



DATE: June 25, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-30

Adopting the Annual Budget of the Portland Development Commission for the Fiscal Year Beginning July 1, 2014, and Ending June 30, 2015; and Making Appropriations

BOARD ACTION REQUESTED

Adopt Resolution No. 7063

ACTION DESCRIPTION

This action will formally adopt Portland Development Commission's (PDC's) fiscal year (FY) 2014-15 Recommended Budget and appropriate resources set forth therein, effective July 1, 2014. Adoption by the PDC Board of Commissioners (Board) of PDC's FY 2014-15 Recommended Budget represents the final phase of the FY 2014-15 budget process, which began in November 2013. Upon adoption, PDC's FY 2014-15 Recommended Budget will become PDC's FY 2014-15 Adopted Budget.

With the recommended changes, the total PDC budget will increase from \$244,427,970 in PDC's FY 2014-15 Approved Budget to \$246,023,647 in PDC's FY 2014-15 Recommended Budget, including Transfers and Contingency. Budgeted expenditures increase from \$189,185,101 to \$190,376,243.

BACKGROUND AND CONTEXT

The Portland City Council (City Council), acting as PDC's Budget Committee, approved PDC's budget on May 28, 2014 (PDC's FY 2014-15 Approved Budget). The Executive Director is now submitting PDC's FY 2014-15 Approved Budget with recommended changes to the PDC Board to be adopted as required by local budget law (PDC's FY 2014-15 Recommended Budget). PDC's FY 2014-15 Recommended Budget contains minor changes from PDC's FY 2014-15 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.

COMMUNITY AND PUBLIC BENEFIT

The action to adopt PDC's FY 2014-15 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 2014-15 Recommended Budget allocates the resources necessary to implement PDC's Strategic Plan and the City of Portland'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

The FY 2014-15 cycle is the first year that staff is using a new model to collect input on the PDC budget through two advisory groups with stakeholders representing a broad cross-section of the community. The Central City Budget Advisory Committee and the Neighborhood Economic Development Leadership Group Budget Sub-Committee have each met three times since December 2013 to review the FY 2014-15 draft work plans and begin reviewing draft budgets. The FY 2014-15 Requested Budget included letters from both groups. The Central City Budget Advisory Committee also met on Tuesday, April 8, 2014, to receive a budget update and an overview on urban renewal area (URA) amendment options. The Neighborhood Economic Development Leadership Group Budget Sub-Committee met on Thursday, April 17, 2014, to receive an update and review changes to the Interstate Corridor URA budget. City Council received public testimony from the advisory committees during the May 14, 2014, presentation of the Proposed Budget to City Council. City Council also received additional public testimony on May 15, 2014, during its public hearing on PDC's Proposed Budget. The public will have a final opportunity to testify on PDC's budget during the Tax Supervising and Conservation Commission Hearing on June 25, 2014.

BUDGET AND FINANCIAL INFORMATION

PDC's FY 2014-15 Recommended Budget incorporates financial decisions that include a total recommended budget of \$246,023,647 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$190,376,243. The budget states what funds will be received by PDC, how the funds will be spent within each 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 2014-15 Recommended Budget includes several changes from PDC's FY 2014-15 Approved Budget:

- Final adjustments for estimated personnel services expenditures based on current positions, estimated step/merit adjustments, and student workers.
- Final adjustments for personnel services allocations between specific projects and funding sources based on final review by management. Final carryover/contract assumptions for General Fund and Federal (Community Development Block Grant) funded traded sector and community economic development activities.
- Funding for the Central City 2035 west and southeast quadrant work in conjunction with ongoing efforts by the Bureau of Planning and Sustainability.
- Final estimates on PDC's third party property management activities (i.e. Inn at Convention Center, Union Station).
- Incorporation of PDC's enterprise resource planning project (contract with Tyler Technologies and other related implementation costs) based on planned FY 2014-15 implementation costs.

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 2014-15 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

The PDC Board could adopt PDC's FY 2014-15 Recommended Budget with additional changes up to the 10 percent allowable increase in expenditures for each fund. Any changes to the PDC's FY 2014-15 Recommended Budget directed by the PDC Board must be identified during adoption of the budget to include specific funding source and appropriation category. If the PDC Board does not adopt a budget in accordance with local budget law on or before June 30, 2014, PDC will have no authority to incur new expenses after that date.

ATTACHMENTS

None.