



DATE: January 24, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-02
Requesting City Council to Issue Short-term Subordinate Urban Renewal and Redevelopment Bonds for the City's Urban Renewal Areas and Pledging Revenues from Those Areas to the Bonds

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7515

This action by the Prosper Portland Board of Commissioners (Board) requests that City Council authorize the issuance of taxable, short-term, subordinate urban renewal and redevelopment bonds through the end of fiscal year (FY) 2025-26 and authorizes the City Council to pledge tax increment revenues from the relevant tax increment finance (TIF) districts to pay the bonds. The resources from the bonds will provide critical funding to Prosper Portland to deliver on its strategic goals.

STRATEGIC ALIGNMENT AND OUTCOMES

This action ensures that Prosper Portland and the City of Portland (City) have the most efficient mechanism in place for the issuance of tax increment financing debt proceeds as planned in the FY 2023-24 Revised Budget and Forecast as well as the agency's Financial Sustainability Plan. Funds appropriated from the issuance of short-term debt help implement TIF district planned projects and programs established through the strategic planning and agency work planning processes.

BACKGROUND AND CONTEXT

State of Oregon statute 457.440(6)(b) only allows tax increment collections to be used to pay principal and interest on indebtedness. The City issues taxable, short-term subordinate indebtedness to permit Prosper Portland to access tax increment revenues deposited into the City's debt service funds that exceed amounts needed to pay debt service on long-term bonds and lines of credit. While the terms of the bonds permit 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. This "du jour" indebtedness effectively serves as "pay-as-you-go" funding for projects qualifying for tax increment financing.

The amounts shown the table in the Budget and Financial Information section below represent the maximum amount of short-term debt that may be issued on an annual basis.

EQUITY IMPACT

The issuance of short-term debt provides funding for TIF district projects and programs critical to advancing Prosper Portland’s strategic and equity goals as established in the FY 2023-24 Adopted Budget and Forecast.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff did not conduct any public engagement related to this action. However, this action will ensure Prosper Portland receives resources required to help fund projects and programs in the FY 2023-24 Adopted Budget and Forecast; resources and the projects and programs funded by the resources were substantially reviewed through the FY 2023-24 budget process by the Community Budget Committee, the Prosper Portland Board, City Council, and community stakeholders.

BUDGET AND FINANCIAL INFORMATION

Short-term bonds provide critical resources for implementation of the FY 2023-24 Revised Budget and Forecast as well as the agency’s Financial Sustainability Plan. There are some fees associated with issuing the debt, but there are no interest costs associated with the borrowing provided as it is repaid the next day. The preliminary total principal amount of short-term debt issued for each district during the three-year period shall not exceed the amounts shown below. The amounts illustrated in the table below are under review following recently updated TIF forecasts and may be adjusted for some districts prior to January 24, 2024; this report will be updated accordingly.

**TABLE 1
 ANTICIPATED MAXIMUM DU JOUR BORROWINGS
 BY FISCAL YEAR
 (FY 2023-24 through FY 2025-26)**

TIF District	FISCAL YEAR		
	2023-24	2024-25	2025-26
Gateway Regional Center	\$4,100,000	\$4,300,000	\$4,500,000
Interstate Corridor	\$28,835,000	\$0	\$0
Lents Town Center	\$2,238,000	\$0	\$0
North Macadam	\$23,000,000	\$24,000,000	\$0
Cully	\$550,000	\$1,300,000	\$1,900,000
TOTAL	\$88,723,000	\$29,600,000	\$6,400,000

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve the request for authorization, the City will be unable to issue short-term debt and resources would not be available to fund Prosper Portland’s FY 2023-24 Revised Budget and Four-Year Forecast.

ATTACHMENTS

None.