

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: December 8, 2010

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number No. 10-109
Budget Amendment No. 2 for Fiscal Year beginning July 1, 2010 and ending June 30, 2011; and making appropriations.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6838

ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2010-11 Adopted Budget for the second time this year. This amendment addressed the following items:

- Establishes appropriation for an \$8.1 million loan to facilitate the redevelopment of the Meier and Frank Warehouse for the Vestas Americas headquarters project;
- Recognizes actual beginning fund balances for FY 2010-11 for all PDC funds based on the audited FY 2009-10 ending fund balances;
- Establishes appropriate carryover for Housing projects not completed in FY 2009-10 but underway;
- Adjusts appropriation for other infrastructure, business and industry, and revitalization projects as needed based on specific changes in project timing.

In sum, FY 2010-11 Budget Amendment No. 2 increases the total PDC budget from \$232,984,904 in the FY 2010-11 Revised 1 Budget to \$274,157,706 including Transfers, and Contingency. Excluding Transfers and Contingency total budgeted expenditures increase from \$194,018,342 to \$214,360,026. Exhibit A to the resolution sets forth the changes to be made to the FY 2010-11 Revised 1 Budget pursuant to Budget Amendment No. 2.

PUBLIC BENEFIT

FY 2010-11 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 2010-11 Budget Amendment No. 2 are consistent with funding priorities established in the FY 2010-11 Revised 1 Budget and four-year forecast.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Adoption of the recommended FY 2010-11 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 2010-11 Revised 1 Budget.

FINANCIAL IMPACT

The recommended amendments to the FY 2010-11 Revised 1 Budget reflect amendments address the following key items:

- Establishes appropriation for an \$8.1 million loan to facilitate the redevelopment of the Meier and Frank Warehouse for the Vestas Americas headquarters project.
- Recognizes actual beginning fund balances for FY 2010-11 for all PDC funds based on the audited FY 2009-10 ending fund balances;
- Establishes appropriate carryover for Housing projects not completed in FY 2009-10 but underway. While the budget for some URAs increased for Housing based on carryover, the net Housing/PHB budget is decreased by \$6.6 million due to moving the Killingsworth Station project from PHB's budget to PDC's Revitalization budget and moving expenditures Block 49 in North Macadam to next fiscal year.
- Adjusts appropriation for other infrastructure and revitalization projects as needed based on specific changes in project timing. Examples include carryover of FY 2009-10 resources for the Streetcar (Infrastructure), Kenton Street (Revitalization).

A complete list of changes to resources and requirement are listed by fund in Exhibit A to the resolution.

RISK ASSESSMENT

A decision of the Board to not approve FY 2010-11 Budget Amendment No. 2 may result in inadequate levels of funding for some projects and programs that are underway. An 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 expenditures are properly appropriated.

WORK LOAD IMPACT

If approved, FY 2010-11 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 2010-11 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 2010-11 Budget Amendment No. 2.

BACKGROUND

Primary purpose of the FY 2010-11 Budget Amendment No. 2 is to establish budget appropriations for project and program expenditures that were not specifically known when the PDC Budget Committee (City Council) approved the FY 2010-11 Approved Budget in May, 2010 and the PDC Commission adopted the FY 2010-11 Adopted Budget in June, 2010. Changes between the Approved and Adopted Budget are limited to 10% of any fund in the Approved Budget. PDC normally amends all budget funds following finalization of the prior fiscal year audit to recognize actual beginning fund balances and required project carryover where existing appropriations require amendment.

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.