

**IMPACT STATEMENT**

**Legislation title:** \* Authorize a borrowing of not more than \$57,700,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2018-19 (Ordinance)

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**Presenter name:** Eric Johansen

**Purpose of proposed legislation and background information:**

The proposed ordinance authorizes the City to issue tax anticipation notes to finance the cash flow deficit of the Fire and Police Disability and Retirement Fund (“FPDR”) until property tax revenues for FY 2018-19 are received. The amount of note proceeds permitted by the Ordinance will not exceed \$57,700,000.

Oregon Revised Statutes, Chapter 287A.180, authorizes the City to issue notes in anticipation of taxes and other revenues to be received by the City, and to pledge its anticipated taxes and other revenues to secure the notes, so long as the borrowings mature within 13 months after they are issued and do not exceed 80 percent of the amount the City has budgeted to receive in that fiscal year. If the full amount authorized by the Ordinance is issued, the notes will represent about 38.6 percent of the projected FY 2018-19 tax collections for the FPDR Fund levy. The City will repay the principal and interest on the notes no later than June 30, 2019.

As Council is aware, the requested authorized borrowing amount for the FPDR TANs has grown in recent years. As fire and police retirement benefits transition from a pay-as-you-go system to a pre-funded system through the Oregon Public Service Retirement Plan (“OPSRP”), the FPDR levy will be funding two generations of FPDR members simultaneously: FPDR One and FPDR Two members who are funded on a pay-as-you-go basis during their retirement years and FPDR Three members whose retirement benefits are pre-funded through OPSRP during their working careers. Higher costs are expected over approximately the next 20 years, with the potential for higher tax levy rates.

**Financial and budgetary impacts:**

Based on current market conditions, the principal and interest at maturity is not expected to exceed \$59 million. Principal and interest will be repaid with FPDR Fund revenues including receipts from the FY 2018-19 FPDR Fund property tax levy.

**Community impacts and community involvement:**

This is an administrative action taken to provide funding to meet the cash flow deficit of the Fire and Police Disability and Retirement Fund until property taxes for FY 2018-19 are collected beginning in November 2018. There is no community impact or involvement anticipated.

**100% Renewable Goal:**

Not applicable.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES:** Please complete the information below.
- NO:** Skip this section

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>