

**FINANCIAL IMPACT STATEMENT**  
**For Council Action Items**  
**(Use this form for Ordinances and Resolutions)**  
(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen, City Treasurer	2. Telephone Number 503/823-6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date)  October 21, 2010	4b. Calendar (Check One) Regular Consent 4/5ths  [X]      [ ]      [ ]	5. Date Submitted to FPD Budget Analyst:  October 13, 2010

**1) Legislation Title:**

Authorize revenue bonds for urban renewal areas (Ordinance)

**2) Purpose of the Proposed Legislation:**

The Ordinance authorizes the issuance of revenue bonds (the "Interim Bonds") under Oregon Revised Statutes 287A.150 to provide interim financing for the current and proposed costs of carrying out the City's urban renewal plans and to refinance outstanding interim financings. The Ordinance also authorizes the issuance of long-term tax increment bonds (the "Long-term Bonds") to refinance the interim financing obligations that are authorized by the Ordinance. The total amount of the Interim Bonds will not exceed \$315.5 million for all urban renewal areas, which is expected to meet expenditure requirements through December 2013.

The amount of Bonds authorized for each urban renewal area is as follows:

	<b>Rollover Amount From Current Lines</b>	<b>New Money Authorized</b>	<b>Total Amount Authorized</b>
Central Eastside	\$29,195,340	\$10,154,660	\$39,350,000
Oregon Convention Center	25,496,155	15,153,845	40,650,000
Gateway	12,545,073	12,554,927	25,100,000
Interstate Corridor	29,364,127	36,635,873	66,000,000
Lents	0	25,800,000	25,800,000
North Macadam	0	26,500,000	26,500,000
River District	9,978,966	82,121,034	92,100,000
<b>Total</b>	<b>\$106,579,661</b>	<b>\$208,920,339</b>	<b>\$315,500,000</b>

**3) Revenue:**

**Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated identify the source.**

This legislation will not generate or reduce current or future revenue to the City.

**4) Expense:**

**What are the costs to the City as a result of 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)**

The annual debt service payments on lines of credit will depend on amounts drawn by the PDC each year. Typically, interest is paid on outstanding balances until the lines are refinanced with long term urban renewal and redevelopment bonds. Debt service costs are expected to be paid from tax increment revenues of each urban renewal area for which lines of credit are established. Debt service for Long-term Bonds will be determined once the bonds are issued.

**Staffing Requirements:**

**5) 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 position changes are anticipated.

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

No position changes are anticipated.

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

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

Eric Johansen, City Treasurer



APPROPRIATION UNIT HEAD (Typed name and signature)



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE  
Sam Adams, Mayor  
Ken Rust, Chief Administrative Officer

Bureau of Financial Services  
Rich Goward, Director & CFO  
1120 S.W. Fifth Avenue, Rm. 1250  
Portland, Oregon 97204-1912  
(503) 823-5288  
FAX (503) 823-5384  
TDD (503) 823-6868

184212

DATE: October 13, 2010

TO: Mayor Sam Adams

FROM: Eric Johansen, City Treasurer *EJ*

RE: Authorize revenue bonds for urban renewal areas (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**

Reviewed by Bureau Liaison \_\_\_\_\_

1. INTENDED THURSDAY FILING DATE: October 21, 2010
2. REQUESTED COUNCIL AGENDA DATE: October 27, 2010
3. CONTACT NAME & NUMBER: Eric Johansen, City Treasurer, x3-6851
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   X   N/A

7. **BACKGROUND/ANALYSIS**

**Introduction and History** – Attached is an Ordinance for Council consideration and approval on November 3, 2010. The Ordinance authorizes the issuance of revenue bonds (the "Interim Bonds") under Oregon Revised Statutes 287A.150 to provide interim financing for the current and proposed costs of carrying out the City's urban renewal plans and to refinance outstanding interim financings. The Ordinance also authorizes the issuance of long-term tax increment bonds (the "Long-term Bonds") to refinance the interim financing obligations that are authorized by this Ordinance.

The Interim Bonds will be issued to pay for projects in seven of the City's urban renewal areas and is expected to be in the form of a separate line of credit for each urban renewal area. As has been the practice of the City for prior urban renewal lines of credit, the Interim Bonds authorized by this Ordinance will be secured by the City's available general funds in order to reduce costs and simplify borrowing plans. However, the Interim Bonds are expected to be repaid from the proceeds of the Long-term Bonds secured solely by tax increment revenues. The City expects to solicit bids from banks to provide the lines of credit through a competitive Request for Proposals process.

The Ordinance authorizes issuance of the Long-term Bonds to provide greater assurance that the City's general fund is protected and that the full faith and credit commitments authorized by this Ordinance are reduced as soon as practical. The Long-term Bonds shall be secured only by the tax increment revenues of the urban renewal area for which the Interim Bonds are being repaid and may be issued in an amount sufficient to repay the Interim Bonds, to fund a debt service reserve, and to pay issuance costs.

The total principal amount of the Interim Bonds will not exceed \$315.5 million for all urban renewal areas, which is expected to meet expenditure requirements through December 2013. This amount includes approximately \$107 million on current lines of credit that will be rolled onto the new lines of credit because the existing lines expire on December 30, 2010.

The amount of Interim Bonds authorized for each urban renewal area is as follows:

	<b>Rollover Amount From Current Lines</b>	<b>New Money Authorized</b>	<b>Total Amount Authorized</b>
Central Eastside	\$29,195,340	\$10,154,660	\$39,350,000
Oregon Convention Center	25,496,155	15,153,845	40,650,000
Gateway	12,545,073	12,554,927	25,100,000
Interstate Corridor	29,364,127	36,635,873	66,000,000
Lents	0	25,800,000	25,800,000
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River District	9,978,966	82,121,034	92,100,000
<b>Total</b>	<b>\$106,579,661</b>	<b>\$208,920,339</b>	<b>\$315,500,000</b>

The amounts to be authorized for each district are based on project cash flows and projected tax increment collections for urban renewal areas as presented in the Portland Development Commission ("PDC") FY 2010-11 budget and financial plan. These amounts represent the maximum amount of Interim Bonds that may be issued through December 2013. Actual amounts may be lower if project expenditures do not materialize as planned or if tax increment revenue projections do not support the level of anticipated expenditures. **Note that no Interim Bonds may be issued for project expenditures unless the project is included in PDC's adopted budget.** The table on the next page lists some of the major projects in PDC's adopted budget for urban renewal areas that may be funded with proceeds of the Interim Bonds. The table also shows projects currently in the financial plan of each urban renewal area that may be funded with proceeds of the Interim Bonds once they are included in an adopted budget.

The Ordinance delegates to the Debt Manager certain tasks for issuance of the Interim Bonds, including issuing Interim Bonds for each urban renewal area; providing that the Interim Bonds will secure interim financing for urban renewal projects; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the Interim Bonds; and finalizing terms and executing lines of credit, loan agreements, and any other documents.

The Ordinance permits issuance of Long-term Bonds that are on parity with outstanding long-term urban renewal and redevelopment bonds without further Council action. However, prior to issuing Long-term Bonds for urban renewal areas either (1) for which no long-term urban renewal and redevelopment bonds are outstanding or (2) for which the Long-term Bonds are planned to be subordinate to outstanding parity indebtedness, the Ordinance requires that the Debt Manager present to the City Council for approval a substantially final form of a master bond document for the urban renewal area that describes the security for such Long-term Bonds and future parity obligations, makes covenants for the benefits of owners and purchasers of that the Long-term Bonds and future parity obligations, and describes the terms and administrative provisions of the Long-term Bonds and future parity obligations. Council approval may be by emergency action.

Additionally, the Ordinance delegates to the Debt Manager certain tasks for issuance of the Long-term Bonds, including issuing each series of Long-term Bonds on a parity with outstanding bonds and other commitments of tax increment revenues, or with a pledge of tax increment revenues that is subordinate to the lien of outstanding commitments of tax increment revenues; establishing the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms for each series of the Long-term Bonds; finalizing the terms of, execute and deliver a bond declaration for each series of Long-term Bonds; and executing other documents.

**Legal Issues** – If the Ordinance is approved by the Council after its second reading, a 30-day referral period begins. If during the referral period, written petitions signed by at least six percent of the City's electors are filed with the City Auditor, any Bonds for the urban renewal areas could not be issued unless approved by the voters.

Additionally, no Bonds will be issued until the PDC Board approves a resolution requesting the City to issue the Bonds. A resolution is expected to be considered by the Commission on October 27, 2010.

# **MAJOR BUDGETED AND PLANNED PROJECT EXPENDITURES BY URBAN RENEWAL AREA**

<b>URBAN RENEWAL AREA</b>	<b>Adopted FY 2010-11</b>	<b>Forecast FY 2011-12</b>	<b>Forecast FY 2012-13</b>	<b>Forecast FY 2013-14</b>
<b>Central Eastside</b>				
Eastside Streetcar	\$3,184,000	\$3,000,000	\$0	\$0
Burnside Bridgehead	2,600,000	3,000,000	-	-
Eastside Burnside-Couch Couplet	1,000,000	-	-	-
<b>Oregon Convention Center</b>				
Grant Warehouse	1,600,000	4,500,000	-	-
Rose Quarter Revitalization	60,000	3,000,000	2,400,000	-
HQ Hotel/Blocks 43/26	-	4,150,000	-	-
<b>Gateway Regional Center</b>				
Mixed Use Development/Acquisition	2,985,000	1,500,000	2,000,000	1,250,000
Gateway/Glisan (Housing)	500,000	2,500,000	1,850,000	625,000
Central Gateway Redevelop. Strategy	525,000	1,850,000	1,000,000	955,000
<b>Interstate Corridor</b>				
HAP Afford Ownership/Rehab	2,634,000	150,000	-	-
Killingsworth Block	5,013,047	1,415,940	-	-
Ainsworth Court	1,400,000	-	-	-
Interstate Streetscape Improvement	124,000	1,600,000	2,900,000	2,200,000
Interstate Parks	1,370,000	1,930,000	700,000	3,500,000
Redevelopment Loan Projects	2,000,000	1,400,000	1,400,000	1,400,000
Clean Energy Program	2,500,000	-	-	-
<b>Lents Town Center</b>				
Affordable Rental Housing	725,000	3,500,000	3,000,000	2,000,000
The Glen Apartments	1,300,000	-	-	-
Scat Site Home Rehab HAP	2,415,500	250,000	-	-
Neighborhood Transportation Safety Improve.	3,245,000	1,035,000	860,000	1,250,000
Lents Town Cntr Redevelopment	2,685,000	3,425,000	3,575,000	2,625,000
SE 92nd Redevelopment	300,000	500,000	2,000,000	3,300,000
LTC Station Area Redevelopment	75,000	3,000,000	-	-
<b>North Macadam</b>				
Affordable Veterans Housing	12,640,362	408,381	10,626,965	-
Light Rail	-	-	10,000,000	-
<b>River District</b>				
Streetcar Loop Project	4,500,000	-	-	-
Neighborhood Park (The Fields)	1,000,000	4,000,000	-	-
Union Station Parks	5,235,192	2,726,178	6,500	6,500
Yards at Union Station	4,137,971	-	-	-
Pearl Family Housing	7,000,000	-	-	-
One Waterfront Place	6,000	4,006,000	4,506,000	6,000
Centennial Mills Redevelopment	569,000	9,404,000	2,800,000	200,000
Post Office	518,500	4,018,500	30,018,500	29,518,500

**Link to Current City Policies – None**

**Controversial Issues – None**

**Citizen Participation – Not Applicable**

**Other Government Participation** – Staff of the PDC are working with the Office of Management and Finance to determine financing needs and to assist with other tasks necessary to get the lines of credit in place.

**8. FINANCIAL IMPACT**

The annual debt service payments on lines of credit will depend on amounts drawn by the PDC each year. Typically, interest is paid on outstanding balances until the lines are refinanced with long term urban renewal and redevelopment bonds. Debt service costs are expected to be paid from tax increment revenues of each urban renewal area for which lines of credit are established. Debt service for Long-term Bonds will be determined once the bonds are issued.

**9. RECOMMENDATION/ACTION REQUESTED**

It is recommended that Council pass this Ordinance in order to carry out planned urban renewal projects.