

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, Debt Manager	2. Telephone Number 503/823-6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) January 14, 2010	4b. Calendar (Check One) Regular Consent 4/5ths [X] [] []	5. Date Submitted to FPD Budget Analyst: January 5, 2010

1) Legislation Title:

Authorize additional revenue bonds for urban renewal areas (Ordinance)

2) Purpose of the Proposed Legislation:

The ordinance authorizes additional Bonds for three urban renewal areas: Central Eastside, Gateway Regional Center, and Interstate Corridor. The increases are shown in the table below.

Urban Renewal Area	Current Amount (\$)	Increase (\$)	Total (\$)
Central Eastside	27,000,000	6,000,000	33,000,000
Gateway Regional Center	15,300,000	2,000,000	17,300,000
Interstate Corridor	29,000,000	20,000,000	49,000,000

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 2010. 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.

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 PDC. 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.

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, Debt Manager 

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
Jennifer Sims, Director & CFO
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DATE: January 5, 2010

TO: Mayor Sam Adams

FROM: Eric Johansen, 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:** January 14, 2010
- 2. REQUESTED COUNCIL AGENDA DATE:** January 20, 2010
- 3. CONTACT NAME & NUMBER:** Eric Johansen, Debt Manager, 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 ✓ N/A

7. BACKGROUND/ANALYSIS

Introduction and History – Attached is an ordinance for Council on January 20, 2010. The ordinance authorizes additional Bonds for three urban renewal areas: Central Eastside, Gateway Regional Center, and Interstate Corridor. The increases are shown in the table below.

Urban Renewal Area	Current Amount (\$)	Increase (\$)	Total (\$)
Central Eastside	27,000,000	6,000,000	33,000,000
Gateway Regional Center	15,300,000	2,000,000	17,300,000
Interstate Corridor	29,000,000	20,000,000	49,000,000

In 2007, the Council adopted Ordinance No. 181286, which authorized lines of credit for nine 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 three urban renewal areas shown in the table above will exceed the maximum principal amounts specified in Ordinance No. 181286.

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 2010. Major projects and planned draws from the lines of credit for the three urban renewal areas for which increases are being requested include the following:

Central Eastside(\$6.05 million)

- Eastside streetcar
- Burnside/Couch couplet

Gateway Regional Center (\$4.8 million)

- 618 NE Glisan property acquisition
- Mixed use property development acquisition

Interstate Corridor (\$24.3 million)

- Killingsworth Block
- Homeownership development projects
- Rental housing projects
- Redevelopment loan projects
- Transportation/streetscape improvement projects

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 Bank of America.

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 181286 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 three urban renewal areas could not be issued unless approved by the voters.

Additionally, no additional Bonds authorized by this ordinance will be issued until the PDC Board of Commissioners approves a resolution requesting the City to increase the maximum principal amount of the Bonds for the three urban renewal areas. A resolution is expected to be considered by the Commission in January 2010.

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 PDC. Typically, interest is paid on outstanding balances until the lines are refinanced with long term urban renewal and urban renewal area for which lines of credit are established.

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, Gateway Regional Center, and Interstate Corridor urban renewal areas.