

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

(Deliver original to City Budget Office. Retain copy.)

1. Name of Initiator Katie Shriver		2. Telephone No. X33005	3. Bureau/Office/Dept. Commissioner Novick
4a. To be filed (hearing date): October 2, 2013	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to Commissioner's office and CBO Budget Analyst:
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:

Provide the City Treasurer with a Council-approved list including one specific corporation in which the City shall not directly invest its cash assets (Resolution).

2) Purpose of the Proposed Legislation:

The resolution directs the Treasurer to not directly invest additional cash assets in Wal-Mart.

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 | | | |

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.

In FY 12-13, the City earned a total of \$4.27 million on its investment portfolio. The City Treasurer distributed these earnings on a proportional basis to all City funds. Of the \$4.27 million total earnings, corporate securities contributed \$1.52 million.

Annual earnings on the City's investment portfolio vary depending on economic factors; in FY 11-12, total net earnings from the City's portfolio were \$5.27 million, of which corporate securities contributed \$1.21 million.

The potential change in revenue from including a company or industry on the list will depend on

several factors, including the City's existing corporate investments, the availability of alternative corporate securities when the City is holding cash and seeking to purchase corporate securities, and general market performance.

The City currently owns \$37 million in Wal-Mart securities, all of which will mature by April 2016. The City Treasurer will continue to hold the existing Wal-Mart securities but will not purchase additional Wal-Mart securities in the future. The estimated revenue change could range from zero (if an equally-yielding corporate security is available) up to the difference between the earnings on a Wal-Mart security and the earnings on a U.S. Treasury security. For comparison purposes, if the City today needed to invest the same \$37 million in U.S. Treasury securities rather than Wal-Mart, the City would earn about \$166,500 less on the U.S. Treasury securities than on Wal-Mart (this would occur if it happened that Wal-Mart securities were available for purchase and no other corporate security with a yield higher than U.S. Treasuries was available). That figure would vary based on general economic circumstances and specific security characteristics.

5) 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 year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. 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.)*

Providing the list included in the resolution to the City Treasurer does not increase City costs for managing its investment portfolio. The City Treasurer will be able to implement the Council-approved list with minimal analysis or work.

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.

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

No.

(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

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

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.

The resolution is a Council decision about how the City should manage its investments.

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.

This resolution will expire in December 2014 unless Council reauthorizes it.

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APPROPRIATION UNIT HEAD (Typed name and signature)