



PROSPER
PORTLAND
Building an Equitable Economy

DATE: May 14, 2025
TO: Board of Commissioners
FROM: Shea Flaherty Betin, Interim Executive Director
SUBJECT: Report Number 25-14
Adopting Budget Amendment No. 4 for the Fiscal Year Beginning July 1, 2024, and Ending June 30, 2025; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7605

This action by the Prosper Portland Board of Commissioners (Board) will amend the current fiscal year (FY) 2024-25 budget as follows:

- (1) Adjust funding from City Council's Spring Technical Adjustment Ordinance (TAO) to decrease funding for City of Portland (City) Recreational Cannabis Tax (RCT) in order to balance to the revised forecast;
- (2) Update revenues including loan repayments and property related income based on current forecasts;
- (3) True up actual tax increment finance (TIF) debt proceeds;
- (4) Carry forward economic development, infrastructure and property redevelopment budgets that are projected to spend out in future years;
- (5) Increase housing budget in Interstate Corridor and North Macadam TIF districts based on the Portland Housing Bureau (PHB) year-end projections; and
- (6) Increase transfers, moving program income into the Strategic Investment Fund (SIF) and additional interest earnings out of SIF to support a shift in funding administrative expenditures.

STRATEGIC ALIGNMENT AND OUTCOMES

The FY 2024-25 Budget Amendment No. 4 ensures that the 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 the Board adopted the FY 2024-25 budget in June 2024. Outcomes related to budgeted projects and programs will be measured over time to determine how Prosper Portland's allocation of resources implement Advance Portland and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2024-25 Budget Amendment No. 4 follows previous budget amendments that were approved by the Board through Resolution No. 7572 on August 28, 2024, Resolution No. 7590 on December 18, 2024, and Resolution No. 7600 on March 12, 2025. Budget Amendment No. 1 focused on carryover for projects and programs that did not spend by June but were estimated to spend before the end of

December. Budget Amendment No. 2 updated the budget to reflect actual beginning fund balances and additional project carryover. Budget Amendment No. 3 adjusted the administration appropriation line in the Business Management Fund to allow for an increase in legal expenses.

Most of the changes in Budget Amendment No. 4 are related to carrying over funding for projects or programs into future fiscal years, while increasing the amount of housing set-aside available in the current fiscal year. Overall, adjustments to resources and requirements through this amendment will provide both the best estimate of available resources for the remainder of the FY 2024-25 and an updated forecast for FY 2025-26 budget development.

EQUITY IMPACT

The FY 2024-25 Adopted Budget incorporates projects and programs critical to Advance Portland and Prosper Portland's equity goals. This amendment augments the initial adopted budget by moving some resources to forecast years and increasing other available resources in the current year to continue to advance ongoing projects and programs.

COMMUNITY PARTICIPATION AND FEEDBACK

Prior to the beginning of the fiscal year, Prosper Portland's budget development process includes extensive public outreach through meetings with the agency's Community Budget Committee and other stakeholders. While no specific outreach has taken place regarding this action, notice of the public hearing to be held by the Board on Budget Amendment No. 4 was published prior to the meeting in the manner required by local budget law. As with all agency budget actions, the public can testify at the public hearing held by the Board on May 14, 2025. All changes included in FY 2024-25 Budget Amendment No. 4 are consistent with funding priorities established in the FY 2024-25 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2024-25 Revised Budget reflect the financial implications of business decisions which amount to \$277,215,624 in program and project expenditures. The total budget amounts to \$548,281,434 when including interfund transfers and contingency. (Exhibit A to the resolution identifies all fund appropriation changes.) In summary, key changes to resources and requirements are outlined below:

Changes to Total Resources:

- **City General Fund & Cannabis Fund:** Decrease \$600,000 to apply a one-time cut to FY 2024-25 and maintain RCT revenue for FY 2025-26 to balance to the revised forecast.
- **Grants - Federal:** Decrease \$24,862 to true up actual amount of remaining American Rescue Plan Act grant funds.
- **Grants - State and Local:** Decrease \$6,070,000 mainly to carryover Business Oregon grants to FY 2025-26 due to timing of the OMSI and Broadway Corridor projects.
- **Interest on Investments:** Increases \$44,000 from updated interest earnings.
- **Loan Collections:** Decrease \$288,492 due to updated loan revenue projections.
- **TIF Debt Proceeds:** Increase a net \$3,710,593 for draws on long-term bond resources from the City for eligible expenditures in North Macadam, Gateway Regional Center, and Cully.
- **Property Income:** Decreases \$1,494,302 mainly due to the Post Office garage not being operational and decreasing the projected income from the Inn at the Convention Center, as the Board has authorized its sale.
- **Reimbursements:** Decrease \$111,160 since the 10th and Yamhill retail space has transferred

over to Portland Bureau of Transportation and lower property reimbursements especially in Interstate Corridor.

- **Service Reimbursements:** Decrease \$214,759 to true up actual indirect rate recovery in the Portland Clean Energy Fund (PCEF).
- **Transfers In:** Increases a net \$5,095,319 total, including i) transferring funds from River District program income to the Community Investment Program Fund (CIPF) for the James Beard Public Market project; ii) transferring funds from PCEF to River District for the Casket Building loan; iii) transferring funds into SIF for citywide lending from the Neighborhood Prosperity Opportunity Loan Fund; and, iv) transferring funds out of SIF from increased interest earnings on cash and loans to fund operational support.

Changes to Total Requirements:

- **Administration:** Increases by \$409,362 for Human Resource related contracts to support ongoing recruitment work, increased City overhead charges, increased event sponsorships and debt service expenditures.
- **Economic Development:** Decreases a net \$2,783,245. Funds are being carried over for the Strategic Retention Fund, the Business Advancement Team, and the Neighborhood Prosperity Opportunity Loan Fund. There are cuts to the Reimagine Oregon Economic Investment Fund, Inclusive Business Resource Network, and the Social Equity and Economic Development grant program, to balance to the revised forecast.
- **Housing:** Increases \$14,234,945 in Interstate Corridor and North Macadam to align with projected Housing Set-Aside expenditures from PHB.
- **Infrastructure:** Decreases a net \$5,886,000. Carrying over Business Oregon grants due to timing of the OMSI and Broadway Corridor street improvement projects. This is partially offset by an increase for the skate park in the Westside TIF district, formerly Downtown Waterfront.
- **Property Redevelopment:** Decreases a net \$22,195,322. Funds are being carried over in Gateway for commercial property loans and special authority grants. There is additional carryover in North Macadam for the University Place redevelopment strategy. Funds in Lents are moved into the Real Estate Management Contingency line for Lents Commons for capital reserves. PCEF decreases to offset a transfer out to River District for the Casket Building loan. Finally, River District decreases for projects that are on hold, including the disposition of the Old Fire Station and predevelopment work on Block 25.
- **Transfers:** Increase a net \$5,221,337 due to the increase in Transfers In and the decrease in Service Reimbursements. Transfers are related to closing out TIF funds and moving program income to SIF, transferring extra SIF interest revenue to cover additional administrative expenditures as needed to cover reduced charges to the PCEF fund based on timing of PCEF activity; and transferring funds to cover the Casket Building loan and James Beard Public Market projects.
- **Real Estate Management Contingency:** Increases \$2,000,000 to account for Lents Commons capital reserves.
- **Contingency:** Increases \$9,045,260 to carry over funds for future project expenditures and balance total resources with total requirements.

RISK ASSESSMENT

Should the Board decide not to approve FY 2024-25 Budget Amendment No. 4, there may be inadequate appropriations for some projects and programs that are committed and 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.