

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: January 23, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number No. 08-09
Downtown Waterfront Urban Renewal Area Bonds Authorization

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6552

ACTION SUMMARY

The proposed Resolution requests the City of Portland (City) to issue Downtown Waterfront Urban Renewal and Redevelopment Bonds (Bonds) under the authority of Article IX, Section 1c of the Oregon Constitution, Oregon Revised Statutes and the City Charter. Issuance of the Bonds will enable the Portland Development Commission (Commission) to finance the current and proposed costs of carrying out the City's urban renewal plans and to repay the existing line of credit.

The last date to issue bonds under the urban renewal plan (Plan) for the Downtown Waterfront Urban Renewal Area (Area) is April 24, 2008. Proceeds of the Bonds are expected to include "new money" to finance capital improvements for the Area based on City Council (Council) and Commission direction considering the Urban Renewal Advisory Group (URAG) recommendations. In addition, the issue will be sized to include sufficient proceeds to repay principal and interest on an existing line of credit, currently outstanding in the aggregate amount of \$5,148,193, to fund a debt service reserve, and to pay the costs of issuance. The Bonds will be issued as parity indebtedness with other outstanding senior lien urban renewal and redevelopment bonds for the Area in conformance with all City covenants related to those bonds.

Section 15-106 of the Charter of the City authorizes the Council, upon request of the Commission, to issue bonds that are payable from the urban renewal tax revenues of the City's urban renewal areas, and authorizes the Commission, with the concurrence of the Council, to pledge those urban renewal tax revenues to pay those bonds. Commission staff anticipates that an ordinance authorizing issuance of the bonds will be approved by the Council on February 6, 2008.

PUBLIC BENEFIT

This action will benefit the public by supporting the following Commission goals for the Area:

- Develop healthy neighborhoods
- Help business to create and sustain quality jobs
- Support a vibrant central city (urban core)
- Contribute to a strong regional economy

PUBLIC PARTICIPATION AND FEEDBACK

Not applicable.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

This action will allow staff to continue the work outlined in the adopted Downtown Waterfront Urban Renewal Plan.

FINANCIAL IMPACT

Debt service costs are expected to be paid from urban renewal tax revenues of the Area. Current urban renewal tax revenue projections show that urban renewal tax revenues will be generated by the Area in amounts sufficient to service the debt service requirements on the Bonds. Bonds issued in the Area will provide “new” resources and repay outstanding principal and interest on existing debt. The bond issuance was contemplated in the 2007-08 Revised Budget.

RISK ASSESSMENT

While the final amount of the issue will not be determined until closer to the sale date of the 2008 Bonds, annual debt service will not exceed an amount which, when added to debt service on outstanding Area bonds is equal to the Area’s fixed divide the taxes revenues and planned allocation of the Special Levy.

WORK LOAD IMPACT

No additional work load impacts are anticipated.

ALTERNATIVE ACTIONS

The Board could delay its recommendation to issue bonds for the Area; however, the last date to issue bonds under the Plan is April 24, 2008. Authorization at this time will allow staff sufficient time to work with the City’s Office of Management and Finance (OMF) staff to prepare for an early April 2008 bond sale.

CONCURRENCE

Commission staff have worked closely with OMF and will continue its work to determine financing needs considering URAG recommendations for the Area. The decision to issue the Bonds is supported by OMF and the Downtown Urban Renewal Area Managers, and was contemplated in the 2007-08 Revised Budget.

BACKGROUND

Pursuant to Section 15 -106 of the City Charter, the Board initiates the process for issuance of urban renewal and redevelopment bonds by adopting a resolution which requests the City to issue the bonds. The bonds may only be issued when the Council adopts an ordinance authorizing the bonds. The Council is scheduled to consider an ordinance authorizing the Bonds on February 6, 2008..

The last date to issue bonds under the Plan for the Area is April 24, 2008. The timing for seeking authorization to issue long-term urban renewal and redevelopment bonds allows sufficient time for OMF and Commission Finance staff to prepare for an early April 2008 bond sale.

The City has previously executed a line of credit to provide interim financing for projects carried out under the Area's Plan. Approval of the proposed Resolution requesting the City to issue the Bonds is recommended in order to finance the current and proposed costs of carrying out the City's urban renewal plans and to repay the existing line of credit.

The Bonds will be issued in an amount sufficient to repay the existing line of credit, to fund a debt service reserve, to pay costs of issuance and to include "new money" to cover proposed costs of carrying out the City's Plan for the Area. The amount of bonds issued will be within the remaining amount of maximum indebtedness allowed under the Plan and will be based on the amount determined necessary by the Executive Director, or his designee. The Executive Director or his designee will consider any actions by the Commission, the Council and the URAG in making the determination.

Further, the interest rate environment is favorable, and urban renewal tax revenues securing the proposed Bonds are expected to provide adequate debt service coverage over the life of the Bonds.

CC: J. Cody, Interim Central Services Director
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