

IMPACT STATEMENT

Legislation title: Authorize limited tax revenue bonds in an amount not to exceed \$10.5 million to finance replacement of aging fueling system infrastructure at multiple locations across the City (Ordinance)

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Purpose of proposed legislation and background information:

The proposed legislation authorizes the issuance of limited tax revenue bonds in an amount sufficient to provide up to \$10.5 million to finance the first phase of rehabilitating aging fueling system infrastructure at four locations throughout the City (the "Bonds"). Included in this amount is an estimated \$214,000 for costs related to issuing the Bonds. The Bonds will be secured by the City's full faith and credit. The proposed financing is being done in conformance with debt limitations established in the City's Debt Management Policy (FIN 2.12).

The City is moving forward with plans to replace aging fueling system infrastructure at several locations across the city. The first phase of work will replace fueling stations at four sites: the SW First and Jefferson garage, Interstate Yard, Columbia Blvd Wastewater Treatment Plant, and the Penumbra Kelly Building (the "Project"). Proceeds of the Bonds will pay the expected cost of these replacements, which is estimated at \$8.5 million. The ordinance authorizes an additional \$2 million for Project contingency to cover bid prices exceeding the budget, discovery of higher than expected levels of soil contamination during construction, or other Project risks. The City would not issue this amount unless it is needed.

In addition to the Project, the City has identified a need to increase emergency preparedness by developing fueling stations on the west side of the Willamette River and east of Interstate 205. To address this need, a second phase to add two or three new fueling stations is being planned. This phase of work would be financed separately at a later date when locations are determined for an eastside facility and when a long-term plan for the Jerome F. Sears Building is known, including where a fuel station would be placed.

The Project financing plan includes both interim financing and long-term takeout financing. The proposed Bonds are expected initially to be issued in the form of a line of credit. The amount of the line of credit will be finalized once bids for the Project are received. Upon approval of the Ordinance by the Council and receipt of bids for the Project, the City will issue a Request for Terms to solicit bids from commercial banks to provide the line of credit. The Ordinance authorizes the Debt Manager, without further action by the Council, to negotiate terms with the selected bank; prepare documents; establish the final principal amounts, maturity schedules, interest rates, redemption terms, and payment terms and rates; and execute the line.

Financial and budgetary impacts:

Annual debt service payments on the line of credit will vary depending on interest rates and timing of draws. Interest payments on the line of credit will be paid through an interagency agreement between CityFleet and City bureaus. The CityFleet Fund will provide temporary resources, if needed, to pay for costs exceeding budget to cover Project risks. Upon completion of the Project, expected in September 2019, the financing plan anticipates the issuance of long-term bonds to repay the line of credit and reimburse the CityFleet Fund for any resources it has provided to the Project. Debt service for long-term Bonds will be determined closer to the issue date. Debt service is expected to be paid from revenues CityFleet collects through interagency agreements with City bureaus.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of the Bonds, the proceeds of which will be used to finance the Projects. There is no community impact or involvement anticipated.

100% Renewable Goal:

Not applicable.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

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