

Agenda No. 96

ORDINANCE No.

Authorize a temporary interfund loan not to exceed \$22 million from Portland Parks & Recreation System Development Charge Fund to the 2020 Parks Local Option Levy Fund to provide interim financing for park operations (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. On November 3, 2020, Portland voters adopted Ballot Measure 26-213 to authorize a five-year local option levy at a rate of \$0.80 per \$1,000 of assessed value to support park operations.
2. The parks local option levy is effective for five fiscal years beginning on July 1, 2021.
3. Local option levy tax revenues will be used to prevent ongoing reductions to park services and recreation programs, preserve and restore park and natural area health, and ensure equitable and affordable access for Portland residents.
4. The City Council passed Ordinance 190240 authorizing creation of the 2020 Parks Local Option Levy Fund to be overseen by Portland Parks and Recreation (“PP&R”) to budget for receipt of local option levy tax revenues.
5. PP&R estimates that the local option levy will raise \$48 million per year, on average, over five years.
6. PP&R expects to incur up to \$22,000,000 in total initial costs for staff and material in fiscal years 2020-21 and early FY 2021-22 prior to when local option levy tax revenues will begin to be received.
7. PP&R will include respective costs in a council budget request for FY 2020-21 and in the FY 2021-22 requested budget.

Introduced by

Mayor Ted Wheeler

Bureau

Management and Finance
Debt Management

Prepared by

Michael Thompson

Date Prepared

January 28, 2021

Requested Council Date

February 17, 2021

Requested Agenda Type

Time Certain
9:45 a.m.
1 hr requested (2 of 2)

Date Filed with Clerk

February 9, 2021

8. PP&R has sufficient revenue in its System Development Charge Fund to lend monies to the 2020 Parks Local Option Levy Fund temporarily until the Parks local option levy tax revenues are received beginning in FY 2021-22 and has agreed to make a loan to the 2020 Parks Local Option Levy Fund to be repaid with interest from local option levy tax revenues no later than January 31, 2022.

NOW, THEREFORE, the Council directs:

- a. A temporary interfund loan is hereby authorized from Park’s System Development Charge Fund to the 2020 Portland Parks Local Option Levy Fund in the not-to-exceed amount of \$22,000,000 in accordance with City financial policy FIN 2.18 and the terms shown in Exhibit A.

Passed by Council:

MARY HULL CABALLERO

Auditor of the City of Portland

By

Deputy

Action taken:

Four Fifths Agenda	Commissioners voted as follows:		
		YEAS	NAYS
1. Rubio	1. Rubio		
2. Ryan	2. Ryan		
3. Hardesty	3. Hardesty		
4. Mapps	4. Mapps		
Wheeler	Wheeler		

EXHIBIT A
FIN 2.18.01 Interfund Loan Term Sheet

Borrower	Parks / 2020 Parks Local Option Levy Fund 232000	
Lender	Parks / SDC Fund 402001	
Purpose	Bridge loan to fund staffing and material costs in anticipation of local option tax receipts projected to begin in FY 2021-22	
Principal Amount	Draw-down loan not to exceed \$22,000,000.00	
Interest Rate Basis	Interest will accrue daily. The Interfund Loan interest rate will be equal to the City's Investment Portfolio monthly average yield. The Interfund Loan's average daily balance will be used for the monthly interest calculation.	
Interest Payments Frequency	Interest to be accrued and compounded monthly until payments begin on June 30, 2020. Interest payments to occur monthly thereafter. Interest shall be recorded monthly and paid at maturity of the Interfund Loan.	
Maturity Date	January 31, 2022	
Repayment Schedule - Principal	Payment Date	Amount
	01/31/2022	\$22,000,000.00
Repayment Source	Local option tax receipts deposited into the 2020 Parks Local Option Levy Fund	
Prepayment	Loan may be prepaid in whole or in part at any time	

Borrowing Fund

By: _____
Adena Long
Portland Parks & Recreation
Bureau Director

Date

Acknowledged by: _____
Michelle Kirby
Chief Financial Officer

Date

Prepared by: _____

Brigid O'Callaghan
City Treasurer

Date

Lending Fund

By: _____
Adena Long
Portland Parks & Recreation
Bureau Director

Date

Approved by Council: _____

Date: _____
Ordinance No: _____

IMPACT STATEMENT

Legislation title: Authorize a temporary interfund loan not to exceed \$22 million from Portland Parks & Recreation System Development Charge Fund to the 2020 Parks Local Option Levy Fund to provide interim financing for park operations (Ordinance)

Contact name: Brigid O’Callaghan, City Treasurer
Matt Gierach, Debt Manager (x36822)

Contact phone: 503-823-3104

Presenter name: Brigid O’Callaghan, City Treasurer (x33104)
Matt Gierach, Debt Manager (x36822)

Purpose of proposed legislation and background information:

The purpose of this legislation is to provide temporary funding to the 2020 Parks Local Option Levy Fund.

At the November 3, 2020 general election, Portland voters approved Ballot Measure 26-213, to impose a local option levy for Parks operations over five fiscal years beginning in fiscal year 2021-22. The local option levy will be imposed at a rate of \$0.80 per \$1,000 of assessed value and accounted for in the 2020 Parks Local Option Levy Fund to be overseen by Portland Parks and Recreation (“PP&R”).

The initial tax receipts are not expected to begin until November 2021. This legislation will allow the City of Portland to accelerate the timing of staffing and material acquisition to prepare for service delivery in FY 2021-22 by providing temporary funding via an interfund loan in the current fiscal year.

PP&R has identified its System Development Charge Fund has a viable source of interim funding and would like to initiate an interfund loan to the 2020 Parks Local Option Levy Fund. The loan would be repaid by January 31, 2022.

Financial and budgetary impacts:

- *Financial Impact:* The interfund loan to the 2020 Parks Local Option Levy Fund will accrue interest at the City’s Investment Fund earnings rate, compounded monthly and payable at maturity to the System Development Charge Fund, resulting in a neutral economic impact to the System Development Charge Fund. Draws on the interfund loan will be made on an as-needed basis. It’s anticipated that approximately \$9 million and \$13 million of draws will be made during fiscal years 2020-21 and 2021-22, respectively.

- **Budgetary Impact:** In accordance with State of Oregon budget law, PP&R will bring forth a budget request to record the interfund loan and related expenditures during fiscal year 2020-21. Draws and expenditures to be made in fiscal year 2021-22 will be included in the fiscal year 2020-21 requested budget.

Community impacts and community involvement:

No direct community impact or involvement is anticipated.

100% Renewable Goal:

Not applicable.

Budgetary Impact Worksheet

Does this action change appropriations?

YES: Please complete the information below.

NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount