

## FINANCIAL IMPACT STATEMENT For Council Action Items

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

1. Name of Initiator Bob Alexander	2. Telephone No. 503-823-3248	3. Bureau/Office/Dept. Portland Development Commission
4a. To be filed (date) March 4, 2010	4b. Calendar (Check One) <div style="display: flex; justify-content: space-around;"> <span>Regular <input checked="" type="checkbox"/></span> <span>Consent <input type="checkbox"/></span> <span>4/5ths <input type="checkbox"/></span> </div>	5. Date Submitted to FPD Budget Analyst: March 3, 2010

### **1) Legislation Title:**

Approve the Tenth Amendment to the Airport Way Urban Renewal Plan to reduce plan area by approximately 870 acres (Ordinance)

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

The Tenth Amendment removes approximately 870 acres from Airport Way Urban Renewal Area. This action has been recommended by the PDC Board for three primary reasons:

1. The City is approaching its statutory limit of designating 15% of its land area for urban renewal (without this action, approximately 700 acres are available). This action brings that total to 1,570 acres.
2. As part of the City's economic development strategy PDC wants to provide maximum flexibility to use the investment tool of urban renewal to create jobs and help businesses large and small in both the neighborhoods and the Central City. While a sufficient amount of acreage is currently available to accommodate a possible new URA in the downtown and in areas of NE Portland, an increased focus in the eastern parts of Portland will require more acreage in order to make a difference.
3. Property chosen for removal from AW was selected because it does not have high potential for redevelopment of industrial expansion.

### **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 please identify the source.**

This legislation does not impact current or future revenue to the City. Though a portion of the Area's existing assessed value will be permanently returned to the tax rolls through this action, there will not be an increase in City revenues since the assessed value to be permanently released from the Area is already part of the Area's annual "released" assessed value.

In regards to the existing bond obligations of the Airport Way Urban Renewal Area, the City's Debt Manager has reasonably projected that the estimated reduction in the Area's assessed valuation does not exceed limitations contained in applicable bond insurance agreement provisions relating to the Area's outstanding bonds. The City's Debt Manager has further reasonably projected that the Area's Maximum Tax Increment Revenues, after the proposed area

reduction, will exceed Maximum Annual Debt Service by more than the minimum debt service coverage requirements in the bond declarations and insurance agreement for the Area's outstanding bonds. (See attached document.)

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**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)*

None

**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

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

No

**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

\_\_\_\_\_  
APPROPRIATION UNIT HEAD (Typed name and signature)

**PDC**

PORTLAND DEVELOPMENT COMMISSION

**FOR MAYOR'S OFFICE USE ONLY**

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

**TO:** Mayor Sam Adams**COPY:** Keith Witcosky**FROM:** Bruce A. Warner, Executive Director**RE:** Approve the Tenth Amendment to the Airport Way Urban Renewal Plan to reduce plan area by approximately 870 acres (Ordinance)

- 1. INTENDED THURSDAY FILING DATE: March 4, 2010**
- 2. REQUESTED COUNCIL AGENDA DATE: March 10, 2010**
- 3. CONTACT NAME & NUMBER: Bob Alexander, 503-823-3248**
- 4. PLACE ON:    CONSENT   x   REGULAR**
- 5. BUDGET IMPACT STATEMENT ATTACHED:    Y        N   x   N/A**
- 6. (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY**

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**ATTACHED:        Yes        No   x   N/A**


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**BACKGROUND/ANALYSIS**

The Airport Way Urban Renewal Area (AW) was formed in 1986. Unique to AW is the absence of a housing element and its proximity to major transportation infrastructure, including the Portland International Airport. The URA's primary goal has been to facilitate development to create a major eastside employment center. Industries in AW range from metals (which has the greatest presence), to creative companies, high tech, sustainable, food processing, energy and bioscience.

The district's original boundary spans from NE 82nd Avenue, adjacent to the Portland International Airport, to the Portland city limits at NE 185th and Marine Drive. At 2,713 acres, the Airport Way URA is the City's third largest urban renewal district. Its legal maximum indebtedness of \$72 million has been reached and there is no legal capacity to issue additional debt, even though its last date to issue debt is May 2011. Capacity to generate resources for investment does exist through sale and lease of PDC controlled land within the URA boundaries.

AW is an Option 3 URA which means this district receives a fixed amount of property tax revenues each year (\$2.5 million in FY 08/09), with the growth above that fixed amount being released to other taxing jurisdictions, including the City of Portland and Multnomah County (\$15.9 million in 08/09). The Area's outstanding debt is expected to be retired by June 2020. At that time, all property taxes in the URA will be released to other jurisdictions.

The Tenth Amendment removes approximately 870 acres from AW. This action has been recommended by the PDC Board for three primary reasons:

1. The City is approaching its statutory limit of designating 15% of its land area for urban renewal (without this action, approximately 700 acres are available). This action brings that total to 1,570 acres.
2. As part of the City's economic development strategy PDC wants to provide maximum flexibility to use the investment tool of urban renewal to create jobs and help businesses large and small in both the neighborhoods and the Central City. While a sufficient amount of acreage is currently available to accommodate a possible new URA in the downtown and in areas of NE Portland, an increased focus in the eastern parts of Portland will require more acreage in order to make a difference.
3. Property chosen for removal from AW was selected because it does not have high potential for redevelopment of industrial expansion.

The Tenth Amendment must be approved by City Council after approval by the PDC Board.

#### **FINANCIAL IMPACT**

See Financial Impact Statement

#### **RECOMMENDATION/ACTION REQUESTED**

Approval of the Ordinance for the 10th Amendment to the Airport Way Urban Renewal Plan.