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191833

Ordinance

Amend the FY 2024-25 Adopted Budget to provide a temporary interfund loan not to exceed \$45 million from Portland Parks & Recreation to Fire and Police Disability and Retirement to provide interim financing for cash flow deficit due to the timing of property tax collections

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Fire and Police Disability and Retirement ("FPDR") Fund of the City of Portland (the "City") will experience a cumulative cash flow deficit during fiscal year 2024-25 due to the timing of current year collections of property taxes, which occurs in November of each fiscal year.
2. The FPDR Fund expects monthly deficits to occur prior to receipt of property tax revenue in November 2024 and resources are needed to pay for planned expenditures until that time.
3. The FPDR Fund cash flow deficit has historically been addressed by issuing short-term tax anticipation notes through the public municipal bond market or by borrowing directly from a bank; however, costs of these approaches have risen and an interfund loan will provide a lower cost financing.
4. Per local budget law (ORS 294.468), the City may loan money from one fund to another for operating purposes for up to one fiscal year.
5. The City's Comprehensive Financial Management Policies, specifically FIN 2.18, allow for the interfund lending as an alternative to bank loans or public debt issuance when bureaus require funding and when sufficient legally available balances exist in other funds that can be loaned without impacting the lending bureau's operations.
6. Portland Parks and Recreation ("Parks") has sufficient revenue in the System Development Charge subfund (the "Parks SDC Subfund") of its Parks Capital Improvement Program Fund to lend monies to the FPDR

Introduced by

[Mayor Ted Wheeler](#)

Contact

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Debt Manager

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date
July 17, 2024

Fund temporarily until sufficient property taxes are received. Loaned SDC funds will be repaid with interest until no later than January 31, 2025, the maturity date of the loan.

7. The City's fiscal year 2024-25 budget includes approximately \$221.9 million of ad valorem taxes to be received by the FPDR Fund in fiscal year 2024-25, which will cover all planned fund expenditures as well as the costs of a cash flow borrowing.
8. Amendment of the Parks SDC Subfund budget will increase budgeted expenditures by more than 10 percent of that fund.
9. Under Oregon's Local Budget Law, when a budget amendment increases a fund's budgeted expenditures by more than 10 percent, a notice of a special public hearing to discuss the amendment must be published five days prior to the hearing and the hearing must be held at a regularly scheduled public meeting prior to adoption of the amendment by the City Council.
10. In accordance with Local Budget Law, a notice was published in the Daily Journal of Commerce on July 1, 2024, and a public hearing has been conducted at the regularly scheduled City Council meeting held on July 10, 2024, to discuss the amendment.

NOW, THEREFORE, the Council directs:

- A. The City hereby authorizes a temporary interfund loan in an aggregate principal amount of not more than \$45,000,000 from the Parks SDC Subfund to the FPDR Fund to finance the deficit in the FPDR Fund in anticipation of the receipt of revenues from the FPDR levy for fiscal year 2024-25 in accordance with City financial policy FIN 2.18 and the terms shown in Exhibit A.
- B. The fiscal year 2024-25 budget is hereby amended as follows:

Parks SDC Subfund
Fund – 402001
Business Area – PK
Internal Loan Remittance (Commitment Item 580100) – \$45,000,000

Parks SDC Subfund
Fund – 402001
Business Area – PK
Internal Loan Proceeds (Commitment Item 451500) – \$45,000,000

Parks SDC Subfund
Fund – 402001
Business Area – PK
Interest Income (Commitment Item 454100) – \$750,000

Parks SDC Subfund
Fund – 402001

Business Area – PK

Contingency (Commitment Item 571100) – \$750,000

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Internal Loan Proceeds (Commitment Item 451500) – \$45,000,000

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Internal Loan Remittance (Commitment Item 580100) – \$45,000,000

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Interest (Commitment Item 555100) – \$750,000

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Contingency (Commitment Item 571100) – (\$750,000)

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Note Retirement (Commitment Item 551300) – (\$45,000,000)

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Interest on Notes (Commitment Item 555300) – (\$1,642,500)

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Debt Issuance Costs (Commitment Item 557100) – (\$49,100)

Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Note Sales (Commitment Item 451200) – (\$45,000,000)


Fire and Police Disability and Retirement Fund

Fund – 800000

Business Area – DR

Contingency (Commitment Item 571100) – \$1,691,600

Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2024/interfund-loan-form-parks-to-fpdr_0.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2024/interfund-loan-form-parks-to-fpdr_0.pdf) 249.54 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
July 17, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The ordinance authorizes a temporary interfund loan from the System Development Charge subfund ("Parks SDC Subfund") of the Parks Capital Improvement Program Fund to the Fire and Police Disability and Retirement ("FPDR") Fund to finance the cash flow deficit until current year property tax revenues for fiscal year 2024-25 are received. The loan authorized by the Ordinance may not exceed \$45,000,000.

The FPDR Fund will experience a cumulative cash flow deficit during the first half of fiscal year 2024-25 due to the timing of current-year collections of property taxes relative to ongoing monthly expenditures related to benefit payments. The FPDR Fund expects monthly deficits to occur prior to receipt of property taxes in November 2024 and resources are needed to pay for planned expenditures until that time.

The FPDR Fund cash flow deficit has historically been addressed by issuing tax anticipation notes in the public municipal bond market or by borrowing directly with a bank; however, costs of these approaches have risen and an interfund loan will provide a lower cost financing. Portland Parks and Recreation ("Parks") has sufficient revenue in the Parks SDC Subfund to lend monies to the FPDR Fund temporarily until sufficient property taxes are received by the FPDR Fund.

Financial and Budgetary Impacts

Financial Impact: The FPDR Fund will repay the loan from the Parks SDC Subfund with interest no later than January 31, 2025. The interest rate will be equal to the City's investment portfolio monthly average yield plus 10 basis points (0.10%). The loan may be prepaid in whole or in part at any time. Prepayments will be applied first to accrued interest on unpaid principal and then to principal.

Budgetary Impact: This legislation removes \$45,000,000 from the FPDR Fund budget for debt issuance, and amends both the FPDR and Parks budgets to loan proceeds up to \$45,000,000 from the Parks SDC Subfund to the FPDR

Fund for fiscal year 2024-25. The ordinance also amends the budget to authorize repayment of the loan in an equivalent amount plus interest from the FPDR Fund to the Parks SDC Subfund.

Community Impacts and Community Involvement

This is an administrative action taken to provide funding to meet the cash flow deficit of the FPDR Fund until property taxes for fiscal year 2024-25 are collected beginning in November 2024. There is no community impact or involvement anticipated.

100% Renewable Goal

Not applicable.

Budgetary Impact Worksheet

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount
800000	DRDR000004	451500	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	\$45,000,000
800000	DRDR000004	571100	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	(\$750,000)
800000	DRDR000005	580100	PSDRASDB000000GS	Not Applicable	Not Applicable	Not Applicable	\$45,000,000
800000	DRDR000005	555100	PSDRASDB000000GS	Not Applicable	Not Applicable	Not Applicable	\$750,000
800000	DRDR000005	551300	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	(\$45,000,000)
800000	DRDR000005	555300	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	(\$1,642,500)
800000	DRDR000005	557100	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	(\$49,100)
800000	DRDR000004	451200	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	(\$45,000,000)
800000	DRDR000004	571100	PSDRAS00000000GS	Not Applicable	Not Applicable	Not Applicable	\$1,691,600
402001	PKSB000014	451500	PRSPBSBS000000GP	Not Applicable	Not Applicable	Not Applicable	\$45,000,000
402001	PKSB000014	454100	PRSPBSBS000000GP	Not Applicable	Not Applicable	Not Applicable	\$750,000
402001	PKSB000014	580100	PRSPBSBS000000GP	Not Applicable	Not Applicable	Not Applicable	\$45,000,000
402001	PKSB000014	571100	PRSPBSBS000000GP	Not Applicable	Not Applicable	Not Applicable	\$750,000

Budget Office Financial Impact Analysis

Subfund to the Fire and Police Disability Retirement Fund to finance a cash flow deficit until current property tax revenue is received for fiscal year 2024-25. The ordinance will allow \$45 million in debt issuance by the FPDR fund and allow Parks to loan up to \$45 million. This loan will be repaid with interest by January 31, 2025 at a rate of the City's investment portfolio yield plus 10 basis points.

Document History

Item 631 Time Certain in [July 10, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/7/10)
(<https://www.portland.gov/council/agenda/2024/7/10>)

City Council

Passed to second reading

Passed to second reading July 17, 2024 at 9:30 a.m.

Item 668 Regular Agenda in [July 17, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/7/17)
(<https://www.portland.gov/council/agenda/2024/7/17>)

City Council

Passed

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Absent

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Mayor Ted Wheeler Absent