$0	\$0	\$0
Buildings-Neigh.Quality..	\$0	\$0	\$0
Regional Arts (RACC).....	\$0	\$0	\$0
Column Total.....	\$256,159	\$0	\$0
Checksum Totals.....	\$0	\$0	\$0

Current Out-Year Target Adjustments

This table summarizes out-year program target increases included in Council's current five-year financial plan. Police increases reflect back filling of grant revenues. The Fire Bureau schedule includes new fire stations operations costs (GO bonds). The "All Other Bureaus" line includes at present a \$103,655 Planning Bureau target increase for an increased inter-agency from Risk Management.

Bureau	2001	2002	2003	2004	2004
Police ..	\$3,035,088	\$504,900	\$0	\$0	\$0
Fire	\$1,306,689	\$256,689	\$115,000	\$45,000	\$40,500
Parks	\$181,192	\$87,347	\$0	\$0	\$0
All Other Bureaus	(\$1,317,977)	\$55,595	\$0	\$0	\$0
Total	\$3,204,992	\$904,531	\$115,000	\$45,000	\$40,500

The table below itemizes current financial plan ongoing CSL target increases as set out in Council's FY1999-00 Adopted Budget and current five-year financial plan and Council adopted ordinances, but before the 2.5% reductions ordered by Council

Bureau/Program	\$
Police-Grant Backfill	\$3,035,088
Fire-Station GO Plan	\$1,306,689
Parks-Ordinance, BIT	\$181,192
Cable, BIT COS.....	\$5,241
Energy, BIT COS..	\$3,222
Licenses, BIT COS	\$2,850
BOEC, BIT COS	\$20,052
BHCD, BIT COS,.....	\$5,228
Planning, AK Risk IA	\$103,655
BIT COS	\$19,002
Unused Line.	
Unused Line.....	
Unused Line.....	
TOTAL Target Adds	\$4,682,219

- The Police Bureau's target is increased by \$3,305,088 as planned to allow Police to continue to fund positions that are currently grant funded
- Fire is increased \$1,306,689 per the financial plan associated for GO bond financed facilities plus a \$126,689 BIT COS adjustment
- Planning has been given a target increase of \$103,655 This is the increase net of inflation associated with an increased Risk inter-agency that is due to an adverse court decision

Special Appropriation Targets (net of Council Set-Asides)

The table below summarizes forecast special appropriation targets (net of set-asides, one-time)

Special Appropriations (Not Set-Asides)	Target@97.5%	OH@97.5%
Justice Council.....	\$28,064	\$0
Memberships & Dues.....	\$122,990	\$160,188
Leaders Roundtable.....	\$4,426	\$5,764
Management Council.....	\$3,002	\$2,555
Council Emergency Funds ...	\$3,098	\$4,035
Employee Suggestion Fund.....	\$17,075	\$14,527
EID Assessment.....	\$18,418	\$0
MERC-Operating Subsidy.....	\$673,546	\$0
Unused Line	\$0	\$0
Block By Block Weatherization.....	\$204,952	\$0
Unused Line	\$0	\$0
Civil Rights Enforcement.....	\$45,691	\$0
Downtown Services.....	\$762,766	\$0
Regional Drug Initiative (RDI) .	\$27,853	\$0
Transit Programs	\$140,611	\$0
PDC Targeted Jobs.....	\$119,860	\$0
Innovations Fund.....	\$70,470	\$0
NE Workforce Center.....	\$106,380	\$0
PDC Business Districts/Retention.....	\$154,811	\$0
PDC-Bus. Development Activities.....	\$469,278	\$0
PDC-Waterfront Development.....	\$482,135	\$0
Unused Line.	\$0	\$0
Total Special Appropriations.....	\$3,455,426	\$187,069

The table below displays, for General Fund bureaus, the various sources of funding that

SOURCES OF FUNDING	
General Fund (101)	
General Fund Resources:	\$
Target Discretionary Allocation....	\$xx,xxx,xxx
General Fund Overhead	\$xx,xxx,xxx
Subtotal Discretionary + Overhead	\$xx,xxx,xxx
Non-Discretionary Revenues	
Grants & Donations	\$xx,xxx,xxx
Contract Revenue	\$xx,xxx,xxx
Interagency (IA) Revenue	\$xx,xxx,xxx
Bureau Program (Fee) Revenue	\$xx,xxx,xxx
Subtotal Non-Discretionary	\$xx,xxx,xxx
TOTAL BUREAU BUDGET.....	\$xx,xxx,xxx

back a bureau's budget and shows how the discretionary allocation fits into the overall funding scheme. Briefly, a bureau's budget "is backed" by three types of resources: a discretionary target allocation from Council, overhead recovery (if applicable) and non-discretionary revenues. Non-discretionary revenues include grants and donations, contract revenue, any inter or intra-agency billings, and bureau fee revenues and miscellaneous types of revenues. Overhead recovery revenues are limited to specific General Fund bureaus as shown on the CSL target schedule on page 1 of this document.

The table below compares the previous FY2000-01 CSL forecast with this financial forecast. Estimated bureau CSL requirements at 97.5% are \$5.4 million below last Spring. Parks' target is increased by \$93,845 per Council ordinances. Planning's target is increased by \$103,655 to offset the AK media case. Targets include about \$354,000 for phase-in of BIT cost-of-service increases.

Comparison of FY2000-01 CSL Estimate With Previous Forecast

CSL Requirements	FY2000-01 CSL Targets		
	Financial Plan	Forecast	Difference
Police Bureau.. .. .	\$103,680,259	\$101,848,405	(\$1,831,854)
Fire Bureau	\$58,887,632	\$57,484,059	(\$1,403,573)
Parks.....	\$26,717,479	\$26,237,065	(\$480,414)
Commissioners' Offices .	\$1,172,665	\$1,033,640	(\$139,026)
Mayor's Office	\$522,876	\$533,691	\$10,815
Cable & Energy....	\$787,874	\$770,995	(\$16,879)
Government Relations...	\$271,727	\$263,543	(\$8,184)
OF&A	\$4,684,965	\$4,702,794	\$17,830
City Attorney.....	\$1,490,600	\$1,438,518	(\$52,082)
Licenses.....	\$2,067,654	\$2,032,739	(\$34,915)
Purchases & Stores.....	\$735,993	\$704,295	(\$31,698)
Auditor.....	\$1,328,395	\$1,284,626	(\$43,769)
Neighborhood Assoc .	\$3,560,764	\$3,492,879	(\$67,885)
Planning.....	\$5,733,344	\$4,002,309	(\$1,731,035)
Community Develop ..	\$2,744,734	\$2,692,542	(\$52,192)
Cable Access.....	\$952,204	\$928,399	(\$23,805)
Special Approps.. ..	\$3,725,559	\$3,455,426	(\$270,134)
Unused line	\$0	\$0	\$0
BOEC Target IA.	\$9,219,535	\$8,925,026	(\$294,509)
Buildings-Neigh.Quality	\$1,174,721	\$2,875,556	\$1,700,835
Regional Arts (RACC) .	\$2,384,065	\$2,274,543	(\$109,523)
TOTAL REQUIRED.....	\$231,843,047	\$226,981,050	(\$4,861,997)

Note: Financial Plan = Council's Adopted Budget (CSL00AB) and financial plan forecast (FP00AB)

Financial Forecast Bureau CSL Targets Detail

The table below summarizes planned CSL Targets at 97.5% of estimated CSL. Escalation of targets for inflation plus a pro-rata share of the FY1999-00 compensation set-aside is not shown in the table but is included in the "Base Bureau CSL". The PERS reduction was estimated off of actual FY1998-99 bureau PERS costs and divided proportionately between discretionary and non-discretionary budget.

General Fund Bureau	Base Bureau CSL	Pro-Rata PERS drops to 8.56%	Current Plan CSL Adds-NET	Forecast CSL TARGET	One-Time & Carryover
Bureau of Police	\$100,705,888	(\$382,277)	\$1,524,794	\$101,848,405	\$0
Bureau of Fire	\$57,446,420	(\$247,962)	\$285,601	\$57,484,059	\$0
Bureau of Parks	\$26,681,541	(\$321,815)	(\$122,661)	\$26,237,065	\$2,250
Com #2-AU190	\$295,708	(\$5,402)	(\$32,357)	\$257,949	\$0
Com #4-AU191	\$295,278	(\$5,213)	(\$32,138)	\$257,927	\$0
Com. #3-AU192	\$295,456	(\$4,943)	(\$31,413)	\$259,100	\$0
Com #1-AU193	\$295,536	(\$5,365)	(\$31,507)	\$258,664	\$0
Office of the Mayor	\$527,726	(\$9,462)	\$15,427	\$533,691	\$0
Cable Communications	\$498,867	(\$6,443)	\$4,521	\$496,945	\$0
PCA Access Payments	\$924,470	\$0	\$3,929	\$928,399	\$0
Energy Office ..	\$279,652	(\$5,270)	(\$332)	\$274,051	\$0
Government Relations	\$270,605	(\$2,471)	(\$4,591)	\$263,543	\$0
Office of Fin & Admin.	\$4,738,669	(\$55,758)	\$19,883	\$4,702,794	\$0
Office of City Attorney	\$1,512,924	(\$28,230)	(\$46,176)	\$1,438,518	\$0
Bureau of Licenses. .	\$2,090,522	(\$32,109)	(\$25,675)	\$2,032,739	\$0
Bur Pur & Stores	\$750,242	(\$10,340)	(\$35,607)	\$704,295	\$0
Office-City Auditor. .	\$1,355,139	(\$21,165)	(\$49,348)	\$1,284,626	\$0
Office of Neigh Involv	\$3,573,595	(\$44,225)	(\$36,491)	\$3,492,879	\$0
Bureau of Planning	\$3,972,715	(\$41,014)	\$70,607	\$4,002,309	\$253,909
Bureau-Com. Develop	\$2,692,935	(\$8,999)	\$8,606	\$2,692,542	\$0
Special Appropriations	\$3,434,065	\$0	\$21,361	\$3,455,426	\$0
Subtotal-Bureaus .	\$212,637,954	(\$1,238,462)	\$1,506,435	\$212,905,926	\$256,159
Unused Line.	\$0	\$0	\$0	\$0	\$0
BOEC Target IA.....	\$8,966,183	(\$153,051)	\$111,893	\$8,925,026	\$0
PDOT CSL Support...	\$703,835	\$0	\$4,048	\$707,883	\$0
OPDR & Neigh Quality	\$2,944,111	(\$85,714)	\$17,159	\$2,875,556	\$0
Regional Arts Com. . .	\$2,261,623	\$0	\$12,920	\$2,274,543	\$0
ent Service Level	\$227,513,705	(\$1,477,227)	\$1,652,455	\$227,688,933	\$256,159

(* Adjusted for inflation and FY1999-00 pro-rata share of compensation set-aside.

Non-Bureau City-Wide CSL	Original	One- Time	Approved	Adopted
Unused Line				
Unused Line				
Unused Line				
Unused Line				
Unused Line				
Unused Line				
Unused Line				
Unused Line				
Total Non-Bureau	\$0	\$0	\$0	\$0

Prepared by Bureau of Financial Management, City of Portland

Office of Finance & Administration

FY2000-01 Bureau Current Service Level (CSL) Targets

City of Portland-General Fund

As Of..... 22-Dec-99		Discussion	
General Fund Targets Reflect Council's Direction To Set Bureau Targets At 97.5% Of CSL			
	FY2000-01 CSL @ 97.5%		
General Fund Bureau/Program	Discretionary	Overhead(*)	
Bureau of Police (Operating)	\$101,848,405	\$0	
Bureau of Fire (Operating)	\$57,484,059	\$0	
Bureau of Parks	\$26,237,065	\$0	
Commissioner #2--AU190	\$257,949	\$357,280	
Commissioner #4--AU191	\$257,927	\$357,787	
Commissioner #3--AU192	\$259,100	\$357,026	
Commissioner #1--AU193	\$258,664	\$357,026	
Office of the Mayor	\$533,691	\$740,933	
Cable Communications	\$496,945	\$0	
PCA Access Payments	\$928,399	\$0	
Energy Office	\$274,051	\$0	
Government Relations	\$263,543	\$365,648	
Office of Finance & Administration	\$4,702,794	\$5,423,791	
Office of City Attorney	\$1,438,518	\$1,129,974	
Bureau of Licenses	\$2,032,739	\$0	
Bur Purchases & Stores	\$704,295	\$1,716,735	
Office-City Auditor	\$1,284,626	\$1,430,721	
Office of Neighborhood Involvement	\$3,492,879	\$145,679	
Bureau of Planning	\$4,002,309	\$0	
Bureau-Community Dev.	\$2,692,542	\$0	
Special Appropriations (NET)	\$3,455,426	\$187,069	
Subtotal-General Fund Bureaus	\$212,905,926	\$12,569,671	
Unused Line	\$0		
BOEC Target IA w/ General Fund	\$8,925,026		
PDOT CSL Support	\$707,883		
OPDR &-Neighborhood Quality	\$2,875,556		
Regional Arts Commission (RACC)	\$2,274,543		
Current Service Level Total	\$227,688,933	\$12,569,671	
Some Key CSL Target Assump- tions	CPI-W Portland Dec.1998		General Fund CSL Full Time
	To December 1999.....		Equivalent (FTE) Positions.....
	3.2%		2,914
	Materials & Services		Difference from last forecast.....
	Escalation Rates.....		11
EXTERNAL M&S		Est. General Fund Compen-	
3.1%		pensation Set-Aside.....	
INTERNAL M&S		\$6,794,217	
3.2%		Portland Population.....	
CPI-U All U.S. Cities		FY2000-01.. . July 1, 2000.	
For FY1999.....		514,281	
2.1%		FY2001-02.... . July 1, 2001 ...	
		518,995	

The table details FY2000-01 targets. These targets represent current service level (CSL) less 2.5% as ordered by Council. Overhead numbers are similarly 97.5% of overhead revenues as estimated by the Grants Division. Final overhead will be run off of actual FY2000-01 budgets. Targets also reflect a lower 8.56% PERS employer contribution rate through July 1, 2001.

Higher Inflation

The box below shows the escalation rates used to develop actual targets. The compensation set-aside uses a 3.2% second half of 1998 to 1999 Portland CPI-W increase. This is higher than forecast last Spring; recent data shows more inflation.

External materials and services escalation came in at 3.1% and internal materials and services escalation is 3.2%.

Resolution No. 35855

Adopt the Five-Year General Fund Financial Forecast upon which the FY 2000-02 Budget shall be based (Resolution)

WHEREAS, planning and preparation for the FY 2000-02 budget process is underway, and

WHEREAS, the City of Portland, Office of Finance and Administration, Financial Planning Division, has reviewed with Council and published the Five-Year Financial Forecast for FY 2000-01 through FY 2004-05, and

WHEREAS, the Five-Year Financial Forecast includes funding for the operating and maintenance of one fire station within the five year time frame of the forecast, and

WHEREAS, the Five-Year Financial Forecast includes an increase of \$1,000,000 per year in the capital set-aside as directed in Resolution No 35526 passed by Council June 12, 1996, and

WHEREAS, the Five-Year Financial Forecast includes the use of approximately \$936,000 per year from the capital set-aside to fund debt service backing the schools grant passed by Council on June 23, 1999, and

WHEREAS, risks to the forecast include unresolved labor agreements, possible adjustments to the PERS rates, and deregulation of the electric industry, and

WHEREAS, the Five-Year Forecast concludes that the projected resources are sufficient to cover estimated bureau current service level budgets and Council set-asides, and

WHEREAS, the Five-Year Financial Forecast, attached as Exhibit A includes \$1,553,002 in on-going resources available for Council allocation in the first year of the FY 2000-02 budget, and

WHEREAS, Council direction to issue target budget at 97.5% of Current Service Level results in approximately \$3.9 million in on-going resources available for allocation for Council in the first year of the FY 2000-02 budget,

NOW, THEREFORE, BE IT RESOLVED BY THE Council of the City of Portland, Oregon, that

- 1 The FY 2000- 02 budget shall be based on the resource estimate included in the Five-Year Financial Forecast, attached as Exhibit A
- 2 The Office of Finance and Administration is directed to modify the resource estimate based on updated information as it becomes available, and to report any changes to Council
- 3 The Financial Planning Division will assign target budgets at 97.5 % of Current Service Level budgets to all General Fund bureaus in accordance with Council direction and including the special adjustments described in the Five-Year Financial Forecast, attached as Exhibit A, and the Target Document attached as Exhibit B

Adopted by the Council,

JAN 12 2000

Mayor Vera Katz
TG KR mwm
January 4, 2000

Gary Blackmer
Auditor of the City of Portland

By *Betta Olson*
Deputy

RESOLUTION NO

Title

Adopt the Five-Year General Fund Financial Forecast upon which the FY 2000-02 Budget shall be based (Resolution)

INTRODUCED BY	Filed JAN 07 2000
Mayor Vera Katz	Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	
Finance and Administration <i>VKbes</i>	By <u><i>Coy Kerchner</i></u> Deputy
Safety	For Meeting of _____
Utilities	
Works	
BUREAU APPROVAL	ACTION TAKEN
Bureau Office of Finance and Administration- Bureau of Financial Management	
Prepared by Date	
Mark Murray / J Bell 1/6/00	
Budget Impact Review	
X Completed Not Required	
Bureau Head Ken Rust <i>Tim Grewe</i> Tim Grewe <i>J. Bell</i>	

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS	
		YEAS	NAYS
Consent Regular X	Francesconi	Francesconi	✓
NOTED BY	Hales	Hales	✓
City Attorney	Saltzman	Saltzman	✓
City Auditor	Sten	Sten	✓
City Engineer	Katz	Katz	✓