

IMPACT STATEMENT

Legislation title: Amend ordinances to authorize use of bond proceeds for the payment of interest on bonds during reconstruction and space buildout of the Portland Building (Ordinance; amends Ordinance No. 187924 and Ordinance No. 189088)

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Purpose of proposed legislation and background information:

The Ordinance amends Ordinance Number 187924 and Ordinance Number 189088 (collectively, the “Ordinances”) to include in the authorized use of proceeds of bonds authorized by the Ordinances the payment of interest on the bonds during the Portland Building reconstruction and space buildout (the “Project”). All other provisions of the Ordinances remain unchanged.

Under the Project’s original financial plan, bureaus budgeted for line of credit interest payments during the construction period. To reduce the risk of higher long-term interest costs due to rising interest rates, an accelerated long-term bond issuance is anticipated under a new Project financial plan. Relative to the original financial plan’s line of credit interest payments, the long-term bonds may result in increased interest payments for FY 2018-2019 and FY 2019-20. To eliminate any negative budgetary impact on the bureaus’ resources, a capitalized interest fund will be funded from bond proceeds and used to pay the difference in budgeted interest payments on the original line of credit vs. actual interest payments of the long-term bonds for the remaining construction period. The amount of bond proceeds used for payment of bond interest is estimated to be approximately \$3.2 million.

Financial and budgetary impacts:

For FY 2018-19, total interest payments on the long-term bonds are estimated to be approximately \$8.8 million, which exceeds the remaining budgeted interest expense on the projected line of credit balance. The additional interest payments will be included in a budget adjustment for the Facilities Services Operating Fund in the spring BMP.

Community impacts and community involvement:

This is an administrative action taken to amend the Ordinances to permit bond proceeds to be used for capitalized interest. 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