

IMPACT STATEMENT

Legislation title: Authorize short term subordinate urban renewal and redevelopment bonds on behalf of Prosper Portland to finance projects in urban renewal areas (Ordinance)

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Presenter name: Matt Gierach

Purpose of proposed legislation and background information:

The proposed legislation authorizes the issuance of taxable, short-term bonds that are secured by tax increment revenues. The short-term bonds will be issued on behalf of Prosper Portland to finance projects in each respective urban renewal area. The maximum amount of short-term debt (also referred to as “du jour” indebtedness) authorized annually from FY 2020-21 thru FY 2022-23 for each urban renewal area is as follows:

| | |
|--|--------------|
| Central Eastside Urban Renewal Area | \$2,210,000 |
| Gateway Urban Renewal Area | 6,000,000 |
| Interstate Corridor Urban Renewal Area | 27,000,000 |
| Lents Town Center Urban Renewal Area | 15,000,000 |
| North Macadam Urban Renewal Area | 17,000,000 |
| River District Urban Renewal Area | 11,100,000 |
| Total | \$78,310,000 |

Oregon law allows tax increment revenues to only be used to pay principal and interest on indebtedness. Accordingly, the City issues taxable, short-term subordinate (“du jour”) indebtedness to permit Prosper Portland to access tax increment revenues that are deposited into debt service funds and that exceed debt service requirements on long-term bonds and lines of credit. “Du jour” indebtedness effectively provides “pay-as-you-go” funding for projects qualifying for tax increment financing. While this Ordinance permits repayment of the debt within 30 days of issuance, the City historically has repaid the debt on the business day following the issuance of the debt.

The amounts shown above represent the maximum amount of short-term debt that may be issued each fiscal year from FY 2020-21 through FY 2022-23. Actual amounts issued may be lower depending on actual tax increment revenue collections and debt service requirements for long-term debt and lines of credit each year.

If approved by Council, the City plans to sell short-term bonds to a commercial bank each year over the proposed three-year period. Bonds of each urban renewal area will be secured with the tax increment revenues of that respective area. No general fund revenues are pledged for this purpose.

Financial and budgetary impacts:

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 required to pay principal and interest on outstanding long-term debt, lines of credit, and the short-term bonds when due.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of “du jour” bonds, the proceeds of which will be used to pay for Prosper Portland urban renewal projects. There is no community impact or involvement anticipated.

100% Renewable Goal:

Not applicable.

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 |
|------|-------------|-----------------|-----------------|----------------|-------|-------------------|--------|
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