



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (revised 09/22/08)

Board Clerk Use Only

Meeting Date: 3/17/11
Agenda Item #: R-3
Est. Start Time: 9:40 am
Date Submitted: 2/28/11

Agenda Title: **Resolution Authorizing an Internal Loan From the Risk Management Fund to the Willamette River Bridges Fund to Provide for Short-Term Cash Flow Needs Related to the Sellwood Bridge Replacement Project**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date:	<u>March 17, 2011</u>	Amount of Time Needed:	<u>10 Minutes</u>
Department:	<u>County Management</u>	Division:	<u>Finance & Risk Mgmt.</u>
Contact(s):	<u>Mark Campbell</u>		
Phone:	<u>988-6229</u>	Ext.	<u>X86629</u>
Presenter(s):	<u>Mark Campbell</u>		
I/O Address:	<u>503/531</u>		

General Information

1. What action are you requesting from the Board?

Approval of an internal loan in the amount of \$25 million from the Risk Management Fund to the Willamette River Bridges (WRB) Fund. The purpose of the loan is to provide for a projected cash flow shortfall in the WRB Fund until such time as bond proceeds are available to finance the County's share of the Sellwood Bridge replacement project.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Sellwood Bridge replacement project has been identified as one of the highest priority transportation projects in the Portland metropolitan region. The County has worked to develop partnerships with the Federal Highway Administration, the State of Oregon, the City of Portland, and Clackamas County to secure funding for the project. During the 2009 legislative session the State of Oregon passed legislation which authorized the County to collect a Vehicle Registration Fee (VRF) dedicated to the project.

The County needs a minor fix to the legislation in order to be able to use the proceeds of the VRF as a pledge for bonded indebtedness. It is anticipated that the legislation will be adopted during the current legislative session. However, the County is currently incurring costs related to the project for

architectural design, engineering, and property acquisition. This short-term loan will provide sufficient cash for the WRB Fund to meet its obligations until bonds can be issued. It is anticipated that bonds will be issued in the first quarter of FY 2011-12.

Oregon Revised Statutes (ORS 294.460) allow the County to loan money from one fund to another fund for capital purposes for up to ten years. For the current fiscal year, the WRB Fund cash flow shortfall is estimated to be between \$20 million and \$25 million. There is a sufficient cash balance in the Risk Management Fund to make a loan to the WRB Fund which will be repaid immediately upon receipt of bond proceeds.

3. Explain the fiscal impact (current year and ongoing).

State statute provides that internal loans that span fiscal years be charged interest. The statute dictates how interest may be calculated. For this internal loan, staff proposes that interest be paid by the WRB Fund to the Risk Management Fund at the rate the County earns in the Local Government Investment Pool (LGIP). Through January, 2011 the County is earning .5% (one-half of one percent) in the LGIP.

In order to minimize the impact to the project staff proposes that interest only be charged on the portion of the loan that is required to maintain a positive balance in the WRB Fund.

4. Explain any legal and/or policy issues involved.

Inter-fund loans are authorized in Oregon Revised Statutes.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

**Elected Official or
Department/
Agency Director:**



Date: 2/28/11