

IMPACT STATEMENT

Legislation title: Authorize water revenue bonds to finance water system capital improvements and refund water revenue bonds (Ordinance)

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Purpose of proposed legislation and background information:

The City is required by mandate from the U.S. Environmental Protection Agency (EPA) and the Oregon Health Authority to have in service a filtration plant to remove Cryptosporidium from the Bull Run Watershed, the City's primary drinking water supply. The proposed legislation authorizes the issuance of bonds, secured by the net revenues of the City's water system, that are sufficient to provide net proceeds of up to \$745 million to finance the System Improvements, as defined in the Ordinance. This authorization is contemplating the City's participation in the EPA's Water Infrastructure Financing Innovation Act (WIFIA) program, which offers low cost, flexible financing to high priority water projects.

The proposed authorization amount is forty-nine percent of total estimated Bull Run Treatment Program costs as allowed under the EPA's WIFIA program. The total Bull Run Treatment Program costs for purpose of WIFIA funding includes City Council approved Resolution 37460 adopting the Recommended Option of \$820 million for filtration plant and pipelines, inflationary costs, expenses that are reasonably required related to the application and review process, and to finance bond reserves and issuance costs, as well as project contingencies.

Additionally, the Ordinance authorizes the issuance of water system revenue refunding bonds to refund any outstanding water system revenue bonds to obtain debt service savings or to achieve a favorable reorganization of outstanding bonds, if warranted. Any refunding will be done in conformance with the City's Debt Management Policy (FIN 2.12).

Financial and budgetary impacts:

While the repayment structure will not be finalized until completion of the System Improvements, under a 35-year amortization allowable under the WIFIA program, estimated annual debt service of the WIFIA funded portion of the System Improvements is estimated to not exceed \$34 million. Final debt service is in flux until the System Improvements have been completed and is dependent on the final cost of the System Improvements and the interest rates of all future financing sources.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of the Bonds. No direct community impact or involvement is anticipated.

100% Renewable Goal:

Not applicable.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount