

General Fund  
 Estimated Escalation Rate In Bureau CSL Targets  
 Current Allocations Level Escalation Assumptions

Escalation Factor (FUND Level Forecast).....

Expense Category	2017	2018	2019	2020	2021
CPI-W Portland-Salem Dec. To Dec.	1.7%	2.4%	2.6%	2.7%	2.7%
<b>BUREAU TARGETS INCREASE.....</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>3.3%</b>	<b>3.2%</b>
Personal Services(Drift) And	0.5%	0.5%	0.5%	0.5%	0.5%
COLA Adjustment-CPI-W.....	1.7%	2.4%	2.6%	2.7%	2.7%
Health Benefits (AON)....	5.5%	5.5%	5.5%	5.5%	5.5%
<b>PERS Employer Contribution Rate(*)</b>					
Tier 1 & Tier 2.....	13.34%	17.34%	17.34%	21.34%	21.34%
OPSRP-General.....	7.53%	10.50%	10.50%	13.50%	13.50%
OPSRP-Public Safety.....	11.64%	15.00%	15.00%	18.00%	18.00%
<b>Materials &amp; Services.....</b>	<b>2.8%</b>	<b>2.7%</b>	<b>3.1%</b>	<b>3.3%</b>	<b>3.1%</b>
External.....	3.0%	3.0%	2.8%	2.4%	2.4%
Net of Utilities 5220.....	2.4%	2.5%	2.3%	2.1%	2.1%
Internal.....	2.6%	2.3%	3.7%	4.5%	4.1%

(\*) Does not include PERS-Pickup of 6% for Tier 1&2/OPSRP General and 9% for OPSRP-Public Safety.

Table  
 City Of Portland  
 Estimated General Fund Escalation/Inflation Assumptions  
 As of.....

ITEM	Estimated	Forecast Out-Years				
	2016	2017	2018	2019	2020	2021
Expected CPI-W for COLA.....	2.1%	1.7%	2.4%	2.6%	2.7%	2.7%
Wage & Salary Increase, % of CPI.....	100%	100%	100%	100%	100%	100%
Estimated Medical/Dental Benefits...	2.50%	5.5%	5.5%	5.5%	5.5%	5.5%
<b>General Fund Labor Drift Increase.....</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>
<b>Energy Inflation/Escalation Rates.....</b>						
Real Increase (Population Growth).....	1.5%	1.3%	1.2%	1.2%	1.2%	1.2%
Electricity.....	1.0%	3.3%	3.4%	3.3%	2.6%	2.2%
Natural Gas.....	6.0%	12.3%	18.9%	14.8%	6.7%	6.4%
Water.....	7.0%	9.4%	9.4%	7.3%	7.3%	7.3%
Sewer.....	3.6%	3.8%	3.8%	3.8%	3.8%	3.8%
Other & Garbage.....	3.6%	4.9%	5.1%	4.6%	4.1%	4.1%
<b>General Fund Melded Inflation.....</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.7%</b>
<b>General Fund Overhead.....</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.8%</b>
<b>External Materials &amp; Services.....</b>	<b>2.9%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>2.4%</b>
Net of Utilities 522000.....	2.3%	2.4%	2.5%	2.3%	2.1%	2.1%
<b>Internal Materials &amp; Services.....</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.3%</b>	<b>3.7%</b>	<b>4.5%</b>	<b>4.1%</b>
<b>Other Price Indexes.....</b>						
Economy.com, Producer Price Index.....	2.4%	3.2%	3.4%	3.0%	2.5%	2.4%
Economy.com, CPI-U,USA.....	2.0%	3.0%	3.0%	2.8%	2.4%	2.4%