

**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, Debt Manager	2. Telephone Number 503/823-4222	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) April 7, 2011	4b. Calendar (Check One) Regular Consent 4/5ths [] [X] []	5. Date Submitted to FPD Budget Analyst: March 29, 2011

1) Legislation Title:

* Authorize increased amounts of short term subordinate urban renewal and redevelopment bonds (Ordinance)

2) Purpose of the Proposed Legislation:

The attached ordinance amends Ordinance No. 182475 to authorize the increases and total principal amounts of short term subordinate urban renewal and redevelopment bonds that may be issued in each fiscal year for fiscal year 2010-11 and fiscal year 2011-12 on behalf of the Portland Development Commission ("PDC") to finance projects in the River District, Oregon Convention Center, and North Macadam urban renewal areas. The bonds will be issued in order to permit PDC to access tax increment revenues deposited into debt service funds established for the urban renewal districts. The revisions have been made due to changes in projected tax increment collections for urban renewal areas that will not be needed for debt service on long-term bonds. Debt will be repaid from tax increment revenues on the following day. No general fund revenues are pledged for this purpose.

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.

No revenue is expected to be generated as a result of this ordinance.

4) Expense:

What are the costs to the City as a result of this legislation? Include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract include the local contribution or match required.

The City will repay principal plus interest on any short-term bonds issued. The amount of short-term bonds issued for each urban renewal area will vary depending on tax increment collections and debt service payments each year. The amount issued at any time will not exceed the tax increment revenues in the urban renewal area's debt service fund, less any amounts needed to pay principal and interest on outstanding long-term debt and lines of credit, and interest on the short-term bonds.

5) Staffing Requirements:

a) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *If new positions are created include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term, indicate the end of the term.*

No position changes are anticipated.

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

No position changes are anticipated.

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

B. Jonas Biery, Debt Manager 

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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184514

DATE: March 29, 2011
TO: Mayor Sam Adams
FROM: Jonas Biery, Debt Manager
RE: * Authorize increased amounts of short term subordinate urban renewal and redevelopment bonds (Ordinance)

FOR MAYOR'S OFFICE USE ONLY
Reviewed by Bureau Liaison _____

- 1. INTENDED THURSDAY FILING DATE: April 7, 2011
- 2. REQUESTED COUNCIL AGENDA DATE: April 13, 2011
- 3. CONTACT NAME & NUMBER: Jonas Biery, x 3-4222
- 4. PLACE ON: X CONSENT 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 – The attached Ordinance amends Ordinance No. 182475 to authorize the increases and total principal amounts of short term subordinate urban renewal and redevelopment bonds that may be issued in each fiscal year for fiscal year 2010-11 and fiscal year 2011-12 on behalf of the Portland Development Commission (“PDC”) to finance projects in the River District, Oregon Convention Center and North Macadam urban renewal areas. The annual amount of short-term debt (sometimes referred to as “du jour” indebtedness) authorized for each urban renewal area is as follows:

	Current Authorization	Proposed Revision	Revised Authorization
River District	\$21,000,000	\$4,000,000	\$25,000,000
Oregon Convention Center	3,500,000	1,000,000	4,500,000
North Macadam	8,000,000	2,000,000	10,000,000
Total	\$32,500,000	\$7,000,000	\$39,500,000

The revisions shown in the table above have been made due to changes in projected tax increment collections for urban renewal areas that will not be needed for debt service on long term bonds, and represent the maximum amount of short-term debt that may be issued each year. Actual amounts may be lower depending on tax increment collections and debt service requirements for long-term debt and lines of credit each year. Amounts issued will be used to fund projects in PDC’s adopted budget.

The bonds will be issued in order to permit PDC to access tax increment revenues deposited into debt service funds established for the urban renewal districts. Debt will be repaid from tax increment revenues on the following day. No general fund revenues are pledged for this purpose.

The City has entered into an agreement with KeyBank to purchase these short-term bonds over a five year period through FY 2011-12.

Legal Issues – Under Oregon law, tax increment collections may only be spent to pay principal and interest on indebtedness. Tax increment collections typically exceed debt service requirements for outstanding long-term debt. Issuing short-term debt frees up surplus revenues for urban renewal projects that do not qualify for long-term debt financing.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – None.

8. FINANCIAL IMPACT

The City will repay principal plus interest on any short-term (“du jour”) bonds issued. The amount issued at any time will not exceed the tax increment revenues in the urban renewal area’s debt service fund, less any amounts needed to pay principal and interest on outstanding long-term debt and lines of credit, and interest on the short-term bonds.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that Council adopt this Ordinance in order to provide continued funding for urban renewal projects.