

## Urban Renewal Advisory Group - Financial Questions from September 25, 2007

1. *What is the borrowing capacity for Downtown Waterfront and South Park Blocks for the following scenarios?*
  - a. *Early defeasance/payoff analyses for Downtown Waterfront and South Park Blocks assuming no additional debt incurred in either district.*
  - b. *Downtown Waterfront and South Park Blocks expire on the current expiration dates of April 24, 2008 and July 23, 2008, respectively.*
  - c. *Downtown Waterfront and South Park Blocks are extended until 2010. Bonds are issued in 2010 for the maximum amount that the district can support given special levy allocation constraints.*
  - d. *South Park Blocks is extended to 2015.*

<b>Scenario a. No new borrowings and early payoff</b>	<b>Downtown</b>	<b>South Park</b>
	<b>Waterfront</b>	<b>Blocks</b>
Total Borrowing Capacity	\$0	\$0
Est. Fiscal Year of Bond Payoff	FY 2012-13	FY 2012-13
Max. Indebtedness Not Issued	\$55,165,000	\$ 74,179,000
Divide the Taxes and Special Levy to both districts through FY 2012-13		

<b>Scenario b. DTWF and SPB current last date to issue debt; borrowing assumed at 2008 capacity</b>	<b>Downtown</b>	<b>South Park</b>
	<b>Waterfront</b>	<b>Blocks</b>
Total Borrowing Capacity	\$54,217,400	\$37,398,900
Est. Fiscal Year of Bond Payoff	FY 2023-24	FY 2023-24
Max. Indebtedness Not Issued	\$947,600	\$ 36,780,100
Special Levy to both districts through FY 2019-2020		

<b>Scenario c. DTWF and SPB extended to 2010</b>	<b>Downtown</b>	<b>South Park</b>
	<b>Waterfront</b>	<b>Blocks</b>
Total Borrowing Capacity	\$55,165,000	\$40,663,956
Est. Fiscal Year of Bond Payoff	FY 2024-25	FY 2024-25
Max. Indebtedness Not Issued	\$0	\$ 33,515,044
Special Levy to both districts through FY 2019-2020		

<b>Scenario d. DTWF extended to 2010; SPB extended to 2015 (assumes level debt structure)</b>		
	<b>Downtown Waterfront</b>	<b>South Park Blocks</b>
Total Borrowing Capacity	\$55,165,000	\$48,014,477
Est. Fiscal Year of Bond Payoff	FY 2024-25	FY 2027-28
Max. Indebtedness Not Issued	\$0	\$ 26,164,523
Special Levy to both districts through FY 2019-2020		

***Relationship to Extension Scenarios:***

*The tax increment debt proceeds included in the existing budget and forecast are close to the amounts listed in Scenario B (2008 end date) of Question 1.*

*Scenario C (2010 end date) improves the likelihood of Downtown Waterfront completing all planned projects and programs listed above since maximum indebtedness is reached. South Park Blocks adds \$3 million (above what is required for the current budget and forecast).*

*Scenario D (2015 end date for South Park Blocks) adds \$10 million to South Park Blocks (above what is required for the current budget and forecast in).*

*Please note that in all scenarios the exact amounts of available to fund current or additional budgeted/forecast projects and program are subject to issuance costs, required bond reserves and the actual amount of property dispositions or other fund income.*

**2. What are the implications of a new urban renewal plan downtown, given a hypothetical base value and annual growth rate? What would be the tax increment revenues and the resulting impacts on other taxing jurisdictions?**

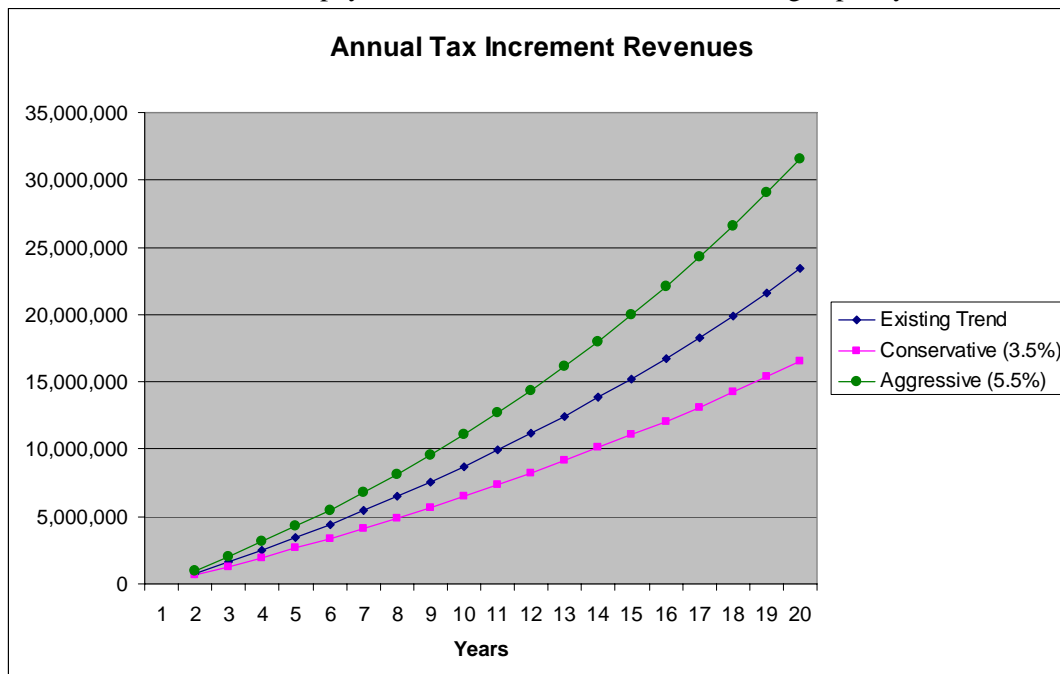
We have modeled the debt capacity, within a ten year period of issuance of debt, of a new Urban Renewal Area with a starting (“base”) assessed value of \$1 billion. This is roughly half the current assessed value of the Downtown Waterfront and South Park Blocks Urban Renewal Areas combined.

We used three assumptions for the average annual growth in assessed value within the new Urban Renewal Area. The “existing trend” scenario used 4.5% annual growth, which corresponds to the average annual increase in total assessed value in the South Park Blocks and Downtown Waterfront Urban Renewal Areas between 1998 and 2007. As a conservative case, we used an average annual growth rate of 3.5% and as an aggressive case we used 5.5%. The borrowing capacity of the new Area, using these assumptions, and subtracting the costs of bond issuance, is shown in the table below:

**Borrowing Capacity and Property Tax Revenues Foregone of New Urban Renewal Plan  
Base Assessed Value: \$1,000,000,000**

	Growth Rate for Total Assessed Value	10 Year Borrowing Capacity	20 Year Borrowing Capacity	Present Value Property Tax Revenues Foregone by Multnomah County, 20 Year Plan
Existing Trend	4.50%	\$44,000,000	\$93,700,000	\$25,000,000
Conservative	3.50%	\$33,000,000	\$67,700,000	\$18,300,000
Aggressive	5.50%	\$55,700,000	\$123,400,000	\$32,500,000

The tax increment revenues by year for each scenario are shown in the graph below. These revenues would be used to pay off the debt within Area’s borrowing capacity.



3. *Of the existing projects budgeted for '07-'08, what can be paid for out of existing funds versus counting on new lines of credit?*

*The FY 2007-08 Budget includes \$47.6 million in planned expenditures. At the end of the first quarter \$6.2 million in other resources (beginning balance and program income) was received. All things being equal and if no other resources are received, new tax increment debt of \$41.4 million will be required to fund all FT 2007-08 planned expenditures.*

*Note that the Adopted Budget is likely to be revised to account for prior year carryover – total amount of the revision will likely increase expenditures 10% over the adopted budget.*

<b>Downtown Waterfront</b>	
Budgeted Projects/Programs	41,305,532
Budgeted Staff and Administrative	6,255,825
<u>Total 07-08 Expenditures</u>	<u>47,561,357</u>
Existing Resources (to-date)	6,190,871
<u>Required Tax Increment Debt</u>	<u>41,370,486</u>

*The 2007-08 Budget for South Park Blocks includes \$29.7 million in planned expenditures. At the end of the first quarter, the URA had either received or had on hand \$13.8 million in resources. All things being equal and if no other resources are received, new tax increment debt of \$15.9 million will be required to fund all FY 2007-08 planned expenditures.*

*Note that the Adopted Budget is likely to be revised to account for prior year carryover – total amount of the revision will likely increase expenditures 10-20% over the adopted budget.*

<b>South Park Blocks</b>	
Budgeted Projects/Programs	25,539,384
Budgeted Staff and Administrative	4,198,365
<u>Total 07-08 Expenditures</u>	<u>29,737,749</u>
Existing Resources (to-date)	13,801,062
<u>Required Tax Increment Debt</u>	<u>15,936,687</u>

4. *What projects are legally committed, known projects or programs in the current budget?*

District	Total Budget & Forecast	Legal Commitments	Known Projects	General Programs	Staffing and Administrative
Downtown Waterfront	\$73,081,951	\$36,348,532	\$20,071,000	\$7,030,000	\$9,632,419
South Park Blocks	\$47,932,890	\$8,689,994	\$20,282,209	\$10,842,181	\$8,118,506

***Relationship to FY 2007-08 Budget:***

*The FY 2007-08 budgeted expenditures include a portion of the total commitments, known projects, programs and staff/administrative costs listed above. Based on first quarter spending, Downtown Waterfront has spent \$5.9 million of the \$73.1 million in planned commitments, known projects, programs and staff/administrative costs. South Park Blocks has spent \$2.8 million of the \$47.9 million in planned commitments, known projects, programs and staff/administrative costs.*

*Total funding budget and forecast matches the current PDC FY 2007-08 Budget and forecast. The adopted budget and forecast assumed issuing final tax increment debt proceeds of \$54.5 million in Downtown Waterfront and \$37 million in South Park Blocks. Existing funds from prior bond sales and program income from planned property dispositions and loan repayments funded the difference between final tax increment debt proceeds and total expenditures.*

*Several specific commitments include (refer to the chart for the full list):*

*Downtown Waterfront:*

- *IGA with Multnomah County*
- *Ankeny-Burnside Property Redevelopment and Public Improvements*
- *Mulsof Manor and Yards and Union Station Housing Projects*
- *Economic Development Business Finance Loans*

*South Park Blocks:*

- *Park Block 5*
- *PSU/CAT Redevelopment*
- *Jeffery/Jefferson West Housing Project*

Downtown Waterfront	Total Budget & Forecast	Legal Commitments
10213 - DTWF A/B Property Redev	\$10,249,000	\$6,400,000
10215 - DTWF A/B Public Imprvt	\$7,425,000	\$7,425,000
10216 - DTWF Multnomah County	\$9,200,000	\$9,200,000
10221 - DTWF Transit Mall Redev	\$500,000	\$500,000
11234 - DTWF Burnside/Couch	\$1,600,000	\$1,600,000
11237 - DTWF Union Station Mgmt	\$390,000	\$390,000
13130 - DTWF Union Station Environ	\$150,000	\$150,000
16309 - DTWF RiverPlace Environ	\$1,400,000	\$1,400,000
12202 - DTWF Storefront Grants	\$650,000	\$125,000
70011 - DTWF Business Finance	\$7,106,323	\$1,356,323
34504 - DTWF Rich/Estate	\$850,000	\$850,000
80032 - DTWF Musolf Manor	\$2,900,000	\$2,900,000
80036 - DTWF Yards At Union Square	\$3,700,000	\$3,700,000
59155 - DTWF Debt Management	\$150,000	\$150,000
60000 - DTWF Westside/Central City	\$202,209	\$202,209

<b>South Park Blocks</b>	<b>Total Budget &amp; Forecast</b>	<b>Legal Commitments</b>
12210 - Park Block 5	\$1,800,000	\$1,800,000
12217 - SPB Univ District	\$2,200,000	\$250,000
60004 - SPB PSU/CAT Redev	\$2,000,000	\$2,000,000
12222 - SPB Storefront Grants	\$400,000	\$100,000
70015 - SPB Business Finance	\$2,800,000	\$246,500
12027 - SPB Jeffrey/Jeff West	\$4,193,494	\$4,193,494
59158 - SPB Debt Management	\$100,000	\$100,000