

IMPACT STATEMENT

Legislation title: * Amend ordinance authorizing amounts of short-term subordinate urban renewal and redevelopment bonds to reallocate authorized amounts among various urban renewal areas (Ordinance; amend Ordinance No. 185670)

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Purpose of proposed legislation and background information:

The proposed legislation authorizes changes to the annual principal amounts of short-term subordinate urban renewal and redevelopment bonds that may be issued in each fiscal year for Fiscal Year 2015-16 and Fiscal Year 2016-17 on behalf of the Portland Development Commission (“PDC”) to finance projects in various urban renewal areas. The changes to the annual amounts of short-term debt (sometimes referred to as “du jour” indebtedness) are being 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 due to plan amendments that became effective July 1, 2015. Authorized amounts represent the maximum amount of short-term debt that may be issued in each fiscal year for each urban renewal area. Actual amounts may be lower depending on tax increment collections and other debt service requirements. Amounts issued will be used to fund projects in PDC’s adopted budget.

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. The City issues short-term “du jour” bonds to permit PDC to access the excess tax increment revenues deposited into each urban renewal debt service fund, the proceeds of which provide pay-as-you-go funding for urban renewal projects. Debt will be repaid from tax increment revenues on the following day. No general fund revenues are pledged for this purpose. The City has an existing agreement with KeyBank to purchase these short-term bonds through June 30, 2017.

Financial and budgetary impacts:

The City will repay principal plus interest on any short-term “du jour” bonds issued from tax increment revenues. 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 other outstanding bonds. All expenditures and debt repayments will be authorized as part of the budget process.

Community impacts and community involvement:

This is an administrative action taken to amend the authorized amounts of short-term subordinate urban renewal and redevelopment bonds within each urban renewal area. Community impact and involvement is anticipated to occur in planning and budgeting for projects to be funded with bond proceeds authorized by this legislation.

Budgetary Impact Worksheet**Does this action change appropriations?**☐ **YES:** Please complete the information below.☒ **NO:** Skip this section

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