



DATE: June 26, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-24
Adopting the Annual Budget of the Portland Development Commission for the Fiscal Year Beginning July 1, 2013, and Ending June 30, 2014; and Making Appropriations

BOARD ACTION REQUESTED

Adopt Resolution No. 7010

ACTION DESCRIPTION

This action will formally adopt Portland Development Commission's (PDC's) fiscal year (FY) 2013-14 Recommended Budget and appropriate resources set forth therein, effective July 1, 2013. Adoption by the PDC Board of Commissioners (Board) of PDC's FY 2013-14 Recommended Budget represents the final phase of the FY 2013-14 budget process, which began in November 2012. Upon adoption, PDC's FY 2013-14 Recommended Budget will become PDC's FY 2013-14 Adopted Budget.

With the recommended changes, the total PDC budget will increase from \$223,539,801 in PDC's FY 2013-14 Approved Budget to \$224,178,684 in PDC's FY 2013-14 Recommended Budget, including Transfers and Contingency. Budgeted expenditures decrease from \$175,611,158 to \$175,415,184.

BACKGROUND AND CONTEXT

The Portland City Council, acting as PDC's Budget Committee, approved PDC's budget on May 29, 2013 (PDC's FY 2013-14 Approved Budget). The Executive Director is now submitting PDC's FY 2013-14 Approved Budget with recommended changes to the Board to be adopted as required by local budget law (PDC's FY 2013-14 Recommended Budget). PDC's FY 2013-14 Recommended Budget contains minor technical variations from PDC's FY 2013-14 Approved Budget, which are permitted by local budget law. The recommended changes consist primarily of technical adjustments including updated staffing and indirect allocation to various projects and funding sources based on updated estimates of planned activity, and several final project adjustments.

COMMUNITY AND PUBLIC BENEFIT

The action to adopt PDC's FY 2013-14 Recommended Budget represents the continuation of PDC's mission to create one of the world's most desirable and equitable cities by investing in job creation, innovation, and economic opportunity throughout Portland. PDC's FY 2013-14 Recommended Budget allocates the resources necessary to implement PDC's Strategic Plan and the City's Economic Development Strategy. Chief among these goals is leveraging PDC resources to recruit and create new businesses, retain and grow existing businesses, and generate private investment.

PUBLIC PARTICIPATION AND FEEDBACK

PDC's FY 2013-14 Recommended Budget was developed with significant public input, primarily by the participation of each of PDC's Urban Renewal Area Committees (URACs) and public stakeholders in reviewing draft budgets and advising PDC staff, the PDC Board, and City Council through the Draft, Requested, Proposed, and Approved stages of the budget. Input was received from seven URACs through the course of the budget process with each group meeting at least once prior to development of the Requested Budget to recommend priorities, and once after release of the Requested Budget to provide specific input on the budget. The Board heard input from the URACs and other stakeholders at their April 11, 2013, meeting. Public testimony on the budget was also heard from stakeholders of the Neighborhood Economic Development Leadership Group on the General Fund Budget at the May 16, 2013, PDC Budget Committee hearing on the FY 2013-14 Proposed Budget.

BUDGET AND FINANCIAL INFORMATION

PDC's FY 2013-14 Recommended Budget incorporates the financial decisions that include a total recommended budget of \$224,178,684 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$175,415,184. The budget states what funds will be received by PDC, how the funds will be spent within each Urban Renewal Area (URA), and on which projects. The budget also shows how resources will be allocated for purposes of staff and operating costs of PDC.

PDC's 2013-14 Recommended Budget includes several changes from PDC's FY 2013-14 Approved Budget that include:

- Final adjustments for estimated personnel services expenditures, including updated Public Employees Retirement System and health benefit rates, reducing overall cost of personnel services for FY 2013-14;
- Alignment of PDC's housing budget with the Portland Housing Bureau's Adopted Budget, primarily final estimates of spending on projects between FY 2012-13 and FY 2013-14;
- Reduction of operating revenues and expenditures for housing properties managed by PDC and third parties (budget changed from a gross to net basis);
- Adjustments to insurance costs and the allocation of insurance costs across PDC properties in multiple URAs;
- Inclusion of funding for the west side quadrant of the Central City 2035 plan;
- Carryover of funding from FY 2012-13 for transportation projects in the Lents URA.

RISK ASSESSMENT

There is a slight risk that due to project timing and/or final project budget, the appropriation level established through adoption of PDC's FY 2013-14 Recommended Budget may be insufficient to enable PDC to comply with contractual obligations. PDC staff mitigates this risk by continually reviewing project estimates vis-à-vis budget authority and by preparing budget amendments during the fiscal year to request additional appropriations if and when necessary.

ALTERNATIVE ACTIONS

An alternative action would be to adopt PDC's FY 2013-14 Recommended Budget with additional changes up to the 10 percent allowable increase in expenditures for each fund. Any changes to the PDC's FY 2013-14 Recommended Budget directed by the Board must be identified during adoption of

the budget to include specific funding source and appropriation category. If the Board does not adopt a budget in accordance with local budget law on or before June 30, 2013, PDC will have no authority to incur new expenses after that date.

ATTACHMENTS

None