

FINANCIAL IMPACT STATEMENT
For Council Action Items
(Use this form for Ordinances and Resolutions)
(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen, City Treasurer	2. Telephone Number 503/823-6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) January 27, 2011	4b. Calendar (Check One) Regular Consent 4/5ths [X] [] []	5. Date Submitted to FPD Budget Analyst: January 26, 2011

1) Legislation Title:

Authorize revenue bonds to finance a portion of the costs of the Sellwood Bridge replacement project (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the issuance of revenue bonds (the "Bonds") pursuant to ORS 287A.150 in amounts sufficient to produce not more than \$100 million to finance or refinance a portion of the direct costs of the Sellwood Bridge Replacement Project, plus additional amounts to pay costs of issuing the Bonds and fund any required debt service reserves. The aggregate principal amount of Bonds required for these purposes is estimated not to exceed \$110,000,000.

The Bonds are expected to be repaid from gas tax and vehicle registration revenues received pursuant to House Bill 2001. In addition, the Bonds will be secured by the full faith and credit and Available General Funds of the City. If revenues and resources are not sufficient to pay the debt service on the Bonds, resources of the General Fund may be required to pay debt service.

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 identify the source.

This legislation will not generate or reduce current or future revenue 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? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

The City would sell Bonds to meet the funding schedule set forth in the IGA, which states that City will provide up to \$100 million in project costs, including \$70 million to be placed in an escrow by December 31, 2012, and up to \$30 million by September 1, 2014. Once the Bonds have been fully issued, the maximum annual debt service is estimated at approximately \$8 million per year.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)*

No position changes are anticipated.

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

No position changes are anticipated.

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

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

Eric Johansen, City Treasurer



APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Ken Rust, Chief Administrative Officer

Bureau of Financial Services
Rich Goward, Director & CFO
1120 S.W. Fifth Avenue, Rm. 1250
Portland, Oregon 97204-1912
(503) 823-5288
FAX (503) 823-5384
TDD (503) 823-6868

184406

DATE: January 26, 2011
TO: Mayor Sam Adams
FROM: Eric Johansen, City Treasurer
RE: Authorize revenue bonds to finance a portion of the costs of the Sellwood Bridge replacement project (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. **INTENDED THURSDAY FILING DATE:** January 27, 2011
2. **REQUESTED COUNCIL AGENDA DATE:** February 2, 2011
3. **CONTACT NAME & NUMBER:** Eric Johansen, x 3-6851
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 X N/A

7. BACKGROUND/ANALYSIS

Introduction and History – Attached is an Ordinance for first reading by the City Council on February 2, 2011. The Ordinance authorizes the issuance of revenue bonds (the “Bonds”) pursuant to ORS 287A.150 in amounts sufficient to produce not more than \$100 million to finance or refinance a portion of the direct costs of the Sellwood Bridge Replacement Project (the “Project”), plus additional amounts to pay costs of issuing the Bonds and fund any required debt service reserves. The aggregate principal amount of Bonds required for these purposes is estimated not to exceed \$110,000,000.

The City Council will also be considering at its February 2nd meeting approval of a related Intergovernmental Agreement (“IGA”) with Multnomah County on funding responsibilities for the Project. The IGA provides that City will provide up to \$100 million in project costs, including \$70 million to be placed in an escrow by December 31, 2012, and up to \$30 million by September 1, 2014.

The Bonds are expected to be repaid from gas tax and vehicle registration revenues received pursuant to House Bill 2001. In addition, the Bonds will be secured by the full faith and credit and Available General Funds of the City. If revenues and resources are not sufficient to pay the debt service on the Bonds, resources of the General Fund may be required to pay debt service.

The Ordinance delegates to the Debt Manager certain tasks including determining which revenues are pledged to the Bonds; selecting one or more commercial banks or underwriters and negotiating the sale of any series with those commercial banks or underwriters; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the bonds subject to the limitations of the Ordinance; purchasing municipal bond insurance or other forms of credit enhancement; finalizing the terms of, executing, and delivering bond declarations that describe the terms of each series of the Bonds; and executing any other documents the Debt Manager finds will be advantageous to the City.

If the Ordinance is approved by the Council, the City would sell Bonds to meet the funding schedule set forth in the IGA.

Legal Issues – If the Ordinance is approved by the Council after its second reading, a 30-day referral period begins. No Bonds may be sold and no purchase agreement for any Bonds may be executed until the referral period has expired and this Ordinance takes effect. If the Ordinance is referred, the City may not sell the Bonds unless the voters approve this Ordinance.

Link to Current City Policies – None

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – Not Applicable

8. FINANCIAL IMPACT

Once the Bonds have been fully issued, the maximum annual debt service is estimated at approximately \$8 million per year.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance in order to provide financing as required by the IGA with Multnomah County for the Project.