

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: June 25, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 08-88
FY 2007-08 Budget Amendment No. 2

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6612

ACTION SUMMARY

This proposed action will formally amend the current fiscal year (FY) 2007-08 Adopted Budget, as amended by FY 2007-08 Budget Amendment No. 1 (FY 2007-08 Revised Budget). This proposed budget amendment recognizes a transfer of appropriation between projects and categories based on project spending by June 30, 2008. The most notable change is the transfer of appropriation from the Community Relations and Business Equity Department to the Executive Department to match the organizational restructure. This will assist with budget comparisons of appropriation from year-to-year.

In sum, FY 2007-08 Budget Amendment No. 2 changes the total PDC budget from \$320,778,947 as amended by the FY 2007-08 Revised Budget to \$310,592,135, including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures decrease from \$267,304,267 to \$245,149,437.

Attachment A summarizes the recommended changes to be made to the FY 2007-08 Revised Budget.

PUBLIC BENEFIT

The action to amend FY 2007-08 Revised 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.

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

Budget Amendment No. #2 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.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The proposed Budget Amendment No. #2 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 #2 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 No. 2 to the FY 2007-08 Revised Budget reflects the financial implications of organizational changes and other business decisions which amount to approximately a total of \$310,592,135 million in program and project expenditures, reserves, and contingency resources. This recommended Budget Amendment #2 recognizes changes in timing for some projects and the movement of appropriation from the Community Relations and Business Equity Department to the Executive Department.

The recommended budget adjustments will allow for a more accurate representation of the actual amount of available resources remaining for the current fiscal year and the expenditures planned for the remainder of the fiscal year through June 30, 2008, and thereby enable PDC staff, URACs, stakeholder groups and the general public to more accurately analyze budgetary trends for budgetary purposes.

RISK ASSESSMENT

A decision of the Board to not approve Budget Amendment No. #2 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 No. #2 is administrative in nature and will not impact PDC staffing needs.

ALTERNATIVE ACTIONS

If Budget Amendment No. #2 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 2007-08 Revised Budget and this recommended Budget Amendment No. #2. This Budget Amendment #2 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 2007-08 Adopted Budget in the spring of 2007. It is not certain, nor is it necessary that all involved groups concur with the amended budget recommendations.

BACKGROUND

ATTACHMENTS:

- A. Attachment A – FY 2007-08 Revised Appropriation Schedule

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

**Attachment A - FY 2008-09 Budget Amendment No. 2 Appropriations
Portland Development Commission
Budget Appropriation Schedule**

SUMMARY TOTAL - ALL FUNDS

	<i>FY 2007-08</i>	<i>2nd Budget</i>	<i>FY 2007-08</i>
Resources	Revised	Amendment	Revised
Beginning Fund Balance	63,696,798	0	63,696,798
Cash Transfer In	3,366,576	46,852	3,413,428
Federal and Other Grants	10,779,525	-586,000	10,193,525
City General Fund	2,773,098	0	2,773,098
Line of Credit	8,000,000	-1,270,000	6,730,000
Private Funding	207,373	0	207,373
Program Income	39,830,364	-3,190,129	36,640,235
Service Reimbursements	31,932,139	0	31,932,139
Tax Increment Debt Proceeds	160,193,074	-5,187,535	155,005,539
Total Resources	320,778,947	-10,186,812	310,592,135
Requirements			
Development	95,338,243	-4,693,216	90,645,027
Economic Development	40,860,523	-959,345	39,901,178
Housing	102,588,109	-11,584,769	91,003,340
Central Services	13,331,906	151,017	13,482,923
Community Relations & Bus Equity	1,638,894	-1,611,394	27,500
Executive	6,226,592	1,452,877	7,679,469
Debt Service	7,320,000	-4,910,000	2,410,000
Total Expenditures	267,304,267	-22,154,830	245,149,437
Cash Transfers Out	3,359,326	54,352	3,413,678
Contingency	13,013,073	11,913,666	24,926,739
Unappropriated Ending Fund Balance	37,102,281		37,102,281
Total Requirements	320,778,947	-10,186,812	310,592,135

The following fund summaries only shows funds with recommended revisions:

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
CENTRAL EASTSIDE URA			
Beginning Fund Balance	2,078,427	0	2,078,427
Program Income	78,206	0	78,206
Tax Increment Debt Proceeds	9,789,817	0	9,789,817
Total Resources	11,946,450	0	11,946,450
Development	7,572,045	-623,757	6,948,288
Economic Development	3,367,234	0	3,367,234
Housing	247,531	0	247,531
Central Services	9,195	0	9,195
Total Expenditures	11,196,005	-623,757	10,572,248
Contingency	750,445	623,757	1,374,202
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	11,946,450	0	11,946,450

FY 2007-08 amendment recognizes the movement of funds to FY 2008-09 for ongoing predevelopment and relocation costs of sites for the Burnside-Bridgehead project. Also recognizes movement of FY 2007-08 Burnside-Couch IGA for design work to FY 2008-09.

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
CONVENTION CENTER URA			
Beginning Fund Balance	8,500,611	0	8,500,611
Cash Transfer In	600,000	0	600,000
Program Income	2,108,362	0	2,108,362
Tax Increment Debt Proceeds	7,019,972	0	7,019,972
Total Resources	18,228,945	0	18,228,945
Development	6,359,903	-287,759	6,072,144
Economic Development	4,224,804	0	4,224,804
Housing	7,075,163	-3,610,046	3,465,117
Central Services	23,540	0	23,540
Total Expenditures	17,683,410	-3,897,805	13,785,605
Contingency	545,535	3,897,805	4,443,340
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	18,228,945	0	18,228,945

FY 2007-08 amendment recognizes the carryover of funds for Housing projects (Piedmont Place, Grant Warehouse, Affordable Rental Housing - \$3.6 million) and \$287,000 3934 MLK Jr. renovation from FY 2007-08 to FY 2008-09.

ENTERPRISE FUND	<i>FY 2007-08</i>	<i>2nd Budget</i>	<i>FY 2007-08</i>
	<i>Revised</i>	<i>Amendment</i>	<i>Revised</i>
Beginning Fund Balance	5,126,484	0	5,126,484
Cash Transfer In	526,568	-7,500	519,068
Line of Credit	8,000,000	-1,270,000	6,730,000
Program Income	14,715,109	1,270,000	15,985,109
Total Resources	28,368,161	-7,500	28,360,661
Economic Development	2,214,899	0	2,214,899
Housing	22,112,238	0	22,112,238
Community Relations & Bus Equity	35,000	-7,500	27,500
Debt Service	1,320,000	0	1,320,000
Total Expenditures	25,682,137	-7,500	25,674,637
Cash Transfers Out	287,568	0	287,568
Contingency	2,398,456	0	2,398,456
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	28,368,161	-7,500	28,360,661

FY 2007-08 amendment reconizes decreased need in line of credit draw of Oregon Residential Lending program, offset by increased draws on Bureau of Housing and Community Development Contract (program income) for reimbursement for work on the Eastgate and Kateri affordable housing projects (total Housing appropriation remains the same). This change also decreases Community Relations and Business Equity to represent correct transfer of funds from General Fund for workforce training fees.

ENTERPRISE ZONE	<i>FY 2007-08</i>	<i>2nd Budget</i>	<i>FY 2007-08</i>
	<i>Revised</i>	<i>Amendment</i>	<i>Revised</i>
Beginning Fund Balance	533,559	54,352	587,911
Total Resources	533,559	54,352	587,911
Economic Development	533,559	0	533,559
Total Expenditures	533,559	0	533,559
Contingency	0	54,352	54,352
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	533,559	54,352	587,911

FY 2007-08 amendment reconizes cash transfer from Willamette Industrial URA for reimburesment of prior expenses associated with start-up of the URA. Transferred funds are placed in contingency.

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
GENERAL FUND			
Beginning Fund Balance	2,042,536	0	2,042,536
City General Fund	2,773,098	0	2,773,098
Program Income	360,000	0	360,000
Service Reimbursements	31,932,139	0	31,932,139
Total Resources	37,107,773	0	37,107,773
Development	5,039,978	0	5,039,978
Economic Development	5,227,412	0	5,227,412
Housing	4,043,390	0	4,043,390
Central Services	13,089,760	151,017	13,240,777
Community Relations & Bus Equity	1,603,894	-1,603,894	0
Executive	5,412,801	1,452,877	6,865,678
Total Expenditures	34,417,235	0	34,417,235
Cash Transfers Out	2,121,758	0	2,121,758
Contingency	568,780	0	568,780
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	37,107,773	0	37,107,773

FY 2007-08 amendment recognizes the reorganization that merges Communications and Business Equity functions with Executive Department and internal audit functions from Executive to Central Services (correction from prior reorganization).

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
INTERSTATE CORRIDOR URA			
Beginning Fund Balance	2,526,737	0	2,526,737
Program Income	1,277,729	0	1,277,729
Tax Increment Debt Proceeds	13,022,122	0	13,022,122
Total Resources	16,826,588	0	16,826,588
Development	6,939,716	-1,155,000	5,784,716
Economic Development	2,880,462	0	2,880,462
Housing	5,984,286	0	5,984,286
Central Services	17,655	0	17,655
Total Expenditures	15,822,119	-1,155,000	14,667,119
Cash Transfers Out	600,000	0	600,000
Contingency	404,469	1,155,000	1,559,469
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	16,826,588	0	16,826,588

FY 2007-08 amendment decreases funding to match \$780,000 for carryover of Russell Streetscape project, and \$375,000 for Patton and Dawson parks to FY 2008-09.

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
LENTS TOWN CENTER URA			
Beginning Fund Balance	3,677,407	0	3,677,407
Program Income	271,980	0	271,980
Tax Increment Debt Proceeds	10,530,300	0	10,530,300
Total Resources	14,479,687	0	14,479,687
Development	5,486,171	-1,113,700	4,372,471
Economic Development	2,581,314	-100,000	2,481,314
Housing	5,064,207	-1,634,651	3,429,556
Central Services	10,000	0	10,000
Executive	111,791	0	111,791
Total Expenditures	13,253,483	-2,848,351	10,405,132
Contingency	1,226,204	2,848,351	4,074,555
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	14,479,687	0	14,479,687

FY 2007-08 amendment decreases funding to match carryover associated with Lent's Parks Improvements and Homeowner Development programs to FY 2008-09.

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
NORTH MACADAM URA			
Beginning Fund Balance	1,027,912	0	1,027,912
Federal and Other Grants	752,000	-586,000	166,000
Program Income	5,332,504	-4,460,129	872,375
Tax Increment Debt Proceeds	16,285,787	-5,187,535	11,098,252
Total Resources	23,398,203	-10,233,664	13,164,539
Development	6,709,185	-1,513,000	5,196,185
Economic Development	1,290,543	-804,993	485,550
Housing	9,383,395	-6,340,072	3,043,323
Central Services	15,080	0	15,080
Debt Service	6,000,000	-4,910,000	1,090,000
Total Expenditures	23,398,203	-13,568,065	9,830,138
Contingency	0	3,334,401	3,334,401
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	23,398,203	-10,233,664	13,164,539

FY 2007-08 amendment moves funding for the Greenway project, Economic Development Bioscience, and debt service for the Streetcar Line of Credit to FY 2008-09.

	<i>FY 2007-08 Revised</i>	<i>2nd Budget Amendment</i>	<i>FY 2007-08 Revised</i>
WILLAMETTE INDUSTRIAL URA			
Cash Transfer In	36,705	0	36,705
Program Income	5,000	0	5,000
Tax Increment Debt Proceeds	160,000	0	160,000
Total Resources	201,705	0	201,705
Economic Development	197,224	-54,352	142,872
Central Services	4,481	0	4,481
Total Expenditures	201,705	-54,352	147,353
Cash Transfers Out	0	54,352	54,352
Unappropriated Ending Fund Balance	0	0	0
Total Requirements	201,705	0	201,705

FY 2007-08 amendment moves appropriations to Cash Transfers Out for a reimbursement to the Enterprise Zone Fund for previously incurred URA start-up funding.