



**DATE:** June 13, 2018  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 18-23  
Adopting the Annual Budget of Prosper Portland for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019; and Making Appropriations

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

Adopt Resolution No. 7276

This action by the Prosper Portland Board of Commissioners (Board) will formally adopt Prosper Portland's fiscal year (FY) 2018-19 Recommended Budget, effective July 1, 2018. The Prosper Portland Board's adoption of the FY 2018-19 Recommended Budget represents the final phase of the FY 2018-19 budget process, which began in November 2017.

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

Upon adoption, the FY 2018-19 Recommended Budget will become Prosper Portland's FY 2018-19 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 November 2017. After multiple public hearings and input from stakeholders, Portland City Council, acting as Prosper Portland's Budget Committee, approved a budget on May 16, 2018, referred to as the FY 2018-19 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 \$371,949,252, which is a decrease from the Approved Budget of \$372,511,893. The Recommended Budgeted slightly increases budget expenditures from \$227,667,936 in the Approved Budget to \$227,958,653. 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.

### **EQUITY IMPACT**

The action to adopt the FY 2018-19 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 2018-19 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.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

The FY 2018-19 budget process included public participation through Prosper Portland's Budget Advisory Committee, which met four times during the drafting of the FY 2018-19 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. In addition, in February and March staff conducted targeted stakeholder outreach with neighborhood and business groups to solicit feedback on specific URA project budgets and General Fund packages. City Council received public testimony on May 10, 2018 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 13, 2018 Prosper Portland Board meeting.

### **BUDGET AND FINANCIAL INFORMATION**

The FY 2018-19 Recommended Budget incorporates financial decisions that include a total recommended budget of \$371,949,252 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$227,958,653. Total expenditures are higher than FY 2017-18 due to planned investments for Old Town/Chinatown Action Plan, ongoing investments in the Oregon Convention Center URA, and implementation of the N/NE Community Development Initiative Action Plan. 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 2018-19 Recommended Budget includes several minor changes from the FY 2018-19 Approved Budget that in total increase \$290,717 in expenditures. Changes include:

- Final adjustments for total personnel services based on updated health and dental rates received from Prosper Portland's broker, City-County Insurance Services.
- 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 2018-19 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.

The Prosper Portland Board could adopt the FY 2018-19 Recommended Budget with additional changes up to the ten percent allowable increase in expenditures for each fund. Any changes to the FY 2018-19 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, 2018, Prosper Portland will have no authority to incur expenses after that date.

**ATTACHMENTS**

None.