

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

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

1. Name of Initiator B. Jonas Biery, Debt Manager JB	2. Telephone No. (503) 823-4222	3. Bureau/Office/Dept : OMF/Debt Management
4a. To be filed (date): August 4, 2011	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: July 27, 2011
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed	6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

Authorize gas tax revenue bonds to finance transportation capital projects and refinance outstanding gas tax revenue bonds (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the City to issue revenue bonds in an amount not to exceed \$18,750,000 to finance up to \$15,000,000 in new transportation capital projects plus amounts to refund certain outstanding gas tax revenue bonds, to fund a required debt service reserve and to pay costs of issuance of the bonds.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|---|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input checked="" type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT**4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.**

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

5) Expense: What are the costs to the City related to 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. If there is a project estimate, please identify the **level of confidence**.)*

While the final amount and maturity of the bonds will not be determined until the sale date of the bonds, annual net debt service on the non-refunding portion of the bonds is expected to be approximately \$1.95 million annually, based upon current market conditions and expectations. Debt service will be paid from gas tax revenues received by the City.

6) Staffing Requirements:

- **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 positions will be eliminated or created as a result of this Ordinance.

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

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

(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 Fund Center column if new center needs to be created. Use additional space if needed.)*

There are no changes in appropriations.

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

YES: Please proceed to Question #9.

NO: Please, explain why below; and proceed to Question #10.

This ordinance is carrying out action approved by Council in the FY 10-11 Spring BMP (Ordinance #184599).

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No additional public involvement is expected beyond the 30-day referral period of this Ordinance.



Richard F. Goward Jr.,
BUREAU DIRECTOR



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 OFFICE OF MANAGEMENT AND FINANCE
 Sam Adams, Mayor
 Jack D. Graham, Chief Administrative Officer

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184818

DATE: July 27, 2011
TO: Mayor Sam Adams
FROM: JB
 B. Jonas Biery, Debt Manager
RE: Authorize gas tax revenue bonds to finance transportation capital projects and refinance outstanding gas tax revenue bonds (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

- 1. INTENDED THURSDAY FILING DATE: July 28, 2011
- 2. REQUESTED COUNCIL AGENDA DATE: August 10, 2011
- 3. CONTACT NAME & NUMBER: B. Jonas Biery, Debt Manager, x3-4222
- 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 first reading by the City Council on August 10, 2011. The Ordinance authorizes the City to issue revenue bonds in an amount that provides proceeds to finance up to \$15,000,000 in transportation capital projects that are eligible to be funded by gas tax revenues, plus amounts to refund outstanding gas tax revenue bonds, fund a required debt service reserve and to pay costs of issuance of the bonds. The total amount of the bonds authorized by this Ordinance is not to exceed \$18,750,000. The bonds are expected to be repaid over a period not exceeding sixteen years from the date of issuance.

The bonds will be secured solely by a priority pledge of gas tax revenues received by the City. The City currently receives a share of gas tax revenues collected by the State of Oregon and allocated to the City by the Oregon Legislative Assembly, and a share of gas tax revenues collected or received by Multnomah County and distributed to the City under a Gas Tax Contract with the County. If Council approves the Ordinance, the City intends to issue the bonds in October 2011.

Passage of this Ordinance would delegate certain tasks to the Debt Manager including negotiating the terms of and executing one or more bond declarations; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the bonds; purchasing municipal bond insurance or other forms of credit enhancement; and executing any other documents the Debt Manager finds will be advantageous to the City.

Legal Issues – If the Ordinance is approved by the City 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 – The proposed financing is in conformance with the City's debt policy.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – The City is working with the staff of the Bureau of Transportation to complete the financing.

8. FINANCIAL IMPACT

While the final amount and maturity of the bonds will not be determined until the sale date of the bonds, annual net debt service on the non-refunding portion of the bonds is expected to be approximately \$1.95 million annually, based upon current market conditions and expectations. Debt service will be paid from gas tax revenues received by the City. Other outstanding gas tax revenue obligations on a parity lien with the bonds have annual maximum debt service of approximately \$1.09 million. FY2010-11 City gas tax revenues are expected to be approximately \$51 million.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve this Ordinance in order to provide the necessary funding to continue the Bureau of Transportation capital improvement program.