



**DATE:** June 12, 2019  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 19-22  
Adopting the Annual Budget of Prosper Portland for the Fiscal Year Beginning July 1, 2019 and Ending June 30, 2020; and Making Appropriations

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

Adopt Resolution No. 7314

This action by the Prosper Portland Board of Commissioners (Board) will formally adopt Prosper Portland's fiscal year (FY) 2019-20 Recommended Budget, effective July 1, 2019. The Prosper Portland Board's adoption of the FY 2019-20 Recommended Budget represents the final phase of the FY 2019-20 budget process, which began in November 2018.

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

Upon adoption, the FY 2019-20 Recommended Budget will become Prosper Portland's FY 2019-20 Adopted Budget and allow staff to implement key programs, projects, and initiatives that deliver on the agency's 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 2018. After multiple public hearings and input from stakeholders, Portland City Council, acting as Prosper Portland's Budget Committee, approved a budget on May 23, 2019, referred to as the FY 2019-20 Approved Budget. After City Council approves the Approved Budget, the Prosper Portland Executive Director now 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 \$389,217,225, which is an increase from the Approved Budget of \$388,557,933. The Recommended Budgeted slightly increases budget expenditures from \$209,239,010 in the Approved Budget to \$209,724,808. The recommended changes consist primarily of technical adjustments including updated staffing costs, changes in Enterprise Zone expenditures, and Lents Housing Set Aside expenditures.

### **EQUITY IMPACT**

The action to adopt the FY 2019-20 Recommended Budget will allow Prosper Portland to invest critical resources in objectives that deliver on the Strategic Plan through the lens of the Social Equity Policy.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

The FY 2019-20 budget process included public participation through Prosper Portland's Budget Advisory Committee, which met four times during the drafting of the FY 2019-20 Requested Budget. A letter from the Budget Advisory Committee indicating support for the budget, including Tax Increment Financing (TIF) district project allocations and General Fund decision packages, was previously shared with the Prosper Portland Board. In addition, from February through April 2019, staff conducted targeted stakeholder outreach with neighborhood and business groups to solicit feedback on specific TIF district project budgets and General Fund packages. City Council received testimony from the public on May 9, 2019 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 12, 2019 Prosper Portland Board meeting.

### **BUDGET AND FINANCIAL INFORMATION**

The FY 2019-20 Recommended Budget incorporates financial decisions that include a total recommended budget of \$389,217,225 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$209,724,808. Total expenditures are higher than the FY 2018-19 Revised Budget due to several items moving from the current fiscal year to next fiscal year. However, Housing appropriations are lower due to updated estimates on when the City of Portland Housing Bureau will be drawing funds for upcoming projects. The budget identifies what funds will be received by Prosper Portland, how the funds will be spent within each TIF district, 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 2019-20 Recommended Budget includes several minor changes from the FY 2019-20 Approved Budget, that in total increase \$485,798 in expenditures. Changes include:

- Increase in total personnel services based on student intern services.
- Decrease to the level of program spending anticipated in the Enterprise Zone.
- Increase to the level of General Fund program spending; adding prior year Cannabis program funding from the City of Portland.
- Increase in Housing Set Aside spending in Lents, based on the Portland Housing Bureau's request to reduce the current year budget and increase next year's budget.

### **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 2019-20 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 2019-20 Recommended Budget with additional changes up to the ten percent allowable increase in expenditures for each fund. Any changes to the FY 2019-20 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, 2019, Prosper Portland will have no authority to incur expenses after that date.

**ATTACHMENTS**

None.