

# CITY OF PORTLAND

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## OFFICE OF MANAGEMENT AND FINANCE

Tom Potter, Mayor Ken Rust, Interim Chief Administrative Officer

TO: Mayor Potter, Commissioner Adams, Commissioner Leonard, Commissioner

Saltzman, Commissioner Sten, Auditor Blackmer

CC: Ken Rust, Jennifer Sims

FROM: Casey Short, Interim Financial Planning Manager

RE: FY 2006-07 Spring Major Supplemental Budget

DATE: June 12, 2007

The FY 2006-07 spring major supplemental budget increases expenditures by a total of \$7,454,331 in five funds. State law generally requires Council to adopt a major supplemental budget when a fund's expenditures will increase by 10% or more, after excluding contingency, transfers, and fund balance. For the spring BuMP, five funds meet this criterion. Expenditures will increase by \$3,100,000 in the Environmental Remediation Fund; \$600,000 in the Convention and Tourism Fund; \$3,387,121 in the Gas Tax Bond Redemption Fund; and \$367,210 in the North Macadam Urban Renewal Area (URA) Debt Redemption Fund. The Portland International Raceway Fund's total requirements will not change, but \$324,900 will be transferred from contingency to expense accounts, thereby increasing expenditure authority by more than 10%.

The primary difference between the major supplemental budget and other BuMP actions is the requirement that the Tax Supervising and Conservation Commission (TSCC) hold a public hearing on the major supplemental budget. The TSCC hearing on this major supplemental budget is scheduled for June 14 at 4:30 PM, just prior to their hearing on the City's FY 2007-08 Approved Budget.

A summary of the major supplemental budget and descriptions of the specific actions requested in each fund are listed below. Please do not hesitate to contact me or Stacy Jones at 823-6807 with any questions or concerns.

FY 2006-07 Spring Major Supplemental	FY 2006-07		
<b>Budget Summary</b>	Revised Budget (AP	Supplemental	
	10)	Action	Total Budget
Portland International Raceway Fund	\$2,490,715	\$ 0	\$ 2,490,715
Environmental Remediation Fund	\$5,656,513	\$3,100,000	\$8,756,513
Convention and Tourism Fund	\$2,825,603	\$600,000	\$3,425,603
Gas Tax Bond Redemption Fund	\$3,281,972	\$3,387,121	\$6,669,093
North Macadam URA Debt Redemption Fund	\$1,965,888	\$367,210	\$2,333,098
Total	\$ 16,220,691	\$ 7,454,331	\$ 23,675,022

## **Portland International Raceway Fund (Fund 156)**

The Portland International Raceway (PIR) Fund will draw down contingency in the amount of \$324,900 for the following purposes:

- \$209,500 to cover unbudgeted track repair and maintenance work, primarily asphalt repaving
- \$109,000 to conduct preliminary survey and engineering tasks in the current fiscal year for a planned \$1.8 million capital improvement project in FY 2007-08
- \$30,000 for cost of living adjustments in employee salaries, partially offset by the cancellation of a planned \$23,600 mower purchase and the return of those funds to contingency

#### **Environmental Remediation Fund (Fund 161)**

The Environmental Remediation Fund will receive a \$3.1 million transfer from the Sewer System Operating Fund. \$2.1 million of this transfer will be used to fund a required increase in payments to the Lower Willamette Group (LWG) for further study of potentially responsible parties' roles in Portland Harbor contamination. The other \$1 million will be appropriated in contingency to prevent a negative cash balance in the Environmental Remediation Fund as the result of LWG payment accruals.

## **Convention and Tourism Fund (Fund 201)**

The Convention and Tourism Fund will receive approximately \$600,000 more in hotel/motel tax revenue than anticipated at budget adoption. Hotel/motel tax revenues have continued to rebound from 9/11 lows throughout FY 2006-07. One-sixth of hotel/motel tax revenues are passed through the Convention and Tourism Fund to the Portland, Oregon Visitor's Association (POVA). The additional funds will be paid to POVA before the end of the fiscal year.

# **Gas Tax Bond Redemption Fund (Fund 308)**

The Gas Tax Bond Redemption Fund will receive a \$3.4 million transfer from the Transportation Operating Fund. The funds will be used to make early payments on the line of credit used to finance the purchase and installation of new parking meters downtown. The early payments will reduce the total borrowing costs for the meters.

## North Macadam URA Debt Redemption Fund (Fund 313)

The North Macadam URA Debt Redemption Fund will receive \$349,210 more in tax increment collections than estimated at budget adoption. The higher fund balance will also result in \$18,000 more in interest earnings than originally anticipated. These additional resources will be used to make additional payments on debt service for the North Macadam URA.