



DATE: June 26, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-22
Adopting Budget Amendment No. 3 for the Fiscal Year beginning July 1, 2012, and Ending June 30, 2013; and Making Appropriations

BOARD ACTION REQUESTED

Adopt Resolution No. 7009 (Budget Amendment No. 3)

ACTION DESCRIPTION

This action will amend the fiscal year (FY) 2012-13 Portland Development Commission (PDC) Revised Budget in the following ways:

- (1) Make adjustments related to the PDC-Portland Housing Bureau Support Services Intergovernmental Agreement to reflect how property revenue and expenditures are accounted for;
- (2) Adjust appropriations from Administration to Property Redevelopment to account for staff time spent on general property redevelopment activities;
- (3) Make final Adjustments to PDC's administrative materials and services budgets for insurance costs and;
- (4) Make adjustments to Interstate Urban Renewal Area (URA) appropriation between Business Development and Property Redevelopment to reflect estimated year-end expenses related to the Commercial Property Redevelopment Loan program.

The proposed FY 2012-13 Budget Amendment No. 3 will decrease the total PDC budget from \$258,831,852 in the FY 2012-13 Revised Budget to \$258,294,28 including Transfers, Contingency, and Reserves. Excluding Transfers and Contingency total budgeted expenditures decrease from \$125,304,002 to \$123,916,408. Exhibit A to the resolution sets forth the recommended changes to be made to the FY 2012-13 Revised Budget pursuant to this proposed Budget Amendment No. 3.

BACKGROUND AND CONTEXT

The PDC Board of Commissioners (Board) adopted the original FY 2012-13 Budget on June 27, 2012, by Resolution 6955, and authorized the amendment of the budget on November 14, 2012, by Resolution 6979 and on April 9, 2013, by Resolution 7001 (the FY 2012-13 Revised Budget). The three changes identified are technical in nature, do not authorize any additional planned expenditures, but rather categorize planned expenditures appropriately in the budget to prevent year-end over-expenditures.

COMMUNITY AND PUBLIC BENEFIT

FY 2012-13 Budget Amendment No. 3 serves the public interest to the degree that it ensures that the 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

The changes included in the FY 2012-13 Budget Amendment No. 3 are technical in nature and remain consistent with funding priorities established in the FY 2012-13 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

The recommended amendments to the FY 2012-13 Revised Budget reflect the financial implications of business decisions which amount to approximately \$123,916,408 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:

- Administration: Increases a net \$137,336 based on final personnel services and insurance costs estimated to be allocated to PDC's Indirect Fund.
- Business Development: Decreases \$881,195 to transfer appropriation to Commercial Property Redevelopment Loan program for current year activity in the Interstate URA.
- Housing (Portland Housing Bureau): Decreases a net \$544,226 for removal of third party gross operating expenditures that will not be recorded by PDC, and expenditures related to property management and insurance allocation for Housing properties paid for by PDC.
- Property Redevelopment: Increases \$888,814 to provide sufficient appropriation for personnel services classified as property redevelopment and loan disbursements in the Interstate URA Commercial Property Redevelopment Loan program.

RISK ASSESSMENT

Should the Board decide not to approve FY 2012-13 Budget Amendment No. 3, there will be inadequate appropriations in PDC's General Fund. An over-expenditure of an appropriation within a fund is a violation of local budget law (Oregon Revised Statutes (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 2012-13 Budget Amendment No. 3. Some expenditures will have inadequate appropriation which will trigger a violation of local budget law (ORS 294).

ATTACHMENTS

None