

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: June 24, 2009
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 09-83
FY 2009-10 Adopted Budget

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6721

ACTION SUMMARY

This action will formally adopt and appropriate resources set forth in PDC's FY 2009-10 Budget, effective July 1, 2009. Adoption by the PDC Board of the FY 2009-10 Budget represents the final phase of the FY 2009-10 budget process, which began last December.

The Portland City Council, acting as PDC's Budget Committee "approved" PDC's budget on May 27, 2009 ("the Approved Budget"). The Executive Director and Chief Financial Officer are now submitting a proposed final budget to the Commission to be "adopted" as required by Local Budget Law ("the Adopted Budget"). The proposed budget submitted for adoption contains minor technical variations from the Approved Budget, which variations are permitted by Local Budget Law.

The recommended changes from the FY 2009-10 Approved Budget to the FY 2009-10 Adopted Budget consist primarily of minor technical adjustments, and the final carry forward requests for on-going development projects and other commitments that were not originally anticipated in development of the PDC FY 2009-10 budget at the inception of the FY 2009-10 budget process. Technical adjustments are primarily updated staffing and indirect allocation estimates to various funding sources based on updated estimates of planned activity.

With the recommended changes, the total PDC budget will increase from \$265,826,729 in PDC's FY 2009-10 Approved Budget to \$275,680,626 in the FY 2009-10 Adopted Budget, including Transfers and Contingency. Budgeted expenditures increase slightly from \$209,418,570 to \$216,180,538. Contingency increase a net \$2,342,765 based on projected unused cash resources that will carry over to FY 2009-10. Interfund Cash Transfers increase a net \$717,101 to recognize interfund accounting transactions.

Exhibit A to the accompanying Resolution includes the recommended changes to the proposed FY 2009-10 Adopted Budget. The accompanying Resolution authorizes adoption of the proposed FY 2009-10 Adopted Budget, and appropriates resources by Fund, Department, Transfers, and Contingency. Attachment A to this report shows the Urban Renewal Area's line item Adopted Budget and Five-Year Forecast.

PUBLIC BENEFIT

The action to adopt the FY 2009-10 Budget represents the continuation of PDC's mission to achieve Portland's vision of a sustainable community with healthy neighborhoods, a vibrant urban core, a strong regional economy and quality jobs and housing for all.

The proposed FY 2009-10 Adopted Budget allocates the resources necessary to implement PDC's strategic goals and priorities for each department. Chief among these goals are leveraging PDC resources to generate private investment; development of catalytic projects that stimulate other development; retention and growth of existing businesses, and recruitment and creation of new businesses; and providing a number of single and multi-family housing development and financial assistance needs.

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

The FY 2009-10 Budget was developed with significant public input, primarily by the participation of each of PDC's Urban Renewal Area Committees and public stakeholders reviewing draft budgets and providing advisory to PDC staff and the Commission and City Council through the Draft, Requested, Proposed and Approved stages of the budget.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The FY 2009-10 was developed in accordance with numerous policy guidelines including the Housing Set-Aside policy, and in accordance with procedural guidelines such as the City of Portland Charter and Oregon State Local Budget Law (ORS 294).

FINANCIAL IMPACT

The proposed FY 2009-10 Adopted Budget incorporates the financial decisions that include a total proposed FY 2009-10 Adopted Budget of \$275,680,626 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$216,180,538. 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.

RISK ASSESSMENT

There is a slight risk that due to project timing and/or final project budget that the appropriation level established through adoption of the proposed FY 2009-10 Adopted 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 supplemental budgets during the fiscal year to request additional appropriations if and when necessary.

WORK LOAD IMPACT

If approved, the implementation of the proposed FY 2009-10 Adopted Budget is administrative in nature and will not impact PDC staffing needs. Management of project and program budgets are part of existing work plans of PDC staff as part of ongoing project and program management duties.

ALTERNATIVE ACTIONS

- (1) Do not adopt the proposed FY 2009-10 Adopted Budget.
- (2) Adopt the proposed FY 2009-10 Adopted Budget with additional changes.

Pursuant to ORS 294.311, absent adoption of the proposed FY 2009-10 Adopted Budget and appropriating funds pursuant to such budget, as of July 1, 2009, PDC would have no authority to incur any new expenses. Any changes to the adopted budget directed by the Commission must be identified during adoption of the budget to include specific funding source and appropriation category.

CONCURRENCE

The Proposed Budgets was reviewed and approved by the Portland City Council, acting as PDC's Budget Committee on May 27, 2009. There were no specific changes directed by City Council during the review and approval of the budget.

BACKGROUND

Adoption of the FY 2009-10 Adopted Budget is the final step in setting the appropriation limits for the upcoming fiscal year. Per Local Budget Law (ORS 294), the Board may increase expenditures in any fund by a maximum of 10% between approval of the FY 2009-10 Approved Budget by PDC's Budget Committee and adoption of the proposed FY 2009-10 Adopted Budget by the Board.

The FY 2009-10 budget began with the development of the FY 2009-10 Draft Budget and Five-Year Forecast by PDC URA teams and stakeholders in December, 2008. The budget was formally vetted with the PDC Executive Team, PDC Commission and Mayor in January and February of 2009 and then submitted for City Council review as the FY 2009-10 Requested Budget in March, 2009. Following initial review by City Council, PDC created the FY 2009-10 Proposed Budget which was then submitted to City Council, acting as PDC's Budget Committee per ORS 294 in May 2009. Following approval by the Budget Committee

on May 27, 2009, the budget was submitted to the Multnomah County Tax Supervising and Conservation Commission (TSCC) for review and compliance with State of Oregon Local Budget Law and also submitted for review to the PDC Commission for consideration for Adoption.