

ORDINANCE No. 189004

* Create and rename various funds and update the fund statements of purpose for various funds (Ordinance; amend Code Sections 5.04.515, 6.07.060 and 6.07.145)

The City of Portland ordains:

Section 1. The Council finds:

1. City Comprehensive Financial Management Policy 2.04 states that each fund in the City shall have a statement of purpose, adopted by ordinance of the City Council, which contains several required elements (outlined in FIN 2.04.01).
2. In August 2012, a City Auditor's report recommended that the Office of Management & Finance work with Council to ensure that current and future funds have ordinances that meet City requirements for describing the purpose of the fund.
3. Council passed Ordinance 187200 on June 18, 2015, approving a statement of purpose for each City fund, and the ordinance directed the City Budget Office to review the fund statements on a yearly basis and return to Council if any necessary revisions are required.
4. The City Budget Office reviewed the existing fund statements of purpose and found that updates are required for various funds, including creating the Cannabis Licensing Special Revenue Fund, renaming the Recreational Marijuana Tax Fund as the Recreational Cannabis Tax Fund, and updating the statement of purpose for the Public Election Fund, among other things.
5. Portland City Code (PCC) 14B.130.030 states, "No person shall establish, conduct, maintain or operate a medical dispensary or marijuana business in the City without a valid marijuana regulatory license issued by the Office of Neighborhood Involvement (ONI)."
6. The ONI Director establishes fees and penalties under PCC 14B.130.
7. These fees and penalties are currently collected in the General Fund and fund program expenses.
8. A separate fund would allow for more transparent tracking of these fees and penalties in relation to program costs, allow for multi-year management of the resources by the fund manager, and facilitate the overall management of the program. The name of this new fund should be the Cannabis Licensing Special Revenue Fund.
9. City Council desires to change the name of the "Recreational Marijuana Tax Fund" to reflect the industry preference for the term "cannabis."
10. In addition to the budget document, references to the Recreational Marijuana Tax Fund exist in Code and should conform to any name change.

11. The Public Election Fund was originally managed by the Office of Neighborhood Involvement. Ordinance 188853, passed by Council on March 8, 2018, provided that the Open and Accountable Elections Program would now be managed by the Open and Accountable Elections Program Director as overseen by the Commissioner-in-Charge.
12. Ordinance 188872, passed on March 21, 2018, indicated City Council's intent to move the Public Elections Fund to the Special Appropriations budget.
13. The FY 2018-19 Approved Budget reflects this budgetary change to Special Appropriations.
14. The Office of Management & Finance (OMF) manages Special Appropriations while the Director of the Office of Open and Accountable Elections is the manager of the program with oversight by the Commissioner-in-Charge.
15. A revised fund statement of purpose is necessary to reflect the change of fund management from ONI; the fund should be managed by OMF with direction from the Director of the Office of Open and Accountable Elections and oversight by the Commissioner-in-Charge.
16. A recent reorganization in OMF requires changes to the managing agency for various OMF funds.

NOW, THEREFORE, the Council directs:

- a. Effective July 1, 2018, the Cannabis Licensing Special Revenue Fund (Fund 228) is created. The purpose of the fund is to account for the resources and expenditures for the City of Portland's Cannabis Licensing program. The fund is managed by the Office of Neighborhood Involvement. Revenue sources for the fund are application, licensing, and violation fees submitted by cannabis businesses for the purposes of meeting provisions of meeting Portland City Code 14B.130. Per Financial Policy 2.04, contingency funds should be used to address reasonable but unforeseen requirements within the fiscal year. There are no minimum or maximum contingency requirements for the Cannabis Licensing Special Revenue Fund.
- b. Effective July 1, 2018, the Recreational Marijuana Tax Fund will be renamed the Recreational Cannabis Tax Fund.
- c. Revisions to the fund statements of purpose included in Exhibit 1 are hereby adopted.
- d. The actions to create and rename funds and update the fund statements contained in this ordinance are binding City policy.
- e. The City Code is amended as follows to conform the Code to reflect the new name of the Recreational Cannabis Tax Fund:

(1) Section 5.04.515, Recreational Marijuana Tax Fund, is amended as follows:

5.04.515 Recreational Marijuana Cannabis Tax Fund.

The Recreational Marijuana Cannabis Tax Fund is hereby created. The purpose of the Fund is to receive gross revenues received from the Recreational Marijuana Cannabis Tax, to provide funding for the purposes identified in Section 6.07.145 of this Code and costs related to the administration of the tax. Except for those established purposes, in no case shall revenues be transferred from the Recreational Marijuana Cannabis Tax Fund to the City's General Fund, or any other fund, for any other purpose.

- (2) The section title for Section 5.04.515 in the Chapter Index is amended as follows:

5.04.515 Recreational Marijuana Cannabis Tax Fund

- (3) Section 6.07.060.F, Penalties and Interest, is amended as follows:

F. All sums collected, including penalty and interest, will be distributed to the City's Recreational Marijuana Cannabis Tax Fund.

- (4) Section 6.07.145.A, Net Revenues Distribution, is amended as follows:

A. In the course of developing the City's budget, the Bureau of Revenue and Financial Services shall report the projected balance in the Recreational Marijuana Cannabis Tax Fund at the beginning of the next fiscal year.

- (5) Section 6.07.145.B, Net Revenue Distribution, is amended as follows:

B. Allocation of revenue from the Recreational Marijuana Cannabis Tax Fund shall occur annually as part of the public budget adoption process followed by Council, with funding allocations made annually by City Council.

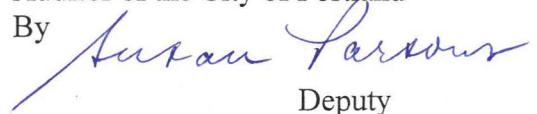
Section 2. The Council declares that an emergency exists because it is necessary to create and close the funds before the beginning of next fiscal year in order to properly prepare financial statements for the year beginning July 1, 2018 and because it is necessary to update the fund statements before the beginning of next fiscal year in order to properly reflect the purpose of the funds in the Adopted Budget document; therefore, this ordinance shall be in full force and effect upon passage.

Passed by the Council: JUN 07 2018

Mayor Ted Wheeler
Prepared by: Claudio Campuzano
Date Prepared: May 25, 2018

Mary Hull Caballero

Auditor of the City of Portland
By


Deputy

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 Agenda No. **189004**
ORDINANCE NO.
 Title

140

* Create and rename various funds and update the fund statements of purpose for various funds (Ordinance).
amend Code Sections 5.04, 5.15, 6.07, 060 and 6.07, 145

INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler	CLERK USE: DATE FILED <u>MAY 29 2018</u>
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler <i>✓</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland By: <i>Susan Parsons</i> Deputy ACTION TAKEN:
BUREAU APPROVAL Bureau: City Budget Office Bureau Head: Andrew Scott <i>AS</i>	
Prepared by: Claudio Campuzano Date Prepared: May 25, 2018	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances <i>TA SP</i>	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>PT</i>	
Council Meeting Date June 7, 2018	

AGENDA
TIME CERTAIN <input checked="" type="checkbox"/> Start time: 3:00pm (Item 4 of 6) Total amount of time needed: 90 minutes (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Eudaly	4. Eudaly	✓	
Wheeler	Wheeler	✓	