



PROSPER
PORTLAND
Building an Equitable Economy

DATE: May 7, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-16
Adopting Budget Amendment No. 3 for the Fiscal Year Beginning July 1, 2023, and Ending June 30, 2024; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7530

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2023-24 budget for the second time in the following ways:

- (1) Move planned tax increment finance (TIF) district expenditures for planned projects to contingency so that the funds can be recognized in the Beginning Fund Balance and expenditures in the FY 2024-25 budget;
- (2) Include adjustments made by City Council in the City of Portland's (City's) Spring Budget Monitoring Process (BMP) for General Fund, American Rescue Plan Act (ARPA) Funds, and Cannabis Funds;
- (3) Adjust Administration to include final HR and other administrative increases for implementation of the Collective Bargaining Agreement, classification/compensation study, and other contracts.

STRATEGIC ALIGNMENT AND OUTCOMES

The FY 2023-24 Budget Amendment No. 3 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. This action will also address any changes to these efforts since adoption of the budget in June 2023 and the last budget revision in December 2023. 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 goals and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2023-24 Budget Amendment No. 3 is anticipated to be the final budget amendment of the fiscal year. Most of the changes in Budget Amendment No. 3 are related to recognizing which budget appropriations for TIF district project budgets should move into future fiscal years based on project timelines based on review of project and program spending with Prosper Portland project managers. Also, during approval of the City's BMP on April 17, 2024, City Council included several adjustments requested by Prosper Portland to move funding to next fiscal year. General Fund, ARPA, and Cannabis programs that were adjusted in the Spring BMP by City Council includes moving funds from the current year to next fiscal year to fund TIF exploration, repair/restore grant work and Inclusive Business

Resource Network (IBRN) one-time programming. These funds will be included in the Mayor’s FY 2024-25 Proposed Budget.

EQUITY IMPACT

The FY 2023-24 Revised Budget incorporates projects and programs critical to advancing Prosper Portland’s equity goals. This amendment ensures that appropriations are adequate for current year planned spending and adjusted for programs that will carry forward to the next fiscal year. The budget maintains the original spending priorities included in the adopted budget for General Fund, Community Development Block Grant, and Enterprise Zone resources used to implement the IBRN, workforce development, Neighborhood Prosperity Network, and traded sector activities. Staff continue to implement these programs by centering on racial equity.

COMMUNITY PARTICIPATION AND FEEDBACK

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. 3 was published prior to the meeting in the manner required by local budget law. The TIF district priorities contained in the Revised 3 budget were also incorporated in the overall stakeholder outreach conducted as part of the FY 2023-24 budget development process between January and April 2024. As with all agency budget actions, the public can testify at the public hearing held by the Prosper Portland Board on May 7, 2024. All other changes included in FY 2023-24 Budget Amendment No. 3 are consistent with funding priorities established in the FY 2023-24 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2023-24 Revised Budget reflect the financial implications of business decisions which amount to \$244,262,378 in program and project expenditures. The total budget amounts to \$559,244,133 when including interfund transfers and contingency (see Exhibit A to Resolution No. 7530 for all fund appropriation changes). In summary, key changes to resources and requirements are:

Changes to Total Resources (summarized):

- **Beginning Fund Balance:** Decreases \$2,863,839 to correct and match Strategic Investment Fund budgeted beginning fund balance with actual balance.
- **City General Fund:** Reduction of \$458,606 is net change in current year General Fund resources after moving some programming to next fiscal year via Spring BMP.
- **Fees and Charges:** Reduction of \$43,421, mostly related to updated forecast of current year fees in lieu of taxes paid by companies participating in E-Zone program.
- **Grants - Federal except HCD:** Reduction of \$2,000,000 for remaining ARPA funds to be programmed into FY 2024-25.
- **Grants - State and Local:** Increase of \$220,730 as an estimate for what will be reimbursed for two Metro grants, one for the Center for Tribal Nations and one for the Portland Green Loop.
- **TIF Debt Proceeds:** Net reduction of \$3,643,830. Most of the decrease is related to moving draws on long-term proceeds in the Gateway district to next fiscal year to align with project timing.
- **Property Income:** Net reduction of \$1,908,252, Includes increases and decrease in property operating lease revenue in several districts - most of the decrease related to removing \$2,000,000 in property sale assumptions from current year in River District (OT property).
- **Reimbursements:** Reduction of \$41,076 for reimbursements. Mostly of the change is due to CAM related reimbursements for leased property in the Interstate district.

- **Transfers In:** Increase of \$1,985,645 to move residual program income in the Central Eastside District to the Strategic Investment Fund (operating account).

Changes to Total Requirements (summarized):

- **Administration:** Net increase of \$111,158 for contracts and 220 Building common area maintenance expense; includes increase in HR related contracts for CBA and Class/Comp implementation; moves planned Disparity Study to next fiscal year.
- **Economic Development:** Net decrease of \$706,442. Includes increase in the Restore Grant allocation from General Fund offset by reduction in Restore Grant in ARPA as well as other ARPA funding that will be moved to next fiscal year.
- **Infrastructure:** Net decrease of \$3,451,000 - most of the decrease related to transportation projects planned for Central Eastside and North Macadam moving to next fiscal year based on project timing with PBOT/OMSI Master Plan.
- **Property Redevelopment:** Net decrease of \$9,200,329. Includes adjustments to property operations and holding costs (reductions to Union Station, increase to 10Y). Most of the change related to moving current year planned expenditures for 92nd and Harold development to next fiscal year and PSU IGA in North Macadam to next fiscal year.
- **Transfers:** Increases \$2,002,749 to adjust indirect transfers for residual program income to the Strategic Investment Fund. Largest transfer is \$1,700,000 of residual program income from Central Eastside to Strategic Investment Fund.
- **Contingency:** Increases a net \$2,594,033 to balance all changes in resources across funds with all changes in expenditures across funds. The change will result in an overall increase in the estimated beginning fund balance for FY 2024-25. Change in fund balance will vary by fund based on specific balancing in each fund.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2023-24 Budget Amendment No. 3, 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.