

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: September 23, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-114
Budget Amendment No. 1 for Fiscal Year beginning July 1, 2009 and ending June 30, 2010; and making appropriations.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6740

ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2009-10 Adopted Budget for the first time this year, in the following ways,

- (1) Adds expenditure appropriations for River District amendment projects expected to spend during FY 2009-10 – primarily for the Resource Access Center.
- (2) Adds carryover of funding for specific projects and programs that were committed during the prior fiscal year (FY 2008-09) but appropriation authority was not established in the FY 2009-10 Adopted Budget due to limitations on how many changes could be recognized between the Approved and Adopted stages (April-June) or timing of projects were not yet known.
- (3) Specific adjustments to resources such as recognizing actual FY 2009-10 Beginning Fund Balances.

In sum, FY 2009-10 Budget Amendment No. 1 increases the total PDC budget from \$275,620,626 in the FY 2009-10 Adopted Budget to \$323,333,914 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are decreased from \$215,519,181 to \$256,068,387.

Exhibit A to the resolution summarizes the recommended changes to be made to the FY 2009-10 Adopted Budget pursuant to Budget Amendment No. 1.

PUBLIC BENEFIT

Budget Amendment No. 1 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 priorities which are planned for the current fiscal year.

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods

- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

PDC itself performs an extensive amount of public outreach through meetings held by its urban renewal advisory committees and other stakeholder groups as part of its budget development process throughout the year. No specific outreach has been performed regarding the recommended changes, however, the recommended changes included in the FY 2009-10 Budget Amendment No. 1 are consistent with funding priorities established in the FY 2008-09 Budget as well as the FY 2009-10 Adopted Budget and four-year forecast.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Adoption of the recommended Budget Amendment No.1 by the PDC Board is required by Oregon Local Budget Law (ORS 294.480) before PDC is legally permitted to expend funds for the planned projects and programs in excess of the amounts established in the Adopted Budget.

FINANCIAL IMPACT

The recommended amendments to the FY 2009-10 Adopted Budget reflect the financial implications of organizational changes and other business decisions which amount to approximately \$256 million in program and project expenditures and contingency resources. Key specific changes to projects and programs are:

- 1) Establishing expenditure appropriations for several River District amendment projects including the Resource Access Center and predevelopment expenses for Union Station.
- 2) Carryover of resources and appropriations for South Park Blocks Housing projects (Martha Washington, Admiral and University Place) that are currently under construction or starting construction soon.
- 3) Carryover of resources and appropriations for final expenditures associated with the Mercy Corps business finance loan in Downtown Waterfront.
- 4) Increasing the budget for the Housing and Community Development Contract Fund and HOME contract fund to match the total budget established in the FY 2009-10 PHB-PDC Contract for Community Development Block Grant, HOME, and City General fund housing programs that are under construction.
- 5) Carryover of resources and appropriations associated with Central District infrastructure development in North Macadam,
- 6) Establishing a new Special Revenue Fund to hold all resources and appropriations for the Economic Development Assistance (EDA) grant funds (being moved from the Enterprise Fund).

RISK ASSESSMENT

A decision of the Board to not approve Budget Amendment No. 1 may result in an appropriation of inadequate levels for some projects and programs that are underway. Any over-expenditure of an appropriation within a fund is a violation of Local Budget Law;

therefore, the budget is being adjusted to make sure all converted expenditures are properly appropriated.

WORK LOAD IMPACT

If approved, Budget Amendment No. 1 is specific to adjusting appropriations for specific projects and programs already underway and does not have an impact on current staffing levels.

ALTERNATIVE ACTIONS

The Board could choose not to approve Budget Amendment No. 1 and could direct staff to determine where work under existing contracts or disbursements with existing loan agreements would need to be curtailed in order to remain in compliance with Local Budget Law.

CONCURRENCE

Department directors, other members of the PDC staff, Finance staff and Commissioners have been involved in the development and implementation of recommended Budget Amendment No. 1.

BACKGROUND

Primary purpose of the FY 2009-10 Revised Budget No. 1 is to establish budget appropriations for project and program expenditures that could not be included in the FY 2009-10 Adopted Budget. Appropriations were not included during the adoption of the budget either because (1) the River District appeal process was unresolved and, as a result, expenditures for certain River District amendment projects could not be appropriated, (2) Expenditure estimates for some projects were expected to be made prior to June 30 and not carryover to FY 2009-10, and (3) project estimates were not known until after City Council (the Budget Committee) approval of the budget and would have exceeded the 10% maximum increase to expenditure appropriations in a particular fund allowed by ORS 294.435 if added to the budget Adopted by the Board in June.

State Budget Law, ORS 294.480 allows the Governing Body of a municipal government (the PDC Board) to approve supplemental budgets after the beginning of the fiscal year in cases where updated resource and expenditure estimates are received and expenditure appropriations must be increased to accommodate the change. Previously, any increase in total expenditure appropriations in any one fund that was greater than 10% of the Adopted Budget required a public hearing by Multnomah County Tax Supervising and Conservation Commission (TSCC) prior to the supplemental budget being adopted by the governing body. This requirement was changed in the last legislative session so that the public hearing is to be held by the governing body instead of the TSCC.