



PROSPER
PORTLAND
Building an Equitable Economy

DATE: November 8, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-50
Adopting Budget Amendment No. 1 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. 7259

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

- (1) Adjust beginning fund balances to reflect actual FY 2016-17 year-end balances;
- (2) Update forecasted tax increment revenue based on estimated short-term debt and demand for line of credit draws;
- (3) Update other revenues based on latest forecast for loan collections and property income,
- (4) Update project and program expenditures for committed carryover of funds that did not spend in the prior fiscal year that are underway;
- (5) Update Housing Set Aside Budgets based on estimated timing of expenditures from the City of Portland (City) Housing Bureau; and
- (6) Add General Fund resources and planned expenditures based on anticipated City Council action (also scheduled for November 8, 2017).

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The FY 2017-18 Budget Amendment No. 1 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. 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. 1 is the first budget amendment of the fiscal year. The majority of the changes are related to updating the budget to reflect actual beginning fund balances and recognizing project carryover/adjustments. Most adjustments to expenditure appropriations relate to projects or programs that were underway at the close of the prior fiscal year; however, in some cases additional requirements have been identified and recommended as budget additions. Overall, adjustments to resources and requirements will provide the best picture of available resources leading into the FY 2018-19 budget development cycle.

EQUITY IMPACT

The FY 2017-18 Adopted Budget incorporates projects and programs critical to advancing Prosper Portland's Strategic Plan and equity goals. This amendment augments the initial adopted budget by providing additional resources to advance ongoing projects and programs. Specifically, the revision provides the carryover of prior year resources to continue advancing the Inclusive Business Resource Network (formerly Small Business Technical Assistance Program) and workforce development programs that will provide additional resources in the current year to serve people and businesses of color.

COMMUNITY PARTICIPATION AND FEEDBACK

On November 8, 2017, the public has the opportunity to testify at the public hearing held by the Prosper Portland Board on Budget Amendment No. 1, prior to action on Resolution No. 7259. Prior to the beginning of the fiscal year, Prosper Portland's budget development process included extensive public outreach through meetings held by its advisory groups and other stakeholders. No specific outreach has taken place regarding this action; however, notice of the public hearing to be held by the Prosper Portland Board on Budget Amendment No. 1 was published prior to the meeting in the manner required by local budget law. All other changes included in the FY 2017-18 Budget Amendment No. 1 are consistent with funding priorities established in the FY 2017-18 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

The recommended amendments to the FY 2017-18 Revised Budget reflect the financial implications of business decisions which amount to \$258,432,177 in program and project expenditures and contingency. Exhibit A to Resolution No. 7259 identifies all fund appropriation changes. In summary, key changes to resources and requirements are:

Resources:

- **Beginning Fund Balance:** Increases across all funds by \$75,647,332 based on year-end balances. Half of the change is due to \$30,000,000 expense for the Oregon Convention Center Hotel Garage not being disbursed by June 30, 2017.
- **City General Fund:** Increases by \$357,214 for prior year carryover of committed funds and new funds that are expected to be appropriated by City Council on November 8, 2017.
- **Fees and Charges:** Increase by \$496,000 for increases in unanticipated loan fees and Enterprise Zone fees.
- **Interest on investments:** Increases by \$1,952,312. Most of the change is related to updated anticipated interest earnings on cash balances through the end of the fiscal year.
- **Loan Collections:** Decrease by \$1,454,085 based on revised forecast of loan collections (now \$5,600,000).
- **Property Income:** Increases by \$1,773,651, mostly related to property sales that did not occur by June 30, 2017 and updated rent/lease income estimates.
- **Reimbursements:** Increase by a net \$330,000; most of the increase is due to environmental reimbursements for occurring on property in the River District Urban Renewal Area (URA).
- **Transfers In:** Increase by \$695,857 related to interfund loan payments.

Requirements:

For budgeted expenditures and requirements, most changes are related to carryover (projects and programs that were included in the prior year budget but did not occur or finish as represented in the final budget for FY 2016-17). Other changes include revisions to real estate management expenditures

and other contracts that were not fully established or known at the time the budget was adopted in June 2017.

- **Administration:** Increases by a net \$147,918 for adjustments to internal administrative overhead and debt management agreements with the City.
- **Economic Development:** Increases by \$1,446,488 mostly for carryover adjustments related to City General Fund and Enterprise Zone-funded programs (Inclusive Business Resource Network/traded sector). Also includes \$150,000 in new allocation proposed by Mayor Ted Wheeler (to be considered on November 8, 2017).
- **Infrastructure:** Increases by \$4,715,252 to provide carryover funding for completion of Bond Avenue in the North Macadam URA, Killingworth Street improvements in the Interstate Corridor URA, Union Station improvements in the River District URA, and additional \$200,000 in funding for the Gateway Park Intergovernmental Agreement in the Gateway Regional Center URA. Also includes infrastructure improvements in the Central Eastside URA for renovation of the Light Watercraft Dock.
- **Housing:** Net reduction of \$420,619 to match Portland Housing Bureau revised budget.
- **Property Redevelopment:** Increases by a net \$36,384,999 for adjustments across URAs for prior year carryover for both active and anticipated projects such as the Oregon Convention Center Hotel Garage (\$15,000,000) and the 10th and Yamhill Garage (\$5,000,000).
- **Transfers:** Increases by \$695,857 for repayment of interfund loans. Several interfund loans were repaid in FY 2017-18 to cover cash management needs in the Community Development Block Grant fund in FY 2016-17.
- **Contingency:** Increases by a net \$23,638,660 to balance the increase in resources with changes in planned expenditures. Of the balance, \$15,000,000 is committed to final construction disbursements related to the Oregon Convention Center Garage that will be budgeted in FY 2018-19 based on timing of the construction draws. An additional \$2,900,000 in grant resources not spent last fiscal year will be held in contingency and budgeted in FY 2018-19 if not required in FY 2017-18.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2017-18 Budget Amendment No. 1, 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