

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 11, 2011

TO: Board of Commissioners

FROM: Patrick Quinton, Executive Director

SUBJECT: Report Number No. 11-38
Budget Amendment No. 3 for Fiscal Year beginning July 1, 2010 and ending June 30, 2011; and making appropriations.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6875

ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2010-11 Adopted Budget for the third time this year, in the following ways,

- (1) Appropriates an additional \$350,000 in General Fund revenue that was appropriated by City Council in the last City of Portland budget amendment.
- (2) Specific adjustments to URA projects and programs based on project timing to recognize updated project and program timing and synchronize to the FY 2011-12 Proposed Budget.
- (3) Final appropriation adjustments to avert any appropriation over-expenditures that are forecast by year-end.

In sum, FY 2010-11 Budget Amendment No. 3 decreases the total PDC budget from \$274,157,706 in the FY 2010-11 Revised 2 Budget to \$269,304,285 including Transfers, Contingency and Reserves. Excluding Transfers and Contingency total budgeted expenditures decreases from \$214,360,026 to \$188,837,038. Exhibit A to the resolution sets forth the recommended changes to be made to the FY 2010-11 Revised 2 Budget pursuant to Budget Amendment No. 3.

PUBLIC BENEFIT

FY 2010-2011 Budget Amendment No. 3 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 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 for this action, however, the recommended changes included in the FY 2010-11 Budget Amendment No. 3 are consistent with the funding priorities established in the FY 2010-11 Adopted Budget and four-year forecast. Also, many of the changes identified in Budget Amendment No. 3 have been reflected as part of the FY 2011-12 Budget Development review with the public.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Adoption of the recommended FY 2010-11 Budget Amendment No.3 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 2 Budget.

FINANCIAL IMPACT

The recommended amendments to the FY 2010-11 Revised 2 Budget reflect the financial implications of organizational changes and other business decisions which amount to a decrease of approximately, \$25,522,988, resulting in a FY10-11 Revised 3 Budget of \$188,837,038 in program and project expenditures . Exhibit A to the resolution identifies all fund appropriation changes. In summary key specific changes to projects and programs are:

- (1) Amendment of General Fund resources and requirements to appropriate and additional \$350,000 in City General Fund resources;
- (2) Amendment of URA Funds to represent most recent forecasts of URA spending and the PHB contract amendment.
 - a. Funds increasing in total expenditure appropriations from the Revised 2 Budget include: Airport Way, Downtown Waterfront, General Fund, Oregon Convention Center, Enterprise Loans Fund, and Lents.
 - b. Funds with a net decrease from the Revised 2 Budget include: Gateway, Central Eastside, Interstate, North Macadam, River District and South Park Blocks.

Many of the changes represent project changes as a result of updated timing estimates. Projects moving to or from the FY 2011-12 Requested Budget will be updated in the FY 2011-12 Proposed Budget that will be presented to City Council on May 18, 2011. The changes to project timing represented in the FY 2010-11 Revised Budget 3 and the FY 2011-12 Proposed Budget will be synchronized to avoid having the same project and program appropriations occurring in both FY 2010-11 and FY 2011-12. Exhibit A to the resolution discusses specific appropriation changes by fund.

RISK ASSESSMENT

A decision of the Board to not approve FY 2010-11 Budget Amendment No. 3 may result in an appropriation of inadequate levels 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. 3 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. 3 and direct staff to work within existing appropriations. Some activities would need to be curtailed in order to remain in compliance with Local Budget Law.

CONCURRENCE

Internal teams and external stakeholders have reviewed the recommendations as part of the FY 2011-12 budget development process.

BACKGROUND

Primary purpose of the FY 2010-11 Budget Amendment No. 3 is to establish budget appropriations for project and program expenditures that were not specifically known when recommending the FY 2010-11 Revised 2 Budget in December.

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. Many of the changes included in FY 2010-11 Budget Amendment No. 3 do not require action by the Governing Body per ORS 294.480 (i.e. decreases in appropriation), however, the changes are included to represent a complete picture of the total budget amendment and all changes required to inform updates to the FY 2011-12 Proposed Budget.