PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: February 24, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 10-22

Budget Amendment No. 2 for Fiscal Year beginning July 1, 2009 and ending June 30, 2010; and making appropriations.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6774

ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2009-10 Adopted Budget for the second time this year, in the following ways,

(1) Amends the HCD and HOME contract funds to recognize additional funding associated with amendments to the PHB-PDC Sub recipient Contract for implementation of Neighborhood Stabilization Funds and CDBG ARRA funding.

(2) Specific adjustments to URA projects and programs based on project timing to recognize updated project and program timing and cost based on the FY 2010-11 draft budget and forecast.

(3) Final debt appropriation required to pay-off all remaining Private Lender Participation Agreement debt obligations.

In sum, FY 2009-10 Budget Amendment No. 2 decreases the total PDC budget from $323,333,914 in the FY 2009-10 Revised 1 Budget to $310,890,156 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are decreased from $256,068,387 to $226,429,441.

Exhibit A to the resolution sets forth the recommended changes to be made to the FY 2009-10 Revised 1 Budget pursuant to Budget Amendment No. 2.

PUBLIC BENEFIT

FY 2009-2010 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 programs 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 but the recommended changes included in the FY 2009-10 Budget Amendment No. 2 are consistent with funding priorities established in the FY 2008-09 Budget as well as the FY 2009-10 Adopted Budget and four-year forecast.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Adoption of the recommended FY 2009-10 Budget Amendment No.2 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 FY 2009-10 Revised 1 Budget.

FINANCIAL IMPACT

The recommended amendments to the FY 2009-10 Revised 1 Budget reflect the financial implications of organizational changes and other business decisions which amount to approximately $226,429,441 in program and project expenditures and contingency resources. Key specific changes to projects and programs are:

1) Establishing expenditure appropriations recent PHB-PDC sub-recipient amendments for NSF and ARRA stimulus allocations to the City of Portland for housing programs (HCD Contract Fund).

2) Adjusts URA budget expenditures to incorporate financial projections for FY 2009-10 that were included as part of the FY 2010-11 Requested Budget Development Process that was reviewed by the Commission during budget work sessions in January.

3) Final debt appropriation increases to pay-off all remaining Private Lender Participation Agreement debt obligations.

RISK ASSESSMENT

A decision of the Board to not approve FY 2009-10 Budget Amendment No. 2 may result in an appropriation of inadequate levels for some projects and programs that are underway – most specifically for the implementation of federal stimulus programs associated with the PHB-PDC sub-recipient contract. Any over-expenditure of an appropriation within a fund is a violation of Local Budget Law (ORS 294); therefore, the budget is being adjusted to make sure all converted expenditures are properly appropriated.

WORK LOAD IMPACT

If approved, FY 2009-10 Budget Amendment No. 2 is specific to adjusting appropriations for specific projects and programs already underway and does not have an impact on current staffing levels.

ALTERNATIVE ACTIONS

The Board could choose not to approve FY 2009-10 Budget Amendment No. 2 and direct staff to work within with existing appropriations. Some activities 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 Commissioners have been involved in the development of recommended FY 2009-10 Budget Amendment No. 2.

BACKGROUND

Primary purpose of the FY 2009-10 Budget Amendment No. 2 is to establish budget appropriations for project and program expenditures that were not specifically known when recommending the FY 2009-10 Revised 1 Budget in September. Appropriations for the increased amount of the PHB-PDC sub-recipient contract were not included during the last revision of the budget because specific allocations were still being planned. Since September, staff has undergone a substantial review of projects and program spending forecasts in all urban renewal areas to help determine expenditure requirements for both the current fiscal year and the draft FY 2010-11 budget and forecast. This budget amendment provides an opportunity to formally amend the current year forecast so that URA project and program requirements are not double-counted between FY 2009-10 and FY 2010-11 or future fiscal years.

State Budget Law, ORS 294.480 allows the Governing Body of a municipal government (the PDC Board) to approve supplemental budgets after the beginning of the fiscal year in cases where updated resource and expenditure estimates are received and expenditure appropriations must be increased to accommodate the change.