



# March 24, 2025 Finance Committee Agenda

**City Hall, Council Chambers, 2nd Floor – 1221 SW Fourth Avenue, Portland, OR 97204**

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## Monday, March 24, 2025 12:00 pm

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**Session Status:** Adjourned

**Committee in Attendance:**

Councilor Candace Avalos

Councilor Steve Novick

Councilor Mitch Green

Council President Elana Pirtle-Guiney, Vice Chair

Councilor Eric Zimmerman, Chair

Councilor Zimmerman presided.

Officers in attendance: Keelan McClymont, Council Clerk

Committee adjourned at 1:30 p.m.

## Regular Agenda

1

[Technical Adjustment Ordinance discussion](#) (Presentation)

**Document number:** 2025-096

**Introduced by:** Councilor Eric Zimmerman

**Time requested:** 50 minutes

**Council action:** Placed on File

2

[Update on Portland Water Bureau interim borrowing strategy](#) (Presentation)

**Document number:** 2025-097

**Introduced by:** Councilor Eric Zimmerman

**Time requested:** 30 minutes

**Council action:** Placed on File

3

[Tax Increment Financing Funds creation ordinances](#) (Presentation)

**Document number:** 2025-110

**Introduced by:** Councilor Eric Zimmerman

**Time requested:** 10 minutes

**Council action:** Placed on File

4

[\\*Create the 82nd Avenue Tax Increment Financing District Debt Service Fund](#) (Emergency Ordinance)

**Ordinance number:** 192035

**Document number:** 2025-111

**Introduced by:** Mayor Keith Wilson

**City department:** Investor Relations for Portland Bonds

**Time requested:** 5 minutes

**Council action:** Referred to City Council

Motion to send the Emergency Ordinance Create the 82nd Avenue Tax Increment Financing District Debt Service Fund to the full Council with the recommendation that it be passed: Moved by Green and seconded by Avalos. (Aye (5): Avalos, Novick, Green, Pirtle-Guiney, Zimmerman)

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[\\*Create the East 205 Tax Increment Financing District Debt Service Fund](#) (Emergency Ordinance)

**Ordinance number:** 192036

**Document number:** 2025-112

**Introduced by:** Mayor Keith Wilson

**City department:** Investor Relations for Portland Bonds

**Time requested:** 5 minutes

**Council action:** Referred to City Council

Motion to send the Emergency Ordinance Create the East 205 Tax Increment Financing District Debt Service Fund to the full Council with the recommendation that it be passed: Moved by Green and seconded by Avalos. (Aye (5): Avalos, Novick, Green, Pirtle-Guiney, Zimmerman)

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[\\*Create the Central Eastside Corridor Tax Increment Financing District Debt Service Fund](#) (Emergency Ordinance)

**Ordinance number:** 192037

**Document number:** 2025-113

**Introduced by:** Mayor Keith Wilson

**City department:** Investor Relations for Portland Bonds

**Time requested:** 5 minutes

**Council action:** Referred to City Council

Motion to send the Emergency Ordinance Create the Central Eastside Corridor Tax Increment Financing District Debt Service Fund to the full Council with the recommendation that it be passed: Moved by Avalos and seconded by Green. (Aye (5): Avalos, Novick, Green, Pirtle-Guiney, Zimmerman)

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[\\*Create the Lloyd-Holladay Tax Increment Financing District Debt Service Fund](#) (Emergency Ordinance)

**Ordinance number:** 192038

**Document number:** 2025-114

**Introduced by:** Mayor Keith Wilson

**City department:** Investor Relations for Portland Bonds

**Time requested:** 5 minutes

**Council action:** Referred to City Council

Motion to send the Emergency Ordinance Create the Lloyd-Holladay Tax Increment Financing District Debt Service Fund to the full Council with the recommendation that it be passed: Moved by Pirtle-Guiney and seconded by Avalos. (Aye (5): Avalos, Novick, Green, Pirtle-Guiney, Zimmerman)

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[\\*Create the Sumner-Parkrose-Argay-Columbia Corridor Tax Increment Financing District Debt Service Fund](#) (Emergency Ordinance)

**Ordinance number:** 192039

**Document number:** 2025-115

**Introduced by:** Mayor Keith Wilson

**City department:** Investor Relations for Portland Bonds

**Time requested:** 5 minutes

**Council action:** Referred to City Council

Motion to send the Emergency Ordinance Create the Sumner-Parkrose-Argay-Columbia Tax Increment Financing District Debt Service Fund to the full Council with the recommendation that it be passed: Moved by Novick and seconded by Green. (Aye (5): Avalos, Novick, Green, Pirtle-Guiney, Zimmerman)

[\\*Create the Westside Tax Increment Financing District Debt Service Fund](#) (Emergency Ordinance)

**Ordinance number:** 192040

**Document number:** 2025-116

**Introduced by:** Mayor Keith Wilson

**City department:** Investor Relations for Portland Bonds

**Time requested:** 5 minutes

**Council action:** Referred to City Council

Motion to send the Emergency Ordinance Create the Westside Tax Increment Financing District Debt Service Fund to the full Council with the recommendation that it be passed: Moved by Green and seconded by Avalos. (Aye (5): Avalos, Novick, Green, Pirtle-Guiney, Zimmerman)

Portland City Council, Finance Committee  
March 24, 2025 - 12:00 p.m.  
Speaker List

Name	Title	Document Number
Eric Zimmerman	Councilor, Committee Chair	
Keelan McClymont	Council Clerk	
Candace Avalos	Councilor	
Elana Pirtle-Guiney	Council President, Vice Committee Chair	
Steve Novick	Councilor	
Mitch Green	Councilor	
Christopher Herr	Council Policy Analyst	
Ruth Levine	City Budget Office Director	2025-096
Anthony Locke	Financial Analyst, City Budget Office	2025-096
Nathan Leamy	Manager, Budget, Strategy, & Performance Unit	2025-096
Jonas Biery	DCA Budget & Finance Service Area	2025-096, 2025-097, 2025-110
Jodie Inman	PWB Chief Engineer	2025-097
Matthew Gierach	Debt Manager, Debt Management Division	2025-097, 2025-111 - 2025-116
Karen Chirre	(Testimony)	2025-113

## **Portland City Council Committee Meeting Closed Caption File**

**March 24, 2025 – 12:00 p.m.**

This file was produced through the closed captioning process for the televised city Council broadcast and should not be considered a verbatim transcript. The official vote counts, motions, and names of speakers are included in the official minutes.

**Speaker:** Hey. Good afternoon. I'm going to call the finance meeting to order. It is Monday, March 24th at 1201 Keelan. Can you call the roll, please?

**Speaker:** Avalos.

**Speaker:** Present.

**Speaker:** Novick.

**Speaker:** Here.

**Speaker:** Green.

**Speaker:** Here.

**Speaker:** Pirtle-guiney. Here. Zimmerman.

**Speaker:** Here.

**Speaker:** Chris, can you please read the statement of conduct?

**Speaker:** Welcome to the meeting of the finance committee to testify before this committee in person or virtually. You must sign up in advance on the committee agenda at. Portland dot. Gov slash. Council slash agenda, slash finance dash committee or by calling 311. Information on engaging with the committee can be found at this link. Registration for virtual testimony closes one hour prior to the meeting. In person. Testifiers must sign up before the agenda item is heard. If public testimony will be taken on an item, individuals may testify for three minutes unless the chair states otherwise, your microphone will be muted when your time is

over. The chair preserves order disruptive conduct such as shouting, refusing to conclude your testimony when your time is up, or interrupting others testimony or committee deliberations will not be allowed. If you cause a disruption, a warning will be given. Further disruption will result in ejection from the meeting. Anyone who fails to leave once ejected is subject to arrest for trespass. Additionally, the committee may take a short recess and reconvene virtually. Your testimony should address the matter being considered. When testifying, state your name for the record. If you are a lobbyist, identify the organization you represent. Virtual testifiers should unmute themselves when the clerk calls your name. Thank you.

**Speaker:** Great. Thanks colleagues. Today the finance committee is going to hear presentations on the technical adjustment ordinance. The city used to call this the spring budget monitoring process, the spring bump. We're gonna have some updates on an interim borrowing for the Portland water bureau, on bureau capital projects that were previously authorized in March of 23 by council. And then we'll also have six ordinances required to create the tax increment financing, debt service funds to administratively collect the related property tax revenues. The committee will then. Will then consider those tax incrementals as an ordinance. With that Keelan, can you please read the first item regarding the technical adjustment?

**Speaker:** Technical adjustment ordinance discussion?

**Speaker:** All right. I think the city budget office is going to make their way on up. Should be a presentation as well.

**Speaker:** Good afternoon. I'm just going to share it now. Sorry.

**Speaker:** As they bring that up colleagues today we'll get a presentation on on these items. And then discussion questions. This is a first for this council. And so next week we will have an ordinance that I will ask you to pass that is related to the

information that we're hearing today. And that ordinance will then go to the full council. So today's purpose is learning and information. Thanks.

**Speaker:** Great. Thank you. All right. For the record, my name is Ruth Levine. I'm the director of the city budget office. And with me is Anthony Lock. And he's the supplemental budget coordinator. So we're going to give you a pretty brief presentation, and I'm happy to answer any questions. So just as a reminder of what we're doing here so it can get confusing because we're in the spring, we're thinking about two fiscal years at a time. We get confused. So I just want to make sure we're all super clear on what we're doing here. So this is a supplemental budget and all supplemental budgets only adjust the current fiscal year that we're in. So fiscal year 2025 and they only impact one time funding. So we will be having conversations about things that impact next fiscal year. But the actual ordinance that will come before you is only for the current fiscal year. And the actions that you'll be considering are shown on the slide here. So and we'll walk through the actual tables in a second. The carryover funding for projects that are currently underway. So essentially funding that crosses fiscal years. Something started in the works now and is going to be finished next fiscal year. Technical adjustments, chewing up balances and moving money between different buckets of funds, recognizing any revenue that's come in that hasn't yet been budgeted, and then allocating general fund contingency resources if needed. And so we'll talk about what this means. That's that's probably the area that has the most significant impact on the current fiscal year. And then there's a return of general fund underspending. And I'll talk more about what that means on the next slide. So just to try to visualize the impact of this ordinance on next fiscal year's ordinance. So essentially in each fiscal year we project under spending, and I'll let me back up for a second and say, this is the way we do the budget in the city of Portland. Every

government budgets differently. And there are different ways to go about this, but this is the way we have done it. And for this year, we're a little bit stuck with this, because that's the way we started the fiscal year. So know that I'm explaining how we do this, but there are other options that we could talk about going into next year. So we have every spring we project under spending, particularly in the general fund. And that becomes what we call budgeted beginning fund balance, which basically means we pre-count that under spending in the next fiscal year's budget as one time revenue, it basically frees up something that had been, you know, revenue that we had been using for an expenditure and says, oh, actually, we don't need this. We can use it for something else next year. And so that's what that graphic is intended to show. The other impact of this is that means at the end of this current fiscal year, at the end of each fiscal year, we look at actual ending fund balance. So this at this point, we're just projecting some expenditures that we don't think are actually going to happen. We're being pretty conservative because obviously we're like, we're taking that money out of this fiscal year's budget and moving it to next fiscal year. So we don't want to accidentally take out money we are going to need. And so at the end of the fiscal year, there will be actual ending fund balance that is represented in the act for and in the fall we true those things up. So we say, okay, we had estimated we were going to have whatever \$50 million. We'll take that out of the actual ending fund balance that in fact happened. And then that tells us next year what's kind of if there's any additional available fund balance. But the point is we're pre counting fund balance from next year through the through this projection action. And then and I think the other point is our fund balance is always fully accounted for in the budget. There's never any extra except for at that brief moment right before you pass a fall ordinance where you say, okay, we're going to take this extra fund balance and put it to these things. The fund

balance is always fully accounted for in either bureau program expenses or contingency. So I'm happy to answer any questions on that. I know it's confusing, but I'm just trying to give you kind of the highlight points of the short answer is anything we don't spend this year is something we can use next year. That's the short story.

**Speaker:** I'm going to look around a little bit to just make sure, before we move on from this point, that we've we're all good here. Any questions?

**Speaker:** Councilor did you give us a number that you're about? Okay, I just wanted to tee up the.

**Speaker:** Concept right now.

**Speaker:** Concept?

**Speaker:** Yeah.

**Speaker:** Okay. Happy to come back.

**Speaker:** Some nods. We can keep going.

**Speaker:** Okay. All right. So now I'm getting into the tables of what is actually going to come before you in this ordinance. And I'll let Anthony jump in. But basically these are all the different types of decision packages that you'll see. These are sort of all of the decision packages that were submitted, vetted and are being put forward as part of the ordinance. I don't expect these numbers specifically to mean a whole lot to you, but just to give you a sense of the different buckets that we're talking about. So there's sort of all of the city's funds represented here. So these are in alphabetical order. So it's maybe not the most intuitive, but the cannabis fund is essentially a carryover request. And then we get to the policy set aside request, which I will talk about on a separate slide. There's general fund return packages, general fund carryover packages. And then the sort of more technical changes, either transferring money from one place to another, recognizing new revenue,

moving non-general fund contingency and then the other adjustments and technical adjustments. So I'll pass it to Anthony to talk more specifically about what's in those technical adjustment packages outside the general fund.

**Speaker:** Sure.

**Speaker:** So.

**Speaker:** Anthony, before you go, I got a couple people that popped up with questions just on this slide. I want to see if, sure, they want to wait or if they want to go now.

**Speaker:** The substantive question can wait until after you've provided an explanation, but I but I want to clarify are these. This is a summary of decision packages for the spring bump.

**Speaker:** Correct?

**Speaker:** Okay. Not the next. Okay.

**Speaker:** Got it. So yeah, everything we're talking about from here on out is just the ordinance that's going to be before you just for the spring technical adjustment. So I wanted to connect the thread between this and what you're going to and balancing the 2526 budget. But we are now just talking about actions in the current fiscal year.

**Speaker:** Councilor I just want to clarify, because we're talking about money moving back into the general fund, and we've got assets and deficits listed here are the debt's listed here, additional dollars being requested out of contingency or the general fund. And the additional numbers are dollars going back into contingency or general fund. Which which direction is a. Great question.

**Speaker:** Great question. The red the negative numbers are essentially money coming back.

**Speaker:** So money coming back to general fund.

**Speaker:** Or to the other funds. This covers all funds. So like just for simplicity the cannabis fund request the first line. There is a carryover within the cannabis fund. So it's money that they're saying we're not spending this 600,000 this year. We'll spend it next year instead. And so it acts in the current fiscal year like a return because it's we're freeing up resource in the current fiscal year. So that's why it's a negative.

**Speaker:** So the policy set aside is additional dollars being requested out of the fund to be spent.

**Speaker:** Correct. Thank you. All right. So i'll pass it to you to talk about or to technical adjustments.

**Speaker:** All right. So you see here a number of categories. You'll also see I think you have a copy of the exhibits. And so okay well there's going to be a table provided in the exhibits that kind of further delineate the different technical adjustments being made. But the council president asked a good question. So part of what we're seeing here, like for example, in other adjustments or technical adjustments is. So one example of a change that impacts this negative number is that the water bureau, for example, is reducing its operating expenses because they can now project how much of their capital investment plan or yeah, capital infrastructure plan that they're going to spend this year. And so they recognize that their their capital throughput will be lower than what they projected. And so they're reducing their operating budget by, say like \$170 million and moving that money back into contingency to be allocated in a future year. So example of a new revenue request would be so anytime a grant is awarded to the city, those typically have to come together as a one off ordinance. But because we're having the supplemental process, bureaus are allowed to submit kind of all of their grant revenue in one supplemental process. So that makes up a number of the new revenue items. So

I'm trying to trying to think how to best describe it without getting too much in the weeds. You know, as we describe this process to you when we initially pitched it, these are the numbers that are affecting the package types that affect the budget development process are going to be the general fund return, the general fund program carryover and policy set aside numbers. So those are the three of the top four numbers you see there. The rest are not related to the general fund or related to grants fund related to other types of funds. And our technical adjustments we made, for example, to align beginning fund balance with the city's acfr. So that's that's an example of many of the types of adjustments that are reflected here.

**Speaker:** Let's go forward into a little bit more of the next slide has some details. I think some questions might come as we go through those. Sure get a sense for each thing here. Yeah. It'll start to kind of create its own narrative I think. Yeah.

**Speaker:** And we will give you kind of the line by line breakout of what's happening in each of each of those other funds. But this we are going to go into more detail here on the general fund side, just because that is the sort of where some of the more meaty decisions are here. So this is the list of general fund carryover packages that are being put forward. So I can sort of leave this up here for a minute for you to review and see if any of these kind of spark any questions. I think that the, the gist of it is these should all be things that are underway and are just moving from one fiscal year to the next, essentially.

**Speaker:** Thank you chair. So again, these in red would be is this indicating that these programs are yielding a return back to the general fund.

**Speaker:** So the way carryover works is the action that happens in the spring is a d appropriation. We're saying you're not going to spend this this year. You know, take take the bureau of human resources one, they're not spending this this year. And they are spending it next year. So basically what we do is we take the money out of

the 2425 budget and we enter it into the 2526 budget. But the action that you're deciding on now is actually just the d appropriation side of that equation.

**Speaker:** Thank you. That's what I thought. So the some of this is like 6 million. But the previous slide had it had about 7 million. Can you explain that.

**Speaker:** Right. So we just through the spring town process, we made some decisions to increase the general fund carryover or to lower the general fund carryover and increase the general fund returns through different conversations that we had with with bureaus and leadership.

**Speaker:** Sorry. So I think that something was I think the slide probably should be updated. Apologies. It's just this is this is as they were submitted, not as they're being put forward. So that's we should just update that. So thank you. Yes sorry about that.

**Speaker:** So I don't have any other questions in the queue. I want to make sure I understand a clear word here. A general fund carryover is a direction. It's a policy decision that we're going to continue that money in in service to the to the item that it's supposed to be funding. And you used another term which is general fund return I think. Correct. And that is money we're not going to expend and it's not being asked for a continuation. It is truly open in the general fund. Correct. Is that okay? Yep. Meaning so given that and this slide, is there a way we can indicate which of these line items have quote unquote already started and they just are identifying we're going to execute some of this in this next fiscal year versus because I think it's a policy decision for if I look at human resources, the second one, are we going to engage in the classification and compensation study or not? And what I don't know from this is, is that 400 representative of the last quarter of that study or representative of the entire body of work? That's hard to tell from

here. Yeah. I'm wondering if we can shore that up when we bring bring it more clearly in the ordinance.

**Speaker:** Yeah. We can. We'll also give you a full decision package list with all of the narrative and the details. The direction was that it should be things that have begun. Okay, so I don't know.

**Speaker:** If you want to clear. Yeah. In general, fund carryover requests. Move money that previous councils explicitly and directly allocated for these purposes. So it's not like the bureau has an idea to do a program. And they want to carry the money forward with just underspending that they've accumulated in the year. This is specifically for resources that were allocated to the bureaus for this purpose. And those are the only requests that are allowed in the general fund carryover process. So like if a bureau has \$100,000 and under spending, they can't just say, oh, we want to do a new initiative with this money. They can only do that with money they've directly received from council, a previous council, for a specific purpose.

**Speaker:** Okay. That's helpful. So on this, then I should be able to assume that none of these here are projects that have not started yet.

**Speaker:** That's right. Yeah.

**Speaker:** Okay. Thanks.

**Speaker:** But as to your question about how much of the original that, you know, how much was the original allocation? I, we don't have I don't have that answer right now, but we can we can kind of go through the decision package list and make sure that it's clear. Yeah. That's great.

**Speaker:** Thanks. I think that would be helpful. There have been so many things with the new council that is evaluating previous council actions, and I think it is reasonable to assume that this council will want to weigh in on something that is only 10% complete about whether or not we'll continue in that body of work versus

something that's 90% complete. Those are very different decisions, and you can't tell that from this. So great. Yeah.

**Speaker:** Okay. All right. And these are the general fund return amounts. So this year we for the first time had a process where our office, along with the cfo and the dca of each service area, met to review their year end projections and kind of ask questions. And before they actually submitted this. And so these numbers are based on, you know, as I said, conservative because we don't want to sort of re-appropriate resource that they actually will need. But I think well vetted assumptions about how much underspending is likely to appear in, in the general fund within these bureaus. And so these were the numbers that were submitted based on that process. Questions on that. Okay. So this is a little more complicated. So this is what you're looking at is all of the different buckets of general fund contingency. And as they were set in at each of these different phases of the budget process along the top there. So we adopt some contingency in the budget each year. And then typically that gets added to in the fall bump with those resources that, you know, that sort of were extra beginning fund balance. And then we draw on those contingencies in the spring. Typically that's the sort of normal process here. And so this shows you all of it. And the only thing to highlight for this ordinance is the projected police overtime by down line. So that is the policy set aside draw that you saw on that first slide of \$3.5 million. There's folks from public safety who can speak to that. The specifics there. But basically it was set aside by the council, by the prior council in the fall to address expected overtime expenditures, sort of with the known unknowns of several potential events, protests and the like that police was expecting to have overtime related to. And there are still a couple more outstanding this spring. So happy to have somebody

speak to that. But that's what that request is for. And the rest is just kind of showing you the full picture.

**Speaker:** Councilor avalos.

**Speaker:** First, I'm just curious, is it just police and fire that has these overtime kinds of requests or continued needs?

**Speaker:** Yes. For this. So I guess two ways to think about that question. There's the three bureaus that kind of spend the most overtime are the 24 over seven public safety bureaus, fire, police and boec. Fire is looking pretty good at this point for this fiscal year, and boec is also not expecting to need any additional resource. You can see here that there was also \$915,000 set aside for general public safety overtime that they're not requesting. So at this point, police is the only one requesting a policy set aside funds.

**Speaker:** In general. I mean, this has been an ongoing issue. What is the plan to address it? Because my concern is that it's unclear to me how we're supposed to budget for something when we hear every year that they need more funding, especially as it relates to response to protests. So I'm curious if there's like a general way to budget around protests, because that is a primary responsibility. And yet every year it seems like we need more and more for overtime for that in particular. But I guess I'm just trying to understand, you know, as I'm entering this new, you know, budget process, like, what does it look like to start planning out so that we're not having to account for so much in overtime every year?

**Speaker:** Yeah, I can try to answer that. And I can see if somebody else wants to come up as well. So I mean, I think there's a there's a bit of a trade off. Right. There's the, there's one option which is to just, you know, put the money in their budget and the adopted budget and say, you know, that's it. That's what you get. Manage that number. I think the choice that was made in the fall, at least this year

was, you know, there was this uncertainty due to events that were, you know, outside the city's control. And is it better to put the money in their budget and say, well, we don't know if they're going to need this or not and have to come back in the spring and say, hey, you should give that back or put it into a policy, set aside line and say, we'll see how things go, and we'll come back in the spring and have a conversation about it. And so that was the path that was taken this year. I think that. So I will say it's not unexpected. This isn't like a surprise number. I think this is probably a pretty well aligned with what police was projecting in the fall. And nathan can speak to that. But I think there's a choice that council has going forward, specifically in public safety, because they're all general fund. They are basically all general fund, and they have large swings based on a number of factors, including things like retirements and other events that happen. And so there's a trade off for council to make about appropriating it all up front and then tracking and monitoring them versus leaving some amount kind of in contingency where they can't spend it out of contingency. Council actually has to appropriate it into their budget for them to spend it. So that's the trade off.

**Speaker:** That was going to be kind of my question. This policy is set aside item I don't know how to describe it. Like is that a typical thing that we offer for each bureau like that they can have a set aside amount of money that can be tapped in for emergencies. Or is that just a concept that is mostly for the public safety bureaus due to the nature of them?

**Speaker:** I mean, you can kind of see the list here. They've been used, I would say a little inconsistently. So sometimes we have these set asides. We do the compensation set aside at the bottom there every year. That's an amount that we say is based on cola and health benefits that we set aside. And we say, you can have this if you need it, but we're not going to put it into your budget until we see

that you need it. So that is like a practice that we do citywide. But other than that, they're a bit sort of inconsistent in terms of how we apply them, whether things are put typically no, they're not. Typically we don't kind of earmark money in policy set aside as a normal practice.

**Speaker:** One last question. Is it possible to create a practice around a set aside amount of money, or however you want to call it around public safety emergencies? Because it sounds like in general, you know, part of this issue is that there are emergencies in public safety that we obviously can't predict or budget for, but it's a consistent need. But when we're not preparing for having some amount of money, then we're looking at \$46,000 million extra. So I'm just trying to find is there some policy solution here where we can have a set amount of money? Let's just say there's \$1 million in it. And we say this is a public safety overtime bucket. It only gets allocated when needed and otherwise it stays in that one bucket. And then if it's not used it's swept into the general fund. Is that generally I'm just trying to understand how we budget. Is that a practice we could do to mitigate some of these concerns? But also my concern is when you put it in a bureau, it kind of is frozen there and then we can't use it for other uses. So I would like to have a more flexible pot of money to address those needs, but also address other public safety concerns.

**Speaker:** Yeah. I mean, I think that's somewhat similar to what we've I wouldn't I won't say it's entirely intentional, but that's a little bit where we've ended up and then happy to pass it to Nathan to talk about to talk more about kind of the police projections and anything else. Yeah.

**Speaker:** For the record.

**Speaker:** Nathan, I manage the team that does budgeting, strategic planning and performance management for the public safety service area. So I think to expand

upon what Ruth was talking about, you know, these dollars are here in part for those uncertainties that go around protest response. But I don't want to undersell that. There are other components as well that build into this. So I think you've likely heard in the past about some of the uncertainty around payouts. Police and fire tend to have sort of large retirements take place all at once due to the beneficial nature of the contracts that they have with their labor unions. Those payouts can be multi-million dollars, and they tend to come sort of all in one big lump. So that was another contributing factor to why these dollars were set aside. The other big component is a structural issue that the police bureau has. Specifically, the police bureau has currently around 100 vacancies for its sworn officer positions. It takes around 18 months for somebody to go from getting hired to going all the way through probation, to being out on the streets and be able to operate independently. That creates a lag between when somebody is hired and we start paying their salary, and when they can start reducing the amount of backfill over time. We have to, you know, fill in for the fact that that position was vacant. So structurally, we have always been sort of borrowing from Peter to pay Paul where we have vacancy savings within the police bureau, we still have overtime, as the bureau has been doing hiring over the past couple of years. We've continued to need to pay overtime. So there were, in addition to these dollars that are in set aside, other one time funds that were given to the bureau this year to be able to help bridge that gap for this current fiscal year. There are requests in for next fiscal year to continue to bridge that gap as the bureau continues to hire up. But that is going to be a structural issue that needs to either one day be resolved or we will get to full hiring and full staffing and overtime will hopefully reduce significantly at that point in time.

**Speaker:** Sorry. One final question, which is the amount of money that is being that is in the budget for vacancies, is that the same line item or pot of money that is being drawn from for overtime? Are those two separate buckets?

**Speaker:** Are there separate buckets? So in the way that the current appropriation level is developed. So when bureaus are given a amount of general fund dollars at the beginning of the budgeting process, that is calculated based on the number of positions that the bureau has as authorized strength, we, you know, as a sort of technical side, when we're developing the budget, we know we're not going to fill all those positions. So we manually sort of take out what was generated by the automated system to say, hey, this should be all salary money. And we subtract some of that from the salaries and we put it into the overtime bucket because we knowing the sort of operations of the bureau and what we're projecting for the next year that we're going to have less spending on, on salaries because of those vacancies, and we're going to have more spending on overtime. Getting that right, I will confess, is an art and a science, and sometimes there need to be shifts. So there are technical adjustments that we're making in the spring. Tor, in addition to sometimes making changes here. So we've been meeting monthly with the city budget office to sort of give them projections for the year. We've been including the assumption that this 3.5 million would be brought in for the police bureau since August of last year, because it's in alignment with sort of what we projected to happen. And there haven't been any any big shifts with the 3.5 million, there would likely be some return and fund balance that would fall to balance at the end of this year and return back there.

**Speaker:** Thanks. Nathan councilor green.

**Speaker:** Thank you, chair. And just briefly, you mentioned ruth. There's anticipated a few more events.

**Speaker:** Yeah.

**Speaker:** Do those.

**Speaker:** I'll pass that to nathan.

**Speaker:** The number of events is likely going to be largely influenced by what happens with federal policy. Generally in the city of Portland, may day has been a large locus for protest, especially around labor unions, but it tends to bleed over to other political issues at the time. So that's the sort of largest issue that is likely planned. But we wanted to have flexibility in the budget in case other events come up.

**Speaker:** I'll also note rose festival, which is before the end of this fiscal year.

**Speaker:** Thank you.

**Speaker:** So I want to expand a little bit on where councilor avalos was taking that part of the conversation. Nathan. So if we have a, a bucket of vacancy salary, right, that is not being tapped, I want to make sure I'm understanding before we while it while it may be applied to an officer who works as overtime to their to their paycheck, is it fair to categorize that Portland police bureau uses it's allocated money? Even from those vacancies, to pay those first few hours of overtime for an officer versus coming to the city and keeping hold of vacancy pot while we ask for an overtime pot we are using as Portland police bureau. We're having them use their their non overtime money for regular salaries to cover an individual's overtime if they're being asked, is that a is that an accurate statement.

**Speaker:** Correct. Yeah. And that's sustainable. As long as the bureau doesn't get all the way up to it's.

**Speaker:** Doesn't exceed that 150 vacancies full time salary. Yeah. That's the point. There is what you're saying.

**Speaker:** And there will be a lag where if the bureau were to get full staffing on June 30th this year, which they're unlikely to do, if they were to get there, then next year they would be paying everybody salaries, but they would still have a lot of overtime for backfill, because all those newly hired recruits aren't able to be out on the street on their own.

**Speaker:** Sure. I'm just trying to articulate from a visual standpoint, it is that the bureaus will use the money allocated to them first, so to speak, including that that is vacant and not and not assigned yet, and only after they've used up what would be otherwise assigned for their full staffing package. Do they then approach the city for a contingency pool of what we call overtime contingency? That's that's an accurate visualization.

**Speaker:** Yeah. I mean, I think in short, we're saying they would end the year at close to zero. I mean, keep in mind the size of the budget and the amount that goes that goes out the door. Every pay period is very, very large. So you don't want to get too close to zero. But. Yeah, that in essence, I mean, this would not have come forward. And you can see like fire was not looking like they were going to spend down close to zero. And in fact there's a return there. And so they're not drawing down a contingency line.

**Speaker:** Great. Councilor pirtle-guiney. I want to just clarify something that I think I heard you just say, and as we're talking about overtime, ideally you staff fully up. There's minimal overtime. There's always going to be a little bit. But we budget for a little bit in the regular budget anyway. But I think what I heard you say is that costs as police get closer to fully staffed, will actually go up, because we'll essentially have to pay for two people as we train some of those new recruits before dipping back down as we get our overtime costs under control as we look a couple of years out. Is that accurate?

**Speaker:** That's correct. Yeah.

**Speaker:** Councilor avalos.

**Speaker:** No.

**Speaker:** Okay. Thank you. Okay. That was one line item on this page. There were a lot more. Can you spend a quick minute just helping us understand? You've categorized. I think it's a city terminology unrestricted policy. Set aside, capital set aside and compensation set aside and tell us how is the city using those and what do these mean?

**Speaker:** Yeah, sure. So each one of those are different commitment items or general ledger account. There are different numbers lines in the budget.

Unrestricted contingency is set at \$3 million per financial policy. So we won't we would not recommend reducing that at any point and just allow it to fall to balance if it's not needed, just because you never know what's going to happen. It's also sort of important, I think, to have some fund balance for sort of cash flow reasons and the like, and then policy set aside is kind of the bucket we've been talking about where council puts money in there for specific. Purposes, kind of earmarked in a sense. There's nothing preventing you from moving out of there. But that's what that's for. Capital set aside is a bucket that's dictated by financial policy there. The financial policy is that in each fall, once the sort of available fund balance is calculated, half of that is supposed to go into capital, set aside in order to address known maintenance backlogs. And it's one time money. And so there's an alignment between capital projects and one time money. And so that's what is there. I will say that financial policy has been waived for the last three years in the aftermath of the pandemic. And this past fall, council also waived the financial policy. But they did put some money into that account to try to kind of, you know, respect the financial policy existed, but they didn't get to 50%. And I think that the

third line on there is not actually aligned with the legal definition of capital set aside. So the financial policy was waived this year, but the money is still there. There is money still sitting in the capital. Set aside account and then compensation set aside is the amount I described that essentially our office projects every year, and it's built into the base budgets based on inflation factors essentially, but we don't actually allocate it to bureaus typically until we see what their actual spending is like. This year we allocated it to them in the fall. That's what that \$13.2 million deduction is there, which leaves 1.8 million right now.

**Speaker:** Councilor novick.

**Speaker:** Having been part of the council to establish that 50% policy, I just want to express my great distress that we haven't been holding to it as our maintenance backlog, particularly in transportation and parks, continues to glow, to grow. And that information fills me with a sense of doom.

**Speaker:** Yeah. Councilor, I'm glad you flagged it because I was going to flag that. Make sure that did not escape all of our ears, that this is a policy decision that has been made the last three years to waive the 50% capital policy for our contingency. And so as we enter into the budget season for this committee, I think that your approach to that will weigh heavily on the rest of our council. So please take a look at that. With respect to items that do not have a red drawdown on this sheet, does that mean they were not executed and they just remain currently in contingency throughout? That's right. I'll pull the chairs and sobering contract that was expected that that sobering center would be up and running already. And so because it's not no pull against it has occurred.

**Speaker:** That's right.

**Speaker:** Okay. And then because I didn't see it in a carryover document previously, does that mean that that line item will have to be brought forward in the future budget to be considered?

**Speaker:** That's correct. So that one in particular is actually an ongoing amount, because it was an amount that was ongoing in the police bureau until 2020, and then it got moved into policy set aside. So that's why you can see it was in the adopted budget. So not in the fall. So the so yes, the \$25.3 million number in red at the bottom is the total of all of those black numbers. Essentially that means that is theoretically available. Now, as I said, I would not recommend taking that 3 million in unrestricted contingency and sort of banking it for next year, because we want to have some cushion left in this current fiscal year. So there's a choice, a policy choice. The mayor will make a choice in the mayor's proposed, and then council will make a choice in in the approved and adopted. So yes, it is theoretically available and it's just a matter of kind of either, you know, existing commitments or risk tolerance.

**Speaker:** I highlight it because I think it's an important example of like contingency in the way in which organizations use contingency, as we highlight or we outline a significant number so that we can deal with the year's challenges. And it doesn't mean that we often execute a large percentage of what we set aside for contingency. I think this helps tell that story a little bit. Councilor pirtle-guiney.

**Speaker:** I'm noticing that we don't have any of the red, any of the spending in the capital set aside. Does that mean that those projects haven't happened, or that they just have not come back to the books yet?

**Speaker:** Great question. So the normal process for capital set aside is to essentially take the money, put the money in contingency in the fall, and then allocate it through the budget process for the next fiscal year so it doesn't get

allocated in the same fiscal year for those projects. So it's a question for the 2526 budget.

**Speaker:** So that's money that we set aside in the fall for important projects having to do with the backlog of maintenance that we have at the city. And we said nine months from now, we'll decide if we actually want to take on these projects or not.

**Speaker:** Yeah, I will say this process is not the process as it was designed. So previously when we before council started waving financial policy. We, the city budget office actually ran a process where we gathered separate proposals for projects to draw on those resources. So it wasn't in the fall, it wasn't allocated to specific projects. It wasn't like pbot go do this and, you know, fleet and facilities go do this. It was just a bucket. And then we would pull. We would receive proposals from bureaus, and we had a whole scoring process and, and, and then council would decide on those as part of the budget process. So that was the reason for the lag as the program was designed. But this year, honestly, this is not it's not operating as it was intended to operate in this capital set aside amount. The to be honest, the you know, the ada compliance liabilities are a liability that the city has and will have to pay for one way or another at some point in time. The city fleet headquarters relocation is also occurring. It's a large expense that's going to start hitting bureaus. There's also conversations happening with staff around that. And then the oof squid, as we affectionately call it, is not not capital. I mean it there will be shovels in the ground, but it's not a capital project. So this capital set aside is not not operating the way it was originally designed as a program.

**Speaker:** Chair. After we get through this budget season, when we have time to discuss things more fully, I would like to have a conversation about whether we perhaps have a citywide list of the most important capital maintenance backlog issues, so that when we set aside these funds in the fall, assuming that we go back

to that practice, we don't have to ask cbo to do a call for proposals. There just is a list of what we have already predetermined is the most important. And every year we put as much money toward that list as we can, or something similar to streamline this and ensure that we actually get shovels in the ground as soon as possible.

**Speaker:** Yeah.

**Speaker:** Just a direct response to that. I think that's that would be good to call for. And I would say that we that might be an opportunity to spin up a joint infrastructure and transportation finance kind of committee, because we're already talking about asset management in that committee. So.

**Speaker:** Great. I'm glad we're spending a lot of time on this slide. Right. As the budget director opened this with every municipality does this slightly differently. And so no matter how many you've done, the first time you look at one city's, it's going to be slightly different. So. I'm going to offer before we move on from this slide to the team that's up front. Anything else you want to highlight but also to councilors before we move on, if there's anything else on this that we want, clarification on.

**Speaker:** I would just add on the capital set aside conversation that it is definitely a topic that needs to be revisited just after the change in the form of government. The reason that we had the city budget office conducting that process right is that it was all completely done out of bureaus, completely decentralized. And so we had to act as that convener. So I think it's definitely ripe for a conversation about how to do it differently.

**Speaker:** Great.

**Speaker:** Just add one thing. The capital set aside amounts this year, as ruth has highlighted in some ways function a bit more like policy set aside. So these are all

capital adjacent requests. So they are capital related, and they do represent known costs in the next fiscal year. So even though they're not being tied to capital projects, the idea was to set this money aside to help offset, you know, close to \$12 million of known costs and known issues that we knew we were facing in the budget that you guys are working on right now.

**Speaker:** And it's fair to say that this does not account for all the capital that was in the budget for this current fiscal year. This is just from contingency, where our policy outlines that we should spend 50% of our one time contingency every year on capital. I just want to highlight that because there are other projects that we're going to see when we move into our budget season that will be outlined about each of the bureaus. And particularly I'm excited about the direction of the public works group in the way that that leadership is moving things into a complimentary zone, if you will. But we will see other capital as well. It's just one of those thought processes is if you spend 100% of your contingency every year and you just kind of continue to forget about capital, you dig the hole, so to speak, further and further. Okay.

**Speaker:** I'll add one more thing to councilor avalos mentioned. Like do other bureaus have kind of a functional like reserve to draw on if they have higher than expected personnel costs? And that's typically what compensation set aside has been in the past. So there has been money set aside. So typically like if a bureau would have vacancies throughout the year. And so bureaus are typically able to absorb unexpected personnel costs. But compensation set aside in the past has functioned as kind of a reserve, not just for public safety, but for any bureau that has money set aside in that request. So it's not the there is a set aside for other bureaus besides public safety for like for like director payouts for different for different types of personnel expenses.

**Speaker:** A nice round number with the 76 at the end. I really appreciate that. Okay I think we're ready for the next slide.

**Speaker:** Okay.

**Speaker:** So this just shows you what we were essentially just talking about of what's left in that in the contingency afterwards. And I think that is all we have. So yeah happy to answer any additional questions. I think what we're going to get you is the full ordinance with all of the exhibits, as well as a decision package list. We also historically have done a memo that kind of narratively describes what's in the ordinance, and we can attach that again this year. I don't know if it formally goes on the filing or what, but as kind of an executive summary. So that's what what you'll be seeing.

**Speaker:** So to recap, if you wouldn't mind going back one slide, just to recap this entire presentation in terms of what that ordinance will be asking. So based on the highlighted here, that ordinance is allowing the bureau to draw on the 3.5 that was set aside and then everything else that's not addressed in that, in that highlighted is going to be part of the presumed beginning fund balance for the upcoming fiscal year. Is that the gist of what the ordinance will be asking the council to authorize?

**Speaker:** Yes. So there you don't you won't be authorizing the budgeted beginning of fund balance in this ordinance, because you'll hear it with the approved.

**Speaker:** But the allocation, I think, is the word you used.

**Speaker:** Yes. Yeah. Yeah. The d appropriation is what you'll be hearing the highlighted. That's the highlighted column. And then obviously the, the that's just this one's just the contingency amounts. And then there's the, all those ones we showed on that first slide with the technical adjustments and the carryover and the general fund return, which is really just the appropriation that we get to count in 25, 26.

**Speaker:** And so given that, then it is fair to assume that all bureaus have all the money that they need to execute their program offer through the 30th of June based on this.

**Speaker:** That is the hope. I will say we do typically do an.

**Speaker:** Overloading Portland solutions, who I know is here to make sure that they get covered.

**Speaker:** Today we do we do an over expenditure ordinance in June, which is, you know, after all the budget decision making happens. The idea behind that is there are a few funds where we have to do interfund loans in order to finish the year in balance, but it is an opportunity. I mean, legally you cannot a fund cannot over expend. So there is it is an opportunity where if for some reason somebody were to overextend, that would be the outlet for them. But the that is not the plan. So yes, I think it is fair to assume that everybody has as much money as they need to finish the year in balance after this ordinance, assuming this ordinance passes.

**Speaker:** Great councilors, I'm going to look if there's any other questions about the upcoming ordinance or anything else you want to get into before we move on. Okay.

**Speaker:** Actually, maybe one, maybe one thing, which is just how are you looking at this process in this new form of government? Right. So we're now it's called the tor. It was the bump. It sounds like it's just a name change. Not really a process change. Or am I am I missing some big process change that we're experiencing?

**Speaker:** Yeah. No. Good question. We did significantly skinny it down I would say. So I think that is important that the number of decision packages is smaller than it has been in prior years. And the criteria are tighter. I think in the future, though, there's a question about this for this committee to take up at some point around how you all want to do supplemental budgets there, you know, is inevitably a need

to come do supplemental budgets of some kind, whether it's to true up fund balances based on actual spending, or move money from one bucket to another. It it's a thing that most governments, all governments I've participated in do. And so the question is how do you do it and when do you do it. The fall and spring are kind of natural points where you have new information. At each point in the fall, you have the prior year's fund balance, and in the spring you have enough spending having happened to be able to project your year end with some confidence. But I think there's a question of, you know, do you want to have a monthly standing agenda item at council? And then there's like 2 or 3 special ones, or do you want to have a report and then you refer an ordinance if you need to. You know, there's a number of different ways we could go about it. I think the purpose of this is that it just collects all of the changes at once, that, you know, if there's a significant supplemental, we have to notice it differently. So there's just a process requirement there. But yeah, there there are other options for sure.

**Speaker:** Do you find in general that there are lots of times where you're being requested to make adjustments throughout the day that aren't fitting within these new processes? I'm just trying to get a sense of what the flow of the year looks like.

**Speaker:** I will say that we talked about not having a spring toe at all, and people were a little bit freaking out that they wouldn't be able to pay the bills. So I think to the prior point, there has to be some point at which people are able to make adjustments, but other than that, so far, I mean, the ones that have come to my attention anyway so far are mainly around recognizing grants. So when there's, you know, grants come in on kind of random schedule and there's little bits of money for a specific thing, and they can't spend the money until council allocates the money. And so that's the that's the main thing that's come up as a concept so far of like, wow, it would be nice to have some regular cadence. But I think the main other

thing is in some of the large non-general funds, water and sewer, in particular the enterprise funds, there's, I think, more of a need to kind of be able to do some of those technical true ups between their different buckets of funding, and because they just have large and complex budgets.

**Speaker:** I'll just end with a comment to say, I think understanding that we are in a growing year, in the future, what I would prefer is maybe a little more time to discuss these adjustments. I kind of just feel like I'm rubber stamping them. I don't feel as involved in what's going around. What's the context, you know, where can we weigh in on making suggestions? So I'm okay moving forward right now, but that will not be a process I would like in the future. So I'm just putting that on the record that I want to figure out based on your flow of your budget year, when makes sense to bring us in on some of these. I agree that it's good to have a checkpoint and to try to, you know, funnel everything into that checkpoint. But I'd love to see us backwards plan a little bit more so that we can be more involved. I don't want this to be just a bureaus. Just submit. Here's what we think we need and we just rubber stamp it because then what's the point of our budget authority if we don't have time to deliberate and, you know, question some of these decisions. So i'll end on that. Thanks.

**Speaker:** Great point, councilor. Thank you. Other questions i'll note that our policy advisor for the staff just got a stack of the ordinances printed out that you'll all have to leave with today, which will be the action that they will bring for us next week relative to this presentation. And so I would encourage folks to take a look at those, make sure that that jives with what you heard today. And this will be the item that that i'll ask for a vote next week on.

**Speaker:** Ask a question, please. Are we going to increase the bump line item on paper just for eric zimmerman? I'm just kidding.

**Speaker:** Yeah.

**Speaker:** I, I absolutely have.

**Speaker:** I just saw that.

**Speaker:** Giant stack and was like really read it all that okay. It's good for you. Okay.

**Speaker:** I'm excited for ruth when she prints my entire budget for the.

**Speaker:** Oh, we've got several boxes to bring over here right now. You see a hand truck?

**Speaker:** Any other questions? Doesn't look like it. Ruth, are any of these changes that were that were authorizing in next week's ordinance, increasing any ftes?

**Speaker:** I believe there were two like, minor true ups of.

**Speaker:** Yeah, there's a realignment of no. So there's no increase in fte. There's a realignment of fte from fire won position from fire, one position from police to the office of public safety to kind of form the core of their equity initiatives in public safety. And then there's one where a vacant position is being abolished so that an so a limited term position can become an ongoing position, but that should be a net zero overall.

**Speaker:** Okay. Thanks for that. That's the power of an analyst. They've got those details down. So great okay. With that I think we'll move on. Thank you budget team. Thank you. Okay. Clerk can you read the item two please.

**Speaker:** Update on Portland water bureau interim borrowing strategy.

**Speaker:** Thank. All right.

**Speaker:** Mr. Barry, why don't you introduce yourselves and then get started?

**Speaker:** Great. Thank you. Committee. For the record, I'm john berry, the deputy city administrator of budget and finance and the city's chief financial officer. Next to me is jodie inman engineer with the water bureau. Goal today is just to tee up a

quick couple minute preview of what's going on with the water filtration plant just to tee up the request today, which is related to a interim financing strategy that we want to get input from this committee update from a to an input from this committee. On with that, i'll hand it off to jody for a quick update.

**Speaker:** Great. Thank you. Good afternoon everybody. Jodie inman chief engineer at the Portland water bureau. If I go over any portions of this project, you want a little more detail on, let me know. But as I am sure you're all aware, we are currently in a remand state with our land use with Multnomah County, and because we are currently in remand, that means that all of our active construction on the site must pause. So we are in a pause. That was started on February 25th and is expected to last 4 to 6 months. During that pause, there will be ongoing costs for the project, which is the reason that we're here today, and those ongoing costs are really to address several goals of the water bureau during this point in time, and that is to ensure that during the pause, we maintain public safety. It is to ensure that we comply with all required permits, like deq permits, that we maintain site security, that we advance project work that will expedite completion of the project, and that we retain critical equipment and labor during the pause. So the onsite on site construction related activity, we did have some wind down activities that are mostly completed. And so the work now is really about maintaining the site erosion control, our site security fencing, all of those other components need to be inspected daily and repaired as soon as possible. So we need folks out on site to do that. We also have 24 over seven security. We have an attractive nuisance out there with a lot of engaged public, so we want to make sure that we have somebody out on the site not only protecting our assets, but protecting anybody from getting onto the site and being injured. As we have said in the past, the best way to control cost on this project is to complete it as quickly as possible. Based on that, there is a lot

of paperwork that needs to be done to support the project moving forward. We are utilizing this pause to advance that office work such as submittal review. There are over 7000 submittals anticipated in the next year. They each take a little time. We are taking this pause to ensure that we get them done now, so that they don't have any future risk for delay to the project. In addition to that, we are receiving equipment and materials that had already been procured. So we need to have staff on site and people lined up to be able to help figure out where to place that equipment. And we also have requests for information regarding design documents. These are all efforts that will reduce the future risk of delays for the work, or rework that we might need to do on the project. In addition, the project is working to maintain the site in a way that will expedite restart. We want to be able to again minimize our carrying costs and move quickly back to construction. One of the best ways to manage costs is to ensure that every dollar we spend is actively moving the project forward, instead of holding. That is a key component of the work that we're evaluating. We want to make sure that we retain the qualified contractors that we worked so hard to get, and we keep the critical pieces of equipment, like the very large cranes that are out on the site, nonessential equipment. And to the degree that any is identified labor are all things that we're evaluating and looking at and maybe demobbed with the risk of cost of having to remove them. Last but not least, we have a very large group of consultants that are working on this project. Some of those include our attorneys and other subject matter experts that are helping to ensure that when we do that, we actually receive a favorable result as the outcome of the remand process. So all of these efforts include significant contractor and subcontractor staff, including as many city and project team and other consultants. And they do add up to about 10 to 20 million per month. That amount is slightly variable, depending on what we choose to do

the work. We may choose to order equipment, which would again expedite the project being completed in the end and help to ensure that long lead time equipment doesn't cause delays. We have not authorized that yet, but if there was funding, we would. There are non-negotiable costs, like I said, of maintaining the site for security. And some of the work about standby is stuff that we're still evaluating with the contractor and the community. Those costs could be evaluated, but we would then likely be having to do a business case analysis for the cost to demolish and remove and or potentially the risk of losing that well qualified staff that we work so hard to get. So we do continue to work to manage the costs. I know the numbers seem big, but there are a lot of people, there are a lot of work that is actually progressing the project forward, even though we're not moving dirt out on the site, we do continue to evaluate and get additional information about everything that we're expending to make sure that the only thing we're authorizing are those things that are absolutely essential and that those items that aren't, we are waiting on until we are assured that we have the funding to be able to move forward with it. Any questions?

**Speaker:** Great. So, colleagues, the reason that I asked the bureau and finance to come forward is that given that the previous council authorized them to borrow money basically for this period, I also felt and felt it was prudent that they have a check in with this new council's finance committee. Right. In terms of there are other conversations happening about operations and the business case analysis has been made that your recommendation is that we do borrow money in this interim time to protect all those things you just cited, and that we'll seek that versus demobilizing all that equipment and putting a cap on a whole for a long time. But I wanted I wanted this finance committee to have the chance to hear that directly from our cfo and from the bureau, if there were concerns. So councilor green.

**Speaker:** Thank you. Chair, can you say some more specific details about the borrowing strategy? What type of loan, what are the what's the term duration? What are the rates? Those kind of questions.

**Speaker:** Yeah yeah I'm sorry. Yes. Happy to do that. I won't put you on the spot with that. Yeah. So maybe just a couple of quick tee up points and reinforcing what the chair had said. So a council has authorized this borrowing. And so we absolutely want to sort of take another opportunity to daylight that. So there isn't a there isn't necessarily an ask out of this. But but just sort of daylighting that ability to go forward. I'll also just mention i'll do my best to answer questions. We have the city's debt manager in the room somewhere back here. The gentleman in a tie looking sharp. So if we if we need to go deep in the weeds, we'll have that come up and help me out. But so. And then I just want to also just remind folks that the city does have wifia loan water, water infrastructure, finance and innovation act for around a couple of different tranches, but around \$1 billion. That borrowing program provides low cost, very flexible borrowing. It's very important. Part of the challenge of this moment is due to the land use issue. We're not we've been advised on able to access that loan. And so a big part of the strategy with this interim borrowing is to bridge until we can regain access to that loan, at which point the that we anticipate the line of credit interim borrowing more colloquially a line of credit would be repaid. So that's part I just want to be clear. That's part of the strategy now is getting funds, access to funds so that the project can continue, as jodi described, until we can regain access to that broader borrowing resource. So the terms to answer your question, councilor would be I may look to matt, but I believe what we envision is a three year term so that we have a maximum long window of ability to utilize this. It would be pre payable anytime tax exempt. And I'd lean on matt to give an indication of what those rates are. We have been as best we can

gearing up to do this so we can execute that pretty quickly. Hopefully we anticipate within about six weeks of getting the go that we should be able to have that in negotiated and documented and closed. I should mention, too, the time frame for repayment, the three year window. The other advantage of having this kind of interim facility in place is it it even when we can if and when we can re-access wifia. There's probably a significant kind of re re ramp, which is on a reimbursement basis. And so it does allow some window to, to allow that project to kind of re re re accelerate by using draws on the line and or if there's other federal complications that prevent access to wifia even outside of the land use issue, then we have a tool at our disposal to continue the project as in whatever form it takes, in spite of those federal issues, until we can access wifia. So a very long answer to what was probably a very simple question, but I wanted to make sure the rest of that context was was available to you.

**Speaker:** That's very helpful. And so the tax exempt bonds at three months are what about is that 4%.

**Speaker:** Of the debt managers going to come up. And yes, it would be, I believe, a three year term. And then it would just be interest only accruing. And matt is coming up to give you a little more detail.

**Speaker:** Good afternoon, finance committee. And matt girardet, manager in budget and finance. So the pricing on the loan would be variable. Rates would be based on one month sofr. And based on today's market rates, it would be around 4.1% for borrowed funds. So if we don't draw on it or use it, we have to pay what's referred to as an unused commitment fee to the bank. And that would be around a 30 basis point rate.

**Speaker:** Okay. So the 30 basis point rate is basically the retainer cost. It's like the fixed overhead of having this line of credit. This is like a line of credit basically.

**Speaker:** Exactly. That's exactly right.

**Speaker:** All right. I think those are the only questions. I mean, I have so many other questions, but specifically on this I'm done.

**Speaker:** Thanks. Councilor. Other questions from the field at all. Okay. Three years. You noted. That is a it's a significant amount of time. And I know that this has been discussed in other in other committees, in other rooms in terms of the project, but can you is there any estimation at this point in terms of Multnomah County's process relative to when we think we will be able to be shovels back in the dirt?

**Speaker:** So per state guidelines that the county has 120 days from the date of the official end of February 25th, so that puts us towards the end of June. That timeline can be extended at our request. So it really depends on what we see as evidence in the record, because it will be a balance that we need to make between getting the project restarted and the risk of potentially getting an unfavorable decision. So that's why we've been estimating 4 to 6 months. The first public hearing is scheduled now for April 16th. And coming out of that is when we will get to hear from the hearings officer what they anticipate the rest of the process to look like, and then we'll have a little bit better idea. And then, of course, as we go through and we see what testimony is put into the record that we need to respond to, will be, again, making those decisions with leadership about do we extend it a little bit to ensure that our subject matter experts can have the last word and make sure that we get our position forward? So I believe that the leadership and all of the project team is continuing to advocate for the shortest turnaround possible to get back out in the field. And meanwhile, that's why we continue to try to put as much of this time towards doing actual progressive work as we can. I don't know if that answered.

**Speaker:** Your question.

**Speaker:** And there is. The land use process is very customer oriented or favorable, not applicant favorable. And so even though we go through this, there are potential back and forths that we could see.

**Speaker:** It's helpful, given mr. Berry's notice about the loan term though. And so I wanted to highlight that and give you the opportunity to highlight that timeline 120 days and land use process. I'll put it this way, if we get to the new year and we are still in this, your invitation to reappear before this committee for future decisions will arrive.

**Speaker:** Yeah. That's. No. Yeah I appreciate that. And I would just flag I mean the intent is not to leave it outstanding. Right. For three years. That is the sort of I'd say maximum term that is comfortable to negotiate and essentially no different rate or fee than a shorter term facility and gives maximum flexibility to get through those 4 to 6 months plus whatever contingency might be needed. You know, again, thinking ahead about maybe other federal challenges that might face us. So that's really the objective with having that maximum flexibility on the sort of final final maturity date. The intent, as I mentioned, is to pay it off as soon as those other resources open back up to us.

**Speaker:** Well, I think the other resource is typical municipal bonds. So that is the planned rate. So once we have that approval back in place, then ideally we'll have wifi. But you also would be able to begin pursuit a typical municipal bond. So there's a couple avenues for repayment.

**Speaker:** Councilor pirtle-guiney pirtle-guiney.

**Speaker:** It's actually about to ask how we were going to pay this off.

**Speaker:** So okay.

**Speaker:** Councilor you still up?

**Speaker:** Thank you. Chair. So chief engineer, earlier you mentioned that there's about \$20 million, 10 to \$20 million per month in work ongoing. Can you say can you remind me again what what is the nature of that work?

**Speaker:** So the work sort of it varies. There is actual work that we need to do on the site to ensure public safety, and that we meet our conditions of approval. So that can include work on the site, such as maintaining erosion control. We have some ongoing obligations for road maintenance and so forth out in the area for the project. It includes the 24 over seven safety and security. It includes multiple contractor, subcontractor and project team staff that are doing consultant reviews, submittals, design exceptions. A big portion of those costs are what we call standby cost for the laborers and the construction equipment. So that is a piece that we are still in the process of evaluating, but that runs 8 to 10 million a month. And that really is to make sure, again, that we keep those contractors on site. It is a difficult business case risk, cost analysis of if you let somebody go, we could terminate that could have potential costs for termination. It could have costs for re bringing people back on board. We could lose people that won't want to work for the city. So there's significant there's some of those standby costs are in there too. Plus just the cost of, you know, fighting the remand or so forth that you want more.

**Speaker:** No.

**Speaker:** I just thank you for that. I mean, so it sounds like there's different qualitatively distinct buckets within the 20 million a year. And i, I just that's \$240 million a year. And I just, you know, as we think through this, this risk calculation, which is ultimately what this is about, are we comfortable committing to 240 million, \$240 million per year as a hedge, essentially, for the possibility of potentially rising costs by terminating the job right now or taking that that gamble that we would avoid that \$240 million per year. And if we thought that we were

never going to be able to build this project. So those are the kind of things that are floating up in my mind. I know that this is a big, heavy, very complicated topic, but I'm a numbers guy and that's where I'm going with that.

**Speaker:** Well, let me reassure you a little bit. If we were at the \$20 million a month, that would be actual project costs. So that would be us deciding to go ahead and purchase the generators, the equipment. So it is not sort of an added cost to the project. It is something that is already in the project. So what we're really looking at are those those standby costs. And if the project goes longer, then we could be seeing, you know, these months of, you know, having folks out there doing security will be something that we'll have to reevaluate as the project moves forward. So at this point in time, it's not clear what of this spend will be additional or not, because we will still have to go through that really complicated process. But also I would say that, you know, this remand is in general a very favorable position for us. And, you know, we do really strongly believe that we would be coming out of this with a positive result, or we probably would have had a different the risk register would be different.

**Speaker:** Thank you. My last question here is were there were there any other viable alternatives to the filtration proposal that would not be subject to the same land use issue?

**Speaker:** No.

**Speaker:** Okay. Yeah.

**Speaker:** I heard somebody wants us to microwave the water, but I'm not sure if that will work.

**Speaker:** Okay.

**Speaker:** There is a contingent that says if you just let the sun touch it, it's all magically better.

**Speaker:** But okay, go fight. Win with respect to land use. Thank you for coming and sharing what occurred with the last council with us and your thought process and direction on that. I appreciate it. And like I said, if we get to the new year and we're not resolved, we'll have another conversation. But thank you. Okay. With that.

**Speaker:** I think we're.

**Speaker:** Ready for item number three.

**Speaker:** Tax tax increment financing funds creation ordinances.

**Speaker:** Okay, colleagues, there'll be several items coming forward all related to this first presentation. While I recognize that there will be some discussion in in various rooms about what tiff should or shouldn't do and policy discussions, those are very important. I want to frame this up as the action that that they're bringing forward to us today is quite literally the creation of the bank account, so to speak, in terms of if we do, if we do collect funds, we've got to have a place to put it so that the budget can then recognize it. And so I consider today the remaining actions that we have fairly administrative. And I just wanted to frame that up, recognizing that there are conversations about how best to use tiff. And I think that's a different conversation than today. With that, I want to turn it continued over with our cfo.

**Speaker:** Great. Thank you, chair, for the introduction. I couldn't agree more. And I would just also, for the record, jonas berry, deputy city administrator of budget and finance and chief financial officer. Also, just want to thank the finance committee for sort of getting this on at a at a last moment, recognizing we're kind of learning about the new new process for getting ordinances through the system. This is purely an administrative action to create new budgetary funds, capital f funds, which is necessary from time to time and requires city approval, approval by City Council, as was referenced, six new tax increment financing districts, or tif districts were created in calendar 2024 and will begin receiving property tax dedicated

property tax revenues in the upcoming fiscal year 2526. So the capital f funds, the technical funds created by these ordinance, will provide a place to budgetarily reflect those property tax revenues in the upcoming budget. To be explicit, creation of these funds does not modify the tif district plans. Tiff funded projects and programs are developed independently, separately via action plan process with community partners managed by prosper Portland, and those details are annually incorporated into the prosper Portland budgets, including. What we'll see, what you will see here in the fiscal 2526 prosper Portland proposed budget, which is scheduled for the budget calendar to come to council on may 7th. Moving today from this committee, moving these six ordinances onto the April 2nd agenda will allow for council authorization so that those funds structures can be technically added into the city's budget system, therefore thereby reflected into the mayor's proposed budget and ultimately in the city's adopted budget. Given the administrative nature of these funds, we would recommend that these items be placed as emergency ordinances on the April 2nd consent agenda, which will allow one moment of voting on all six rather than multiple steps. But of course, we're happy to take an alternate path if the committee recommends otherwise. Lastly, we're also preparing a little one pager, maybe one and a half page memo with kind of the same information that we aim to distribute to all of council later this week, assuming this goes forward. Thank you.

**Speaker:** Thank you, mr. Berry. So, colleagues, i'll be looking for a motion when we get to. I've got them coming. Hold on. You're jumping. But as we get to each of these, I'm going to have the clerk read each of the ordinances, and then we'll vote on that at the time and go forward. I think we may have some public comment on at least one of them that has signed up, and i'll just clerk if you just flag when that one arrives. But otherwise, as mr. Berry mentioned, the intent here is that we pass

these from this committee with the intent that they go to our full council as emergency and on consent. Any questions for mr. Berry before we have the clerk move into the varying items? Okay. With that, madam clerk, can you read item for our first one?

**Speaker:** Create the 82nd avenue tax increment financing district debt service fund.

**Speaker:** Emergency ordinance. Can I have a motion?

**Speaker:** So moved.

**Speaker:** Second.

**Speaker:** Counselor green motions to move the ordinance to the full council and counselor avalos. Seconds. Clerk, can you call the roll, please?

**Speaker:** Sorry. Just a second. Okay. Avalos. I novick. I green.

**Speaker:** As a known tiff opinion. However, these are not controversial at all. I vote I on.

**Speaker:** Pirtle-guiney echoing councilor green, i.

**Speaker:** Zimmerman I the motion carries. Emergency ordinance to create a second avenue tax increment financing district debt service fund will move to the full council with the recommendation that it be passed. I've got a note here to mention that it will be on the April 2nd. I'm not sure why that note exists for me, but I'm making it known on the record. It's for April 2nd. So can we go to item five, please.

**Speaker:** Create the east 205 tax increment financing district debt service fund.

**Speaker:** All right. Thank you. No public testimony on this one. Okay. If I could have a motion.

**Speaker:** So moved.

**Speaker:** Second.

**Speaker:** Okay. Counselor. Green moves. Counselor avalos seconds the emergency ordinance for the east 205 tax increment finance district clerk, can you call the roll?

**Speaker:** Avalos. I novick. I green. I pirtle-guiney I zimmerman.

**Speaker:** I.

**Speaker:** The motion passes to the full council with the recommendation to be passed. Clerk. If we go to item six, please.

**Speaker:** Create the central east side corridor tax increment financing, district debt service fund.

**Speaker:** Clerk do we have public testimony on this one?

**Speaker:** We do.

**Speaker:** Okay.

**Speaker:** We have one person signed up, karen cherry. Karen you're muted.

**Speaker:** It wouldn't let me unmute but can you hear me now.

**Speaker:** We can.

**Speaker:** Okay. My name is karen cherry. And as a stakeholder in the central east side corridor tax increment finance district, I urge the responsible and transparent allocation of tax revenues to ensure that our investments lead to meaningful improvements for both residents and businesses within our community. It's paramount that our tax dollars are spent wisely, fostering growth and enhancing the quality of life in our urban renewal area. I advocate for a clear and comprehensive plan detailing the types of urban renewal projects that will be funded through the debt service fund. This plan should include specific initiatives aimed at revitalizing public infrastructure, enhancing transportation systems, improving public spaces, and supporting affordable housing developments. By focusing on these critical areas, we can ensure that our community becomes a

more vibrant and accessible place for everyone. I emphasize the necessity for full transparency regarding the costs associated with each project, including projected budgets and timelines. This will allow residents to understand how their tax contributions are being utilized. Ultimately, your objective should be to create an environment where residents and businesses can thrive by investing in well-planned urban renewal projects, you can stimulate economic growth, attract new businesses, and enhance the overall livability of our neighborhood. Thank you.

**Speaker:** Thank you karen. Any other comments? Any other public testimony? No. Okay. Colleagues, I would take a motion.

**Speaker:** So moved.

**Speaker:** Second.

**Speaker:** All right. Councilor avalos moves. Counselor. Green seconds. Counselor novick has a nice third try. All right.

**Speaker:** Councilor novick gives up.

**Speaker:** Clerk. Can you call the roll for item six, please?

**Speaker:** Avalos. I novick. I green.

**Speaker:** I. Pirtle-guiney I zimmerman.

**Speaker:** Aye. The motion carries. Emergency ordinance to create the central east side corridor. Tax increment financing district debt service fund. Will move to full council with the recommendation that it be passed. Clerk. Can we go to item seven, please?

**Speaker:** Create the lloyd holiday tax increment financing district debt service fund.

**Speaker:** Okay. Seeing nobody signed up colleagues, i'll take a motion.

**Speaker:** So moved.

**Speaker:** Second.

**Speaker:** Councilor pirtle-guiney moves. Councilor avalos seconds. The motion.  
Clerk, can you please call the roll?

**Speaker:** Avalos. I novick i. Green.

**Speaker:** Hi.

**Speaker:** Pirtle-guiney I zimmerman.

**Speaker:** Hi. Motion carries. Emergency ordinance to create the lloyd holiday tax increment finance district service fund. We'll move to the full council with recommendation be passed. And clerk, can you read item number eight?

**Speaker:** Create the sumner park rose rj columbia corridor tax increment financing district debt service fund.

**Speaker:** Thank you. Seeing nobody signed up, i'll take a motion.

**Speaker:** So moved.

**Speaker:** Second.

**Speaker:** All right. Councilor novick moves. Councilor green seconds. Clerk. Please call the roll.

**Speaker:** Avalos.

**Speaker:** I.

**Speaker:** Novick i.

**Speaker:** Green.

**Speaker:** I.

**Speaker:** Pirtle-guiney.

**Speaker:** I.

**Speaker:** Zimmerman.

**Speaker:** I. Motion carries to the full council with the recommendation that it be passed. Clerk. Let's do our last item, which is item number nine.

**Speaker:** Create the west side tax increment financing. District debt service fund.

**Speaker:** Okay. No comments from the public. Colleagues, i'll take a motion.

**Speaker:** So moved.

**Speaker:** Second.

**Speaker:** Councilor green motion moves. And counselor. Avalos. Seconds. Clerk, can you please call the roll?

**Speaker:** Avalos.

**Speaker:** I.

**Speaker:** Novick i.

**Speaker:** Green.

**Speaker:** I.

**Speaker:** Pirtle-guiney.

**Speaker:** I.

**Speaker:** Zimmerman.

**Speaker:** I. All right. The motion carries. That carries all of them for passage or recommendation to be passed at the full council. Appreciate the support colleagues. I think this allows us to just move forward with our regular budget process. With that, I want to note that the next meeting of this committee, we're going to get a little aggressive here in terms of our timeline coming up. And so the finance committee may have some more frequent meetings for a little while, but our next meeting will be April 1st. The urban forestry will present on the enforcement activities their fine schedule, their fee schedule, as well as the ordinance that was presented today with respect to the technical adjustments. That will be the beginning of our meeting. I'm going to look to my colleagues if there's any other closing comments. Okay. With that, I adjourn the meeting.