

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen, City Treasurer		2. Telephone No. 503.823.6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) October 28, 2010	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: October 20, 2010

1) Legislation Title:

Authorize interim financing for local improvement projects (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the City to establish a revolving line of credit in an amount not to exceed \$20,000,000 to provide interim financing for the costs of improvements that benefit property owners within local improvement districts ("LIDs"). The City currently has a revolving local improvements line of credit that is scheduled to expire on January 5, 2011. This proposed line will replace the expiring line.

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.

This Ordinance will not reduce current or future revenues coming to the City.

4) Expense:

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

The costs of the line will be paid for by the property owners within the local improvement districts that benefit from the improvements. There are no additional costs.

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.

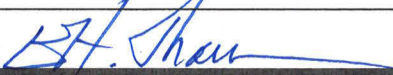
6) Will positions be created or eliminated in *future years* as a result of this legislation?

No.

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

7) Change in Appropriations

There are no changes in appropriations.

Eric H. Johansen, City Treasurer	
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APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

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Ken Rust, Chief Administrative Officer

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184225

DATE: October 20, 2010
TO: Mayor Sam Adams
FROM: Eric Johansen, City Treasurer
RE: Authorize interim financing for local improvement projects (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

- 1. **INTENDED THURSDAY FILING DATE:** October 28, 2010
- 2. **REQUESTED COUNCIL AGENDA DATE:** November 3, 2010
- 3. **CONTACT NAME & NUMBER:** Eric Johansen, City Treasurer, 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 first reading and consideration on November 3, 2010. The Ordinance authorizes the City to establish a line of credit in an amount not to exceed \$20,000,000 to provide interim financing for the costs of improvements that benefit property owners within local improvement districts (“LIDs”). The City currently has a local improvements line of credit that is scheduled to expire on January 5, 2011. This proposed line will replace the expiring line.

The line will be a full faith and credit obligation of the City and will mature no later than five years from the date of execution. It is expected to be repaid either with cash assessment payments from property owners located within an LID or from the proceeds of limited tax improvement bonds to be repaid from assessment contracts entered into with benefitting property owners.

Upon approval of the ordinance by the Council, the City will issue a Request for Proposals to solicit bids from commercial banks to provide the line of credit. Once a bank is selected, the Ordinance authorizes the City’s Debt Manager, without further action by the Council, to negotiate terms; prepare documents; establish the final principal amounts, maturity schedules, interest rates, redemption terms, and payment terms and rates; and execute the line.

Legal Issues – The City is authorized to obtain interim financing for local improvement projects pursuant to ORS Chapter 287A and Sections 223.205 to 223.295 and the City Charter

Link to Current City Policies – The proposed financing is being done in conformance with the City’s debt policy.

Controversial Issues – None

Citizen Participation – Not Applicable

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Other Government Participation – Not Applicable

8. **FINANCIAL IMPACT**

The structure of the line of credit will not be determined until the terms are finalized, but it is expected to be a revolving line of credit and will provide up to \$20 million at any point in time for the funding of the LIDs. The line will replace the expiring line and any balances outstanding on the expiring line will be moved to the new line.

9. **RECOMMENDATION/ACTION REQUESTED**

It is recommended that the City Council approve this ordinance to ensure that there is an interim financing mechanism in place for LID improvements.