



PROSPER
PORTLAND
Building an Equitable Economy

DATE: November 13, 2024
TO: Board of Commissioners
FROM: Shea Flaherty Betin, Interim Executive Director
SUBJECT: Report Number 24-56
Adopting the Fifth Amendment to the North Macadam Urban Renewal Plan

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7589

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the North Macadam Urban Renewal Plan (Plan), removing the last date to issue debt under the Plan (Plan Amendment). Should the action be approved, staff will seek Portland City Council approval.

STRATEGIC ALIGNMENT AND OUTCOMES

Removing the last date to issue debt under the Plan allows for additional time to issue the final series of bonds to invest in the North Macadam Tax Increment Finance (TIF) district. The removal allows for the issuance of short-term debt thereby saving issuance costs, bond reserves, bond interest, and staff time required for issuance of a long-term bond under the existing June 30, 2025, deadline to issue debt. The additional resources gained by the savings will support future investments consistent with the Plan and better align with the timing of current significant project activities underway in the TIF district. Moreover, savings on interest and timeframe required for a long-term bond will accelerate taxes being returned to the City of Portland (City) General Fund and other overlapping taxing jurisdictions.

BACKGROUND AND CONTEXT

On August 5, 1999, through Resolution No. 5297 the Prosper Portland Board accepted; and on August 11, 1999, through Resolution No. 173651 the Portland City Council (City Council) adopted the North Macadam Urban Renewal Plan, including (through Amendment 4) a last date to issue debt of June 30, 2025. Since then, the Plan was amended four times as follows:

- November 2003, to add approximately four acres to the Plan Area;
- November 2003, to support the acquisition of a key parcel in the Plan Area known as the Doubletree Hotel site;
- December 2003, to support the acquisition of another key parcel in the Plan Area known generally as the Caruthers Addition; and
- December 2014, to add property and projects, most from the former Education District Urban Renewal Plan to the North Macadam Plan.

Since creation of the North Macadam Plan, Prosper Portland has invested approximately \$201,000,000 in infrastructure, facilities, transportation, affordable housing, and business development.

On October 30, 2024, the Portland City Council, through Resolution 37683, directed the City Administrator to lead staff across appropriate service areas to establish a working group that ensures Portland is well positioned to be awarded a Major League Baseball team. City Council further directed City staff to work with Portland Diamond Project (PDP) and ZRZ Realty to support PDP's acquisition of Zidell Yards as the site for a world class baseball park and ensure potential development is aligned with City planning and development goals. Zidell Yards is a key development site in the North Macadam TIF District, and any future redevelopment is anticipated to require new infrastructure improvements to complete district connectivity and deliver on promises such as the completion of Bond Avenue and the extension of the greenway. As with past development projects in the TIF district, it is expected that TIF resources would be a key City tool to support infrastructure development.

PDP recently secured the opportunity to develop the 30.9-acre Zidell Yards, located in the center of South Waterfront, which is one of the last remaining large urban redevelopment opportunities in the Central City. With site control, PDP is anticipated to undertake site analysis which could extend beyond the district's current last date to issue long term debt of June 2025. Removing the last date to issue debt supports Prosper Portland's ability to support PDP's analysis work and to evaluate the potential opportunity to deploy TIF resources in support of this effort, as directed in the City Council Resolution 37683.

As noted in the Budget and Financial Information section below, should the Prosper Portland Board and City Council approve the Plan Amendment, staff estimates there will be an increase in net proceeds of approximately \$7,500,000 to be received in FY 2025-26 to reach the district's maximum indebtedness.

EQUITY IMPACT

The anticipated short-term debt proceeds will focus on projects and programs critical to advancing Advance Portland, the North Macadam TIF plan, and related equity goals. This action ensures that resources will be available and likely increased to advance ongoing projects and programs. Additionally, any large-scale infrastructure investment will trigger Prosper Portland's Construction Business and Workforce Equity Policy. Should the City participate in the delivery or construction of public infrastructure, the City's Regional Workforce Equity Agreement (RWEA), adopted by City Council in April 2022, could also apply. The RWEA applies to all City construction projects procured using alternative contracting methods and with an Engineer's Estimate valued at over \$5,000,000, and that is not otherwise subject to conflicting federal requirements.

COMMUNITY PARTICIPATION AND FEEDBACK

No specific outreach has taken place regarding this action; however, the North Macadam TIF district budget and forecast is reviewed annually with the South Portland Neighborhood Association (SPNA) and by the Community Budget Committee. SPNA's longstanding priorities are for completion of key infrastructure improvements, including Bond Avenue, the South Waterfront Greenway, and South Portal, together with near term availability of funding for small business and Community Livability Grants within the district. This action will provide additional resources to be incorporated in the fiscal year (FY) 2025-26 budget and forecast to be reviewed with SPNA and by the Community Budget Committee as the coming year's budget cycle begins.

BUDGET AND FINANCIAL INFORMATION

The FY 2024-25 Revised Budget and Five-Year Forecast is currently aligned with the final date to issue debt of June 30, 2025. Based on current financial modeling, it is forecast the district will not be able reach maximum indebtedness by June 30, 2025, using short-term debt based on the final, annual tax increment revenues forecast in FY 2024-25 (approximately \$7,500,000 cannot be issued by June 30,

2025). Options to reach maximum indebtedness include removing the last date to issue debt or issuing a longer-term debt instrument that could be paid by tax increment revenues in future years.

Removing the last date to issue debt provides a more efficient means by which to issue the final tax increment debt proceeds by providing more time to issue short-term proceeds based on the annual receipt of tax increment revenue that has minimal issuance fees, no bond reserve requirements, incurs no interest, and requires less staff time to implement.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to adopt this amendment, Prosper Portland can either proceed to coordinate with the City of Portland Office of Management and Finance to issue final, long-term bonds, or forego issuance of any final debt proceeds available under maximum indebtedness prior to June 2025.

ATTACHMENTS

None.