

FINANCIAL IMPACT STATEMENT
For Council Action Items
(Use this form for Ordinances and Resolutions)
(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen, Debt Manager	2. Telephone Number 503/823-6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) May 20, 2010	4b. Calendar (Check One) Regular Consent 4/5ths [X] [] []	5. Date Submitted to FPD Budget Analyst: May 20, 2010

1) Legislation Title:

* Suballocate Recovery Zone Economic Development Bond volume cap (Ordinance)

2) Purpose of the Proposed Legislation:

The attached Ordinance authorizes the City to suballocate \$11 million of the City's Recovery Zone Economic Development Bond ("RZEDB") volume cap to the Portland Public Schools ("PPS") for energy and water conservation projects.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated identify the source.

This legislation will not generate or reduce current or future revenue to the City.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

This legislation will not generate additional costs to the City. However, by suballocating much of the City's RZEDB volume cap to PPS, the City foregoes the opportunity to issue bonds that are eligible for a 45% federal interest subsidy for its own qualifying projects.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)

No position changes are anticipated.

6) Will positions be created or eliminated in *future years* as a result of this legislation?

No position changes are anticipated.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

Eric, Johansen, Debt Manager

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Ken Rust, Chief Administrative Officer

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DATE: May 19, 2010
TO: Mayor Sam Adams
FROM: Eric Johansen, Debt Manager
RE: * Suballocate Recovery Zone Economic Development Bond volume cap (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. **INTENDED THURSDAY FILING DATE:** May 20, 2010
2. **REQUESTED COUNCIL AGENDA DATE:** May 26, 2010
3. **CONTACT NAME & NUMBER:** Eric Johansen, Debt Manager – x36851
4. **PLACE ON:** **CONSENT** **REGULAR**
5. **BUDGET IMPACT STATEMENT ATTACHED:** **Y** **N** **N/A**
6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY**
ATTACHED: **Yes** **No** **N/A**

7. BACKGROUND/ANALYSIS

Introduction and History – The attached Ordinance authorizes the City to suballocate \$11 million of the City's Recovery Zone Economic Development Bond ("RZEDB") volume cap to the Portland Public Schools ("PPS") for energy and water conservation projects. The American Recovery and Reinvestment Act of 2009 ("ARRA") authorizes certain local governments to issue RZEDBs pursuant to volume cap allocated to such local governments. The City was allocated \$13,548,000 of RZEDB volume cap. ARRA also permits the City to suballocate its RZEDB volume cap to other local governments for use on eligible projects in Recovery Zones that are located inside the City's geographical area. In March 2010, the City Council approved Ordinance 183563 designating the entire geographic area of the City as a Recovery Zone.

PPS has provided a certification to the City indicating that the projects are expected to qualify for RZEDBs, including that the projects:

- are capital projects that are part of public facilities that will be owned and operated by PPS;
- will be located within the geographic boundaries of the City of Portland;
- have been reviewed by K&L Gates LLP, bond counsel to PPS and the City, and have been preliminarily determined to be eligible for financing with RZEDBs; and
- are expected to be financed by PPS before December 31, 2010, using the requested suballocation of RZEDB volume cap from the City.

A resolution approving this financing is scheduled to be presented to the Portland Public School Board on May 24, 2010.

The Ordinance permits the City to revoke any of its RZEDB suballocation to PPS, but only to the extent that PPS fails to use all of its suballocation within a reasonable time after enactment of this Ordinance. The Ordinance also authorizes the City's Debt Manager to suballocate the City's remaining \$2.548 million of Recovery Zone Economic

Development Bond volume cap, along with any revoked amount suballocated to PPS, to other eligible issuers without further Council action.

Legal Issues – None

Link to Current City Policies – None

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – The City is working with PPS and the Portland Development Commission to transfer its RZEDB volume cap.

8. FINANCIAL IMPACT

There are no direct costs to the City that result from suballocating the City's RZEDB volume cap. However, by suballocating much of the City's RZEDB volume cap to PPS, the City foregoes the opportunity to issue bonds that are eligible for a 45% federal interest subsidy for its own qualifying projects.

9. RECOMMENDATION/ACTION REQUESTED

The City Council is requested to approve the Ordinance in order to permit Portland Public Schools to issue RZEDBs to finance and implement energy and water conservation projects.