



**DATE:** June 27, 2012  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 12-20  
Adopting the FY 2012-13 Budget

### **BOARD ACTION REQUESTED**

Adopt Resolution No. 6955

### **ACTION DESCRIPTION**

This action will formally adopt PDC's FY 2012-13 Recommended Budget and appropriate resources set forth therein, effective July 1, 2012. Adoption by the PDC Board of PDC's FY 2012-13 Recommended Budget represents the final phase of the FY 2012-13 budget process, which began last December. Upon adoption, PDC's 2012-13 Recommended Budget will become PDC's 2012-13 Adopted Budget.

With the recommended changes, the total PDC budget will increase from \$210,327,385 in PDC's FY 2012-13 Approved Budget to \$217,634,784 in PDC's FY 2012-13 Recommended Budget, including Transfers and Contingency. Budgeted expenditures increase slightly from \$167,474,877 to \$168,408,229.

### **BACKGROUND AND CONTEXT**

The Portland City Council, acting as PDC's Budget Committee approved PDC's budget on May 31, 2012 (PDC's FY 2012-13 Approved Budget). The Executive Director is now submitting PDC's FY 2012-13 Approved Budget with recommended changes to the Commission to be adopted as required by Local Budget Law (PDC's FY 2012-13 Recommended Budget). PDC's FY 2012-13 Recommended Budget contains minor technical variations from PDC's FY 2012-13 Approved Budget, which are permitted by Local Budget Law. The recommended changes from PDC's FY 2012-13 Approved Budget to PDC's FY 2012-13 Recommended Budget consist primarily of technical adjustments, in addition to final carry forward requests for ongoing projects and other commitments that were not originally anticipated in development of the PDC FY 2012-13 budget at the inception of the FY 2012-13 budget process. Technical adjustments are primarily updated staffing and indirect allocation to various projects and funding sources based on updated estimates of planned activity.

### **COMMUNITY AND PUBLIC BENEFIT**

The action to adopt PDC's FY 2012-13 Recommended Budget represents the continuation of PDC's mission to create one of the world's most desirable and equitable cities by investing in job creation, innovation and economic opportunity throughout Portland. PDC's FY 2012-13 Recommended Budget allocates the resources necessary to implement PDC's Strategic Plan and the City's Economic

Development Strategy. Chief among these goals is leveraging PDC resources to recruit and create new businesses, retain and grow existing businesses and generate private investment.

### **PUBLIC PARTICIPATION AND FEEDBACK**

PDC's FY 2012-13 Recommended Budget was developed with significant public input, primarily by the participation of each of PDC's Urban Renewal Area Committees (URACs) and public stakeholders in reviewing draft budgets and advising PDC staff, the PDC Commission and City Council through the Draft, Requested, Proposed and Approved stages of the budget. Input was received from seven URACs through the course of the budget process with each group meeting at least once prior to development of the Requested Budget to recommend priorities and once after release of the Requested Budget to provide specific input on the budget. The Commission heard input from the URACs and other stakeholders at the April 30, 2012, Commission Meeting. Public Testimony on the budget was also heard from stakeholders of the General Fund Economic Opportunity Initiative and Cluster Industry budgets at the May 17, 2012, PDC Budget Committee Hearing on the FY 2012-13 Proposed Budget.

### **BUDGET AND FINANCIAL INFORMATION**

PDC's FY 2012-13 Recommended Budget incorporates the financial decisions that include a total recommended budget of \$217,634,784 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$168,408,229. The budget states what funds will be received by PDC, how the funds will be spent within each URA, and on which projects. The budget also shows how resources will be allocated for purposes of staff and operating costs of PDC.

PDC's 2012-13 Recommended Budget includes several minor changes from PDC's FY 2012-13 Approved Budget:

- Alignment of PDC's Housing budget with PHB's Approved Budget, primarily representing current project carryover amounts;
- Moving forward \$500,000 in resources in the Lents Housing appropriations (from FY 2014-15) for an intergenerational housing project being implemented between PHB, Portland Public Schools and NAYA; and
- Final adjustments for estimated staffing requirements by funding sources and program/project.

### **RISK ASSESSMENT**

There is a slight risk that due to project timing and/or final project budget, the appropriation level established through adoption of PDC's FY 2012-13 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**

An alternative action would be to adopt PDC's FY 2012-13 Recommended Budget with additional changes up to the ten percent allowable increase in expenditures for each fund. Any changes to the PDC's FY 2012-13 Recommended Budget directed by the Commission must be identified during adoption of the budget to include specific funding source and appropriation category. If the Board does not

adopt a budget in accordance with Local Budget Law on or before June 30, 2012, PDC will have no authority to incur new expenses after that date.

**ATTACHMENTS**

None