



DATE: June 14, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-20
Adopting the Annual Budget of Prosper Portland for the Fiscal Year Beginning July 1, 2017 and Ending June 30, 2018; and Making Appropriations

BOARD ACTION REQUESTED

Adopt Resolution No. 7236

ACTION DESCRIPTION

This action by the Prosper Portland Board of Commissioners (Board) will formally adopt Prosper Portland's fiscal year (FY) 2017-18 Recommended Budget, effective July 1, 2017. The Prosper Portland Board's adoption of the FY 2017-18 Recommended Budget represents the final phase of the FY 2017-18 budget process, which began in November 2016. Upon adoption, the FY 2017-18 Recommended Budget will become Prosper Portland's FY 2017-18 Adopted Budget and allow staff to implement key programs, projects, and initiatives that deliver on the 2015-2020 Strategic Plan goal to build an equitable economy by growing quality jobs, advancing opportunities for prosperity, creating vibrant neighborhoods and communities, and collaborating with partners to create an equitable city.

BACKGROUND AND CONTEXT

The annual budget process for Prosper Portland began in late November. After multiple public hearings and input from stakeholders, Portland City Council, acting as Prosper Portland's Budget Committee, approved a budget on May 17, 2017, referred to as the FY 2017-18 Approved Budget. After City Council approves the Approved Budget, the Prosper Portland Executive Director submits a Recommended Budget to the Prosper Portland Board, which includes minor recommended changes to the City Council Approved Budget.

With this action, the Executive Director is proposing a Recommended Budget of \$346,922,455, which is a decrease from the Approved Budget of \$355,560,228. The Recommended Budget also slightly increases budget expenditures from \$215,439,121 in the Approved Budget to \$216,158,139. The recommended changes consist primarily of technical adjustments including updated staffing costs based on final position adjustments and allocations of time across different projects and funding sources.

COMMUNITY AND PUBLIC BENEFIT

The action to adopt the FY 2017-18 Recommended Budget represents the continuation of Prosper Portland's vision to create one of the most globally competitive, equitable, and healthy cities in the world. The FY 2017-18 Recommended Budget allocates resources focused on implementing the agency's 2015-2020 Strategic Plan to increase access to high quality employment, build healthy, complete neighborhoods, drive wealth creation with communities of color and low-income neighborhoods and collaborate with partners to ensure an equitable economy.

PUBLIC PARTICIPATION AND FEEDBACK

The FY 2017-18 budget process included public participation through Prosper Portland's Budget Advisory Committee, which met three times during the drafting of the FY 2017-18 Requested Budget. A letter from the Budget Advisory Committee indicating support for the budget, including urban renewal area (URA) project allocations and General Fund decision packages, was previously shared with the Prosper Portland Board. Additional, targeted stakeholder outreach was conducted by staff with neighborhood and business groups around specific URA project budgets and General Fund packages in February and March. City Council received testimony from the public on May 11, 2017 during its public hearing on the Proposed Budget. The public will have a final opportunity to testify on Prosper Portland's budget during the June 14, 2017 Prosper Portland Board meeting.

BUDGET AND FINANCIAL INFORMATION

The FY 2017-18 Recommended Budget incorporates financial decisions that include a total recommended budget of \$346,922,455 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$216,158,139. Total expenditures are less than the FY 2016-17 Revised Budget due to major project expenditures such as the United States Post Office site acquisition and the Convention Center Hotel Garage contract that occurred in FY 2016-17. The budget identifies what funds will be received by Prosper Portland, how the funds will be spent within each URA, and on which projects. The budget also shows how resources will be allocated for purposes of staff and operating costs of Prosper Portland.

The FY 2017-18 Recommended Budget includes several changes from the FY 2017-18 Approved Budget, that in total add \$719,018 in expenditures. Changes include:

- Final adjustments for total personnel services based planned full-time and limited-term positions. Total positions were adjusted from 85.5 full time equivalent (FTE) to 84 FTE and 3 limited-term employment positions.
- Final adjustments for project and program expenditures based on the allocation of personnel services between projects and programs;
- Updated estimates on property management revenue and expenditures; and
- Final adjustments of the Affordable Housing Set-Aside payments to the Portland Housing Bureau based on latest construction draw estimates.

RISK ASSESSMENT

There is a slight risk that due to project timing and/or final project budget, appropriation levels established through adoption of the FY 2017-18 Recommended Budget may be insufficient to enable Prosper Portland to comply with contractual obligations. Prosper Portland staff mitigates this risk by continually reviewing project estimates with respect to budget authority and by preparing budget amendments during the fiscal year to request additional appropriations if and when necessary.

ALTERNATIVE ACTIONS

The Prosper Portland Board could adopt the FY 2017-18 Recommended Budget with additional changes up to the ten percent allowable increase in expenditures for each fund. Any changes to the FY 2017-18 Recommended Budget directed by the Prosper Portland Board must be identified during adoption of the budget to include specific funding sources and appropriation categories. If the Prosper Portland Board does not adopt a budget in accordance with local budget law on or before June 30, 2017, Prosper Portland will have no authority to incur expenses after that date.

ATTACHMENTS

None.