

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: December 13, 2006

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 06-137
Budget Amendment and Supplemental Budget No. 1 for Fiscal Year 2006–2007, and making appropriations.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution Number 7

ACTION SUMMARY

This action will formally amend the current fiscal year (FY) 2006-07 Budget for the first time this year. This recommended budget amendment recognizes actual audited beginning fund balances as of July 1, 2006 and adds or decreases appropriation for projects and programs based on revised project timelines. This amendment also recognizes additional resources and recommended appropriations associated with the Central Eastside URA Extension and the reallocation of resources originally allocated in the Adopted Budget to Fire Station #1 in the Downtown Waterfront URA.

Also, a new fund is being established through this budget amendment to account for operating revenues and expenditures of the Headwaters Apartment project, as required by ORS 294.480, Rule 150-294.480(5) and (6).

FY 2006-07 Budget Amendment No. 1 increases the total Commission budget from \$247,070,742 in the Adopted Budget to \$270,104,888, including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are increased from \$228,687,704 to \$241,116,316. It is anticipated that staff will bring one more budget amendment to the Commission in June to update the forecast for spending through June 30, 2007.

Attachment A summarizes the recommended changes to the FY 2006-07 Budget in Amendment #1.

RELATIONSHIP TO ADOPTED PLANS AND POLICIES

The FY 2006-07 Budget is the financial document that appropriates resources to implement City Council policy, the PDC strategic plan, the objectives encompassed in the Urban Renewal Area (URA) plans, and the programs supported by non-tax increment resources such as federal Community Development Block and HOME

grants, Housing Investment funds, and City of Portland general fund allocations for economic development activities.

The budget is adopted annually by the Board consistent with State Budget Law (ORS Chapter 294). Consistent with ORS Chapter 294, an increase in appropriations to any one fund requires a supplemental budget approved by the Board of Commissioners. For the purposes of creating a more accurate revised budget, all changes to fund appropriations, including appropriation decreases are included in this budget amendment.

PUBLIC BENEFIT

Budget Amendment #1 serves the public interest to the degree that it ensures adequate appropriation authority is in place to implement the projects and priorities in current fiscal year.

FINANCIAL IMPACT

The recommended amendments to the FY 2006-07 Budget incorporate financial decisions that include a total of \$270 million in program and project expenditures, reserves, and contingency resources. This recommended budget amendment recognizes audited beginning fund balances as of July 1, 2006 and adds or decreases appropriation for projects and programs based on project timelines that have changed since the Adoption of the budget in June, 2006. In most cases, planned project expenses are being moved to the FY 2007-08 Requested Budget and Five-Year Forecast.

The recommended budget adjustments will allow for more accurate representation of the actual levels of resources and expenditures through fiscal year-end on June 30, 2007, as well as help staff, URACs, stakeholder groups and the public analyze budgetary trends and, develop the FY 2007-08 Requested Budget and Five Year Forecast.

Several key budgetary adjustments include the recognition of additional, available resources in the Central Eastside URA Fund as a result of Board and Council action extending the final date to issue debt and increasing the district's maximum indebtedness. This budget amendment includes additional funding for project/program priorities of Central Eastside stakeholders and City Council. The projects/programs proposed to be funded in FY 06-07 include: the Economic Development Program and Sidewalks/Routes to the River. The proposed additions to the FY 06-07 budget do not maximize total available debt capacity for FY 2006-07 due to project timing.

The budget adjustment also takes into account the reallocation of resources in the Downtown Waterfront URA Fund following the decision to not pursue Fire Station #1 reconstruction. This reallocation will be reflected both in the current Fiscal Year and FY 2007-08. For Revised 1, funds will be programmed for the purchase of the

Skidmore Fountain Building; redesign of Ankeny Plaza, 1st and Ankeny, and Waterfront Park; as well as funding for Musolf Manor. Additional reallocation will occur in FY 2007-08 include a \$3.9 million reimbursement to the Fire Bureau.

Another key budget adjustment is the establishment of the Enterprise Management Fund. This new Enterprise Fund is being established to specifically account for the operating revenues and expenditures of the Headwaters Apartment Project.

RISK ASSESSMENT

Not approving Budget Amendment #1 may result in appropriations for projects or programs that will be either higher or lower than required. Where appropriation requirements are lower than required, some projects or programs would have to halt expenditures to stay within current appropriation limits in cases where current forecasted expenditures differ from the assumptions used in the Adopted Budget. Where appropriation requirements are higher than required, not adjusting the budget may provide an inaccurate picture of planned expenditures that should be moved to future fiscal year's in the forecast.

WORK LOAD IMPACT

The amended FY 2006-07 Budget defines, in a financial sense the total workload of PDC in the current year.

ALTERNATIVE ACTIONS

If the budget amendment is not approved, there will be in some cases, adverse legal and project related ramifications. For example, some loan and grant and project commitments made in FY 2005-06 are being fully funded from the addition of carryover of funds from the prior fiscal year. This often happens since estimates of project disbursements that cross fiscal years must be trued-up following the close of a fiscal year.

PUBLIC PARTICIPATION AND FEEDBACK

Oregon Local Budget Law provides for a number of steps to ensure the public has an opportunity to review and comment on the development of the annual budget and any subsequent changes. The Multnomah County Tax Supervising and Conservation Commission will be holding a required public hearing on the FY 2006-07 Revised Budget at the December 13, 2006 Board meeting prior to consideration of this item. In addition, PDC itself performs an extensive amount of public outreach through its urban renewal advisory committees and other stakeholder groups as part of its Adopted Budget Process. The recommended budget modifications for the Central Eastside Urban Renewal Area have been discussed with the Central

Eastside Urban Renewal Advisory Committee and vetted informally with City Council members on a one-on-one basis.

CONCURRENCE

Department directors, other members of the PDC staff, Finance staff and the Commissioners themselves have been involved in the development and implementation of the FY 2006-07 Budget throughout the year, including this recommended amendment. This amendment updates projected budget resources and expenditures through fiscal year-end.

Overall, the current year budget reflects feedback from City Council, the URACs and other stakeholder groups taken into consideration during development of the Recommended #1 Amendment in the Summer and Fall of 2006. It is not certain, nor is it necessary that all involved groups concur with the amended budget recommendations.

BACKGROUND

ATTACHMENTS:

- A. Budget Amendment changes by Fund

CC: L. Sundstrom, Central Services Director
M. Murray, Budget Officer
M. Baines, General Counsel

**Portland Development Commission
 BUDGET AMENDMENT NO. 1 - ALL FUNDS**

	<i>Adopted FY FY 2006-07</i>	<i>Recommended Change</i>	<i>Recommended FY 2006-07</i>
Resources			
Beginning Fund Balance	70,669,402	9,429,699	80,099,101
Revenue			
Cash Transfer In	2,660,233	-89,187	2,571,046
Federal and Other Grants	8,910,118	3,604,782	12,514,900
City General Fund	1,322,950	200,000	1,522,950
Line of Credit	2,970,000	0	2,970,000
Private Funding	142,000	150,000	292,000
Program Income	20,059,305	3,580,601	23,639,906
Service Reimbursements	28,784,352	20,000	28,804,352
Tax Increment Debt Proceeds	111,552,382	6,138,251	117,690,633
Total Revenue	176,401,340	13,604,447	190,005,787
Total Resources	247,070,742	23,034,146	270,104,888
Requirements			
Expenditures			
Development	98,941,553	9,968,392	108,909,945
Economic Development	34,519,731	6,642,083	41,161,814
Housing	76,348,940	-4,435,266	71,913,674
Operating Department Expenditures	209,810,224	12,175,209	221,985,433
Executive	5,428,058	832,881	6,260,939
Finance	12,340,988	-546,095	11,794,893
Debt Service	1,108,434	500,000	1,608,434
Cash Transfers Out	2,660,233	-89,187	2,571,046
Total	231,347,937	12,872,808	244,220,745
Contingency	15,722,805	-1,013,064	14,709,741
Contingency - Housing	0	11,174,402	11,174,402
Total Requirements	247,070,742	23,034,146	270,104,888

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
AIRPORT WAY URA			
Resources			
Beginning Fund Balance	5,682,798	187,293	5,870,091
Revenue			
Program Income	168,494	0	168,494
Total Revenue	168,494	0	168,494
Total Resources	5,851,292	187,293	6,038,585
Requirements			
Expenditures			
Development	1,702,382	0	1,702,382
Economic Development	3,417,515	0	3,417,515
Operating Department Expenditures	5,119,897	0	5,119,897
Finance	16,814	0	16,814
Total	5,136,711	0	5,136,711
Contingency	714,581	187,293	901,874
Total Requirements	5,851,292	187,293	6,038,585

Resources:

Beginning Fund Balance is increased by \$187 thousand to represent the actual FY 2006-07 Beginning Fund Balance due to prior year under spending.

Requirements:

No increase in any department appropriations; however, Cascade Station Development line items within the Development Department increased by \$80 thousand while the Land Acquisition line item decreased by \$80 thousand to better align with Airport Way spending priorities. The additional Beginning Fund Balance was placed in Contingency to be programmed in the FY 2007-08 Budget.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>AMBASSADOR PROGRAM</u>			
Resources			
Beginning Fund Balance	0	39,617	39,617
Revenue			
Cash Transfer In	0	72,492	72,492
Private Funding	79,000	150,000	229,000
Program Income	1,000	0	1,000
Total Revenue	80,000	222,492	302,492
Total Resources	80,000	262,109	342,109
Requirements			
Expenditures			
Economic Development	80,000	262,109	342,109
Operating Department Expenditures	80,000	262,109	342,109
Total	80,000	262,109	342,109
Total Requirements	80,000	262,109	342,109

Resources:

- Beginning Fund Balance is increased by \$40 thousand based on the actual FY 2006-07 Beginning Fund Balance due to program under spending in FY 2005-06.
- Cash Transfers In increased \$72 thousand from the General Fund to fund the Best Practices Conferences (\$25 thousand) costs associated with the separation of Regional Partners (\$47 thousand).
- A total of \$150 thousand is budgeted in Private Grants and Donations to fund the Best Practices Conference scheduled for FY 2007-08.

Requirements:

Ambassador Program appropriations is increased by \$262 thousand to program the additional beginning fund balance for additional activity. These funds are managed by PDC for the Portland Ambassadors which is a separate not-for-profit organization. The primary expense is the Best Practices Conference which is budgeted at \$175 thousand. This is a conference to be held in Portland in FY 2007-08 for which PDC will serve as fiscal agent. It is being budgeted in FY 2006-07 because the bulk of planning expenses will occur in the current fiscal year.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>CENTRAL EASTSIDE URA</u>			
Resources			
Beginning Fund Balance	6,604,693	-5,152,985	1,451,708
Revenue			
Program Income	321,064	0	321,064
Tax Increment Debt Proceeds	0	6,291,985	6,291,985
Total Revenue	321,064	6,291,985	6,613,049
Total Resources	6,925,757	1,139,000	8,064,757
Requirements			
Expenditures			
Development	2,102,132	375,000	2,477,132
Economic Development	2,881,684	1,700,000	4,581,684
Housing	21,453	0	21,453
Operating Department Expenditures	5,005,269	2,075,000	7,080,269
Finance	8,757	0	8,757
Total	5,014,026	2,075,000	7,089,026
Contingency	1,911,731	-936,000	975,731
Total Requirements	6,925,757	1,139,000	8,064,757

Resources:

- Beginning Fund Balance is decreased \$5.2 million to represent the actual FY 2005-06 Ending Fund Balance. The Beginning Fund Balance in the Adopted Budget was higher due to a planned, final bond sale in June if the district was not extended. Since the district was extended, PDC only used tax increment debt resources in the amount necessary to fund FY 2005-06 expenditures.
- Tax Increment Debt Proceeds are increased \$6.3 million. This is the amount of resources required to balance the revised budget as a result of the decrease in the budgeted beginning fund balance and additional, planned expenditures related to the extension of the district.

Requirements:

Development Department appropriations are being increased \$375 thousand.

- \$75 thousand is for planning associated with a Routes to Rivers planning and \$300 thousand is being allocated for the Parks Bureau for immediate demolition of several annex buildings at the Washington Monroe site.

Economic Development appropriations are being increased \$1.7 million.

- \$644 thousand is for seismic related tenant improvement loans and grants at the Holman building that were allocated last fiscal year.
- \$1 million is to fund additional applications received for the Quality Jobs Program and Employment Opportunity Fund loan and grant programs to businesses.

Contingency is decreased \$936 thousand. \$300 thousand is added to the Washington Monroe annex building demolition and \$750 thousand is moved to Economic Development. The revised contingency amount still exceeds \$10% of total planned expenditures.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
CONVENTION CENTER URA			
Resources			
Beginning Fund Balance	5,295,609	746,565	6,042,174
Revenue			
Cash Transfer In	500,000	0	500,000
Program Income	896,942	271,000	1,167,942
Tax Increment Debt Proceeds	20,720,042	0	20,720,042
Total Revenue	22,116,984	271,000	22,387,984
Total Resources	27,412,593	1,017,565	28,430,158
Requirements			
Expenditures			
Development	15,197,712	-139,000	15,058,712
Economic Development	4,239,534	575,000	4,814,534
Housing	6,229,702	-3,904,000	2,325,702
Operating Department Expenditures	25,666,948	-3,468,000	22,198,948
Finance	22,419	0	22,419
Total	25,689,367	-3,468,000	22,221,367
Contingency	1,723,226	481,565	2,204,791
Housing Contingency	0	4,004,000	4,004,000
Total Requirements	27,412,593	1,017,565	28,430,158

Resources:

- Beginning Fund Balance is decreased \$746 thousand to represent the actual FY 2005-06 Ending Fund Balance as a result of some, higher tax increment proceeds received in FY 2005-06 as well as under spending on administration and the timing of some projects.
- Program income is increased a net \$271 thousand. This represents an early repayment of an economic development loan.

Requirements:

Development Department appropriations are being decreased a net \$139 thousand.

- This includes decreases in planned activity that will not occur - primarily \$500 thousand for a stoplight on Weidler Avenue. The URA Team will review the need to budget this item in a future fiscal year vis-à-vis other priorities.
- Increases include \$250 thousand for predevelopment loans associated with the Fremont project and \$200 thousand for MLK Transportation improvements.

Economic Development appropriations are being increased \$575 thousand.

- This includes using \$250 thousand being transferred from contingency and the reprogramming of the early Economic Development loan prepayment to new business loans and grants.

Housing Department appropriations are being decreased a net \$3.5 million based on planned project spending. **\$4 million is being transferred to Housing Contingency line Housing set aside) item for future spending.** Several Housing increases include additional site remediation expenditures for the Piedmont Place and McCann and Lenske sites (part of the Grant Warehouse project).

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>DOWNTOWN WATERFRONT URA</u>			
Resources			
Beginning Fund Balance	18,105,387	3,012,304	21,117,691
Revenue			
Cash Transfer In	1,860,233	0	1,860,233
Program Income	3,529,089	184,564	3,713,653
Tax Increment Debt Proceeds	5,819,853	0	5,819,853
Total Revenue	11,209,175	184,564	11,393,739
Total Resources	29,314,562	3,196,868	32,511,430
Requirements			
Expenditures			
Development	15,485,646	3,206,769	18,692,415
Economic Development	3,797,992	986,018	4,784,010
Housing	7,983,210	600,000	8,583,210
Operating Department Expenditures	27,266,848	4,792,787	32,059,635
Finance	122,419	0	122,419
Total	27,389,267	4,792,787	32,182,054
Contingency	1,925,295	-1,595,919	329,376
Total Requirements	29,314,562	3,196,868	32,511,430

Resources:

- Beginning Fund Balance is increased \$3.0 million based on the actual FY 2006-07 Beginning Fund Balance. This large increase is due to under spending in Business Loans that were committed in FY 2005-06 but did not disburse until the current fiscal year. Additionally funds budgeted for the Fire Station relocation in FY 2005-06 did not spend.
- Interest is increased by \$185 thousand to match fiscal year-end forecast.

Requirements:

The budget adjustment takes into account the reallocation of resources following the decision to not pursue Fire Station #1 relocation. Reallocation of funds will be reflected both in this Revised Budget as well as in the FY 2007-08 Requested Budget. This reallocation is being formally presented to the Commission in December as part of the Ankeny Framework Discussion.

In the Development Department Appropriations:

- Old Town/China Town Streetscape Improvements is increased by \$775 thousand. DOS – Property Redevelopment increased by \$2.9 million for defeasance of bonds associated with the Skidmore Fountain Building.
- DOS Fire Station Land decreased by \$1.1 million as referenced above. DOS Ankeny Plaza Revitalization increased by \$590 thousand to reflect funding reprioritization in Downtown Waterfront. DOS – Naito Parkway improvements decreased by \$329 thousand due to timing issues.
- Destination Retail increased by \$81 thousand in anticipation of a new retail assistance program.
- Transit Mall/LRT increased by \$716 thousand to accommodate additional PDC contribution to the overall project.
- Burnside/Couch decreased by \$500 thousand due to revised project timing.

Economic Development Appropriations are increased \$1 million; this includes:

- Business Loans increased by \$816 thousand to provide funding for loans that were in the Economic Development loan pipeline in the previous fiscal year.

- Transit Mall Assistance was increased by \$170 thousand to facilitate assistance to transit mall businesses that will be affected by light rail construction.

Housing Department Appropriations increased a net \$600 thousand:

- Blanchet House decreased by \$1 million due to revised project timing. These funds will be budgeted in the FY 2007-08 Requested Budget.
- Funding is established for Musolf Manor at \$1.1 million and Westshore at \$500 thousand. Both items are affordable rental housing projects.

Contingency for the fund is decreased by \$1.6 million to balance total resources with requirements.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>ENTERPRISE FUND</u>			
Resources			
Beginning Fund Balance	2,084,468	3,192,022	5,276,490
Revenue			
Cash Transfer In	300,000	-166,273	133,727
Federal and Other Grants	0	1,500,000	1,500,000
Program Income	8,649,341	1,048,421	9,697,762
Total Revenue	8,949,341	2,382,148	11,331,489
Total Resources	11,033,809	5,574,170	16,607,979
Requirements			
Expenditures			
Economic Development	808,000	1,489,817	2,297,817
Housing	7,891,168	2,314,278	10,205,446
Operating Department Expenditures	8,699,168	3,804,095	12,503,263
Finance	5,000	0	5,000
Debt Service	575,051	500,000	1,075,051
Cash Transfers Out	0	5,536	5,536
Total	9,279,219	4,309,631	13,588,850
Contingency	1,754,590	1,264,539	3,019,129
Total Requirements	11,033,809	5,574,170	16,607,979

The Enterprise Loan Fund is a collection of several, smaller revolving Economic Development loan funds, the Housing Investment Fund, the Private Lender Participation Agreement (PLPA) loan funds, and the Neighborhood Housing Program Fund where all Fannie Mae and Oregon Residential Loan program activity is accounted for.

Resources

- Beginning Fund Balance is increased a net \$3.2 million to represent the actual FY 2006-07 beginning balance across all Enterprise funds. The beginning fund balance is higher based on a number of reasons including some higher loan payments received by year-end FY 2005-06 and under spending of FY 2005-06 appropriations for some Economic Development and Housing Loan Funds.
- Cash Transfers In decreases a net \$166 thousand. This is because the original cash transfer in of \$300 thousand was based on estimated short-term interfund loan requirements of the HCD Contract Fund. The full \$300 thousand was not required and therefore does not have to be transferred back.
- Federal and Other Grants increase \$1.5 million. This represents the amount of Housing Investment Funds programmed by the Bureau of Housing and Community Development in the annual PDC-BHCD Contract that was recognized as a resource too late to be programmed in the Adopted Budget.
- Program income is increased \$1.5 million: this is largely associated with recognizing higher loan payments associated with Private Lender Participation Agreement program. These higher amounts will pay down the PLPA principal obligations the PDC has.

Requirements

Economic Development Loan program appropriations are increased \$1.5 million to fund

qualifying program applicants.

Housing appropriations are increased 2.3 million.

- \$1.5 million is loan activity is added to true-up the BHCD Housing Investment Fund per the BHCD Contract.
- Approximately \$800 thousand is added for project expenses related to the Headwaters Apartment Project. \$380 thousand is a pass through contribution from the City of Portland Bureau of Environmental Services.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>ENTERPRISE MANAGEMENT FUND</u>			
Resources			
Beginning Fund Balance	0	0	0
Revenue			
Program Income	0	432,502	432,502
Total Revenue	0	432,502	432,502
Total Resources	0	432,502	432,502
Requirements			
Expenditures			
Housing	0	432,502	432,502
Operating Department Expenditures	0	432,502	432,502
Total	0	432,502	432,502
Total Requirements	0	432,502	432,502

This new fund being established to account for the enterprise activities of the Commission. This budget action is specific to the operating revenues and expenditures of the Headwaters Apartment Project. All rent and other operating income is budgeted as Program income and is estimated at \$432,502 through June 30, 2006. All operating income is budgeted as a Housing appropriation to pay for operating expenses. Some of the expense is budgeted as an expense to the City of Portland (transferred to the City of Portland for the payment of debt service on the Headwaters Revenue Bonds.)

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
ENTERPRISE ZONE			
Resources			
Beginning Fund Balance	600,000	99,269	699,269
Revenue			
Program Income	20,000	0	20,000
Total Revenue	20,000	0	20,000
Total Resources	620,000	99,269	719,269
Requirements			
Expenditures			
Economic Development	620,000	99,269	719,269
Operating Department Expenditures	620,000	99,269	719,269
Total	620,000	99,269	719,269
Total Requirements	620,000	99,269	719,269

Resources:

Beginning Fund Balance is increased by \$100 thousand to match the FY 2006-07 beginning fund balance. The number of Enterprise Zone Applications in FY 2005-06 exceeded forecast. The unanticipated funds resulted in the increased Beginning Fund Balance. Funds are distributed by a workforce board that is independent of PDC.

Requirements:

Enterprise Zone appropriations are increased by \$100 thousand to account for beginning fund balance increase.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>GATEWAY REGIONAL CENTER URA</u>			
Resources			
Beginning Fund Balance	106,675	1,224,982	1,331,657
Revenue			
Program Income	35,000	530,000	565,000
Tax Increment Debt Proceeds	5,290,722	-1,616,933	3,673,789
Total Revenue	5,325,722	-1,086,933	4,238,789
Total Resources	5,432,397	138,049	5,570,446
Requirements			
Expenditures			
Development	3,747,457	138,049	3,885,506
Economic Development	909,551	0	909,551
Housing	381,975	0	381,975
Operating Department Expenditures	5,038,983	138,049	5,177,032
Finance	8,757	0	8,757
Total	5,047,740	138,049	5,185,789
Contingency	384,657	0	384,657
Total Requirements	5,432,397	138,049	5,570,446

Resources:

- Beginning Fund Balance is increased \$1.2 million to represent the actual FY 2006-07 Beginning Fund Balance. The balance is significantly increased due to FY 2005-06 higher than planned tax increment proceeds and under spending of the budget for the Gateway Transit Center.
- Program income is increased a net \$530 thousand. This represents an early repayment of an economic development loan.
- Tax Increment Debt Proceeds are decreased \$1.6 million to balance resources with requirements.

Requirements:

Development Department appropriations are increased a net \$138 thousand. This increase represents final payments required in relation to the Gateway Transit Center and the anticipated Percent for Art requirements.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
GENERAL FUND			
Resources			
Beginning Fund Balance	1,644,118	62,336	1,706,454
Revenue			
City General Fund	1,322,950	200,000	1,522,950
Private Funding	63,000	0	63,000
Program Income	195,312	191,688	387,000
Service Reimbursements	28,784,352	20,000	28,804,352
Total Revenue	30,365,614	411,688	30,777,302
Total Resources	32,009,732	474,024	32,483,756
Requirements			
Expenditures			
Development	4,851,627	0	4,851,627
Economic Development	3,874,071	224,746	4,098,817
Housing	3,590,309	0	3,590,309
Operating Department Expenditures	12,316,007	224,746	12,540,753
Executive	5,428,058	832,881	6,260,939
Finance	11,872,051	-656,095	11,215,956
Debt Service	533,383	0	533,383
Cash Transfers Out	1,860,233	72,492	1,932,725
Total	32,009,732	474,024	32,483,756
Total Requirements	32,009,732	474,024	32,483,756

The General Fund includes four sub-funds that account for (fund 001) City of Portland Funded Economic Development, (fund 002) the Executive and Finance Departments of PDC, and (fund 003) general predevelopment funds available for new initiatives. Also, all PDC staff expenses for Housing, Economic Development and Development (fund 004) are accounted for in the General Fund, which is then allocated to all urban renewal and other funds based on time sheet activity.

Resources:

- Beginning Fund Balance is increased a net \$62 thousand based on an increase of \$150 thousand for Fund 002 and a decrease of \$94 thousand for Fund 003. The decrease in Fund 003 is attributable to less than forecast loan collection from Portland Family of Funds.
- An additional \$200 thousand is added to City funded economic development (fund 001). The full amount will be granted to the Alliance of Portland Neighborhood Business Associations.
- Interest is increased by \$25 thousand to match fiscal year-end forecast (fund 001).
- Loans and Interest-Principal is increased \$175 thousand to recognize loan repayments for the Portland Family of Funds (fund 003).

Requirements:

- Technical Assistance and Business Development Citywide were increased by \$30 thousand to fund qualifying program applicants.
- \$200 thousand was added to Business Districts to account for the increased grant to the Alliance of Portland Neighborhood Business Associations (fund 001).
- Fund 002 - Executive is increased \$832 thousand which represents the movement of the Human Resources section (\$656 thousand) from Finance to Executive and an increase of \$144 thousand for additional organizational initiatives funded from the fund 002 beginning fund balance.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>HCD CONTRACT FUND</u>			
Resources			
Beginning Fund Balance	300,000	-185,094	114,906
Revenue			
Federal and Other Grants	3,208,452	792,086	4,000,538
Program Income	1,729,128	0	1,729,128
Total Revenue	4,937,580	792,086	5,729,666
Total Resources	5,237,580	606,992	5,844,572
Requirements			
Expenditures			
Economic Development	0	20,000	20,000
Housing	4,937,580	772,086	5,709,666
Operating Department Expenditures	4,937,580	792,086	5,729,666
Cash Transfers Out	300,000	-185,094	114,906
Total	5,237,580	606,992	5,844,572
Total Requirements	5,237,580	606,992	5,844,572

HCD Contract Fund represents four sub-funds including the CDBG resources

Resources:

- Beginning Fund Balance is decreased by \$185 thousand. This changed to represent the actual FY 2006-07 Beginning Fund Balance. It was anticipated to be higher due to a cash transfer in at the end of last fiscal year. The Cash Transfer In, which was structured to ensure cash flow requirements, was not needed.
- Federal and Other Grants is increased \$792 thousand to match actual, available contract funds through contracts with the Bureau of Housing and Community Development for CDBG Block Grant funds and the Lead grant.

Requirements:

- Economic Development and Housing Appropriations are increased \$792 thousand to match available contract funds and planned activity. These funds represent spending on the annual citywide rental housing RFP that was issued last spring and is implemented as qualifying projects are implemented.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
HOUSING ACQUISITIONS			
Resources			
Beginning Fund Balance	0	-3,790	-3,790
Revenue			
Cash Transfer In	0	4,192	4,192
Line of Credit	2,970,000	0	2,970,000
Total Revenue	2,970,000	4,192	2,974,192
Total Resources	2,970,000	402	2,970,402
Requirements			
Expenditures			
Housing	2,970,000	0	2,970,000
Operating Department Expenditures	2,970,000	0	2,970,000
Cash Transfers Out	0	402	402
Total	2,970,000	402	2,970,402
Total Requirements	2,970,000	402	2,970,402

Resources:

- Beginning Fund Balance is decreased by \$3.8 thousand. This represents the actual FY 2006-07 Beginning Fund Balance. The fund started the year with a negative beginning fund balance due to initial project expenses that were not reimbursable from the Headwaters Bond.
- Cash Transfer In is increased \$4.2 thousand to cover the negative fund balance in the Housing Acquisitions Fund. Funds are being transferred from available Housing resources in the Enterprise Fund.

Requirements:

- Cash Transfers Out is increased by \$402 to transfer funds to the South Park Blocks Urban Renewal Fund for residual cash balances of Housing Projects that were transferred as assets to the South Park Blocks Fund.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
INTERSTATE CORRIDOR URA			
Resources			
Beginning Fund Balance	1,268,177	494,453	1,762,630
Revenue			
Program Income	604,216	0	604,216
Tax Increment Debt Proceeds	10,195,337	0	10,195,337
Total Revenue	10,799,553	0	10,799,553
Total Resources	12,067,730	494,453	12,562,183
Requirements			
Expenditures			
Development	5,261,028	46,034	5,307,062
Economic Development	2,290,228	306,938	2,597,166
Housing	3,367,940	-1,033,000	2,334,940
Operating Department Expenditures	10,919,196	-680,028	10,239,168
Finance	16,814	0	16,814
Cash Transfers Out	500,000	0	500,000
Total	11,436,010	-680,028	10,755,982
Contingency	631,720	4,481	636,201
Contingency - Housing	0	1,170,000	1,170,000
Total Requirements	12,067,730	494,453	12,562,183

Resources:

- Beginning Fund Balance is increased by \$494 thousand to represent the actual FY 2006-07 Beginning Fund Balance. The increase in the beginning fund balances was from additional FY 2005-06 tax increment proceeds, under spending of staff and administration and timing of expenses on some development projects.

Requirements:

Development Department appropriations are increased a net \$46 thousand for carry forward of a DOS grant and street improvement funding that did not fully spend in FY 2005-06. Included in the net increase is a decrease of \$154 thousand for the Vanport Residential Property line item. \$120 thousand is moved to the Housing Department to fund a housing predevelopment loan. The balance is moved to Contingency.

Economic Development appropriations are increased \$307 thousand. The funds are being programmed to support an additional \$80 thousand in storefront grants and \$226 thousand in business assistance loans and grants.

Housing Department appropriations are decreased a net \$1 million based on timing of projects. \$1.14 million in **Housing Department appropriations are moved to the Housing Contingency (Housing set aside) line item for future year spending.**

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>LENTS TOWN CENTER URA</u>			
Resources			
Beginning Fund Balance	4,261,053	1,431,892	5,692,945
Revenue			
Program Income	841,980	150,000	991,980
Tax Increment Debt Proceeds	18,384,872	0	18,384,872
Total Revenue	19,226,852	150,000	19,376,852
Total Resources	23,487,905	1,581,892	25,069,797
Requirements			
Expenditures			
Development	13,796,666	547,000	14,343,666
Economic Development	2,856,438	355,000	3,211,438
Housing	5,301,879	-1,196,000	4,105,879
Operating Department Expenditures	21,954,983	-294,000	21,660,983
Finance	8,757	0	8,757
Total	21,963,740	-294,000	21,669,740
Contingency	1,524,165	325,892	1,850,057
Reserves	0	1,550,000	1,550,000
Total Requirements	23,487,905	1,581,892	25,069,797

Resources:

- Interest is increased by \$150 thousand to match updated forecast for FY 2006-07.
- Beginning Fund Balance is increased \$1.4 million to match the FY 2006-07 actual beginning balance. Under spending in FY 2005-06 is attributable to timing issues in both the Development and Housing departments.

Requirements:

Development Department appropriations increase by \$547 thousand based on project timing issues and to reflect a more accurate expenditure forecast.

- Redevelopment increased by \$210 thousand.
- Park Public Improvements increased by \$487 thousand.
- Streets/Sidewalks decreased by \$150 thousand.

Economic Development appropriations are increased by \$355 thousand for additional Business Finance Tools activity.

Neighborhood Housing decreased by \$1.6 million based on the timing of projects. **The \$1.6 million is budgeted in a Housing Contingency (Housing set aside) line item for use in FY 2007-08.**

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>NORTH MACADAM URA</u>			
Resources			
Beginning Fund Balance	0	1,479,780	1,479,780
Revenue			
Federal and Other Grants	1,248,000	119,724	1,367,724
Program Income	905,729	400,000	1,305,729
Tax Increment Debt Proceeds	28,625,871	1,463,199	30,089,070
Total Revenue	30,779,600	1,982,923	32,762,523
Total Resources	30,779,600	3,462,703	34,242,303
Requirements			
Expenditures			
Development	18,856,478	3,438,203	22,294,681
Economic Development	1,088,298	24,500	1,112,798
Housing	10,820,462	0	10,820,462
Operating Department Expenditures	30,765,238	3,462,703	34,227,941
Finance	14,362	0	14,362
Total	30,779,600	3,462,703	34,242,303
Total Requirements	30,779,600	3,462,703	34,242,303

Resources:

Resources for the North Macadam URA have increased \$3.4 million; Tax Increment revenues have been increased \$1.5 million, primarily to cover increased Central District obligations in this fiscal year, and Beginning Fund Balance has increased \$1.5 million, a result of under spending in the prior fiscal year (which has been carried forward) and unbudgeted revenues from the Bureau of Parks and Recreation toward the acquisition of the Neighborhood Park. Loan payment revenues related to RiverPlace Parcel 1 have been increased \$400 thousand to reflect repayment of prior loan disbursements when the Acquisition Loan is disbursed in FY 2006-07.

Requirements:

The FY 2006-07 Revised Budget for the North Macadam URA has increased \$3.4 million from the Adopted Budget, primarily for changes in timing for Central District Development Agreement obligations. Oregon Health Sciences University (OHSU) will utilize the \$3.4 million Federal Funding Credits on the Aerial Tram project, and expects that the expenditure will occur in FY 2006-07. PDC is obligated to fund OHSU projects based on a formula of federal funding received, and the Aerial Tram is an eligible project.

Expenditures for Central District Infrastructure have been reduced \$1.2 million, reflecting a delay when a portion of Transportation Infrastructure Contingency funds will be needed. Budget changes were also made to reflect carry forward from the prior fiscal year (\$788 thousand) and increased \$475 thousand for an expected cost increase on RiverPlace Parcel 8 environmental cleanup.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>OTHER FEDERAL GRANTS</u>			
Resources			
Beginning Fund Balance	0	17,505	17,505
Revenue			
Federal and Other Grants	4,453,666	1,192,972	5,646,638
Program Income	346,334	0	346,334
Total Revenue	4,800,000	1,192,972	5,992,972
Total Resources	4,800,000	1,210,477	6,010,477
Requirements			
Expenditures			
Housing	4,800,000	1,193,000	5,993,000
Operating Department Expenditures	4,800,000	1,193,000	5,993,000
Cash Transfers Out	0	17,477	17,477
Total	4,800,000	1,210,477	6,010,477
Total Requirements	4,800,000	1,210,477	6,010,477

Resources:

- Beginning Fund Balance is increased \$17 thousand to match the actual FY 2006-07 beginning balance.
- Federal and Other Grants is increased \$1.2 million to match the HOME component of the PDC-BHCD contract.

Requirements:

Housing appropriations are increased \$1.2 million to match the HOME component of the PDC-BHCD contract.

Cash Transfers Out is increased \$17 thousand to transfer the increased beginning fund balance back to the Enterprise Loan Fund (repayment of temporary interfund loan).

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
<u>RISK MANAGEMENT FUND</u>			
Resources			
Beginning Fund Balance	484,145	-10,216	473,929
Revenue			
Program Income	0	10,000	10,000
Total Revenue	0	10,000	10,000
Total Resources	484,145	-216	483,929
Requirements			
Expenditures			
Finance	0	110,000	110,000
Total	0	110,000	110,000
Contingency	484,145	-110,216	373,929
Total Requirements	484,145	-216	483,929

Resources:

- Beginning Fund Balance is decreased \$10 thousand to match the actual FY 2006-07 beginning balance.
- Program Income (Interest) is increased by \$10 thousand to match updated FY 2006-07 forecast for interest earnings (fund 001).

Requirements:

Finance appropriations are increased \$110 thousand (moved from Contingency) to fund required legal expenses associated with ongoing litigation.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
RIVER DISTRICT URA			
Resources			
Beginning Fund Balance	211,904	1,543,337	1,755,241
Revenue			
Program Income	674,027	54,000	728,027
Tax Increment Debt Proceeds	19,132,289	0	19,132,289
Total Revenue	19,806,316	54,000	19,860,316
Total Resources	20,018,220	1,597,337	21,615,557
Requirements			
Expenditures			
Development	6,433,662	747,337	7,180,999
Economic Development	4,637,793	350,000	4,987,793
Housing	7,547,353	0	7,547,353
Operating Department Expenditures	18,618,808	1,097,337	19,716,145
Finance	122,419	0	122,419
Total	18,741,227	1,097,337	19,838,564
Contingency	1,276,993	0	1,276,993
Housing Contingency	0	500,000	500,000
Total Requirements	20,018,220	1,597,337	21,615,557

Resources:

- Program Income (Interest) is increased by \$54 thousand to match updated FY 2006-07 forecast of interest earnings figures.
- Beginning Fund Balance is increased by \$1.5 million to match the actual FY 2006-07 Beginning Fund Balance. Of this \$444 thousand is due to partial rebate of indirect allocation. The remaining \$1.1 million is due to various project under spending primarily in Development.

Requirements:

Development Department appropriations are increased \$747 thousand due to the following changes:

- Destination Retail increased by \$254 thousand in anticipation of a new retail assistance program.
- Park Avenue Redevelopment is budgeted at \$150 thousand.
- Transit Mall/LRT increased by \$250 thousand to accommodate additional PDC contribution to overall project.
- A Seismic Loan line item is budgeted at \$93 thousand. This program previously was unfunded.

Economic Development appropriations are increased \$350 thousand to implement Transit Mall Assistance. This program will facilitate assistance to transit mall businesses that will be affected by light rail construction.

\$500 thousand is budgeted in a Housing Contingency (Housing set aside) line item for future use.

	<i>Adopted FY 2006-07</i>	<i>Recommended Change</i>	<i>Revised FY 2006-07</i>
SOUTH PARK BLOCKS URA			
Resources			
Beginning Fund Balance	24,020,375	1,250,429	25,270,804
Revenue			
Cash Transfer In	0	402	402
Program Income	1,141,649	308,426	1,450,075
Tax Increment Debt Proceeds	3,383,396	0	3,383,396
Total Revenue	4,525,045	308,828	4,833,873
Total Resources	28,545,420	1,559,257	30,104,677
Requirements			
Expenditures			
Development	11,506,763	1,609,000	13,115,763
Economic Development	3,018,627	248,686	3,267,313
Housing	10,505,909	-3,614,132	6,891,777
Operating Department Expenditures	25,031,299	-1,756,446	23,274,853
Finance	122,419	0	122,419
Total	25,153,718	-1,756,446	23,397,272
Contingency	3,391,702	-634,699	2,757,003
Housing Contingency	0	3,950,402	3,950,402
Total Requirements	28,545,420	1,559,257	30,104,677

Resources:

- Program Income (Interest) is increased by \$308 thousand to match updated FY 2006-07 forecast of interest earnings.
- Beginning Fund Balance is increased by \$1.3 million. Of this \$400 thousand is due to partial rebate of indirect allocation. The remaining \$900 thousand is due to various projects under spending in all departments.

Requirements:

Development Department appropriations are increased \$1.6 million. This includes:

- An increase to Transit Mall/LRT of \$1.0 million to accommodate additional PDC contribution to overall project.
- Retail Improvements is increased by \$250 thousand in anticipation of a new retail assistance program.
- Predevelopment is increased \$75 thousand.
- Park Avenue Open Spaces increased by \$250 thousand.

Economic Development appropriations are increased \$249 thousand to implement Transit Mall Assistance. This program will facilitate assistance to transit mall businesses that will be affected by light rail construction.

Housing Department appropriations is decreased a net \$3.6 million based on revised activities. Line item increases includes:

- \$136 thousand in carry forward for Rental/Preservation activities.
- \$200 thousand is added for Loaves & Fishes tenant improvements associated with relocation.
- St. Stephens budget is decreased \$4.0 million due to project cancellation. **The \$4.0 million is budgeted in a Housing Contingency (Housing set aside) line item for use in FY 2007-08.**