

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

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

| | | | |
|---|--|---|---|
| 1. Name of Initiator B. Jonas Biery, Debt Manager | | 2. Telephone No. (503) 823-4222 | 3. Bureau/Office/Dept : OMF/Debt Management |
| 4a. To be filed (date): July 28, 2011 | 4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/> | | 5. Date Submitted to Commissioner's office and FPD Budget Analyst: July 20, 2011 |
| 6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed | | 6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed | |

1) Legislation Title:

Authorize borrowing for replenish the Portland Parks & Recreation system development charge fund (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the City to issue revenue bonds in an amount not to exceed \$1,080,000 (the "Bonds") to replenish the Parks SDC Fund for a prior loan related to a project undertaken by the Oregon Rail Heritage Foundation ("ORHF"), and to pay costs of issuance of the Bonds.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|---|---|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input checked="" type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input checked="" type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

The Ordinance will not reduce current or future revenues coming to the City.

5) Expense: What are the costs to the City related to 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. If there is a project estimate, please identify the **level of confidence**.)

Maximum annual debt service on the bonds is anticipated to be approximately \$350,000. The proposed bonds will be structured so that revenues projected to be provided to the City through a loan agreement with ORHF will be equal to or greater than the required debt service payments on the bonds. If ORHF revenues are not received in the expected amounts, Parks system development charges will be responsible for payment of debt service on the bonds.

6) Staffing Requirements:

- **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 positions will be eliminated or created as a result of this Ordinance.

- **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.

(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 Fund Center column if new center needs to be created. Use additional space if needed.)*

There are no changes in appropriations.

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- ☐ **YES:** Please proceed to Question #9.
☒ **NO:** Please, explain why below; and proceed to Question #10.

No public outreach was conducted in the development of this Council item as this item provides the administrative financing function related to prior Council actions on the projects being financed.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No additional public involvement is expected beyond the 30-day referral period of this Ordinance.



Richard F. Goward Jr.,
BUREAU DIRECTOR



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Jack D. Graham, Chief Administrative Officer

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DATE: July 20, 2011

TO: Mayor Sam Adams

FROM: B. Jonas Biery, Debt Manager

RE: Authorize revenue bonds to replenish the Portland Parks & Recreation system development charge fund (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. **INTENDED THURSDAY FILING DATE:** July 28, 2011
2. **REQUESTED COUNCIL AGENDA DATE:** August 3, 2011
3. **CONTACT NAME & NUMBER:** B. Jonas Biery, Debt Manager, x3-4222
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 – Attached is an Ordinance for Council first reading and consideration on August 3, 2011. The Ordinance authorizes the City to issue revenue bonds in an amount not to exceed \$1,080,000 (the "Bonds") to replenish the Parks SDC Fund for a prior loan related to a project undertaken by the Oregon Rail Heritage Foundation ("ORHF"), and to pay costs of issuance of the bonds. The bonds will be secured by a pledge of Parks SDC revenues and are expected to be repaid over a period not exceeding five years from the date of issuance.

The City owns three historic steam locomotives that were donated to the City in 1958. Since 1980, the locomotives have been stored in property owned by Union Pacific Railroad Company ("UPRR"). UPRR has effectively provided notice to the City that the locomotives must be moved from the current site. In partnership with TriMet, the Oregon Department of Transportation and the City, ORHF intends to construct a permanent facility that will house the City-owned locomotives, while also significantly increasing public access to the locomotives via proximity to OMSI and the future Portland-Milwaukie Light Rail. ORHF is an all-volunteer 501(c)3 organization that generates revenues primarily through donations and through operations of certain rail-related public events. As of June 2011, ORHF has assembled over \$2.8 million in contributions towards construction of the new facility. The City previously loaned \$978,598 to ORHF as authorized by Council on October 28, 2009 (Ordinance No. 183280) and is currently in the process of restructuring that loan.

The Bonds will be secured by a direct pledge of Parks SDC revenues, however the bonds are expected to be repaid from revenues received by the City from ORHF under a loan agreement approved by City Council on July 27, 2011. ORHF has provided a financial plan to the City indicating that ORHF revenues are expected to be sufficient to support anticipated debt service on the bonds. If ORHF revenues are not

sufficient to pay scheduled debt service on the proposed bonds, Parks SDCs will be legally obligated to make debt service payments on the bonds.

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Passage of this Ordinance would delegate certain tasks to the Debt Manager including selecting one or more commercial banks and negotiating the sale of bonds with those commercial banks; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the Bonds; finalizing the terms of, executing, and delivering bond declarations that describe the terms of each series of the Bonds; and executing any other documents the Debt Manager finds will be advantageous to the City.

If Council approves the Ordinance, the City intends to issue the bonds in September 2011.

Legal Issues – The City is authorized by the Oregon Revised Statutes under ORS 287A.150 to issue bonds after the referral period expires and the Ordinance takes effect. If the Ordinance is approved by the City Council after its second reading, a 30-day referral period begins. No bonds authorized by this Ordinance may be sold and no purchase agreement for any such bonds may be executed until the referral period has expired and this Ordinance takes effect. If the Ordinance is referred, the City may not sell the bonds unless the voters approve this Ordinance.

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

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – Not Applicable

8. FINANCIAL IMPACT

The proposed bonds will be structures so that revenues projected to be provided to the City through a loan agreement with ORHF will be equal to or greater than the required debt service payments on the bonds. Once the bonds have been issued, the annual debt service is estimated in the following approximate amounts:

| | |
|------------|-----------|
| FY 2011-12 | \$20,000 |
| FY 2012-13 | \$35,000 |
| FY 2013-14 | \$235,000 |
| FY 2014-15 | \$235,000 |
| FY 2015-16 | \$235,000 |
| FY 2016-17 | \$340,000 |

If ORHF revenues are received by Parks as projected, portions of bond principal would be paid prior to the scheduled final maturity, reducing the total payment obligations. If ORHF revenues are not received in the expected amounts, Parks system development charges will be responsible for payment of debt service on the bonds.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance so that the City can replenish the Portland Parks & Recreation system development charge fund.