

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 Jonas Biery	2. Telephone Number 503/823-4222	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) May 12, 2011	4b. Calendar (Check One) Regular Consent 4/5ths [X] [] []	5. Date Submitted to FPD Budget Analyst: May 3, 2010

1) Legislation Title:

Authorize revenue bonds for urban renewal areas (Ordinance)

2) Purpose of the Proposed Legislation:

The ordinance authorizes additional Bonds for two urban renewal areas: the Oregon Convention Center and Central Eastside urban renewal areas. The increases are shown in the table below.

Urban Renewal Area	Current Amount (\$)	Increase (\$)	Total (\$)
Central Eastside	39,350,000	3,650,000	43,000,000
Oregon Convention Center	40,650,000	22,350,000	63,000,000

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

B. Jonas Biery, Debt Manager

B. Jonas Biery

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

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Ken Rust, Chief Administrative Officer

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184622

DATE: May 3, 2011
TO: Mayor Sam Adams
FROM: Jonas Biery, Debt Manager
RE: Authorize additional revenue bonds for urban renewal areas (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: May 12, 2011
2. REQUESTED COUNCIL AGENDA DATE: May 18, 2011
3. CONTACT NAME & NUMBER: Jonas Biery, Debt Manager, x3-4222
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 ✓ N/A

7. **BACKGROUND/ANALYSIS**

Introduction and History – Attached is an ordinance for Council on May 18, 2011. The ordinance authorizes additional Bonds for two urban renewal areas: the Oregon Convention Center and Central Eastside urban renewal areas. The increases are shown in the table below.

Urban Renewal Area	Current Amount (\$)	Increase (\$)	Total (\$)
Central Eastside	39,350,000	3,650,000	43,000,000
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In 2010, the Council adopted Ordinance No. 184212, which authorized lines of credit for seven urban renewal areas. This ordinance established maximum amounts that could be borrowed for each of the urban renewal areas. Since that time, the costs of carrying out the City's urban renewal plans within the two urban renewal areas shown in the table above will exceed the maximum principal amounts specified in Ordinance No. 184212.

Bond proceeds from the lines of credit established for these urban renewal areas will be used to fund projects in the Council-approved Portland Development Commission ("PDC") capital improvement program through the expiration of the lines in December 2013. Major projects and planned draws from the lines of credit for the increases being requested include the following:

Central Eastside (\$6.1 million)

- Eastside streetcar

Oregon Convention Center (\$23.5 million)

- Rose Quarter Revitalization
- Lloyd Commercial Development

The additional Bonds authorized by this ordinance will be secured by the City's available general funds; however, the debt is expected to be repaid from the proceeds of long-term urban renewal and redevelopment bonds secured by tax increment revenues. The urban renewal lines of credit are provided by Wells Fargo Bank.

The Ordinance delegates to the Debt Manager certain tasks including issuing Bonds to refund outstanding Bonds or extending the term of Bonds issued under Ordinance 184212 if the Debt Manager determines that the City may obtain more favorable terms, entering into covenants to secure the Bonds, and executing 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 Bond increases above the currently authorized amounts for the two urban renewal areas could not be issued unless approved by the voters.

Link to Current City Policies – None.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – The City is working with the staff of PDC to complete these financings.

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 the City Council approve this Ordinance in order to provide the necessary funding to continue capital improvement programs in the Central Eastside and Oregon Convention Center urban renewal areas.