

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: June 24, 2009

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 09-79
Budget Amendment No. 3 for Fiscal Year beginning July 1, 2008 and ending June 30, 2009; and making appropriations.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6718

ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2008-09 Adopted Budget for the third time this year, in the following ways,

- (1) Changes appropriations from PDC's prior department structure (Development, Economic Development, Housing, Central Services and Executive) to PDC's new program structure in conjunction with the implementation of PDC's new chart of accounts. PDC's new legal appropriation categories are (Business and Industry, Housing, Infrastructure, Revitalization and Administration).
- (2) Adjustments in specific project funding that needs to be increased or decreased based on planned expenditures. Project expenditures are only decreased if they are being represented in the FY 2009-10 Adopted Budget.

In sum, FY 2008-9 Budget Amendment No. 3 decreases the total PDC budget from \$299,565,859 the FY 2008-09 Revised Budget to \$299,520,015 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are decreased from \$222,820,820 to \$221,312,342.

Exhibit A to the resolution summarizes the recommended changes to be made to the FY 2008-09 Revised Budget pursuant to Budget Amendment No. 3.

PUBLIC BENEFIT

Budget Amendment No. 3 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 2008-09 Budget Amendment No. 3 are being reviewed by advisory groups in coordination with the FY 2009-10 budget development process.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Adoption of the recommended Budget Amendment No.3 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 and Budget Amendment No. 2. In most cases, fund appropriations are simply being converted from the old appropriation structure to the new appropriation structure in order to facilitate proper year-end reporting.

FINANCIAL IMPACT

The recommended amendments to the FY 2008-09 Revised Budget reflect the financial implications of organizational changes and other business decisions which amount to approximately \$299,520,015 million in program and project expenditures and contingency resources. Specific changes to projects and programs are

- 1) Ankeny/Burnside Public Improvements (Saturday Market): increases by \$2.1 million for resources and expenditures not originally included in the FY 2008-09 Budget. Includes Bureau of Environmental Services and Parks Bureau resources allocated to various parts of the project not originally included.
- 2) Increases debt services to pay down Private Lender Participation debt by \$500,000.
- 3) Several decreases in the Lents Town Center URA for carryover items already added in the FY 2009-10 budget.

RISK ASSESSMENT

A decision of the Board to not approve Budget Amendment No. 3 may result in an appropriation of inadequate levels for some projects and programs for the remainder of the current fiscal year. PDC is “going-live” with the new chart of accounts when the upgraded Lawson financial system “goes-live” on June 24. All FY 2008-09 expenditures are being converted to the new chart of accounts and therefore will be compared against the new appropriation structure at year-end. 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. 3 is administrative in nature and will not impact PDC staffing needs.

ALTERNATIVE ACTIONS

If Budget Amendment No. 3 is not approved, there may be in some cases where work under existing contracts or disbursements under 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 members of the Board have been involved in the development and implementation of recommended Budget Amendment No. 3.

BACKGROUND

Primary purpose of the FY 2008-09 Revised Budget is to convert FY 2008-09 budget appropriations to the new appropriation structure currently being implemented with PDC's new chart of accounts (the method by which financial transactions are coded and are reported on). PDC's chart of accounts changes are in association with PDC's Lawson 9 financial system upgrade. The financial upgrade went live on June 22 and all FY 2008-09 expenditure data was converted to the new the chart of accounts during the upgrade.

A key impact of the change in the chart of accounts is that PDC will no longer be categorizing expenditure appropriations by old organizational units (Development, Economic Development, Housing, and Central Services). The new chart of account instead categorizes expenditure appropriations by programs (Business and Industry, Infrastructure, Revitalization, Housing and Administration). Since all expenditures must not exceed adopted appropriations on June 30, 2009, staff is recommending this budget amendment to align budget appropriations to converted expenditure data.