

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): March 29, 2012	4b. Calendar (Check One) Regular Consent 4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: March 20, 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 intergovernmental agreements with Portland Development Commission (PDC) for transfer of tax increment revenues and shared tax revenues related to Neighborhood Prosperity Initiative urban renewal districts (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the City to enter into intergovernmental agreements with the Portland Development Commission ("PDC") to (1) permit the transfer of tax increment revenues to PDC for urban renewal projects in Neighborhood Prosperity Initiative ("NPI") District urban renewal areas and (2) grant the City's Shared Revenues from ORS 457.470(4) to PDC for the NPI Districts.

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 type="checkbox"/> City-wide/Regional | <input checked="" type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input checked="" type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input checked="" 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.**

Concurrently with this legislation, the City Council will consider ordinances to create six new urban renewal areas (the "NPI District URAs") for which tax increment revenues will be generated and collected by the City. These tax increment revenues will be deposited into tax increment funds that will be created for each NPI District URA. One of the intergovernmental agreements authorized by the ordinance allows for the transfer of these tax increment revenues to PDC for expenditures by the NPI URAs.

The taxing jurisdictions overlapping each of the NPI URAs, including the City, will forego taxes during the timeframe that each NPI District is eligible to collect tax increment revenues, which is estimated to be through FY 2021-22. The estimated foregone revenues to the City from its permanent tax rate that will now be collected as tax increment revenues for each NPI District urban renewal area are as follows:

Urban Renewal Area	City Foregone Taxes through FY 2021-22
Cully Boulevard	\$264,503
Division-Midway	\$243,771
Parkrose	\$260,715
Rosewood	\$256,045
42nd Avenue	\$264,478
82nd Avenue & Division	\$262,470
Total	\$1,551,982

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 Ordinance authorizes an intergovernmental agreement to direct the City's allocation of the Shared Revenues as provided by ORS 457.470(4) to each NPI District URA. The City will allocate the estimated Shared Revenues from its permanent tax rate to PDC for the benefit of the NPI District URAs through FY 2020-21 as follows:

Urban Renewal Area	City Foregone Shared Revenue through FY 2020-21
Cully Boulevard	\$194,011
Division-Midway	\$206,907
Parkrose	\$194,152
Rosewood	\$190,225
42nd Avenue	\$194,058
82nd Avenue & Division	\$196,534
Total	\$1,175,888

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.

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

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

This Council item provides funding for the NPI District URAs that will be used to achieve the goals of strengthening these districts' economic competitiveness and increasing jobs. Extensive community outreach was crucial to the formation of the NPI Districts. It is expected that formal adoption of the NPI District URAs will encourage broad, consistent, and continued public participation among property owners, business owners, and interested citizens.

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?

Extensive outreach was crucial to the early success of all six NPI Districts. The following organizations and groups were involved:

42nd Ave:

- 42nd Avenue Business Association
- Beaumont Business Association
- Beaumont Willshire Neighborhood Association
- Concordia Neighborhood Association
- Cully Neighborhood Association
- Roseway Neighborhood Association
- Rose City Park Neighborhood Association

Cully Blvd:

- Cully Neighborhood Association
- Native American Youth and Family Center

Rosewood:

- Rosewood Initiative
- City of Gresham
- City of Portland Police Bureau
- Multnomah County

Parkrose:

- Parkrose Business Association
- Parkrose Neighborhood Association
- Columbia Corridor Association
- Gateway Area Business Association

Division-Midway:

- Midway Business Association
- Hazelwood Neighborhood Association
- Human Solutions
- Powellhurst-Gilbert Neighborhood Association

82nd Avenue & Division:

- Montavilla Neighborhood Association
- Portland Community College
- 82nd Avenue Business Association
- Montavilla/East Tabor Business Association
- Portland Chinese Times
- Powellhurst-Gilbert Neighborhood Association

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

Public involvement has been a key component in creating buy-in, articulating a vision statement, agreeing on NPI District boundaries, brainstorming goals and objectives, fundraising, and committing time and energy to the communities' continued work once the urban renewal areas are effective.

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

PDC staff hosted the first two public involvement events. Subsequently, the NPI District communities organized, hosted, and facilitated all community events, outreach activities, web-based surveys, mailings, door flyers, etc.

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

Dana DeKlyen
Neighborhood Prosperity Initiative
Senior Program Manager
503-823-3312
deklyend@pdc.us

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

The success of the NPI Districts will be heavily dependent on continued public involvement, particularly in traditionally-underserved communities. The NPI District Managers will largely be responsible for these outreach activities, but it is also expected that members of the Steering Committees will be actively involved in engaging their local communities.



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

185264

DATE: March 16, 2012
TO: Mayor Sam Adams
FROM: Jonas Biery, Debt Manager **JB**
RE: Authorize intergovernmental agreements with Portland Development Commission (PDC) for transfer of tax increment revenues and shared tax revenues related to Neighborhood Prosperity Initiative urban renewal districts (Ordinance)

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

- 1. INTENDED THURSDAY FILING DATE: March 29, 2012
- 2. REQUESTED COUNCIL AGENDA DATE: April 4, 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 City to enter into intergovernmental agreements with the Portland Development Commission (“PDC”) to (1) permit the transfer of tax increment revenues to PDC for urban renewal projects in Neighborhood Prosperity Initiative (“NPI”) District urban renewal areas and (2) grant the City’s Shared Revenues from ORS 457.470(4) to PDC for the NPI Districts.

On or about October 18, 2011, Mayor Sam Adams announced the NPI, which will result in the creation of six small innovative urban renewal areas focused on neighborhood commercial areas. The goal of the NPI is to strengthen neighborhood business districts’ economic competitiveness through community-planned and community-implemented actions and projects.

Concurrently with this ordinance, the Council will consider ordinances for the approval of six neighborhood commercial corridors as new urban renewal areas: 42nd Avenue; Cully Boulevard; Parkrose; Rosewood; Division-Midway; and, 82nd Avenue and Division (each an “NPI District”). Once approved as an urban renewal area, the City is eligible to collect tax increment revenues generated on the incremental assessed value of property for each NPI District. Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457 require that tax increment revenues be spent to pay indebtedness incurred for urban renewal projects. An indebtedness to PDC is created when the City enters into an intergovernmental agreement that allows the City to pay tax increment revenues to PDC for expenditures on urban renewal projects described in the urban renewal plan of each NPI District. Approval of this ordinance will allow the City to enter into an intergovernmental agreement creating such indebtedness and permitting the

transfer of tax increment revenues to PDC for eligible projects in the NPI District urban renewal areas. The City does not intend to issue bonds secured by the tax increment revenues for NPI District urban renewal areas.

In order to achieve its goals, each NPI District will require additional funding beyond the available tax increment revenue. ORS 457.470(4) provides that taxing jurisdictions overlapping an urban renewal area formed on or after January 1, 2010, receive a portion of the revenues generated on the incremental assessed value of the urban renewal area once it reaches certain revenue thresholds (the "Shared Revenues"). Multnomah County has agreed to grant PDC an annual amount equal to the County's allocation of the Shared Revenues in support of each NPI. By approving this Ordinance, the City also will be authorized to enter into an Intergovernmental Agreement to grant PDC an annual amount equal to the City's allocation of the Shared Revenues.

Total funding for each NPI District, including funding from tax increment revenues and Shared Revenues, will not exceed \$1,250,000. The City's obligations to transfer tax increment revenues and Shared Revenues to PDC to support the NPI Districts under these Intergovernmental Agreements will expire when this total funding level is reached. The total funding amount for each NPI is expected to be reached in approximately FY 2021-22.

If approved by the Council, the Chief Administrative Officer of the Office of Management and Finance is authorized to enter into Intergovernmental Agreements in substantially the form of Exhibits A and B.

Legal Issues – Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457 require that the tax increment revenues be spent to pay indebtedness incurred for urban renewal projects, which will be achieved when the City enters into an Intergovernmental Agreement with PDC relating to the transfer and administration of tax increment revenues.

Link to Current City Policies – None

Controversial Issues – None

Citizen Participation – A citizen participation process has guided the formation and expected operation of the NPI Districts, which has informed the content of the intergovernmental agreements.

Other Government Participation – The City has worked with the Portland Development Commission to develop the intergovernmental agreements.

8. FINANCIAL IMPACT

Formation of the NPI District URAs will allow tax increment revenues to be collected by the City for these URAs. The tax increment revenues will be deposited into tax increment funds that will be created for each NPI District URA. One of the intergovernmental agreements authorized by the ordinance allows for the transfer of these tax increment revenues to PDC for expenditures by the NPI URAs.

The taxing jurisdictions overlapping each of the NPI URAs, including the City, will forego taxes during the timeframe that each NPI District is eligible to collect tax increment revenues, which is estimated to be through FY 2021-22. The estimated foregone revenues to the City from its permanent tax rate that will now be collected as tax increment revenues for each NPI District urban renewal area are as follows:

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Additionally, Ordinance will direct the City's allocation of the Shared Revenues as provided by ORS 457.470(4) to each NPI District URA. The City will allocate the estimated Shared Revenues from its permanent tax rate to PDC for the benefit of the NPI District URAs through FY 2020-21 as follows:

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It is estimated that Shared Revenues will not be allocated in FY 2021-22 because tax increment revenues in that fiscal year will be sufficient to reach each NPI District's authorized total funding amount.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance in order to provide financial resources to the NPI Districts and facilitate the stated goals of the Neighborhood Prosperity Initiative.