

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator Jonas Biery	2. Telephone No. X 3-4222	3. Bureau/Office/Dept. OMF/Financial Services
4a. To be filed (date): May 30, 2012	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: May 24, 2012
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 water revenue bonds to finance water system capital improvements (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the issuance of a principal amount of First or Second Lien Water System Revenue Bonds (the "Bonds") that is sufficient to provide net proceeds of \$75 million to finance additions and improvements to the water system (the "Capital Improvements"), plus additional amounts that are reasonably required to finance related costs, including the costs of funding debt service reserves for the Bonds. The Capital Improvements to be financed with the Bonds include additions, improvements, and capital equipment that facilitate supply, treatment, transmission, storage, pumping, distribution, regulatory compliance, customer service and support.

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 type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input 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.

This legislation will not generate or reduce current or future revenue 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.)*

While the final amount of the Bonds and interest rates will not be determined until the sale date of the Bonds, debt service is expected to be approximately \$4.8 million annually through FY 2036-37. Debt service will be paid with revenues of the water system.

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

No position changes in any years 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 Fund Center column if new center needs to be created. Use additional space if needed.)*

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



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
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185418

DATE: May 22, 2012 JB
TO: Mayor Sam Adams
FROM: Jonas Biery, Debt Manager
RE: Authorize water revenue bonds to finance water system capital improvements (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED FILING DATE: May 31, 2012
2. REQUESTED COUNCIL AGENDA DATE: June 6, 2012
3. CONTACT NAME & NUMBER: Jonas Biery, Debt Manager, x3-4222
4. PLACE ON: CONSENT REGULAR
5. FINANCIAL IMPACT AND PUBLIC INVOLVEMENT 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 first reading by the City Council on June 6, 2012. The Ordinance authorizes the issuance of a principal amount of First or Second Lien Water System Revenue Bonds (the “Bonds”) that is sufficient to provide net proceeds of \$75 million to finance additions and improvements to the water system (the “Capital Improvements”), plus additional amounts that are reasonably required to finance related costs, including the costs of funding debt service reserves for the Bonds. The Capital Improvements to be financed with the Bonds include additions, improvements, and capital equipment that facilitate supply, treatment, transmission, storage, pumping, distribution, regulatory compliance, customer service and support. The Bonds will be secured by the revenues of the City’s water system and amounts related to that water system. They are expected to be sold by competitive sale in July 2012.

The Ordinance delegates to the Debt Manager certain tasks including negotiating the terms of and executing one or more bond declarations; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the Bonds; purchasing municipal bond insurance or other forms of credit enhancement; determining whether the Bonds are to be secured either by a first lien or a second lien on the net revenues of the City’s water system; and executing documents.

Legal Issues – If the Ordinance is approved by the Council after its second reading, a 30-day referral period begins. If during the referral period, written petitions signed by at least six percent of the City’s electors are filed with the City Auditor, any bonding authority provided by the proposed Ordinance could not be used unless approved by the voters.

Link to Current City Policies – The Bonds are being issued in conformance with the City's debt policies and the planning standards of the Water Bureau.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – The City is working with the staff of the Water Bureau to complete the financing.

8. FINANCIAL IMPACT

While the final amount of the Bonds and interest rates will not be determined until the sale date of the Bonds, debt service is expected to be approximately \$4.8 million annually through FY 2036-37. Debt service will be paid with revenues of the water system.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve this Ordinance in order to provide the necessary funding to continue the Water Bureau capital improvement program.

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.

This is an administrative action taken to issue bonds, the proceeds of which will be used to fund Capital Improvements of the water system.

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?

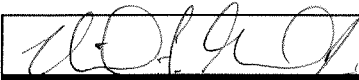
c) How did public involvement shape the outcome of this Council item?

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. Once the Bonds are issued, the Water Bureau will apply the proceeds to the Capital Improvements and the City will pay debt service on the Bonds through maturity.



Richard F. Goward, Jr.
BUREAU DIRECTOR