

IMPACT STATEMENT

Legislation title: Authorize \$15,000,000 of long-term bonds for local improvement and sidewalk repair projects and financing of system development charges plus additional amounts for issue costs (Ordinance)

Contact name: Eric Johansen

Contact phone: x3-4222

Presenter name: Eric Johansen

Purpose of proposed legislation and background information:

The Ordinance authorizes the City to issue limited tax improvement bonds (the “Bonds”) in an amount sufficient to provide up to \$15 million to finance and refinance assessment contracts for various local improvement district projects and sidewalk improvements, the costs of which have been assessed against specially benefiting property owners. The Bonds also will finance system development charges for property owners who elect to pay those charges over time. The Ordinance authorizes additional amounts to pay costs related to the Bonds. It is expected that the final issue size will be materially lower than the maximum authorized amount due to property owner prepayments that are not yet known at the time of this request.

The City is authorized by ORS Chapter 287A to obtain long-term financing for the costs of the local improvement projects, system development charge projects and sidewalk repair projects.

The Bonds will be secured by a pledge of the City’s Available General Funds, which are defined as all taxes and other legally available general funds of the City. The Bonds are expected to be paid from assessment contract installment payments for local improvement projects and installment payments of certain systems development and sidewalk charges. Pursuant to existing policy, participating City bureaus are financially responsible for their proportionate share of the debt service on the Bonds in the event that assessment payments are not sufficient to pay the Bonds. Although the Bonds are backed by the City’s full faith and credit, the financial structure of the assessment program, coupled with the obligation of the participating bureaus to supplement any cashflow shortfalls, minimizes the potential of general City revenues being used to make payment on the Bonds.

The Ordinance delegates to the Debt Manager certain tasks including issuing one or more series of bonds; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the bonds; issuing bonds either as federally tax-exempt or taxable; and executing documents.

If the Council approves the Ordinance, the City plans to sell the Bonds through a competitive bidding process in October 2018.

Financial and budgetary impacts:

The City will issue improvement bonds in a principal amount estimated not to exceed \$15.2 million. Debt service will reflect the installment payment schedules elected by property owners that choose to finance their assessments or system development charges. So long as assessment installment payments are sufficient to meet the debt service obligations, there is no direct financial impact to the City.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of the Bonds. 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