

## IMPACT STATEMENT

**Legislation title:** \* Amend ordinances to increase amounts of short-term subordinate urban renewal and redevelopment bonds (Ordinance; amends Ordinance No. 185670 and Ordinance No. 187287)

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**Presenter name:** Eric Johansen

### **Purpose of proposed legislation and background information:**

The proposed legislation authorizes the City to issue up to \$30 million of short-term subordinate urban renewal and redevelopment bonds for Fiscal Year 2016-17 on behalf of the Portland Development Commission (“PDC”) to finance projects in the River District urban renewal area (the “Area”). The increase in the annual amount of short-term debt (sometimes referred to as “du jour” indebtedness) is being made due to changes in projected tax increment collections for the Area that will not be needed for debt service on long term bonds and represents the maximum amount of short-term debt that may be issued. 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 for the Area.

Under Oregon law, tax increment collections may only be spent to pay principal and interest on indebtedness. Annual tax increment collections typically exceed annual 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 an 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 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 authorize amounts of short-term, subordinate urban renewal and redevelopment bonds for the Area over the next five years. 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