

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** December 13, 2006  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 06-136  
Update on FY 2007-08 Budget Development Process

### **EXECUTIVE SUMMARY**

#### **BOARD ACTION REQUESTED**

None – Information Only

#### **SUMMARY**

PDC is beginning the early phase of the FY 2007-08 budget development process. The process is significantly different from previous years. The FY 2007-08 process involves significant early involvement with a work team composed of two members of City Council, two citizens and two members of the Board. The first phase results in a Requested Budget document that will be delivered to the Mayor, City Council, stakeholder groups and other interested parties in early February.

### **BACKGROUND**

#### Current Status

PDC is now engaged in the preliminary stages of the budget development process. Internal PDC personnel, specifically the URA Teams are working on preliminary project budgets for each and every URA. The projects cover the five year forecast period beginning with FY 2007-08 and continue through FY 2012-13. The teams have been directed to identify personnel and support services needs as well. Parallel with the URA Teams, the support organizations are developing budget requests.

Although we are not engaged in a formal project prioritization process with defined criteria the URA Teams have been directed to consider PDC Strategic Priorities, PDC Expenditure categories (as defined during the Housing Set-aside study) and City Council Initiatives.

#### PDC Strategic Priorities

- Wealth Creation
- Schools and Workforce Training
- Affordable Housing
- Stimulates additional development
- Neighborhood livability/quality of life
- Leverages PDC dollars
- Follow through on project and planning commitments
- Supports or enhances org performance
- Not specified
- Mentor small and growing developers

#### PDC Spending Categories

- Housing: 0-80% MFI
- Housing: over 80% MFI
- Public roads, sidewalks, utilities
- Public Transportation
- Parks/Open Space/Community Facilities
- Business Assistance/Commercial Development/Jobs
- Redevelopment Planning, outreach, predevelopment
- Distressed property acquisition and development
- Administration
- Environmental mitigation and sustainability

#### City Initiatives Supported

- Safe Streets
- Schools, family, housing
- Sustainable Economic Development (includes Biodiesel)
- Children's Bill of Rights (including Family Protection)
- Public Safety/Emergency Preparedness

#### Budget Phase 1 - Requested

This phase is very different from what PDC has done in the past. It is structured to align the PDC budget process with the City of Portland process.

The City of Portland process starts with a bottom-up development of bureau budgets. The bureaus 'request' a budget of the Mayor through their respective commissioner-in-charge. Complicating PDC's efforts to engage in the same exact process is the involvement of a separate decision-making body — the PDC Board — and the time commitment necessary to ensure the PDC Requested Budget represents the priorities and intent of the Board as well as City Council.

Then following paragraphs describe, briefly, how PDC will align the budget development process with the City's budget development process.

The preliminary prioritized project list(s), to be presented by URA, will be completed and balanced against an updated resource forecast and currently authorized positions. This is scheduled for completion within the next two weeks.

These lists will be used by the Director's Collaborative (DC) in preparing a preliminary recommended budget. Parallel with this, the Board will examine the budget from a policy and priority perspective. This work will then be passed to the PDC/City work team to examine the budget from a policy and priority perspective, ensuring the requested budget will be structured to support City Council priorities as well as PDC and URA specific priorities.

The PDC/City work teams will review the budget from January 15 – 24. This early involvement of the City and the Commission is the major change to the more standard process. The outcome will be the Requested Budget document that is sent to the Mayor and City Council, as well as our various stakeholder groups.

Now – December 19	URA Teams completes recommended budget
Jan 2 – Jan 12	DC and Commissioners reviews recommended budget
Jan 15 – Jan 24	PDC/City work team reviews recommended Budget
<b>Jan 24</b>	<b>Commission completes Requested Budget</b>
Feb 5	Requested Budget to Mayor, Council & stakeholder groups

#### Budget Phase 2 – Proposed

It is during this phase that it is proposed our Board works closely with the full City Council. The focus of work sessions with Council will be on whether and how the budget supports City Council initiatives, priorities and policies.

Normally this phase has the Executive Director finalizing a Proposed Budget that is presented to the Budget Committee (the PDC Board). Under a standard process this budget might be substantially different than the Requested Budget. Given the change in process for the Requested Budget (i.e., significant involvement of the City and Board) I anticipate that this phase will be less intense internally, but more intense externally and that project and programmatic changes from Requested to Proposed Budget will be minimal.

During this phase the City's Office of Management and Finance, Financial Planning Division (OMF), reviews and critiques the Requested Budget. Their output is an issues paper summarizing the budget and highlighting problems or issues from the citywide perspective. The development of this issues paper is completed in an iterative process as OMF works with staff at PDC.

This phase will involve significant public involvement. Efforts include work sessions with City Commissioners and presentation and discussion with URACS and other stakeholder groups. The Executive Director and the Board will receive feedback from all stakeholder groups, including City Council, and recommend changes to the Requested Budget. The result will be direction to staff on changes to be incorporated into a Proposed Budget. The Proposed Budget decisions will be finalized by March 29.

Feb 5 – Feb 28	City's OMF reviews Requested Budget
Mar 5 – Mar 9	PDC/Council budget work sessions
<b>Mar 21</b>	<b>Proposed Budget decision finalized</b>
Apr 11	Proposed Budget presented to Commission (Commission sitting as the Budget Committee)

Budget Phase 3 – Approved Budget

During this phase the Board is sitting as the Budget committee. Under Local Budget Law ORS 294, each jurisdiction establishes a Budget committee that 'approves' a budget that is then passed to the elected body. Normally these committees are comprised of an equal number of elected officials and appointed citizens. Peculiar to the City of Portland and PDC, the Budget Committee is comprised of only the elected officials.

The Budget Committee is required to hold public hearing(s) on the budget prior to finalizing any decisions. The outcome is an Approved Budget that is passed to the Tax Supervising Conservation Commission (TSCC) and then the ultimate decision making body – that for PDC is the Board of Commissioners.

The sitting as the Budget Committee, the Board approves and then passes the budget to the Board of Commissioners acting in their normal decision-making capacity.

It is anticipated there will be additional opportunity for interaction with City Council during this phase although I suspect this phase and the final phase (Adopted Budget) will be primarily technical in nature.

The phase culminates with the TSCC holding a public hearing. TSCC 'certifies' the budget. The TSCC is peculiar to Multnomah County, or those jurisdictions with a population greater than 500,000. This advisory body provides a review which is procedural and substantive. They verify compliance with Local Budget Law as well as opining on the reasonableness of estimates and, coordination of financial planning among various units of the entity.

Apr 11 – May 11	Budget Committee reviews budget
<b>May 11</b>	<b>Budget Committee 'approves' budget</b>
May 15	Approved Budget to TSCC
May 15 – Jun 27	TSCC reviews budget
Jun 27	TSCC budget hearing

Phase 4 – Adopted Budget

This stage is primarily technical in nature although it does ensure that the Board has another opportunity to engage the public and adjust the budget during final adoption. The Board may hold additional public hearings and/or work sessions with City Council.

Internal teams will recommend changes to the Approved Budget. These changes usually focus on adjustments to Beginning Fund balance. The adjustments are driven by the final resource forecast and a review of the timing of project and program expenditures. This final review determines what will actually be disbursed in FY 2006-07 versus what

will not. Adjustments may affect the FY 2006-07 Revised Budget as well as the FY 2007-08 Approved Budget.

May 15 – Jun 20

Commission deliberates on Approved Budget

**Jun 27**

**Commission acts on revisions to the FY 2006-07 budget**

Jun 27

TSCC hearing on the Approve Budget

**Jun 27**

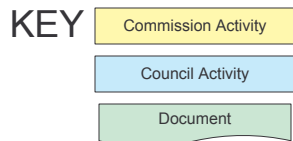
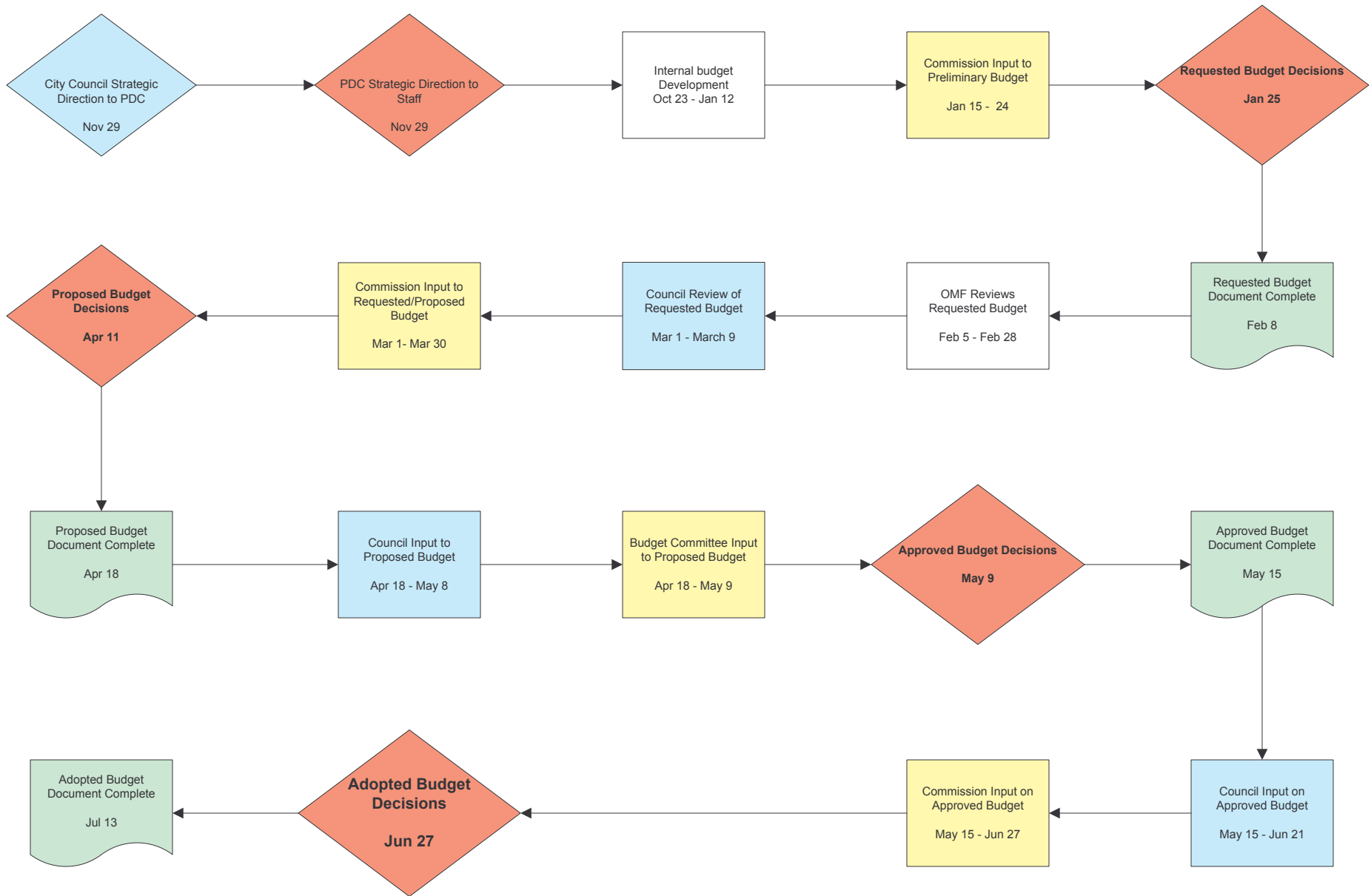
**Commission votes to adopt the FY 2007-08 budget**

That brings an end to the budget development process for FY 2007-08. Additional schedule details and deliverables will be appropriately communicated as we move through the process.

**ATTACHMENTS:**

- A. Budget Process Update - Summary Flow Chart
- B. FY 2007 - 08 Budget Process (December through February only)

**CC:** B. Blauvelt, Acting CFO, Finance & Accounting Division  
M. Murray, Budget Officer, Finance & Accounting Division  
M. Baines, General Counsel  
L. Sundstrom, Central Services Director



# December 2006

December 2006							January 2007						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
3	4	5	6	7	8	9	7	8	9	10	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25	26	27
24	25	26	27	28	29	30	28	29	30	31			
31													

Monday	Tuesday	Wednesday	Thursday	Friday
				December 1
4		5	6	7
				8
11		12	13	14
		PDC/ City Work Team Primer on PDC		15
		Revised Budget #1 at Commission		Work Plans to the Mayor
		Revised Budget #1 TSCC hearing		
18		19	20	21
	URA Teams finalize preliminary Request			22
				PDC Preliminary Requested to DC/BW/W
25		26	27	28
				29

# January 2007

January 2007							February 2007						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6			1	2	3		
7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28			

Monday	Tuesday	Wednesday	Thursday	Friday
January 1, 2007	2	3	4	5
Directors review of preliminary Requested Budget				
8	9	10	11	12
Directors review of preliminary Requested Budget PDC/City Work Team discussion - tentative				
15	16	17	18	19
Commission reviews preliminary Requested Budget Work Team reviews preliminary Requested Budget				
22	23	24	25	26
Commission reviews preliminary Requested Budget Work Team reviews preliminary Requested Budget				
8:00am 12:00pm Commission Budget work session		8:00am 12:00pm Requested budget work session		
29	30	31		

# February 2007

February 2007							March 2007						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
4	5	6	7	8	9	10	4	5	6	7	8	9	10
11	12	13	14	15	16	17	11	12	13	14	15	16	17
18	19	20	21	22	23	24	18	19	20	21	22	23	24
25	26	27	28				25	26	27	28	29	30	31

Monday	Tuesday	Wednesday	Thursday	Friday
			February 1	2
5	6	7	8	9
Requested Budgets due to City			Requested Budget posted on website	
12	13	14	15	16
19	20	21	22	23
26	27	28		
		OMF/FPD reviews due		