

March Financial Forecast

for the City of Portland General Fund



As of.....	21-Feb-2008	Previous Forecast.....	05-Dec-2007	Current Outlook
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March Financial Forecast, Like December, Continues To Show Mix Of Ongoing And One-Time Available to Council

Item	December Forecast	March Forecast	Difference
Council Discretionary Available FY2008-09..	\$388,028,673	\$388,400,273	\$371,601
Requirements:			
Capital Set-Aside.....	\$1,915,000	\$1,922,658	\$7,658
Council Set-Asides(*).....	\$45,500,044	\$45,706,689	\$206,645
One-Time Budgets.....	\$908,030	\$908,030	\$0
Bureaus & Programs.....	\$305,338,230	\$306,645,328	\$1,307,098
CAL Requirements.....	\$353,661,304	\$355,182,705	\$1,521,402
Resources Less CAL.....	\$34,367,368	\$33,217,568	(\$1,149,800)
Ongoing FY08-09.....	\$7,872,000	\$5,000,000	(\$2,872,000)
Available One-Time.....	\$26,495,368	\$28,217,569	\$1,722,201
Ongoing FY09-10.....	\$0	\$0	\$0
Available One-Time.....	\$10,370,938	\$5,083,664	(\$5,287,274)

(*) Housing Investment Fund transfer moved into BHCD CAL Target.

Financial Forecast Resources Still Exceed Requirements

- ◆ Forecast FY2008-09 resources are up, net, slightly compared to last December. Revenues are down \$3.1 million on lower interest, transient lodging, and business license revenue forecasts. Beginning balance is up by about \$3.5 million. This revenue forecast is weaker reflecting weaker state, regional, and national economic forecasts.
- ◆ Costs are up in this forecast by about \$1.5 million due to the 3.8% CPI-W increase (vs. 3.3% assumed in December) and increased costs of offering health benefits (principally in Parks) to seasonal workers.
- ◆ The five-year financial forecast continues to show that Council can increase ongoing "CAL" budgets by about \$5.0 million, leaving about \$28.2 million for one-time budgets and projects. Allocation of resources above "CAL" to ongoing budgets involves risk given current economic uncertainties.

Regional Economic Growth

Slows, US Economy In Trouble

The US Economy appears to be sliding into recession, battered by general financial uncertainties emanating out of the subprime mortgage crisis, higher oil prices, and emerging inflation. Oregon, however, particularly the Portland area, continues to plod along without much of the real estate market mess seen in California and Florida. The State's most recent economic forecast still expects positive but slower economic growth for FY2008-09. Uncertainties, however, continue to pile up and plague this outlook.

Economy.com Expects A "Growth" Recession

The City's economic consultant supplies national and local forecasts that "condition" the General Fund's discretionary revenue forecast. Their most recent forecast shows a slowing US economy. Economy.com also expects the regional economy to slow markedly, following the national economy. The March revenue and financial forecasts reflect slower economic growth and weaker economic conditions, resulting in slower near term revenue growth.

Some Key Forecast Assumptions	M50 Assess. Value \$1000.....	\$41,735,757	State Cigarette & Liquor Tax Revenues to City..... \$12,036,210 CPI-W Increase (2nd Half '06 to 2nd Half '07, for COLAs)..... 3.8% Measure 50 FPD&R Levy..... \$111,123,652 Beginning General Fund FY2008-09 Balance..... \$27,913,463 Estimated Urban Renewal Divide-the-Taxes (11 Districts)..... \$78,220,901 Current Forecast: FY2008-09 to FY2012-13
	FY2008-09 M50 Tax Base.....	\$191,024,561	
	M50 Compression Loss.....	(\$5,444,200)	
	Est. Tax Base Imposed.....	\$185,580,361	
	Delinquency/Discount(%).....	-5.7%	
	Delinquency/Discount (\$).....	(\$10,624,476)	
	FY09 Tax Base Revenues.....	\$174,955,886	
	County M50 Levy.....	\$216,696,404	
Library-Local Option.....	\$44,402,956		
Total-County Levies.....	\$261,099,360		

Forecast FY2008-09 resources are essentially unchanged compared to last December's forecast. In this forecast, however, revenues are down \$3.1 million (-0.86%) while beginning fund balance is up almost \$3.5 million, leaving a small positive net increase in estimated FY2008-09 discretionary resources of just under \$400,000. Property taxes are unchanged compared to December but accurately reflect the lapse of the City's two local option levies and FPD&R's requested budget and FY2008-09 levy requirement. The two cyclical revenue streams, business licenses and transient lodging taxes are lower in this forecast by about

\$1.4 million for FY2008-09 and follow "flatter" trajectories in the out-years of the revised revenue forecast. Interest income is down on a lower interest rate forecast from Treasury, reflecting recent "Fed" moves to lower interest rates in an effort to contain the fallout from the financial crisis. Transfers are down \$1.4 million. The December forecast assumed that another \$1.5 million would need to be loaned to the School's Surcharge Fund in FY2007-08 for a total of \$3 million with \$2.9 million paid back in FY2008-09 and \$100,000 in FY2009-10. The fund does not need the second \$1.5 million, so the repayment drops to \$1.5 million and balance is increases.

Revenue Forecast RECAP, FY2008-09			
General Fund Revenue Category	Last December	March Forecast	Difference
Property Taxes.....	\$179,956,909	\$179,974,861	\$17,952
Transient Lodgings.....	\$16,215,568	\$16,079,910	(\$135,657)
Business Licenses.....	\$76,959,259	\$75,705,012	(\$1,254,247)
Utility License/Franchise.....	\$65,852,176	\$65,825,675	(\$26,501)
State Revenues.....	\$12,036,210	\$12,036,210	\$0
Interest Income.....	\$3,791,119	\$3,462,596	(\$328,524)
Transfers-In.....	\$3,691,327	\$2,291,327	(\$1,400,000)
Miscellaneous.....	\$5,111,219	\$5,111,219	\$0
Revenue Forecast.....	\$363,613,788	\$360,486,810	(\$3,126,978)
Beginning FUND Balance.....	\$24,414,885	\$27,913,463	\$3,498,579
Forecast Resources.....	\$388,028,673	\$388,400,273	\$371,601
% Change In Revenues.....		-0.86%	
% Change In Resources.....		0.10%	

assumed that another \$1.5 million would need to be loaned to the School's Surcharge Fund in FY2007-08 for a total of \$3 million with \$2.9 million paid back in FY2008-09 and \$100,000 in FY2009-10. The fund does not need the second \$1.5 million, so the repayment drops to \$1.5 million and balance is increases.

A key revenue forecast assumption is a "Measure 50" General Fund tax base levy of \$191.0 million. The forecast calls for 2.95% assessed value growth on taxable assessed values. About 0.25% of this growth results from new construction. Although FY2007-08 was a "good year," Measure 50 assessed value growth lags behind the "advertised" 3 percent minimum. Property tax revenue growth is for the most part coming in below the region's average inflation rate. In addition, this lowers the General Fund's overall potential growth rate making it more difficult to fund current services and on-going bureau program CAL requirements.

The FPD&R levy is now estimated at \$111.1 million and reflects the retirement system's requested budget. This represents an increase of about \$3.8 million over last December's forecast and an increase of about \$15.8 million over FY2007-08. Recent voter approval of Measure 26-53 will, over the coming years, substantially increase near term levy requirements. In the absence of a new five-year financial forecast from FPD&R, OMF generated a five-year financial forecast of out-year levy requirements using trending tools.

Revenue Forecast ASSUMPTIONS	
Revenue Category	FY2008-09
CITY Property Tax Levies	
Measure 50 Taxbase Levy.....	\$191,024,561
UR(Divide-Taxes,Special Levy).....	\$93,220,901
FPD&R System Levy.....	\$111,123,652
City Local Government Total.....	\$395,369,114
MULTNOMAH County Levies	
Measure 50 Levy Authority.....	\$216,696,404
Local Option Levy (Library).....	\$44,402,956
Mult. County Levy Total.....	\$261,099,360
M50 Assessed Value Growth.....	2.95%
Percent of FY2008-09 Levies	
Not Received First Year.....	-5.73%
Measure 50 Compression.....	-2.85%
Est. Portland Population.....	561,741
GDP Growth (Economy.Com).....	3.7%
Revenue Sharing - Oregon(*).....	\$12,036,210

(*) Cigarette and liquor tax distributions.

THE BOTTOM LINE: Revenue growth is weaker in this forecast but still positive enough to support CAL expense growth. Health care cost escalation has been in the higher single digits for three years. Forecast out-years assume a return to double digit growth. Forecast revenue growth together with lower health care care cost increases still deliver resources in excess of "CAL" requirements to Council's FY2008-09 budget process with a mix of ongoing and one-time resources available.

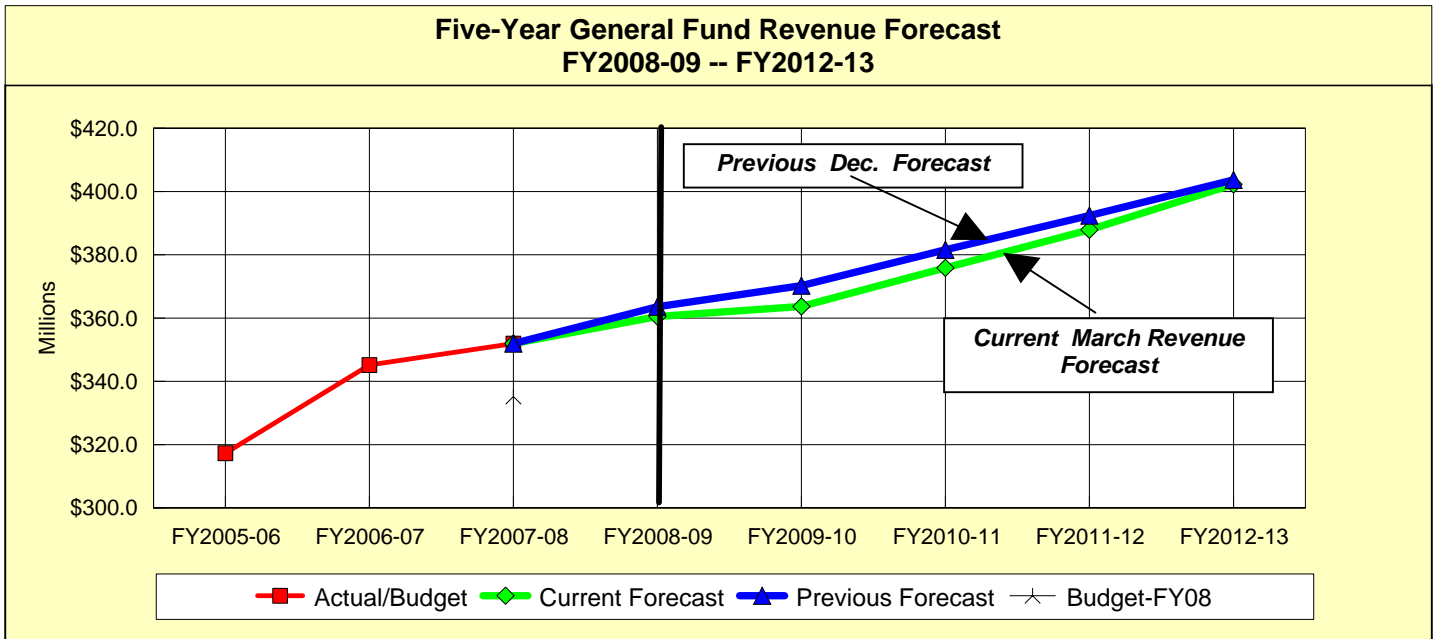


Figure 1-Current General Fund 5-Year Revenue Forecast

A key forecast assumption is a national economy that does not slip into recession and a slower growing regional economy. The metro area's economy has surpassed previous peak employment levels and continues to expand. The forecast absolutely depends on continued albeit slower local area economic growth.

Figure 1 summarizes the 5-year revenue forecast off of the FY2007-08 base. Property tax revenue growth remains critically dependent on assessed value growth. Overall revenue growth is forecast to average 2.7% for the next five years with slower regional and national growth for the next couple of years. Transient lodging revenues and business licenses revenues are expected to flatten ten out for the next 12 to 18 months as both national and regional economies slow down.

Estimated FY2008-09 General Fund current allocation level (CAL) costs are up about \$1.3 million (0.4%) compared to last December. About \$1 million of this amount is a "wash" reflecting a move of the Housing Investment Fund transfer out of set-asides and into BHCD's CAL target. The \$300,000 net increase is located in Parks (seasonal workers health benefits, O&M) as required by Council approved ordinances and a labor contract approval. The forecast continues to backfill \$2.7 million for Parks (lapse of local option levy) and includes a \$2.1 million provision, FY2008-09 for funding the City's "Last Best Offer (LBO)" to the Portland Fire Fighters Association (PFFA). The \$2.1 million rises to \$3 million in FY2009-10 and this represents the estimated full ongoing impact of the City's LBO. At present, contract negotiations with this bargaining unit remain unresolved. The City finished negotiations with seasonal (mostly Parks) workers and this contract is resolved. A Parks CAL target adjustment has been made to reflect the impact of extension of health benefits to seasonal workers. The PFFA contract is scheduled for a June "interest arbitration."

Estimated Current Allocation Level	
Forecast Assumptions	FY2008-09
FY2008-09 Bureau CAL Targets	
December CAL Targets.....	\$305,338,230
Current Forecast CAL Targets.....	\$306,645,328
Difference In CAL Forecasts.....	\$1,307,098
General Inflation Rates	
GDP Price Deflator.....	2.2%
CPI-W% (Dec.'06-Dec.'07)(*).....	3.8%
Health Benefits Increase (AON)....	7.3%
Producer Price Index.....	0.8%
CPI-Energy.....	1.9%
External M&S	
General-Overall.....	3.5%
Energy-Electricity.....	10.0%
Energy-Natural Gas.....	-8.9%
Sewer.....	5.7%
Water.....	5.1%
Utilities-Overall.....	3.3%
Internal M&S	
General-Overall.....	3.5%
Risk/Workers' Comp.....	7.5%
Wage & Salary % Increase.....	
Public Safety.....	3.8%
All Other.....	3.8%

(*) Final as published by BLS, February 20, 2008.

Assumed FY2008-09 Set-Asides		
Set-Aside Item	Decemeber Forecast	March Forecast
Compensation.....	\$7,950,659	\$8,953,616
Unused Line.....	\$0	\$0
Street Light O&M.....	\$5,614,371	\$5,614,371
Gen. Fund Contingency..	\$3,200,000	\$3,200,000
Unforeseen & Inventory...	\$2,000,000	\$2,000,000
Subtotal-Contingency	\$5,200,000	\$5,200,000
Capital Set-Aside.....	\$1,915,000	\$1,922,658
To General Reserve.....	\$3,950,000	\$3,150,000
ESA Set-Aside/BES.....	\$368,364	\$370,225
Voter Owned Elections....	\$102,936	\$102,936
City Hall Debt Service.....	\$2,421,900	\$2,421,900
POBS Debt Service.....	\$8,137,967	\$8,137,967
Other Debt Service.....	\$1,437,460	\$1,437,460
Police/POEM.....	\$276,000	\$276,000
City Hall Maint. Reserve..	\$294,310	\$294,310
Housing Trust Fund(**)....	\$989,577	\$0
Park-CAL/Maint.....	\$844,412	\$844,412
MERC Transfer.....	\$734,709	\$734,709
CAD, Transfer.....	\$4,000,000	\$4,000,000
Mall Project.....	\$1,033,000	\$1,033,000
Fire Contract LBO(*).....	\$2,056,591	\$3,047,549
Misc. Transfers.....	\$87,788	\$88,232
Forecast Set-Asides & Council Set-Asides.....	\$47,415,044	\$47,629,344
Difference vs. December Forecast.....		\$214,300

(*) LBO, Last Best (contract) Offer, now includes FY2007-08 carryover required to 'pay retroactive wage & salary due upon contract resolution.

(**) Moved into BHCD CAL target.

Assumed set-asides for FY2008-09 are as currently summarized in the table to the left:

- The compensation set-aside is up (initially) \$1.0 million reflecting a 3.8% COLA increase vs. 3.3% assumed in December. A 7.3% health benefits cost increase (as forecast by AON) remains unchanged.
- The capital set-aside (net of related debt service requirements) is \$1.92 million up marginally from December's \$1.9 million.
- The General Fund's Pension Obligation Bond (POBS) debt service share is \$8.1 million for FY2008-09. With FY2008-09 the ten-year "ramp-up" in POBS debt service cost is completed. From here on out annual costs should increase by about 4% annually.
- Set-asides continue to assume a planned \$4 million transfer earmarked for computer aided dispatch (CAD) replacement.
- The financial forecast assumes a \$3.15 million transfer to the General Reserve Fund designed to keep the fund at the policy required 10% level. This is down \$800,000 from the forecast done last December. An out-year transfer has been used to lower this new requirement while still keeping the Reserve Fund at the required 10% level.

This financial forecast uses a "standard" \$3.2 million contingency. Of this amount \$1.4 million is unobligated. The remainder is earmarked for the Police Bureau as has been Council's practice over past years.

Set-asides are up net by about \$214,300 compared to last December's forecast. This results from a \$1 million increase in the compensation set-aside as and an estimated new PFFA "retro" requirement as offset by transfer of the HIF target to BHCD's CAL target and a rearranged transfer to the General Reserve Fund. "Net-net" there is not much that is changed in the March forecast.

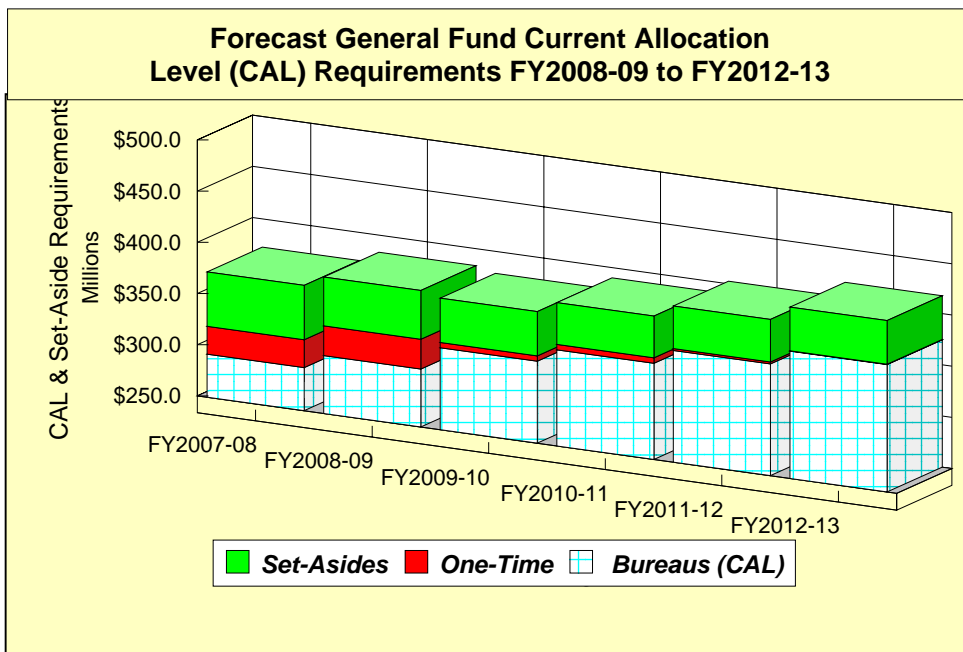


Figure 2-Current Service Level (CAL) Requirements

The table below combines the FY2008-09 resource forecast with estimated bureau CAL requirements as updated in this financial forecast. ETS-

Sources & Uses of Funds: FY2008-09		
Item	Budget	FY2008-09
	FY2007-08	Forecast
FUND Revenues.....	\$335,223,172	\$360,486,810
Beginning Balance.....	\$37,220,815	\$27,913,463
FUND RESOURCES	\$372,443,987	\$388,400,273
Less: Council Set-Asides.	(\$51,159,774)	(\$45,706,689)
Less: Capital Set-Aside....	(\$1,915,000)	(\$1,922,658)
EQUALS: AVAILABLE TO BUREAU-PROGRAMS....	\$319,369,213	\$340,770,926
Required Bureaus CAL....	\$319,369,213	\$307,553,358
GAP/DIFFERENCE.....	\$0	\$33,217,569
AVAILABLE Ongoing FY2008-09.....		\$5,000,000
New One-Time...FY2008-09.....		\$28,217,569

estimated resources total \$388.4 million. Assumed set-asides total \$47.6 million leaving \$340.8 million against estimated bureau ongoing plus onetime of \$307.5 million. The positive difference of \$33.2 million drops to the bottom line and is available to Council's FY2008-09 budget process. The financial forecast splits this into \$5.0 million ongoing with about \$28.2 million for one-time budgets and projects. The out-years of the forecast continue to show substantial but declining amounts of one-time resources will be available to Council in subsequent budget cycles possibly out to as far as FY2011-12.

The out-years of the financial forecast are not as good as December but show amounts that should be available to Council as one-time funds. Additional ongoing is not available because of the strong escalation rate in health care costs as forecast by the City's health care consultant (AON) as well as a weaker revenue forecast. Given the existing financial and economic uncertainties Council should note that:

- The current financial forecast shows that ongoing bureau CAL requirements plus an additional \$5.0 million for FY2008-09 can be sustained, but there is the risk that recession, higher inflation or health care costs could easily result in the need for CAL reductions in some near term budget process, perhaps for FY2009-10.

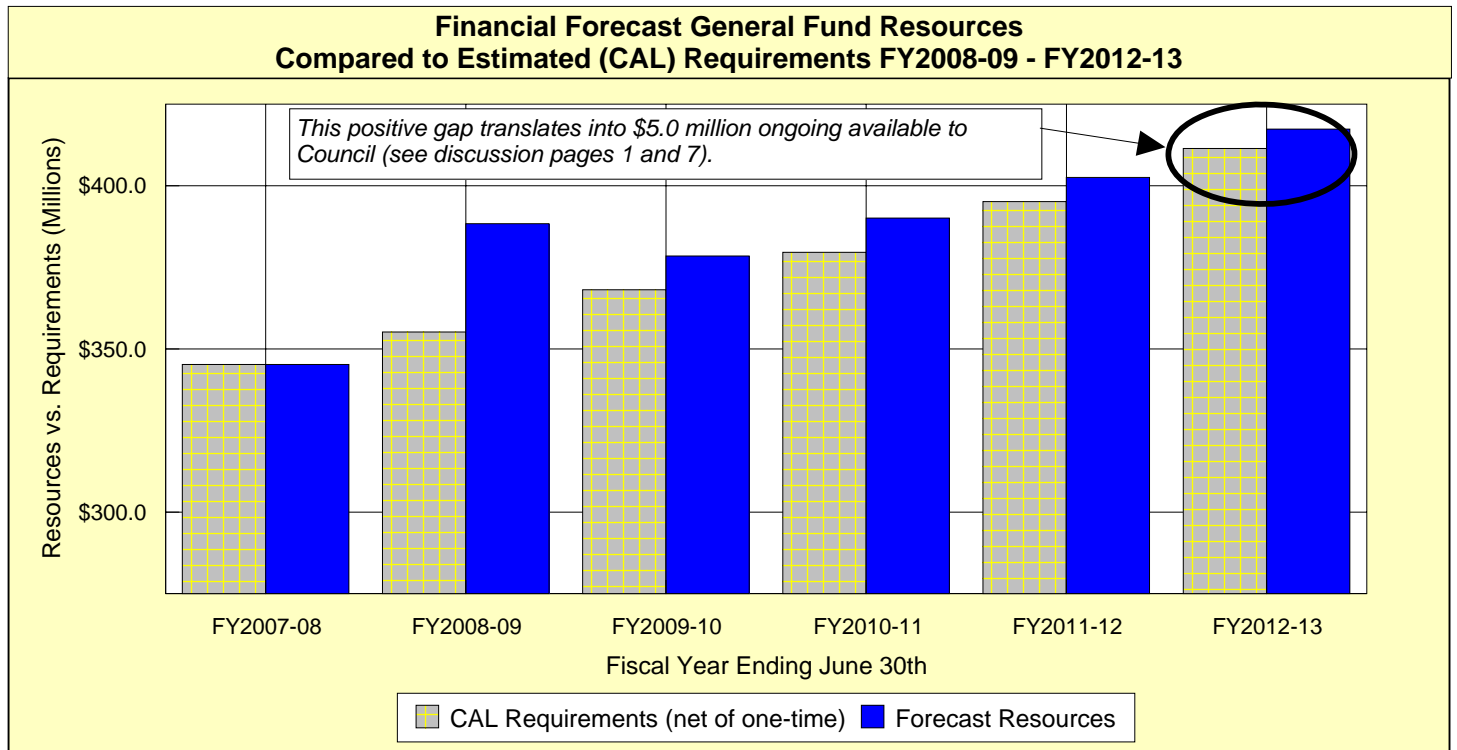


Figure 3-Financial Forecast Resources Compared to Requirements (See first table page 8)

FORECAST RESOURCES & REQUIREMENTS DETAIL NEXT TWO YEARS

The table below summarizes the next two years of the financial forecast General Fund resources and requirements:

- Resources total \$766.9 million for two-years ending FY2009-10.
- Requirements are currently estimated at \$723.9 million over two-years.
- The General Fund is balanced for the life of the forecast with \$5.0 million ongoing for FY2008-09 and about \$33.3 million available over the next two budget processes for one-time budgets

		<i>Resources & Requirements Summary Next Two Years</i>			
		Budget FY2007-08	Forecast FY2008-09	Forecast FY2009-10	Two-Year Total Total
Item-Category ▼	Resources →	\$372,443,987	\$388,400,273	\$378,489,812	\$766,890,086
Less: Assumed Set-Asides					
TANS Interest Expense.....		\$0	\$0	\$0	\$0
Compensation Set-Aside.....		\$5,409,616	\$8,953,616	\$7,733,183	\$16,686,799
Other Set-Asides					
Contingency.....		\$10,621,651	\$3,200,000	\$3,200,000	\$6,400,000
Unforeseen Reimbursable.....		\$2,000,000	\$2,000,000	\$2,000,000	\$4,000,000
Subtotal-Contingency.....		\$12,621,651	\$5,200,000	\$5,200,000	\$10,400,000
Capital Set-Aside.....		\$1,915,000	\$1,922,658	\$1,915,000	\$3,837,658
PERS Debt Service.....		\$8,059,014	\$8,137,967	\$9,043,756	\$17,181,723
Other General Fund Debt Service.....		\$1,664,626	\$1,437,460	\$1,443,055	\$2,880,515
City Hall/Precincts-Debt Service.....		\$2,419,250	\$2,421,900	\$2,421,250	\$4,843,150
Street Light O&M Transfer.....		\$6,350,728	\$5,614,371	\$5,748,285	\$11,362,656
CAD Transfer.....		\$0	\$4,000,000	\$0	\$4,000,000
ESA Set-Aside (BES).....		\$356,665	\$370,225	\$380,382	\$750,607
Mall Renovations/Transit (FY2008-09).....		\$3,280,418	\$0	\$0	\$0
PDOT One-Time Packages.....		\$711,375	\$3,047,549	\$3,139,140	\$6,186,689
City Hall Maintenance Reserve.....		\$294,310	\$294,310	\$294,310	\$588,620
PDOT Transfer (FY2007-08).....		\$4,140,000	\$0	\$0	\$0
Voter Owned Elections.....		\$208,832	\$102,936	\$280,368	\$383,304
Police (Traffic)/POEM Facilities Study.....		\$726,000	\$276,000	\$276,000	\$552,000
Unused Line.....		\$0	\$0	\$0	\$0
Housing Trust Fund.....		\$958,149	\$0	\$0	\$0
Parks Ongoing Maintenance.....		\$820,930	\$844,412	\$965,970	\$1,810,382
North Mac. Access(Resolution#36441)		\$0	\$0	\$3,000,000	\$3,000,000
MERC (Transfer To Spectator Fac.).....		\$0	\$734,709	\$754,866	\$1,489,575
Miscellaneous Transfers.....		\$3,138,210	\$88,232	\$90,652	\$178,884
Subtotal, Assumed Set-Asides.....		\$53,074,774	\$43,446,344	\$42,686,218	\$86,132,563
Bureau Requirements & One-Time.....		\$319,369,214	\$307,553,365	\$330,219,930	\$637,773,295
Total Requirements.....		\$372,443,987	\$350,999,704	\$372,906,148	\$723,905,857
Resources less Requirements					
Equals Excess(+)/CAL Gap(-).....		\$0	\$37,400,569	\$5,583,664	
Ongoing Increases(Reductions).....		\$0	\$5,000,000	\$0	\$5,000,000
Available One-Time.....		\$0	\$28,217,569	\$5,083,664	\$33,301,233

Raw FY2008-09 Through FY2012-13 Five-Year Financial Forecast Summary

The "raw" financial forecast shows substantial amounts of funds available to the current and successive budgets with the annual amount available in excess of "CAL" requirements falling to just about \$5.9 million in the last year of the forecast (FY2012-13). This amount indicates roughly that an increase in ongoing CAL or programmatic requirements of \$5.0 million "discounted" for expected cost escalation is available and can be allocated as part of Council's budget deliberations for FY2008-09. This amount could have been much larger were it not for the expected out-year double-digit increases (as forecast by AON) in health benefits costs and lowered business license and transient lodging revenue forecasts.

Item	Raw Five-Year Financial Forecast				
	2009	2010	2011	2012	2013
Resources.....	\$388,400,273	\$378,489,812	\$390,090,427	\$402,545,252	\$417,387,299
Requirements.....					
Bureau Requirements....	\$306,645,330	\$324,774,309	\$338,577,026	\$353,425,330	\$368,549,758
Planned One-Time.....	\$908,030	\$200,000	\$200,000	\$200,000	\$200,000
Council Set-Asides.....	\$47,629,344	\$43,186,218	\$40,830,670	\$41,553,701	\$42,693,664
GAP-Surplus(Deficit).....	\$33,217,569	\$10,329,285	\$10,482,732	\$7,366,221	\$5,943,877

Financial Forecast Five-Year Detail After Balancing

The financial forecast shows that the General Fund is balanced over the next five years by splitting resources in excess of "CAL" requirements into about \$5.0 million for ongoing programmatic increases with the remaining \$28.2 million allocated to one-time projects during FY2008-09. The out-years of the financial forecast show successively smaller amounts of one-time resources available to future budget cycles with little or nothing available in the last year of the forecast, FY2012-13. This balances the General Fund over the five-year forecast horizon.

Item	Forecast	Next Cycle	Financial Forecast Out-Years		
	2009	2010	2011	2012	2013
Total Resources.....	\$388,400,273	\$378,489,812	\$390,090,427	\$402,545,252	\$413,277,799
Transfer In From General Reserve.....	\$0	\$0	\$0	\$0	\$4,109,500
Bureaus & Programs.....	\$306,645,330	\$330,019,930	\$344,043,735	\$359,129,134	\$374,492,456
Capital Set-Aside.....	\$1,922,658	\$1,915,000	\$1,915,000	\$1,915,000	\$1,915,000
Est. CAL Increase.....	\$5,000,000	\$0	\$0	\$0	\$0
Planned One-Time.....	\$908,030	\$200,000	\$200,000	\$200,000	\$200,000
New One-Time.....	\$28,217,569	\$5,083,664	\$5,016,022	\$1,662,417	\$1,179
Pension Bonds P&I.....	\$8,137,967	\$9,043,756	\$9,386,072	\$9,792,698	\$10,155,465
Council Set-Asides.....	\$37,568,719	\$32,227,462	\$29,529,598	\$29,846,003	\$30,623,199
Total Requirements	\$388,400,273	\$378,489,812	\$390,090,427	\$402,545,252	\$417,387,299
Difference	\$0	(\$0)	(\$0)	(\$0)	\$0
Reserve Fund As A Percent Net Revenues	10.2%	10.5%	10.6%	10.7%	10.1%

Risks To The Financial Forecast

Although this forecast assumes continued economic expansion, there are uncertainties:

- Fourth quarter GDP growth slowed to a 0.6% crawl heralding at the very least much slower growth ahead: recession represents the biggest risk to this forecast.
- Geopolitical uncertainties (energy, Iraq) could also easily lead to recession.
- The five-year financial plan "back fills" about half of Parks' ongoing local option levy related revenue loss. The remaining \$2.7 million is not included in Council's five-year financial plan.
- The Oregon Legislature continues to look at the distribution of cigarette and liquor taxes to cities. There continues to be some risk that future legislative action could curtail distributions to cities.

Two-Year Forecast Resources-By Budget Category Detail			
<i>Category</i>	<i>FY2007-08</i>	<i>FY2008-09</i>	<i>FY2009-10</i>
RESOURCES	Budget	Forecast	Forecast
Property Taxes			
Current Year Taxes	\$166,784,544	\$174,955,886	\$179,989,366
Prior Year Taxes	\$3,482,313	\$3,659,226	\$3,745,100
Payment in Lieu of Taxes	\$1,241,827	\$1,359,749	\$1,363,545
Total Property Taxes	\$171,508,684	\$179,974,861	\$185,098,010
Other Taxes			
Lodging Tax	\$14,659,186	\$16,079,910	\$16,742,376
Licenses & Permits			
Business Licenses	\$64,531,784	\$75,705,012	\$75,434,453
Utility License-External	\$46,988,142	\$48,832,201	\$47,854,270
State Sources(*)			
State Shared Revenue	\$10,749,684	\$12,036,210	\$12,042,033
Local Government			
Local Shared Revenue	\$2,882,373	\$3,031,219	\$3,187,751
Miscellaneous Revenues			
Refunds	\$30,000	\$30,000	\$30,000
Interest on Investments	\$3,292,988	\$3,462,596	\$3,452,092
Other Misc. Revenues			
Other Misc. Revenues	\$752,556	\$50,000	\$50,000
Unforeseen Reimbursable	\$2,000,000	\$2,000,000	\$2,000,000
Transfers, Other Funds			
Utility License-Internal			
Water Operating	\$4,234,153	\$4,184,153	\$4,184,153
Sewer Operating	\$12,809,321	\$12,809,321	\$12,809,321
Miscellaneous			
Parking Facility-Tax Offset	\$234,187	\$241,213	\$248,449
Hydro-Fund Transfer	\$200,000	\$200,000	\$200,000
Fleet Transfer	\$0	\$0	\$0
Refuse Disposal	\$85,000	\$85,000	\$85,000
HCD-Indirect	\$235,081	\$235,081	\$235,081
Federal Grants-Indirect	\$0	\$0	\$0
Transfer-General Reserve	\$0	\$0	\$0
Other Transfers.....	\$30,033	\$1,530,033	\$30,033
Subtotal-Transfers, Misc.	\$784,301	\$2,291,327	\$798,563
Beginning Fund Balance (Unencumbered)	\$37,220,815	\$27,913,463	\$14,806,791
TOTAL DISCRETIONARY	\$372,443,987	\$388,400,273	\$378,489,812
Checksum Total-Page 2	\$372,443,987	\$388,400,273	\$378,489,812
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 budget documents. The italicized categories match 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.

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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 were used to eliminate the City's unfunded PERS pension liability. This reduced the City's employer's PERS contribution rate from 10.48% to 8.56% during FY2000-01. In selling bonds, the City avoided an immediate PERS employer contribution rate increase to 17.4%. The debt service costs were structured so as to phase in higher pension costs over a ten-year period ending FY2007-08.

Pension bond debt service is allocated to bureaus using a bureau's actual PERS contributions for the fiscal year in which the sale of the pension obligation bonds occurred as computed by Debt Management.

FUND	Bureau PERS Liability	Percentage Allocation	Annual POB Debt Service	
			FY2008-09	FY2009-10
			\$21,920,616	\$24,360,474
General Fund Bureaus..	\$111,689,102	37.125%	\$8,137,967	\$9,043,756
Unused Line	\$0	0.000%	\$0	\$0
Subtotal.....	\$111,689,102	37.125%	\$8,137,967	\$9,043,756
BGS Non-discretionary	\$1,306,197	0.434%	\$95,173	\$105,766
OMF Water Billing	\$0	0.000%	\$0	\$0
PDOT (net).....	\$55,353,648	18.399%	\$4,033,215	\$4,482,129
BOEC (net).....	\$2,863,688	0.952%	\$208,656	\$231,881
Development Svcs.....	\$14,372,049	4.777%	\$1,047,186	\$1,163,742
BES	\$39,339,043	13.076%	\$2,866,348	\$3,185,385
Hydroelectric	\$301,512	0.100%	\$21,969	\$24,415
WATER	\$40,857,873	13.581%	\$2,977,014	\$3,308,368
Golf Operating	\$2,463,621	0.819%	\$179,506	\$199,486
PIR	\$474,262	0.158%	\$34,556	\$38,402
Refuse Disposal	\$765,028	0.254%	\$55,742	\$61,946
Environ. Remediation	\$17,663	0.006%	\$1,287	\$1,430
Parks Bond Const.	\$1,364,841	0.454%	\$99,446	\$110,515
Parks Construction	\$22,810	0.008%	\$1,662	\$1,847
Facilities Services	\$2,448,977	0.814%	\$178,439	\$198,300
Fleet Operating	\$5,754,908	1.913%	\$419,318	\$465,990
Print & Distribution	\$1,950,217	0.648%	\$142,098	\$157,914
BTS/Comm. Svcs.	\$6,839,826	2.274%	\$498,368	\$553,839
Insurance & Claims	\$1,074,624	0.357%	\$78,300	\$87,016
Health Insurance	\$454,732	0.151%	\$33,133	\$36,821
LID	\$1,025,120	0.341%	\$74,693	\$83,007
FPD&R	\$613,551	0.204%	\$44,705	\$49,681
Unused Line	\$0	0.000%	\$0	\$0
Unused Line	\$0	0.000%	\$0	\$0
Arena/Facilities	\$225,246	0.075%	\$16,412	\$18,238
Worker Comp. Oper.	\$1,005,179	0.334%	\$73,240	\$81,392
PDC	\$8,264,629	2.747%	\$602,183	\$669,208
TOTAL All Funds.....	\$300,848,346	100.00000%	\$21,920,616	\$24,360,474

The table below details POB debt service for the three out-years of the financial forecast. About half of 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 represent a risk to this and subsequent forecasts.

	2011	2012	2013
Out-Year Debt Service.....	\$25,282,350	\$26,377,638	\$27,354,788