

Prosper Portland's property and fiscal management improved, but equity approach changed

2020 FOLLOW-UP
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Our 2017 audit of Prosper Portland found that without income goals or equity plans, the agency had limited ability to rely on property management as a major source of income or overcome a legacy of gentrification and displacement.

We recommended that Prosper Portland create financial and strategic goals for each property, document equity considerations, perform risk assessments, and adequately monitor third-party operated properties.

At year two, Prosper Portland improved fiscal management by documenting strategic purposes for each property, conducting risk assessments, and requiring more detailed contract provisions. Prosper Portland changed its approach to equity and did not document equity assessments for each property. Instead it set equity goals for each property. It performed a competitive solicitation for an operator of the Inn at the Convention Center and is in the process of upgrading parking and renegotiating an operating agreement at Union Station.



<i>2017 Recommendations</i>	<i>2020 Auditor's Status Update</i>
Develop strategic purposes for each property and income goals as outlined in the draft business plan.	Prosper Portland's Board approved property plans for real estate in September 2019. The plans include strategic purposes and income goals.
Amend the financial investment policy to require the committee to regularly review all real estate holdings for potential financial return, even those without pending decisions.	Prosper Portland's Board directed the financial investment committee to review the financial performance of properties at least twice per year.
Perform and document risk assessments. Assessments should be aligned with goals for the property and with strategic goals.	Prosper Portland conducted market risk analysis on 10 of its income-generating properties and determined all to be low risk except for one medium-risk property.
Competitively solicit an operator for the Inn at the Convention Center if Prosper Portland decides to continue ownership.	Prosper Portland solicited proposals for an operator for the Inn at the Convention Center in the Fall of 2018. The Agency reviewed three proposals and selected the operator it considered to provide the most value.
Develop contract provisions related to budgeting, reporting, and protecting physical assets that reflect the level of risk.	Prosper Portland is amending contracts to add these provisions, including new parking management contract and a draft property management contract. Existing contracts have not been amended, but contracts drafted since March 2018 have included the provisions.



In Process

2017 Recommendations	2020 Auditor's Status Update
<p>Create a monitoring program for each income generating property tailored to contract provisions.</p>	<p>Prosper Portland has begun to monitor properties in compliance with contract provisions. Adoption of a new module in its asset management system in March 2020 will allow it to monitor properties more closely and routinely.</p>
<p>Renegotiate the operating agreement for Union Station to include reporting requirements and a compensation structure.</p>	<p>Prosper Portland delayed signing a new agreement with the City until finalizing a new lease with Amtrak. The new lease may change the scope of work for the City if Amtrak becomes responsible for security.</p>
<p>Upgrade the parking control system at Station Place Garage.</p>	<p>Prosper Portland solicited proposals to upgrade the system in November 2019 and anticipated installation by June 2020.</p>
<p>Document equity assessments for each property in the portfolio.</p>	<p>Prosper Portland's Board adopted a new equity policy that does not require equity assessments for properties. Instead of equity assessments, Prosper Portland included general equity objectives for each property, such as increasing participation by women and minority contractors for work on properties with maintenance requirements, and providing parking "open to all Portlanders." Properties the agency intends to develop have more robust objectives, but still do not include the kind of thoughtful considerations outlined in equity assessments.</p>

Change in Approach

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