

DATE: June 24, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-44

Adopting the Annual Budget of the Portland Development Commission for the Fiscal Year Beginning July 1, 2015, and Ending June 30, 2016; and Making Appropriations

BOARD ACTION REQUESTED

Adopt Resolution No. 7130

ACTION DESCRIPTION

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will formally adopt PDC's fiscal year (FY) 2015-16 Recommended Budget and appropriate resources set forth therein, effective July 1, 2015. Adoption by the PDC Board of the FY 2015-16 Recommended Budget represents the final phase of the FY 2015-16 budget process, which began in November 2014. Upon adoption, PDC's FY 2015-16 Recommended Budget will become PDC's FY 2015-16 Adopted Budget.

With the recommended changes, the total PDC budget will decrease from \$311,061,998 in PDC's FY 2015-16 Approved Budget to \$309,327,328 in PDC's FY 2015-16 Recommended Budget, including Transfers and Contingency. Budgeted expenditures decrease from \$209,230,154 to \$205,611,479.

BACKGROUND AND CONTEXT

Portland City Council (City Council), acting as PDC's Budget Committee, approved PDC's budget on May 27, 2015 (PDC's FY 2015-16 Approved Budget). The PDC Executive Director is now submitting PDC's FY 2015-16 Approved Budget with recommended changes to the PDC Board to be adopted as required by local budget law (PDC's FY 2015-15 Recommended Budget). PDC's FY 2015-16 Recommended Budget contains minor changes from PDC's FY 2015-16 Approved Budget, which are permitted by local budget law. The recommended changes consist primarily of technical adjustments including updated staffing costs and the allocation of staff across funding sources and projects, as well as timing adjustments that relate to changes in the FY 2014-15 Revised 3 Budget.

COMMUNITY AND PUBLIC BENEFIT

The action to adopt PDC's FY 2015-16 Recommended Budget represents the continuation of PDC's vision to create one of the most globally competitive, equitable, and healthy cities in the world by investing in job creation, innovation, and economic opportunity throughout Portland. PDC's FY 2015-16 Recommended Budget allocates resources focused on implementing PDC's 2015-2020 Strategic Plan and the City of Portland's Economic Development Strategy. Chief among these goals is leveraging PDC resources to recruit and create new businesses; retain and grow existing businesses; invest in redevelopment, infrastructure, and placemaking activities; and generate private investment.

PUBLIC PARTICIPATION AND FEEDBACK

The FY 2015-16 budget process included public participation through the Central City Budget Advisory Committee and the Neighborhood Economic Development Leadership Group Budget Sub-Committee, both of which met three times during the drafting of PDC's FY 2015-16 Requested Budget. The FY 2015-16 Requested Budget included letters from both groups. City Council received public testimony from the public on May 20, 2015, during its public hearing on PDC's Proposed Budget. The public will have a final opportunity to testify on PDC's budget during the Tax Supervising and Conservation Commission hearing on June 24, 2015.

BUDGET AND FINANCIAL INFORMATION

PDC's FY 2015-16 Recommended Budget incorporates financial decisions that include a total recommended budget of \$309,327,328 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$205,611,479. The budget states what funds will be received by PDC, how the funds will be spent within each urban renewal area, and on which projects. The budget also shows how resources will be allocated for purposes of staff and operating costs of PDC.

PDC's 2015-16 Recommended Budget includes several changes from PDC's FY 2015-16 Approved Budget:

- Final adjustments for estimated personnel services expenditures based on current positions, updated estimates on benefit costs, and student workers.
- Final adjustments for personnel services allocations between specific projects and funding sources based on final review by management.
- Final adjustments for project requirements based on updated estimates of construction timing, mostly related to PDC's intergovernmental agreement with the Portland Housing Bureau for the implementation of housing projects.

RISK ASSESSMENT

There is a slight risk that due to project timing and/or final project budget, the appropriation levels established through adoption of PDC's FY 2015-16 Recommended Budget may be insufficient to enable PDC to comply with contractual obligations. PDC staff mitigates this risk by continually reviewing project estimates vis-à-vis budget authority and by preparing budget amendments during the fiscal year to request additional appropriations if and when necessary.

ALTERNATIVE ACTIONS

The PDC Board could adopt PDC's FY 2015-16 Recommended Budget with additional changes up to the 10 percent allowable increase in expenditures for each fund. Any changes to the PDC's FY 2015-16 Recommended Budget directed by the PDC Board must be identified during adoption of the budget to include specific funding sources and appropriation categories. If the PDC Board does not adopt a budget in accordance with local budget law on or before June 30, 2015, PDC will have no authority to incur new expenses after that date.

ATTACHMENTS

None.