



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 18, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-20

Approving Interfund Loans for Fiscal Year 2024-25

BRIEF DESCRIPTION OF INFORMATION ITEM

Adopt Resolution No. 7534

This action by the Prosper Portland Board of Commissioners (Board) will authorize short-term interfund operating loans (Interfund Loans) pursuant to the provisions of Oregon Revised Statutes (ORS) 294.468, which states that:

“(1) It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body.

(2) The resolution or ordinance authorizing any interfund loan permitted under this section shall: (a) State the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose for which the loan is to be made and the principal amount of the loan.”

The Interfund Loans are necessary to bridge the time between expenditure of funds to provide services under intergovernmental agreements with the City of Portland (City) Housing Bureau (PHB), the Office of Management and Finance (OMF) and the Bureau of Planning and Sustainability (BPS) and the date Prosper Portland is reimbursed for those services. PHB reimburses Prosper Portland’s expenditures for the Economic Opportunity Initiative (EOI), OMF for American Rescue Plan Act (ARPA) programs, City General Fund programs and the Community Opportunities and Enhancements Program (COEP), and BPS for the Portland Clean Energy Fund (PCEF) programs.

An Interfund Loan is needed for the Cully tax increment financing (TIF) Fund from the beginning of the fiscal year (FY) and the receipt of TIF du jour proceeds.

This action will authorize Interfund Loans not to exceed \$5,500,000 from the Business Management (fund 520) to the following funds during FY 2024-25:

- ARPA Fund (Fund 235) in an amount not to exceed \$1,000,000
- CDBG-EOI Fund (Fund 213) in an amount not to exceed \$1,000,000
- City General Fund (Fund 101) in an amount not to exceed \$1,000,000
- COEP Fund (Fund 220) in an amount not to exceed \$1,000,000
- Cully TIF Fund (Fund 335) in an amount not to exceed \$500,000
- PCEF (Fund 240) in an amount not to exceed \$1,000,000

STRATEGIC ALIGNMENT AND OUTCOMES

The action will meet Prosper Portland’s strategic objective of safeguarding public resources and assets through strong internal controls, reliable and transparent financial information, and compliance with necessary policies and procedures.

BACKGROUND AND CONTEXT

Negative balances in any fund represent de facto interfund borrowing that must be authorized by the Prosper Portland Board.

This authorization allows Prosper Portland staff to shift cash as needed, up to \$5,500,000 in aggregate, from the Business Management Fund to the recipient funds. Absent the Interfund Loans, there would be a negative cash balance in the recipient funds at month-end representing that month’s expenditures plus any unreimbursed prior month expenditures.

Federal funds from the American Rescue Plan Act will be provided on a reimbursement basis creating a cash deficit and requiring an interfund loan to cover the deficit while awaiting reimbursement of the federal funds. The amount estimated to be needed to cover ARPA (fund 235) is \$1,000,000.

Under the terms of an anticipated agreement between Prosper Portland and PHB, Prosper Portland will continue operating the EOI on behalf of the City and PHB during FY 2024-25. It is anticipated that the delay in reimbursement under this agreement would result in a negative cash balance in the Community Development Block Grant Fund (fund 213) absent interfund borrowing. Borrowing requirements based on outstanding receivable history in this fund are estimated to be no more than \$1,000,000 per month.

Under the terms of an anticipated agreement between Prosper Portland and OMF, Prosper Portland will continue to operate economic development programs on behalf of the City during FY 2024-25. It is anticipated that the delay in reimbursement under this agreement would result in a negative cash balance in City General Fund (fund 101) absent interfund borrowing. Borrowing requirements are estimated to be no more than \$1,000,000.

Under the terms of an anticipated agreement between Prosper Portland and OMF, Prosper Portland will continue to operate COEP on behalf of the City during FY 2024-25. It is anticipated that the delay in reimbursement under this agreement would result in a negative cash balance in COEP (fund 220) absent interfund borrowing. Borrowing requirements for COEP are estimated to be no more than \$1,000,000.

Funding in the Cully TIF fund will not be available until TIF du jour proceeds are received. They are anticipated to be received no earlier than March 2025. The absence of these funds could result in a delay in current project activities within this district or result in a negative cash balance in this fund. The Cully TIF fund was new in FY 2023-24 and is estimated to borrow up to \$500,000 per month.

Under the terms of an anticipated agreement between Prosper Portland and BPS, Prosper Portland implement programs funded with PCEF during FY 2024-25. It is anticipated that the delay in reimbursement under this agreement would result in a negative cash balance in PCEF (fund 240) absent interfund borrowing. Borrowing requirements for PCEF are estimated to be no more than \$1,000,000.

Accordingly, to ensure that adequate cash balances are maintained on a monthly basis for audit purposes and to comply with State of Oregon law and governmental accounting requirements, Prosper Portland staff requests the Prosper Portland Board’s authorization of Interfund Loans.

EQUITY IMPACT

This action ensures that Prosper Portland has sufficient resources to make timely investments in the EOI, COEP, TIF, and other economic development programs, which deliver critical services to neighborhood-based and culturally specific organizations.

COMMUNITY PARTICIPATION AND FEEDBACK

While there was no direct community participation related to this action, it will enable Prosper Portland to fund and operate programs authorized in the FY 2024-25 budget, whose development was informed by and subject to public feedback.

BUDGET AND FINANCIAL INFORMATION

This action does not adversely affect Prosper Portland’s budget, but rather reallocates funds to keep in compliance with State budget law.

RISK ASSESSMENT

In the absence of these proposed Interfund Loans, the programs would either cease operations until funds have been received or operate in a deficit position without Prosper Portland Board approval, which would conflict with state legal and governmental accounting rules.

ATTACHMENTS

None.