



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

**DATE:** November 14, 2018  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 18-46  
Adopting Budget Amendment No. 1 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. 7295

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2018/19 Budget for the first time in the following ways:

- (1) Adjust beginning fund balances to reflect actual FY 2017/18 year-end balances;
- (2) Update other revenues based on latest forecast for loan collections and property income;
- (3) Update project, program and administrative expenditures that are underway for committed carryover of funds that did not spend in the prior fiscal year;
- (4) Update Affordable Housing Set Aside budgets based on estimated timing of expenditures from the City of Portland (City) Housing Bureau;
- (5) Add General Fund resources and planned expenditures appropriated by City Council on November 7, 2018; and
- (6) Add six months of personnel services budget for seven planned Limited Term Equivalent (LTE) positions to address critical work plan priorities.

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

The FY 2018/19 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 2018. 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 2018/19 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 2019/20 budget development cycle.

### **EQUITY IMPACT**

The FY 2018/19 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 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 14, 2018, the public can testify at the public hearing held by the Prosper Portland Board on Budget Amendment No. 1. 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 FY 2018/19 Budget Amendment No. 1 are consistent with funding priorities established in the FY 2018/19 Adopted Budget and four-year forecast.

### **BUDGET AND FINANCIAL INFORMATION**

Recommended amendments to the FY 2018/19 Revised Budget reflect the financial implications of business decisions which amount to \$276,709,361 in program and project expenditures and contingency. Exhibit A to Resolution No. 7295 identifies all fund appropriation changes. In summary, key changes to resources and requirements are:

#### **Resources:**

- **Beginning Fund Balance** increases by \$73,943,651 based on year-end balances. The larger increases due to timing of projects and prior year utilization grant and lending budgets in Interstate Corridor Urban Renewal Area (URA), North Macadam URA, and Convention Center URA.
- **City General Fund** increases by \$502,000 for prior year carryover of committed funds and additional funding for the Hill Block project that was appropriated by City Council on November 7, 2018.
- **Fees and Charges** decrease by \$63,680 for updated Enterprise Zone fee projections.
- **Grants** increase by \$149,640, primarily due to the continuation of the Union Station construction project.
- **Interest on Investments** increases by \$3,862,007 from updated interest earnings on cash balances.
- **Loan Collections** increase by \$98,000 based on revised forecast of loan collections.
- **Tax Increment Finance Debt Proceeds** increase by \$130,686 in Gateway Regional Center URA.
- **Other Debt Proceeds** decrease \$2,200,000 in River District URA for funding of the Multnomah County Health Building.
- **Miscellaneous** revenues decrease by \$50,000 for updated Enterprise Zone revenue projections.
- **Property Income** increases by \$5,169,854, mostly related to the sale of the TriMet portion of the Convention Center Hotel Garage.
- **Reimbursements** increase by \$143,599 for the Convention Center Hotel Garage operations.

- **Service Reimbursements** increase \$481,256 due to increase in budgeted overhead expenditures.
- **Transfers In** increase by \$1,139,000 related to interfund loan repayments.

**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 2017/18). 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 2018.

- **Administration** increases by \$451,243, of which approximately \$241,000 is from prior year commitments that were included but not expended in the FY 2017/18 Budget and the remainder represents new expenditures or reclassifications from Property Redevelopment. \$46,000 is added to the information technology (IT) budget to replace surge protection and backup IT infrastructure that was not included in the FY 2018/19 Adopted Budget. Administrative expenditures have been revised to include funding for a portion of seven new LTE positions not directly charged to Economic Development or Property Redevelopment activities (see below).
- **Economic Development** increases by \$1,547,553. Approximately \$670,000 is being carried over for prior year commitments in Enterprise Zone and General Fund. \$100,000 added for additional Hill Block project management appropriated by City Council on November 7, 2018. Includes one LTE in the General Fund to support improved data collection and reporting of the Inclusive Business Resource Network. Increase in Enterprise Zone by \$615,000 for community economic development, traded sector opportunities, and workforce development carryover as well as added programming.
- **Housing** increases by \$18,623,161 from prior year rollover. Most of the changes occurred in North Macadam URA, which increased by \$9,196,841 for completion of the project at Parcel 3, Interstate Corridor URA increased by \$6,196,781 for completion of projects, and Convention Center URA increased by \$2,513,701.
- **Infrastructure** increases by \$3,604,987 for carryover related to Gateway Discovery Park, Leach Botanical Gardens, and Foster Powell street improvements.
- **Property Redevelopment** increases a net \$24,523,764 across URAs for carryover related to active and anticipated projects such as the Convention Center Hotel Garage (\$8,700,000) and property redevelopment lending in Gateway Regional Center, Lents Town Center, and Interstate Corridor URAs (\$13,000,000). Also includes four new LTE positions in Development and Investment to support Property Fit implementation, affordable commercial tenanting, and grants project management primarily in the URAs. The Property Fit LTE is offset by a reduction in planned consultant contracts. Also includes two new LTE positions in Social Equity, Policy, and Communications for a Community Benefits and Policy program manager and a Community Engagement program manager; primarily supporting URA projects.
- **Transfers** increases \$1,620,256 for repayment of interfund loans to cover cash management needs in the Community Development Block Grant fund and Neighborhood Prosperity Network funds.
- **Contingency** increases \$33,035,048 from prior year savings, increased resources and changes in planned expenditures. Includes prior year grant budget allocation that will be reallocated in the five-year forecast in certain URAs.

**RISK ASSESSMENT**

Should the Prosper Portland Board decide not to approve FY 2018/19 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.