



DATE: April 8, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-20
Budget Development Update on Fiscal Year 2015-16 Budget

BOARD ACTION REQUESTED

No action requested, informational only.

SUMMARY

At the April 8, 2015, Portland Development Commission (PDC) Board of Commissioners (Board) meeting, staff will provide an update on the fiscal year (FY) 2015-16 PDC Proposed Budget (Proposed Budget). Subsequent to PDC Board input and direction, staff will finalize the Proposed Budget in April and present to Portland City Council (City Council), acting as the PDC Budget Committee, on May 13, 2015. City Council is expected to approve the Proposed Budget on May 26, 2015. PDC staff will seek the PDC Board's approval of the City Council Approved Budget at the June 24, 2015, meeting.

BACKGROUND AND CONTEXT

The PDC FY 2015-16 budget development process began in October 2014 with the creation of draft work plans for FY 2015-16. From November 2014 through January 2015, staff created draft expenditure budgets and revenue forecasts that were reviewed by the PDC Board during the FY 2015-16 Budget Work Session on January 28, 2015.

Two advisory groups with stakeholders representing a broad cross-section of the community provided input on the draft budget. The Central City Budget Advisory Committee and the Neighborhood Economic Development Leadership Group Budget Sub-Committee have each met three times since December 2014 to review the FY 2015-16 draft work plans and budgets. The FY 2015-16 Requested Budget included letters from both groups.

Since its release in early February 2015, the Requested Budget was reviewed by the City of Portland (City) Budget Office, and PDC participated in a City Budget Work Session on March 30, 2015, which provided an overview of the FY 2015-16 Requested Budget, including PDC's requested decision packages for new one-time General Fund resources.

The Proposed Budget will amend the FY 2015-16 Requested Budget with the following changes:

- 1) Update resources and expenditure appropriations being removed from the FY 2014-15 Revised 2 Budget and move to the FY 2015-15 Proposed Budget. Projects include:
 - a. Multnomah County Health Headquarters (River District Urban Renewal Area (URA) for \$16,900,000);

- b. Housing Set Aside Requirements based on timing of Portland Housing Bureau projects (River District, Oregon Convention Center, Interstate Corridor URAs for \$11,200,000);
 - c. Commercial lending program funding (Lents Town Center, Gateway Regional Center, River District, Downtown Waterfront URAs) carryover to support action plans and investment strategy in the FY 2015-16 Proposed Budget and Five-Year Forecast.
- 2) Adjust timing of Housing Set Aside resources in the North Macadam URA Fund to be consistent with the sources and uses that accompanied the North Macadam URA Plan Amendment approved by City Council on April 1, 2015. The change provides \$15,000,000 in additional housing expenditures in FY 2015-16 and FY 2016-17 timeframe for a total of \$19,000,000.
- 3) Adjust commercial lending and other line items in Lents Town Center, Gateway Regional Center, and River District URAs to support key projects moving forward. Minimal adjustments are occurring to FY 2014-15 but larger adjustments will be reflected in the five-year forecast.
- a. Lents Town Center URA – increase funding and expenditures to support implementation of the Lents Action Plan;
 - b. Gateway Regional Center URA – increase funding and expenditures to support implementation of the Halsey-Weidler Investment Strategy.

Following City Council approval of the FY 2015-16 budget on May 26, 2015, the budget will be submitted to the Tax Supervising and Conservation Commission to review and determine compliance with local budget law. PDC staff will present an update to the PDC Board on June 10, 2015, to discuss the City Council approval and review any final changes to be incorporated into the adoption of the budget by the PDC Board on June 24, 2015.

ATTACHMENTS

- A. Draft Proposed Budgets / Five-Year Forecasts – North Macadam, Lents Town Center, and Gateway Regional Center URA Budgets

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

REPORT NO. 15-20

ATTACHMENT A

BUDGET DEVELOPMENT UPDATE ON FISCAL YEAR 2015-16 BUDGET

Attachment A includes this cover page and contains six pages:

- North Macadam (Sources and Uses in URA Amendment Plan through 2020) and Five-Year Forecast Program Requirements Detail

North Macadam (Sources and Uses in URA Amendment Plan through 2020)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Tax Increment Proceeds	\$ 2,597,400	\$ 2,197,800	\$ 21,495,006	\$ 6,248,454	\$ 6,834,415	\$ 7,515,961
Other Income	\$ 341,249	\$ 721,839	\$ 231,838	\$ 216,987	\$ 204,600	\$ 150,000
Beginning Balance	\$ 6,829,038	\$ 7,256,607	\$ 6,639,914	\$ 6,180,426	\$ 7,909,535	\$ 3,762,218
Total Resources	\$ 9,767,687	\$ 10,176,246	\$ 28,366,758	\$ 12,645,867	\$ 14,948,550	\$ 11,428,179

EXPENDITURES

PUBLIC IMPROVEMENTS

General Infrastructure/OS	\$ 141,000					
Transportation						
Bond Street design	\$ 271,000	\$ 500,000				
Bond Street construction		\$ 200,000	\$ 1,450,000	\$ 2,400,000	\$ 3,650,000	

REDEVELOPMENT THROUGH NEW CONSTRUCTION

Commercial

PSU School of Business			\$ 2,000,000			
PSU University Place					\$ 5,000,000	\$ 4,600,000
PSU/Budget Rent a Car acquisition						
CPRL			\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Housing	\$ 2,652	\$ 2,000,000	\$ 17,000,000	\$ 200,000	\$ 200,000	\$ 200,000

REDEVELOPMENT THROUGH CONSERVATION

PSU/4th Ave building						
Property Management	\$ 49,882	\$ 36,332	\$ 36,332	\$ 36,332	\$ 36,332	\$ 36,332

CLUSTER DEVELOPMENT

Target Industry Recruitment & Expansion Fund	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Project staffing/Indirect	\$ 464,252	\$ 800,000	\$ 1,200,000	\$ 1,600,000	\$ 1,800,000	\$ 1,800,000

TOTAL PROJECT EXPENDITURES	\$ 2,511,080	\$ 3,536,332	\$ 22,186,332	\$ 4,736,332	\$ 11,186,332	\$ 7,136,332
RESERVES AND ISSUANCE COSTS						
TOTAL EXPENDITURES						
Ending Balance	\$ 7,256,607	\$ 6,639,914	\$ 6,180,426	\$ 7,909,535	\$ 3,762,218	\$ 4,291,847

Five-Year Forecast Program Requirements Detail

	Revised- 2 FY 2014-15	Requested FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
Gateway Regional Center URA						
Resources						
Beginning Fund Balance	6,387,662	3,923,226	1,572,085	2,229,701	2,134,838	2,226,803
Fees and Charges	500	50	0	0	0	0
Interest on Investments	24,000	11,770	4,716	6,689	6,405	6,680
Loan Collections	11,418	12,893	12,894	12,894	77,089	5,905
Long Term Debt	0	0	0	0	0	1,500,000
Property Income	1,700	0	940,000	0	0	0
Reimbursements	3,600	3,600	0	0	0	0
Short Term Debt	3,496,500	3,496,500	3,496,500	3,496,500	3,496,500	3,496,500
Total Resources	9,925,380	7,448,039	6,026,195	5,745,784	5,714,832	7,235,888
Requirements						
Program Expenditures						
Administration						
Financial Administration						
A45101380 Debt Management-GTW	10,000	10,000	10,000	10,000	10,000	10,000
Total Administration	10,000	10,000	10,000	10,000	10,000	10,000
Business Development						
Business Lending						
L00210380 BL -General-GTW	400,000	300,000	300,000	300,000	300,000	300,000
Small Business & Community Dev						
B55900380 Community Development-GTW	20,000	20,000	20,000	20,000	20,000	20,000
B55800380 Business Development-GTW	10,000	10,000	10,000	10,000	10,000	10,000
Traded Sector Business Dev						
B15102380 Site Recruitment-GTW	10,000	10,000	10,000	10,000	10,000	10,000
Total Business Development	440,000	340,000	340,000	340,000	340,000	340,000
Housing						
PHB Housing						
H15430380 Affordable Rental Hsg-GTW	500,000	997,606	400,000	200,000	75,000	868,346
H15900380 PHB Staff & Admin-GTW	250,283	128,719	149,466	159,698	130,654	130,654
H15934380 Gateway/Glisan-GTW	2,537,722	0	0	0	0	0
H15292380 Property Management-GTW	1,000	1,000	1,000	1,000	1,000	1,000
Total Housing	3,289,005	1,127,325	550,466	360,698	206,654	1,000,000
Infrastructure						
Parks						
N38029215 Gateway Park Project-GTW	200,000	800,000	0	0	0	0
Transportation						
N38028915 GTW Street Improvement-GTW-Adm	300,000	750,000	0	0	0	0
Total Infrastructure	500,000	1,550,000	0	0	0	0
Property Redevelopment						
Commercial Property Redevelopm						
P38092015 Real Estate Mgmt-GTW-Adm	2,000	2,000	2,000	2,000	2,000	2,000
P38059015 Commercial Dev-GTW-Adm	50,000	0	0	0	0	0
P38060125 JJ North Rstrnt Lot-GTW-Adm	10,700	7,700	7,700	0	0	0
P38060155 Bingo Site-GTW-Adm	1,800	0	0	0	0	0
P38090015 Project Development-GTW-Adm	50,000	100,000	100,000	100,000	100,000	100,000
Commercial Real Estate Lending						
R01100380 CPRL-General-GTW	600,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Community Redevelopment Grants						

Five-Year Forecast Program Requirements Detail

	Revised- 2 FY 2014-15	Requested FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
G01100380 CLG-General-GTW	137,000	200,000	200,000	200,000	200,000	200,000
G02100380 DOS-General-GTW	48,000	75,000	75,000	75,000	75,000	75,000
G03100380 SIP-General-GTW	200,050	150,000	150,000	150,000	150,000	150,000
G04100380 GFGP-General-GTW	50,000	125,000	125,000	125,000	125,000	125,000
Total Property Redevelopment	1,149,550	2,159,700	2,159,700	2,152,000	2,152,000	2,152,000
Total Program Expenditures	5,388,555	5,187,025	3,060,166	2,862,698	2,708,654	3,502,000
Personal Services	158,786	108,511	113,937	119,633	125,615	131,896
Transfers - Indirect	454,813	580,418	622,391	628,615	653,760	679,910
Total Fund Expenditures	6,002,154	5,875,954	3,796,494	3,610,946	3,488,029	4,313,806
Contingency	3,923,226	1,572,085	2,229,701	2,134,838	2,226,803	2,922,082
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	9,925,380	7,448,039	6,026,195	5,745,784	5,714,832	7,235,888

Five-Year Forecast Program Requirements Detail

	Revised- 2 FY 2014-15	Proposed FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
Lents Town Center URA						
Resources						
Beginning Fund Balance	15,409,526	14,676,711	12,204,210	134,100	36,445	3,291,420
Fees and Charges	6,624	1,500	534	530	529	529
Interest on Investments	48,000	44,030	36,613	402	148	9,348
Loan Collections	440,000	492,687	133,062	133,061	133,062	246,596
Long Term Debt	0	0	3,200,000	15,000,000	0	24,928,267
Property Income	56,941	119,603	1,812,884	299,603	119,603	3,479,001
Reimbursements	4,273	0	0	0	0	0
Short Term Debt	8,991,000	9,745,097	9,990,000	10,409,334	10,353,849	1,982,281
Total Resources	24,956,364	25,079,628	27,377,303	25,977,030	10,643,636	33,937,442

Requirements

Program Expenditures

Administration

Financial Administration

A45101360 Debt Management-LTC	29,713	20,000	20,000	20,000	20,000	20,000
-------------------------------	--------	--------	--------	--------	--------	--------

Total Administration	29,713	20,000	20,000	20,000	20,000	20,000
-----------------------------	---------------	---------------	---------------	---------------	---------------	---------------

Business Development

Business Lending

L00210360 BL -General-LTC	250,000	700,000	700,000	700,000	700,000	700,000
---------------------------	---------	---------	---------	---------	---------	---------

L00200360 BL -Modifications-LTC	500	0	0	0	0	0
---------------------------------	-----	---	---	---	---	---

Small Business & Community Dev

B55800360 Business Development-LTC	10,000	10,000	10,000	10,000	10,000	10,000
------------------------------------	--------	--------	--------	--------	--------	--------

B55900360 Community Development-LTC	50,000	50,000	50,000	50,000	50,000	50,000
-------------------------------------	--------	--------	--------	--------	--------	--------

Traded Sector Business Dev

B15100360 Cluster Development-LTC	10,000	0	0	0	0	0
-----------------------------------	--------	---	---	---	---	---

B15102360 Site Recruitment-LTC	0	10,000	10,000	10,000	10,000	10,000
--------------------------------	---	--------	--------	--------	--------	--------

T01069360 Lean Manufacturing-LTC	30,000	30,000	30,000	30,000	30,000	30,000
----------------------------------	--------	--------	--------	--------	--------	--------

Total Business Development	350,500	800,000	800,000	800,000	800,000	800,000
-----------------------------------	----------------	----------------	----------------	----------------	----------------	----------------

Housing

PHB Housing

H15410360 Home Repair Projects-LTC	226,003	500,000	500,000	500,000	500,000	500,000
------------------------------------	---------	---------	---------	---------	---------	---------

H15420360 Home Buyer Assistance-LTC	591,241	500,000	500,000	500,000	500,000	500,000
-------------------------------------	---------	---------	---------	---------	---------	---------

H15430360 Affordable Rental Hsg-LTC	0	0	5,350,000	5,400,000	600,000	3,100,000
-------------------------------------	---	---	-----------	-----------	---------	-----------

H15900360 PHB Staff & Admin-LTC	595,004	766,689	879,402	745,255	895,913	900,000
---------------------------------	---------	---------	---------	---------	---------	---------

Total Housing	1,412,248	1,766,689	7,229,402	7,145,255	2,495,913	5,000,000
----------------------	------------------	------------------	------------------	------------------	------------------	------------------

Infrastructure

Parks

N36011515 Walker Stadium-LTC	0	200,000	0	0	0	0
------------------------------	---	---------	---	---	---	---

N36012515 Leach Botanical Grdns-LTC	270,000	1,770,000	0	0	0	0
-------------------------------------	---------	-----------	---	---	---	---

Transportation

N36031535 122nd-Holgate/Ramona-LTC-Adm	950,000	0	0	0	0	0
--	---------	---	---	---	---	---

N36031545 Foster-52nd to 82nd-LTC-Adm	100,000	500,000	1,200,000	0	0	0
---------------------------------------	---------	---------	-----------	---	---	---

N36032015 Lents Entryway-LTC-Adm	6,250	0	0	0	0	0
----------------------------------	-------	---	---	---	---	---

N36031415 Street/Sidewalks LID-LTC-Adm	60,000	0	0	0	0	0
--	--------	---	---	---	---	---

N36031525 Foster-Woodstock-LTC-Adm	51,600	0	0	0	0	0
------------------------------------	--------	---	---	---	---	---

Total Infrastructure	1,437,850	2,470,000	1,200,000	0	0	0
-----------------------------	------------------	------------------	------------------	----------	----------	----------

Property Redevelopment

Commercial Property Redevelopm

P36060935 MetroAuto Bldg & Lot-LTC-Adm	7,709	4,709	4,709	4,709	4,709	4,709
--	-------	-------	-------	-------	-------	-------

Five-Year Forecast Program Requirements Detail

	Revised- 2 FY 2014-15	Proposed FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20
P36092015 Real Estate Mgmt-LTC-Adm	23,579	23,479	22,679	22,679	2,000	2,000
P36061015 ArchtctIronPrdctBldg-LTC-Adm	13,904	209,229	9,229	9,229	9,229	9,229
P36060925 MetroAuto Whlsl WLot-LTC-Adm	6,697	47,950	2,950	0	0	0
P36060615 LTC II Parking Lot-LTC-Adm	7,666	7,840	7,840	7,840	7,840	7,840
P36060335 Bakery Block-LTC-Adm	1,018,964	86,384	86,384	86,384	86,384	86,384
P36060325 Lents Little Lge Fld-LTC-Adm	4,375	4,375	4,375	4,375	4,375	4,375
P36055015 Foster Road Redev-LTC-Adm	20,000	0	0	0	0	0
P36050915 LTC Town Ctr Redev-LTC-Adm	100,000	100,000	100,000	50,000	50,000	50,000
P36050815 SE 92nd Redev-LTC-Adm	25,000	0	0	0	0	0
P36090015 Project Development-LTC-Adm	49,500	100,000	100,000	100,000	100,000	100,000
Commercial Real Estate Lending						
R01100360 CPRL-General-LTC	2,500,000	4,500,000	15,000,000	15,000,000	1,000,000	1,000,000
Community Redevelopment Grants						
G01100360 CLG-General-LTC	800,000	450,000	250,000	250,000	250,000	250,000
G02100360 DOS-General-LTC	75,000	75,000	75,000	75,000	75,000	75,000
G03100360 SIP-General-LTC	560,000	300,000	300,000	300,000	300,000	300,000
G04100360 GFGP-General-LTC	50,000	125,000	125,000	125,000	125,000	125,000
Total Property Redevelopment	5,262,394	6,033,966	16,088,166	16,035,216	2,014,537	2,014,537
Total Program Expenditures	8,492,705	11,090,655	25,337,568	24,000,471	5,330,450	7,834,537
Personal Services	422,296	367,196	385,556	404,834	425,075	446,329
Transfers - Indirect	1,364,652	1,417,567	1,520,079	1,535,280	1,596,691	1,660,559
Total Fund Expenditures	10,279,653	12,875,418	27,243,203	25,940,585	7,352,216	9,941,425
Contingency	14,676,711	12,204,210	134,100	36,445	3,291,420	23,996,017
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	24,956,364	25,079,628	27,377,303	25,977,030	10,643,636	33,937,442