

IMPACT STATEMENT

Legislation title: Authorize \$45 million of financing for the costs of carrying out the urban renewal plan for the River District Urban Renewal Area and authorize refunding of any interim financing (Ordinance)
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Purpose of proposed legislation and background information:

The proposed legislation authorizes the issuance of up to \$45 million of revenue bonds (the “Interim Bonds”) under Oregon Revised Statutes 287A.150 to provide interim financing in support of carrying out the City’s River District urban renewal plan. The Ordinance also authorizes the issuance of long-term bonds (the “Long-term Bonds”) to refinance the Interim Bonds that are authorized by this Ordinance.

The Broadway Corridor Framework Plan, which has been promoted as the guiding document for future development of the Broadway Corridor, supports the goals of the urban renewal plan for the River District Urban Renewal Area (the “Area”). In order to achieve the objectives of the Broadway Corridor Framework Plan, the Portland Development Commission (“PDC”) is taking steps to acquire and redevelop property owned by the United States Postal Service (the “Post Office Property”). The costs of acquiring and redeveloping the Post Office Property and other Area project commitments exceed available PDC resources for the Area in the short term and additional funds are needed until PDC is able to sell the Post Office Property.

At its October 14, 2015, meeting, the PDC Board requested that the City issue Interim Bonds to pay the costs of certain projects in the Area that exceed currently available PDC resources. The Interim Bonds and Long-term Bonds issued to repay the Interim Bonds (collectively, “Bonds”) will be secured by the City's full faith and credit in order to reduce costs. However, the Bonds are expected to be repaid from the proceeds of the sale of Post Office Property and other Area resources. Section 15-106 of the City Charter authorizes City Council, upon request by the PDC Board, to issue bonds payable from resources of the PDC.

Since the Interim Bonds are secured by the City’s General Fund, all proceeds must be used specifically for public projects where there will be no private participation in order to avoid the City’s lending of credit to a private entity. Projects identified in PDC’s FY 2015-16 Adopted Budget and Five-Year Forecast that may be financed include:

- Union Station;
- Additional funds for the Multnomah County Health Department project (not currently in the budget and forecast due to year-end approval of intergovernmental agreement in June 2015);
- 10th and Yamhill Garage;
- Selective demolition of Centennial Mills and future public improvements; and
- Public improvements, including parks and streets, associated with redevelopment of the Post Office Property.

The City expects to solicit bids from banks to provide Interim Bonds in the form of a line of credit through a competitive request for proposal process.

Financial and budgetary impacts:

The annual debt service payments on the Bonds will depend on amounts drawn by PDC on the line of credit each year and financing terms provided by lending institutions. Debt service will ultimately depend on:

- Final amount and timing of the Post Office Property acquisition;
- Final timing and amount of public improvement projects identified in PDC's financial plan for the Area that are funded with proceeds of Interim Bonds;
- Amount and timing of redevelopment and disposition of Post Office Property dedicated to repayment of the Bonds.

The interest on the Bonds will be paid from program income attributable to the Area. Principal is expected to be paid from proceeds obtained by disposition of the Post Office Property.

Additional backstops will be put in place through an intergovernmental agreement between PDC and the City's Office of Management and Finance ("OMF") to mitigate risk to the City's General Fund. In addition to proceeds from the sale of the Post Office Property, PDC will pledge program income from the Area's assets (e.g., its loan portfolio and other property income) as well as residual bond reserves funded by River District tax increment bond proceeds that may become available as the Area's forecasted tax increment revenues are projected to exceed planned debt service payments.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of Interim Bonds and Long-term Bonds in order to finance the costs of River District urban renewal capital improvements.

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