

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen, City Treasurer		2. Telephone No. 503.823.6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) October 28, 2010	4b. Calendar (Check One) <div style="display: flex; justify-content: space-around;"> Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/> </div>		5. Date Submitted to FPD Budget Analyst: October 20, 2010

1) Legislation Title:

Authorize borrowing for renovation of park maintenance facilities (Ordinance)

2) Purpose of the Proposed Legislation:

This Ordinance authorizes the City to borrow an amount not to exceed \$3,800,000 to provide financing for the renovation of four park maintenance facilities. Proceeds of the borrowing together with existing Parks local option levy funds are the resources proposed to be used to renovate maintenance facilities at Flavel, Chimney, Delta and Mt. Tabor parks. The borrowing will be in the form of a five-year amortizing line of credit and will be repaid with a portion of the Parks annual major maintenance general fund allocation. If a parks general obligation bond measure is passed by voters, the proceeds from that authorization will be used to payoff the balance on the line of credit.

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 please identify the source.

This Ordinance will not reduce current or future revenues coming 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?

The debt service on the borrowing will vary depending on the timing, amount of the draws and terms of the loan. In addition to their normal operating and maintenance annual general fund resources, Parks currently has about \$965,000, adjusted annually by an inflation factor, earmarked for major maintenance. It is currently estimated that annual debt service on a 12 year amortization of the \$3.8 million requested will be about \$380,000. After payment of annual debt service, Parks will have a base of about \$585,000 available for major maintenance.

If a parks general obligation bond measure is passed by voters, the proceeds from that authorization will be used to payoff the balance on the line of credit and the major maintenance dollars servicing this debt can be restored.

The line of credit will be secured with a general fund pledge.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?

No positions will be eliminated or created as a result of this Ordinance.

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

No positions will be eliminated or created in the future as a result of this ordinance.

7) Change in Appropriations

184231

There are no changes in appropriations.

Eric H. Johansen, City Treasurer




APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
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184231

DATE: October 20, 2010
TO: Mayor Sam Adams
FROM: Eric Johansen, City Treasurer 
RE: Authorize borrowing for renovation of park maintenance facilities (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: October 28, 2010
2. REQUESTED COUNCIL AGENDA DATE: November 3, 2010
3. CONTACT NAME & NUMBER: Eric Johansen, City Treasurer, x3-6851
4. PLACE ON: __ CONSENT X REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: X 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 – Attached is an Ordinance for Council first reading and consideration on November 3, 2010. The Ordinance authorizes the City to borrow an amount not to exceed \$3,800,000 to provide financing for the renovation of four park maintenance facilities. Proceeds of the borrowing together with existing Parks local option levy funds are the resources proposed for renovation of maintenance facilities at Flavel, Chimney, Delta and Mt. Tabor parks (the “Maintenance Facilities”).

The borrowing will be in the form of a five-year amortizing line of credit and will be repaid using a portion of the Parks annual major maintenance allocation with the expectation that if a general obligation parks bond measure is passed by voters, the proceeds from that authorization will repay the outstanding balance. If a bond measure is not approved or passed by voters, the City will request authority from Council to takeout the line of credit with an appropriate financing mechanism that will continue the amortization for a period not to exceed 12 years from the original date the line of credit, authorized by this ordinance, is issued.

Passage of this Ordinance would delegate to the Debt Manager certain tasks including soliciting proposals from commercial banks; establishing an amortization schedule; accepting interest rates, and other terms related to the placement of the line of credit; and executing documents.

Legal Issues – The City is authorized by the Oregon Revised Statutes under ORS 287A.180 to provide interim financing for capital projects as long as the financing matures not later than five years after the date of issue.

Link to Current City Policies – The proposed financing is being done in conformance with the City's debt policy.

Controversial Issues – None

Citizen Participation – Not Applicable

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Other Government Participation – Not Applicable

8. **FINANCIAL IMPACT**

In addition to their normal operating and maintenance annual general fund resources, Parks currently has about \$965,000, adjusted annually by an inflation factor, earmarked for major maintenance. It is currently estimated that annual debt service on a 12 year amortization of the \$3.8 million requested will be about \$380,000. After payment of annual debt service Parks will have a base of about \$585,000 available for major maintenance.

The structure of the line of credit will not be determined until the terms are finalized, but the final structure of this or any takeout financing will allow for the balance on the line of credit to be fully amortized over a period of not longer than 12 years. If a parks general obligation bond measure is passed by voters, the major maintenance dollars servicing this debt can be restored.

9. **RECOMMENDATION/ACTION REQUESTED**

It is recommended that the City Council approve the Ordinance so that the Maintenance Facilities can be renovated to provide a safer and more adequate work environment.