## STAFF REPORT

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| **Agenda Item:** | 8 | **Name:** | Patrick Hamacher |
| **Proposed No**.: | 2016-0190 | **Date:** | April 27, 2016 |

**SUBJECT**

Proposed Ordinance 2016-0190 would reallocate remaining unspent bond funds that were originally issued for emergency projects related to potential flooding along the Green River.

**SUMMARY**

This ordinance would use unspent bond funds from emergency repair funds originally authorized to prepare for possible flooding related to a Howard Hanson Dam failure to reduce the General Fund contribution to the demolition costs associated with the new Neighborcare facility being constructed in Council District 4.

**BACKGROUND**

In 2011, there was extreme risk of the Howard Hanson Dam failing and causing massive flooding. As a result, the County passed Ordinance 16681 which authorized the County to issue $29 million in Limited Tax General Obligation (LTGO) bonds backed by the County’s General Fund. Most of these funds were spent on emergency repairs to prepare for potential flooding. However, $2.6 million of the original bond proceeds remain unspent.

The County has also entered into an agreement with Neighborcare[[1]](#footnote-1) to construct a new facility on county-owned land and operate a healthcare facility. The County’s obligation under this agreement is to demolish the existing building and construct a parking lot once the new facility opened. The County intended to use General Fund money for this project. The Executive’s proposal is to use these remaining bond funds to reduce the County General Fund contribution to the project.

**ANALYSIS**

The Executive has identified these remaining bond funds as available for reprogramming as the identified projects have been completed. These bonds were funded in a somewhat different way than normal flood control projects. In 2011, due to the emergency nature of the work, the County agreed to back these flood control projects with the County General Fund. These flood-related projects are not funded by the Flood Control District.

The Executive is now proposing to use the remaining unspent funds to support another General Fund obligation, which is the demolition cost associated with development of the new Neighborcare facility. This action would reduce General Fund obligations by the amount of the transfer ($2.6 million).

These funds are LTGO bonds backed by the county General Fund. This means that the proceeds could be used for any eligible capital project expense. However, using these funds for a purpose other than the Executive’s proposal would not reduce cost to the General Fund.

The proposed ordinance amends the original bond authorization by including the Neighborcare site work costs as an eligible use of those proceeds.

**ATTACHMENTS**

1. Proposed Ordinance 2016-0190
2. Transmittal Letter
3. Fiscal Note

**INVITED**

1. Ken Guy, Director, Finance and Business Operations Division
2. Nigel Lewis, Senior Debt Analyst, Finance and Business Operations Division
3. Rob Shelley, Financial Advisor, Piper Jaffray
4. Dan Gottlieb, Bond Counsel, Hillis Clark Martin & Peterson

1. Ordinance 17856 [↑](#footnote-ref-1)