



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** April 11, 2018  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 18-14  
Adopting Budget Amendment No. 2 for the Fiscal Year Beginning July 1, 2017, and Ending June 30, 2018; and Making Appropriations

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7270

This proposed action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2017-18 Budget for the second time in the following ways:

- (1) Update forecasted tax increment revenue based on estimated short-term debt and demand for line of credit draws;
- (2) Update other revenues based on latest forecast for loan collections and property income;
- (3) Update project and program budgets based on changes for forecasted year-end expenditures; and
- (4) Update Housing Set Aside Budgets based on estimated timing of expenditures from the City of Portland (City) Housing Bureau.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

The FY 2017-18 Budget Amendment No. 2 ensures that the Prosper Portland Board has appropriated adequate public funds to be lawfully expended by Prosper Portland to implement all planned projects and programs established through the strategic planning and agency work planning processes, while addressing any changes to these efforts since adoption of the budget in June 2017. Outcomes related to budgeted projects and programs will be measured over time to determine how Prosper Portland's allocation of resources will impact all Strategic Plan goals to build an equitable economy.

### **BACKGROUND AND CONTEXT**

The FY 2017-18 Budget Amendment No. 2 is the second budget amendment of the fiscal year. The majority of the changes are related to updating the budget to reflect changes in resources and timing of project expenditures based on budget monitoring that have occurred since adoption of Budget Amendment No. 1 in November 2017. Overall, adjustments to resources and requirements will provide the best picture of available resources to incorporate into the FY 2018-19 Budget.

### **EQUITY IMPACT**

The FY 2017-18 Adopted and Revised Budget incorporates projects and programs critical to advancing Prosper Portland's Strategic Plan and equity goals. This amendment ensures that appropriations are adequate for current year planned spending and adjusted for programs that will carry forward to the

next fiscal year. Of particular note, the Revised Budget maintains funding through the fiscal year that advances the Inclusive Business Resource Network and workforce development programs that will provide additional resources in the current year to serve people and businesses of color.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

While there has been no direct public outreach regarding this action, notice of the public hearing to be held by the Prosper Portland Board on Budget Amendment No. 2 was published prior to the meeting in the manner required by local budget law. At the Prosper Portland Board meeting on April 11, 2018, the public has the opportunity to testify prior to action on Resolution No. 7270. Furthermore, estimates of Budget Amendment No. 2 have been incorporated in budget materials reviewed by Prosper Portland's Budget Advisory Committee and other stakeholder groups as part of the FY 2018-19 Budget Development Process. Changes included in the FY 2017-18 Budget Amendment No. 2 are consistent with funding priorities established in the FY 2017-18 Adopted Budget and four-year forecast and FY 2017-18 high-level, agency-wide work plan.

### **BUDGET AND FINANCIAL INFORMATION**

The recommended amendments to the FY 2017-18 Revised Budget reflect the financial implications of business decisions which amount to \$187,101,171 in program and project expenditures; all fund appropriation changes are detailed in Exhibit A to Resolution No. 7270. In summary, key changes to resources and requirements are:

#### **Resources:**

- **Fees and Charges** increase by \$82,000 for increases in unanticipated loan fees.
- **Grants - State and Local** increase by \$196,416 based on updated estimated grants received; includes \$150,000 pass-through grant from Multnomah County to Portland Economic Investment Corporation (PEIC).
- **Interest on Investments** decrease by \$25,000 for adjustments to estimated earnings in River District Urban Renewal Area (URA).
- **Loan Collections** increase by \$1,447,047 based on updated forecast of collections. Most of the increase is related to a balloon payment that was received in December 2017.
- **TIF Debt Proceeds** increase a net \$14,513,696. The revision includes an additional \$21,100,000 in short-term debt proceeds based on the most recent tax increment forecast and a reduction in long-term borrowings of \$6,700,000 based on project construction timing.
- **Property Income** decreases \$7,890,000 to reflect appropriate timing for receipt of funds from TriMet for purchased portion of Convention Center Hotel Garage in Oregon Convention Center URA (timing is based on construction completion and portion will be recognized next fiscal year).
- **Reimbursements** decrease \$300,000 related to treatment of environmental escrow reimbursements in Downtown Waterfront URA Fund (release from escrow revenue since cash released from escrow was not previously expensed).
- **Transfers In** is increased \$70,000 for transfer of cash from loan repayments in the General Fund to the Enterprise Loans Fund. Remaining General Fund loans will ultimately be transferred to Enterprise Loans Fund for consolidation.

### **Requirements:**

For budgeted expenditures and requirements, most changes are related to reductions in projects that will be included in the FY 2018-19 Budget that will be approved by Portland City Council in May 2018 and presented to the Prosper Portland Board in June 2018.

- **Administration** decreases a net \$273,218, for reductions in administrative overhead and reclassification of Yardi property management software to Property Redevelopment.
- **Economic Development** decreases \$288,803 primarily related to Enterprise Zone program funding not occurring this fiscal year. Funds are being reserved to level future year Economic Development programming.
- **Infrastructure** decreases a net \$3,281,142 based on timing of parks and transportation project commitments in Interstate Corridor URA (Lombard Street Improvements), Lents Town Center URA (Leach Botanical Garden, Foster 52<sup>nd</sup> to 82<sup>nd</sup>), North Macadam URA (Bond Avenue improvements) and Gateway Regional Center URA. Bond Avenue is increasing current year expenditure based on timing of construction (\$850,000) while other projects are being moved to next fiscal year based on timing.
- **Housing** net reduction of \$20,555,314 to match Portland Housing Bureau revised budget. Funding is largely committed subject to construction schedule and therefore incorporated in FY 2018-19 Budget.
- **Property Redevelopment** decreases a net \$46,932,529, of which \$29,508,000 is for Old Town/Chinatown Five Year Action Plan funding in Downtown Waterfront URA and River District URA. Funds will be incorporated in the FY 2018-19 Budget and Four-Year Forecast. Other significant adjustments include reductions of \$6,302,030 in Lents Commercial Property Redevelopment Loan program funding and \$4,775,000 for the Halsey 106th project in Gateway Regional Center URA that will be incorporated in the FY 2018-19 Budget.
- **Transfers** increase \$70,000 for transfer of cash from loan repayments in the General Fund to the Enterprise Loans Fund. Remaining General Fund loans will ultimately be transferred to Enterprise Loans Fund for consolidation.
- **Contingency** increases \$79,354,966 to balance the increase in resources with changes in planned expenditures. Full amount will be incorporated into beginning fund balance for FY 2018-19 Budget to corresponding commitments as necessary such as the Old Town/Chinatown Five Year Action Plan and infrastructure projects such as Foster 52<sup>nd</sup> to 82<sup>nd</sup>. Additional resources due to higher short-term debt resources will be programmed according to projects in the Five-Year Forecast, often relieving the need for future line of credit borrowings.

### **RISK ASSESSMENT**

Should the Prosper Portland Board decide not to approve FY 2017-18 Budget Amendment No. 2, there may be inadequate appropriations for some projects and programs that are underway. An over-expenditure of an appropriation within a fund is a violation of local budget law (Oregon Revised Statutes 294); therefore, the recommended budget amendments ensure proper appropriations authority for all expenditures.

### **ATTACHMENTS**

None

