

STAFF REPORT

ORDINANCE NO. 20-1449, FOR THE PURPOSE OF AUTHORIZING THE FINANCING OF METRO'S IMPLEMENTATION SERVICES EXPENDITURE

Date: September 22, 2020
Department: Finance and Regulatory
Services
Meeting Date: October 1, 2020

Prepared and Presented by: Cinnamon
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ISSUE STATEMENT

The purpose of this resolution is to authorize the sale of up to \$28,000,000 of revenue bonds late 2020. The ordinance was prepared with the assistance of Metro's bond counsel Hawkins, Delafield & Wood, LLP and Metro's financial advisor, Piper Jaffray.

ACTION REQUESTED

Council adoption of Ordinance No. 20-1449.

IDENTIFIED POLICY OUTCOMES

Council authorization of the sale of up to \$28,000,000 of Supportive Housing Services Revenue Bonds approved by voters on May 19, 2020.

POLICY QUESTION(S)

Is Council ready to authorize the sale of up to \$28,000,000 of bonds to provide funding for the tax collection services to implement the Supportive Housing Services High Earners' Tax?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Authorize the sale of \$28,000,000 of revenue bonds to fund implementation of tax collection services for the personal and business income taxes approved by the voters in May 2020.
- Reject Ordinance 20-1449 and direct staff to return with a different funding mechanism. This would delay collection of the taxes.

STAFF RECOMMENDATIONS

The Chief Operating Officer recommends Council adoption of Ordinance 20-1449.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

- **Known Opposition/Support/Community Feedback:**
None
- **Legal Antecedents:**
Metro may issue revenue bonds pursuant to the authority granted by Metro

Charter Section 10 and ORS 268.520 and the applicable provisions of ORS Chapter 287A and pursuant to the voters' approval of Measure 26-210 at the primary election held on May 19, 2020.

- **Anticipated Effects:**

This action authorizes the issuance of up to \$28,000,000 in revenue bonds for costs associated with tax collection services. It also authorizes the Chief Operating Officer, Chief Financial Officer or their designee to negotiate and sign all documents and conduct the sale and issuance of the bonds.

- **Financial Implications (current year and ongoing):**

The issuance of the bonds will generate funding to pay for tax collection services, as provided by the City of Portland for both implementation of software and additional personnel. Bond proceeds will be recognized in the current fiscal year. Current fiscal year appropriations were approved by Council by adoption of Resolution 20-5121 on July 30, 2020. Payments for debt service will be included in the FY 2021-22 budget and future budgets.

BACKGROUND

Parks and Nature Bonds:

In the May 2020 election, Metro was given a new programmatic responsibility by voters: to collect and oversee regional resources intended to invest in increasing the supportive housing services provided by Multnomah, Washington, and Clackamas counties, and to develop a regional system for providing and evaluating these services across jurisdictional boundaries. This requires Metro to undertake new work, design new programs, and put new systems in place in order to manage these resources and accomplish the intended outcomes. It also requires Metro to collect new taxes to provide the above services.

Issuance amount

This \$28,000,000 issuance of revenue bonds planned just for this fiscal year to pay for the tax collection services necessary to implement Measure 26-210. Ongoing collection services will be paid for with tax revenue as assessed and collected.

Ratings Review

Metro currently carries bond ratings of "AAA," the gold standard, from Moody's Investor's Service and S&P Global Ratings. Metro anticipates seeking ratings from both agencies again for this bond sale, a significant work effort for the entire agency, from financial, program and executive staff, to the Council. We are confident that Metro's financial discipline and adherence to our financial policies will be seen favorably and result in confirmation of our highest ratings.

Impact to Taxpayers

Revenue Bonds will be paid for by the assessed tax from Measure 26-210. Therefore, there isn't additional tax impact to the taxpayer for the Bonds. There is use of resources for the collection that cannot be used for direct program services.

ATTACHMENTS

- Ordinance 20-1449