

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** October 8, 2008

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 08-122  
Budget Amendment No. 1 for Fiscal Year beginning July 1, 2008 and ending June 30, 2009; and making appropriations.

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6643

#### ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2008-09 Adopted Budget for the first time this year. This recommended budget amendment authorizes an appropriation to the Ambassador Fund to effect (i) the transfer of residual resources for management of the program to Green light Greater Portland, a consortium of private sector leaders dedicated to growing a sustainable and vibrant economic future for the seven-county metropolitan statistical region that surrounds the City of Portland (ii) the transfer of residual resources associated with TCI conference, to TCI (The Competitive Institute). These items were anticipated by PDC staff to be completed before June 30, 2008 and therefore were not included in the FY 2008-09 Adopted Budget. This budget amendment also recognizes the actual beginning fund balance associated with the North/Northeast Enterprise program and appropriates those resources for spending in accordance with program guidelines. Finally, this budget amendment also reallocates appropriations within the Gateway Urban Renewal Fund from Housing to Development to provide adequate funding for the acquisition of the several parcels (10506-10512, 10520 NE Halsey Street). Finally, this budget amendment transfers appropriation from contingency to the Central Services expenditure appropriation in the Risk Management Fund to facilitate potential claims in FY 2008-09.

In sum, FY 2008-09 Budget Amendment No. 1 (Budget Amendment #1) increases the total PDC budget from \$314,635,119 in the FY 2008-09 Adopted Budget to \$314,899,268 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are increased from \$269,863,204 to \$270,732,858.

Attachment A summarizes the recommended changes to be made to the FY 2008-09 Approved Budget pursuant to Budget Amendment #1.

#### PUBLIC BENEFIT

Budget Amendment #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:**

- Develop healthy neighborhoods
- Provide access to quality housing
- Help businesses to create and sustain quality jobs
- Support a vibrant Central City (urban core)
- Contribute to a strong regional economy

**PUBLIC PARTICIPATION AND FEEDBACK**

Oregon Local Budget Law (ORS 294.305 to 294.565) provides for a number of steps to ensure that the public has an opportunity to review and comment on the development by each public entity of its respective annual budget and any subsequent changes thereto. 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.

**COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

The proposed Budget Amendment #1 authorizes the appropriation of such amount of public funds as shall be necessary to implement the projects and programs planned for the current fiscal year in accordance with a variety of PDC and City adopted plans and policies, including without limitation, individual urban renewal area plans and the City's Housing Set Aside Policy. Moreover, adoption of the recommended Budget Amendment #1 by the PDC Board is required by Oregon Local Budget Law (ORS 294.840) before PDC staff is legally permitted to expend funds for the planned projects and programs.

**FINANCIAL IMPACT**

The recommended Budget Amendment #1 to the FY 2008-09 Adopted Budget impacts two funds: (1) the Ambassador Fund and (2) The Gateway Urban Renewal Fund.

- 1) The Ambassador Fund historically has administered activities related to regional economic development and business activities and conferences where PDC has received resources from participating parties to organize events directed by the Ambassador Board. These activities are being transferred to Greenlight Greater Portland and therefore residual cash resources retained by PDC are correspondingly being transferred to Greenlight Greater Portland. Also residing in the Ambassador Fund is \$270,000 in resources associated the TCI (The Competitive Institute) conference held in Portland last year. Since PDC served as the fiscal agent for the event, all residual cash resources from the participants must be returned to TCI. Both of these transfers were anticipated to occur in FY 2007-08 and therefore were not included in the FY 2008-09 Budget. Since transfer of these funds requires budget appropriation, the Board must formally take action to establish the appropriation prior to disbursement of the funds.
- 2) The North/Northeast Enterprise Zone Program Fund has a remaining cash balance of \$371,000. The budget amendment recognizes the actual beginning fund balance and appropriates those funds to the community contributions for future grants.
- 3) The Gateway Urban Renewal Area team has been working on a strategic acquisition with the Parks Bureau to acquire several lots in the Gateway URA (10506-10512, 10520 NE Halsey Street). Under the terms of the agreement, PDC is obligated to provide 50% of the total acquisition cost. PDC's expenditure share of the acquisition is approximately \$2.3

million. Funding this acquisition will require a budget amendment that transfers \$1.2 million from Housing Department (budget codes 80016, 32140, and 33432) to Development Department budget code 14390. In addition, \$1 million will be transferred from Development Department budget code 14389 to 1439.

While resources are being temporarily decreased in the Housing appropriation to facilitate this transaction, resources can be added in a later budget amendment or for the FY 2009-10 budget based on timing of planning Housing projects in accordance with Housing Setaside guidelines.

- 4) Risk Management Fund: this budget amendment moves \$150,000 from contingency in the Risk Management Fund to expenditure appropriation. The transfer is required to establish sufficient appropriations for potential claims in FY 2008-09.

## **RISK ASSESSMENT**

A decision of the Board to not approve Budget Amendment #1 may result in an appropriation of inadequate levels for some projects and programs for the remainder of the current fiscal year.

## **WORK LOAD IMPACT**

If approved, Budget Amendment #1 is administrative in nature and will not impact PDC staffing needs.

## **ALTERNATIVE ACTIONS**

If Budget Amendment #1 is not approved, there may be in some cases, adverse legal and project related ramifications. For instance, PDC may be sued for breach of contract for failure to comply with contractual obligations if PDC does not fund loans or grants, or undertake or perform obligations, under legal agreements or contracts under which PDC may be legally bound.

## **CONCURRENCE**

Department directors, other members of the PDC staff, Finance staff and members of the Board have been involved in the development and implementation of the FY 2008-09 Budget and this recommended Budget Amendment #1. This Budget Amendment #1 updates projected budget resources and expenditures through fiscal year-end.

Overall, the current year budget reflects feedback from the Portland City Council, the URACs and other stakeholder groups taken into consideration during development of the FY 2008-09 Adopted Budget in the winter and spring of 2008. It is not certain, nor is it necessary that all involved groups concur with the amended budget recommendations.

## **ATTACHMENTS:**

- A. Description of Appropriation Changes by Fund

**CC:** J. Cody, Chief Financial Officer  
T. Barnes, Principal Budget Analyst  
D. Elliot, Interim General Counsel  
J. Jackley, Executive Operations Manager

**Attachment A**  
**Budget Appropriation Schedule**  
 Balancing worksheet - Revised version 1

**AMBASSADOR PROGRAM FUND**

	<i>FY 2008-09 Adopted</i>	<i>2nd Budget Amendment</i>	<i>FY 2008-09 Revised</i>
Beginning Fund Balance	0	387,314	387,314
Private Funding	0	1,092	1,092
Program Income	0	28,676	28,676
<b>Total Resources</b>	<b>0</b>	<b>417,082</b>	<b>417,082</b>
Economic Development	0	417,082	417,082
<b>Total Expenditures</b>	<b>0</b>	<b>417,082</b>	<b>417,082</b>
Unappropriated Ending Fund Balance	0	0	0
<b>Total Requirements</b>	<b>0</b>	<b>417,082</b>	<b>417,082</b>

**ENTERPRISE ZONE FUND**

	<i>FY 2008-09 Adopted</i>	<i>2nd Budget Amendment</i>	<i>FY 2008-09 Revised</i>
Beginning Fund Balance	524,351	-152,933	371,418
Cash Transfer In	50,000	0	50,000
Program Income	42,000	0	42,000
<b>Total Resources</b>	<b>616,351</b>	<b>-152,933</b>	<b>463,418</b>
Economic Development	160,846	302,572	463,418
<b>Total Expenditures</b>	<b>160,846</b>	<b>302,572</b>	<b>463,418</b>
Contingency	455,505	-455,505	0
Unappropriated Ending Fund Balance	0	0	0
<b>Total Requirements</b>	<b>616,351</b>	<b>-152,933</b>	<b>463,418</b>

**GATEWAY REGIONAL CENTER URA FUND**

	<i>FY 2008-09 Adopted</i>	<i>2nd Budget Amendment</i>	<i>FY 2008-09 Revised</i>
Beginning Fund Balance	497,857	0	497,857
Program Income	20,000	0	20,000
Tax Increment Debt Proceeds	4,612,601	0	4,612,601
<b>Total Resources</b>	<b>5,130,458</b>	<b>0</b>	<b>5,130,458</b>
Development	1,894,740	1,278,836	3,173,576
Economic Development	642,466	0	642,466
Housing	2,385,969	-1,278,836	1,107,133
Central Services	9,655	0	9,655
<b>Total Expenditures</b>	<b>4,932,830</b>	<b>0</b>	<b>4,932,830</b>
Contingency	197,628	0	197,628
Unappropriated Ending Fund Balance	0	0	0

<b>Total Requirements</b>	<b>5,130,458</b>	<b>0</b>	<b>5,130,458</b>
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**Attachment A**  
**Budget Appropriation Schedule**  
 Balancing worksheet - Revised version 1

	<i>FY 2008-09 Adopted</i>	<i>2nd Budget Amendment</i>	<i>FY 2008-09 Revised</i>
<b>RISK MANAGEMENT FUND</b>			
Beginning Fund Balance	400,000	0	400,000
<b>Total Resources</b>	<b>400,000</b>	<b>0</b>	<b>400,000</b>
Central Services	0	150,000	150,000
<b>Total Expenditures</b>	<b>0</b>	<b>150,000</b>	<b>150,000</b>
Contingency	400,000	-150,000	250,000
Unappropriated Ending Fund Balance	0	0	0
<b>Total Requirements</b>	<b>400,000</b>	<b>0</b>	<b>400,000</b>

**SUMMARY TOTAL - ALL FUNDS**

**Resources**

Beginning Fund Balance	43,949,591	234,381	44,183,972
Cash Transfer In	3,543,245	0	3,543,245
Federal and Other Grants	6,572,171	0	6,572,171
City General Fund	4,227,000	0	4,227,000
Line of Credit	11,013,212	0	11,013,212
Private Funding	0	1,092	1,092
Program Income	41,964,683	28,676	41,993,359
Service Reimbursements	33,942,144	0	33,942,144
Tax Increment Debt Proceeds	169,423,073	0	169,423,073

<b>Total Resources</b>	<b>314,635,119</b>	<b>264,149</b>	<b>314,899,268</b>
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**Requirements**

Development	93,804,539	1,278,836	95,083,375
Economic Development	29,596,680	719,654	30,316,334
Housing	116,242,554	-1,278,836	114,963,718
Central Services	16,858,244	150,000	17,008,244
Executive	7,685,187	0	7,685,187
Debt Service	5,676,000	0	5,676,000
<b>Total Expenditures</b>	<b>269,863,204</b>	<b>869,654</b>	<b>270,732,858</b>

Cash Transfers Out	3,543,245	0	3,543,245
Contingency	41,228,670	-605,505	40,623,165

<b>Total Requirements</b>	<b>314,635,119</b>	<b>264,149</b>	<b>314,899,268</b>
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