

City of Portland, Oregon
FINANCIAL IMPACT STATEMENT
For Council Action Items

183616

1. Name of Initiator Eric Johansen, Debt Manager		2. Telephone No. 503.823.6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) March 11, 2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: March 3, 2010

1) Legislation Title:

* Authorize long-term bonds for local improvement and sidewalk repair projects and financing of system development charges (Ordinance)

2) Purpose of the Proposed Legislation:

The ordinance authorizes the City to issue limited tax improvement bonds (the "Bonds"), in an amount not to exceed \$25 million. The Bonds will be issued to finance 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.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

There will be no new revenue coming to the City. The increase of assessment contract revenue will be used to service the debt issued to finance the assessment contracts.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense?

There are no additional costs to the City as a result of this Ordinance.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?

No positions will be eliminated or created as a result of this Ordinance.

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

No positions will be created or eliminated in future years as a result of this legislation.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations

There is no change to current year appropriations, but future year assessment contract revenue and debt service appropriation will be increased to accommodate the additional assessment contract payments in the Bancroft Bond Redemption Fund.

Eric H. Johansen, Debt Manager



APPROPRIATION UNIT HEAD

sale of the bonds; purchasing municipal bond insurance or other forms of credit enhancement; and executing documents.

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

Legal Issues – None

Link to Current City Policies – None

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – Staff of the Auditor’s Office are working with the Office of Management and Finance to complete this financing.

8. FINANCIAL IMPACT

The City will issue improvement bonds in a principal amount not to exceed \$25 million. Debt service will reflect the installment payment schedules elected by property owners that choose to finance their assessments or system development charges.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve this Ordinance in order to allow benefiting property owners to finance assessments or system development charges for public improvements.



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Ken Rust, Chief Administrative Officer

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DATE: March 3, 2010

TO: Mayor Sam Adams

FROM: Eric Johansen, Debt Manager *ET*

RE: * Authorize long-term bonds for local improvement and sidewalk repair projects and financing of system development charges (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: March 11, 2010
2. REQUESTED COUNCIL AGENDA DATE: March 17, 2010
3. CONTACT NAME & NUMBER: Eric Johansen, Debt Manager, x3-6851
4. PLACE ON: CONSENT X REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: X 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 Council consideration on March 17, 2010. The ordinance authorizes the City to issue limited tax improvement bonds (the “Bonds”), in an amount not to exceed \$25 million. The Bonds will be issued to finance 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 City is authorized by ORS Chapters 223 and 287A and by City Ordinance No. 180448 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 systems development charges financed with the proceeds of the Bonds. Pursuant to an agreement between the Office of Management and Finance and benefiting City bureaus, the respective 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. Therefore, 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 benefiting bureaus to supplement any cashflow shortfalls, minimizes the potential of general City revenues being necessary to support 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