

DATE: April 11, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 11-95

Budget Amendment No. 3 for Fiscal Year beginning July 1, 2011 and ending June 30, 2012; and making appropriations

BOARD ACTION REQUESTED

Adopt Resolution No. 6939

ACTION DESCRIPTION

This action will formally amend the current fiscal year (FY) 2011-12 Adopted PDC Budget for the third time this year, in the following ways:

- (1) Adjust resources based on changes in tax increment debt issuance including the final bond sale for the Oregon Convention Center URA;
- (2) Make specific adjustments to URA and non-URA projects and programs based on project and program timing to recognize unexpended commitments that either have already been included or will be included in future versions of the FY 2012-13 Budget;
- (3) Adjust the share of budget appropriation by URA for current year funding of the Central City Plan.

In summary, FY 2011-12 Budget Amendment No. 3 increases the total PDC budget from \$257,270,253 in the FY 2011-12 Revised 2 Budget to \$269,678,879 including Transfers, Contingency and Reserves. Excluding Transfers and Contingency total budgeted expenditures decrease from \$201,121,644 to \$181,390,490. Exhibit A to the resolution sets forth the recommended changes to be made to the FY2011-12 Revised Budget pursuant to Budget Amendment No. 3.

BACKGROUND AND CONTEXT

The FY 2011-12 Budget Amendment No. 3 is anticipated to be the final budget amendment for the current fiscal year to adjust appropriations based on the final forecast for tax increment resources and planned expenditures. Most of the changes relate to decreases that allow resources to be allocated in the FY 2012-13 Proposed Budget if needed based on project timing. The changes will provide a more accurate estimate of what will be accomplished in the current fiscal year and what resources will be available in the beginning balances for all funds in FY 2012-13.

COMMUNITY AND PUBLIC BENEFIT

FY 2011-12 Budget Amendment No. 3 serves the public interest to the degree that it ensures that the PDC Board of Commissioners (Board) has appropriated adequate public funds to be lawfully expended by PDC as necessary to implement projects and programs which are planned for the current fiscal year.

PUBLIC PARTICIPATION AND FEEDBACK

PDC performs an extensive amount of public outreach through meetings held throughout the year by its urban renewal advisory committees and other stakeholder groups as part of its budget development process. No specific outreach has been performed regarding this action; however, changes included in the FY 2011-12 Budget Amendment No. 3 are consistent with funding priorities established in the FY 2011-12 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

The recommended amendments to the FY 2011-12 Revised Budget reflect the financial implications of business decisions which amount to approximately \$270 million in program and project expenditures and contingency. Exhibit A to the resolution identifies all fund appropriation changes. In summary, key changes to projects and programs are:

- 1) **Loan Collections:** Increase by \$1 million due to higher loan collections, primarily in Oregon Convention Center
- 2) **Long Term Debt:** Increase a net \$12.7 million due to \$40 million bond sale planned for Oregon Convention Center, offset by decreases in line of credit borrowing in other districts.
- 3) **Property Income:** Decrease \$1 million due to updating assumptions on property sales in the Airport Way URA.
- 4) **Administration Appropriations:** Decreases \$923,938 from a combination of moving appropriations for the Central City Plan IGA to Property Redevelopment and decreasing Business and Technology improvement appropriations to move to next fiscal year.
- 5) **Business Development Appropriations:** Decreases \$3.4 million based on reduction and movement of a business development project in River District to future fiscal years; also reduces business finance program based on cash flow requirements; moves to future years.
- 6) **Housing Appropriations:** Decreases \$10.5 million due to cost savings on the Resource Access Center project and several projects (in Oregon Convention Center, Lents, and South Park Blocks URAs) not requiring funding until next fiscal year.
- 7) **Infrastructure:** Decreases \$479,985 from a combination of moving PBOT street projects for Interstate and Gateway to FY 2012-13.
- 8) **Property Redevelopment Appropriations:** Decreases a net \$4.4 million for reduction and movement of projects and commercial property redevelopment loan fund resources from current fiscal year to future years. Includes Centennial Mills, Post Office, and Grove Apartments in River District and Commercial Property Redevelopment Loan Program funds in multiple URAs. Decreases are offset by increased appropriations in South Park Blocks for the Target/Galleria Loan and in Downtown Waterfront for the Commerce Building Loan.
- 9) **Contingency:** Increases \$31.8 million mostly associated with decision to sell bonds this fiscal year in the Oregon Convention Center URA due to favorable market conditions (funds will be spent down next fiscal year and future years on budgeted projects).

RISK ASSESSMENT

A decision of the Board to not approve FY 2011-12 Budget Amendment No. 3 may result in inadequate appropriations for some projects and programs that are under way. An over-expenditure of an appropriation within a fund is a violation of Local Budget Law (ORS 294); therefore, the budget is being adjusted to make sure all expenditures are properly appropriated.

ALTERNATIVE ACTIONS

The Board could choose not to approve FY 2011-12 Budget Amendment No. 3 and direct staff to work within existing appropriations. Some activities would have to be curtailed in order to remain in compliance with Local Budget Law.

ATTACHMENTS:

None