

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Jonas Biery		2. Telephone No. x 3-4222	3. Bureau/Office/Dept. OMF/Financial Services
4a. To be filed (date): April 5, 2012	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: March 29, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

* Authorize urban renewal bonds for the Oregon Convention Center urban renewal area (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the issuance of urban renewal and redevelopment bonds (the "Bonds") for the Oregon Convention Center urban renewal area (the "Area") to refund the outstanding balance on a line of credit established for the Area and to borrow an amount that does not exceed the remaining maximum indebtedness (\$39,659,859) for the Area. The Bonds will be secured solely by the tax increment revenues of the Area.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|---|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input checked="" type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT**4) Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

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

5) Expense: What are the costs to the City related to 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. If there is a project estimate, please identify the **level of confidence**.)*

The currently anticipated structure would defer some principal payments on the Bonds to FY 2020-21 and later, when the Area is expected to receive a higher allocation of the Citywide special levy for Option 3 urban renewal areas. Through FY 2019-20, annual debt service on the Bonds is estimated at approximately \$4.5 million and would increase beginning in FY 2020-21 based on anticipated tax increment revenues and market requirements for debt service coverage.

6) Staffing Requirements:

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

No position changes in any years 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 Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- ☐ **YES:** Please proceed to Question #9.
- ☒ **NO:** Please, explain why below; and proceed to Question #10.

This is an administrative item to authorize the issuance of bonds for the Area.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

Once the Council approves this ordinance, no further action will be required to authorize issuance of bonds for the Area. Projects to be funded with the proceeds of the Bonds will be considered separately through a public process involving the urban renewal advisory committee of the Area and other stakeholders. Project approval takes place through the budget process. Bond proceeds may not be spent on projects that are not in the approved PDC budget and the urban renewal plan for the Area.



Richard F. Goward, Jr.
BUREAU DIRECTOR



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Jack D. Graham, 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

185257

DATE: March 27, 2012

TO: Mayor Sam Adams

FROM: Jonas Biery, Debt Manager

RE: * Authorize urban renewal bonds for the Oregon Convention Center urban renewal area (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: April 5, 2012
2. REQUESTED COUNCIL AGENDA DATE: April 11, 2012
3. CONTACT NAME & NUMBER: Jonas Biery, Debt Manager, x3-4222
4. PLACE ON: CONSENT ☒ REGULAR
5. FINANCIAL IMPACT & PUBLIC INVOLVEMENT STATEMENT ATTACHED:
☒ 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 consideration and approval on April 11, 2012. The Ordinance authorizes the issuance of urban renewal and redevelopment bonds (the “Bonds”) for the Oregon Convention Center urban renewal area (the “Area”) to refund the outstanding balance on a line of credit established for the Area and to borrow an amount that does not exceed the remaining maximum indebtedness (\$39,659,859) for the Area. The Bonds will be secured solely by the tax increment revenues of the Area.

On November 3, 2010, the Council adopted Ordinance 184212 which authorized the City to execute a line of credit for the Area and to refund those draws with long-term urban renewal and redevelopment bonds. The outstanding balance on this line of credit is currently \$30.1 million. The City expects to issue the Bonds in an amount sufficient to repay this outstanding balance and to fully utilize the Area’s remaining maximum indebtedness to provide additional resources for urban renewal projects in the Area as authorized by this Ordinance. The total amount of the Bonds is expected to be approximately \$69.8 million, which includes an amount to repay the line of credit and approximately \$39.7 of maximum indebtedness that is expected to remain after issuance of short-term (“du jour”) debt in late March.

The Area is an Option 3 urban renewal area with a last date to issue debt of June 30, 2013. The City had been aiming to issue its final bonds for the Area in FY 2012-13. Interest rates are currently favorable and it is financially prudent to issue the Bonds earlier than originally anticipated. If approved by the Council, the City plans to sell the Bonds through a negotiated sale in May 2012.

The Ordinance delegates to the Debt Manager certain tasks including, issuing any of the Bonds as interim financing and refunding those interim financing Bonds; finalizing and executing a bond declaration; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the bonds; applying Bond proceeds to repay any lines of credit; and executing documents.

Legal Issues – None

Link to Current City Policies – None

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – At its April 11, 2012, meeting, the PDC Board is expected to approve a resolution requesting the City to issue urban renewal and redevelopment bonds for the Area to refinance the outstanding line of credit draws and to borrow an amount that does not exceed the remaining maximum indebtedness for the Area pursuant to Section 15-106 of the City Charter.

8. FINANCIAL IMPACT

The currently anticipated structure would defer some principal payments on the Bonds to FY 2020-21 and later, when the Area is expected to receive a higher allocation of the Citywide special levy for Option 3 urban renewal areas. Through FY 2019-20, annual debt service on the Bonds is estimated at approximately \$4.5 million and would increase beginning in FY 2020-21 based on anticipated tax increment revenues and market requirements for debt service coverage.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance in order to carry out urban renewal plans in the Area.