



DATE: June 18, 2025

TO: Board of Commissioners

FROM: Lisa Abuaf, Interim Executive Director

SUBJECT: Report Number 25-18

Adopting the Annual Budget of Prosper Portland for the Fiscal Year Beginning July 1, 2025, and Ending June 30, 2026; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7610

This action by the Prosper Portland Board of Commissioners (Board) will formally adopt Prosper Portland's fiscal year (FY) 2025-26 Recommended Budget, effective July 1, 2025. The Board's adoption of the FY 2025-26 Recommended Budget represents the final phase of the FY 2025-26 budget process, which began in November 2024.

STRATEGIC ALIGNMENT AND OUTCOMES

Upon adoption, the FY 2025-26 Recommended Budget will become Prosper Portland's FY 2025-26 Adopted Budget and allow staff to implement key programs, projects, and initiatives that deliver on the agency's goals 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 2024. After multiple public hearings and input from stakeholders, including the Prosper Portland Community Budget Committee (CBC), Portland City Council (City Council), acting as Prosper Portland's Budget Committee, approved a budget on May 21, 2025, referred to as the FY 2025-26 Approved Budget. After City Council approves the Approved Budget, the Prosper Portland Executive Director 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 total Recommended Budget of \$346,895,590, which only includes technical changes requested in City Council's approval of the budget. The Recommended Budgeted increases total budgeted expenditures to \$192,572,873, an increase of \$361,787 from the Approved Budget.

EQUITY IMPACT

The action to adopt the FY 2025-26 Recommended Budget will allow Prosper Portland to invest critical resources in objectives that deliver on strategic objectives through the lens of the Equity Policy.

COMMUNITY PARTICIPATION AND FEEDBACK

The FY 2025-26 budget process included public participation through the approximately 14-member CBC, which met four times during the drafting of the FY 2025-26 Requested Budget and submitted a letter of recommendation. Staff continued to update the CBC through May 2025 as the budget was presented to City Council, and additional updates were identified for inclusion in subsequent versions. City Council held a public hearing on May 21, 2025, 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 18, 2025, Board meeting.

BUDGET AND FINANCIAL INFORMATION

The FY 2025-26 Recommended Budget incorporates financial decisions that include a total recommended budget of \$192,572,873 in program and project expenditures, including ending fund balance and contingency.

The FY 2025-26 Recommended Budget includes several changes since the Proposed Budget was released on May 5, 2025, and presented to City Council on May 8, 2025. As part of budget approval, Council increased appropriations in the Strategic Investment Fund (SIF) for the following one-time allocations:

- \$1,000,000 grant to the James Beard Public Market
- \$1,000,000 in funding to support the Repair/Restore Grant Program for small businesses
- \$500,000 for Workforce Development (\$200,000 to backfill General Fund cut to NextGen and \$300,000 to support PDX Youth@Work)
- \$450,000 for the Office of Events and Film to support events
- \$50,000 for large events support

All other appropriations remain consistent with the FY 2025-26 Proposed Budget and the Mayor's Proposed City of Portland Budget, which includes \$13 million in General Fund programming, a decrease of \$1.7 million from the base general fund budget and replacing \$2 million of the \$13 million allocation with one-time funding that will expire at the end of FY 2025-26.

Total position count for FY 2025-26 remains consistent with the Proposed Budget, including 99 FTE and 5.5 LTE positions. Most LTE positions are related to the five-year Portland Clean Energy Fund (PCEF) Intergovernmental Agreement. Full time positions include those supported by the General Fund, SIF, and ongoing, active, and newly established Tax Increment Finance districts. All other funding sources remain materially consistent with amounts identified in the Financial Sustainability Plan.

The FY 2025-26 Recommended Budget includes several technical adjustments to separate different citywide investments within the General Fund to improve budgeting and accounting. Through this action, the budget for citywide programs funded through program income will be maintained in the Community Grants & Investments Fund and contracted work performed by Prosper Portland on behalf of other local governments will be maintained in the Local Contracts Fund. These activities were

previously managed in a single subfund of the General Fund. A one-time transfer of resources from the Local Contracts Fund to the Community Grants & Investments Fund is required to establish the separation of activity. This action grosses up total transfers in and out but has no impact on expenditure appropriations.

Other technical changes include minor reallocations of the overall staffing and overhead levels to different funding sources. The overall amount of staff and overhead budgeted is unchanged from the Proposed or Approved Budget, however some expenses are moving out of the General Fund and into the Strategic Investment Fund and other funds to align with original intent but not fully implemented in the Proposed Budget.

Following is a summary of changes to resources and requirements:

Changes to Resources

- **Beginning Fund Balance:** Beginning Fund Balance decreases \$2,523,060 due to an update to the estimated beginning fund balance of the Strategic Investment Fund.
- **Grants - HCD Contract:** Increases \$21,092 based on the increased federal allocation of Community Development Block Grants.
- **Transfers In:** Increases \$3,050,000 within General Fund to move programs out of the Local Contracts Fund and into the Community Grants & Investments fund.

Changes to Requirements:

- **Economic Development:** Increases \$275,916 to true-up citywide funding sources and programming net of staffing reallocations to other funds/programs. Most of the programming adjustment is related to shifting some Workforce Development funding from the indirect allocation to external contracts.
- **Property Redevelopment:** Increases \$85,871. Most of the increase is related to shifting project/program staffing between the General Fund and Strategic Investment Fund.
- **Transfers:** Increases \$3,050,000 to move programs out of the Local Contracts Fund and into the Community Grants & Investments fund.
- **Contingency:** Increases a net \$38,006 across funds to balance changes in resources with changes in requirements.
- **Reserved for Future Expenditures:** Decreases \$2,901,761, mostly related to updating the estimated beginning fund balance of the Strategic Investment Fund and offsetting additional expenditure appropriations.

RISK ASSESSMENT

The Board may adopt the FY 2025-26 Recommended Budget with additional changes up to the ten percent allowable increase in expenditures for each fund. Any changes to the FY 2025-26 Recommended Budget directed by the Board must be identified during adoption of the budget to include specific funding sources and appropriation categories. If the Board does not adopt a budget in accordance with local budget law on or before June 30, 2025, Prosper Portland will have no authority to incur expenses after that date.

ATTACHMENTS

None.