



DATE: December 17, 2025
TO: Board of Commissioners
FROM: Cornell Wesley, Executive Director
SUBJECT: Report Number 25-35
Adopting Budget Amendment No. 1 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. 7631

This action by the Prosper Portland Board of Commissioners (Board) will amend the current fiscal year (FY) 2025-26 budget as follows:

- (1) Adjust beginning fund balances to reflect actual, audited FY 2024-25 year-end balances;
- (2) Update revenues including updated tax increment proceed and loan repayments based on current forecasts;
- (3) Carry forward housing, property redevelopment, and local grants and contract budgets that are projected to spend in the current year or included in Reserve for Future Year Expenditures;
- (4) Update budgets for terminated and sunseting tax increment finance (TIF) districts, transferring residual program income resources and related commitments to new tax increment district funds; and
- (5) Update administrative budgets to add prior year savings to support recommended one-time administrative changes for the fiscal year.

STRATEGIC ALIGNMENT AND OUTCOMES

The FY 2025-26 Budget Amendment No. 1 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 2025-26 Budget in June 2025. Outcomes related to budgeted projects and programs will be measured over time to determine how Prosper Portland's allocation of resources implement Advance Portland, the City of Portland's economic development strategy, and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2025-26 Budget Amendment No. 1 is a comprehensive revision, focused on updating the budget to reflect actual beginning fund balances and recognizing project carryover and adjustments.

Adjustments to expenditure appropriations primarily relate to projects or programs that did not spend in the prior 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 2025-26 and an updated forecast for the FY 2026-27 budget development cycle.

This revision will also address budgetary actions related to the continued closeout of several older tax increment finance (TIF) district funds, moving residual assets and program income resources to new TIF districts or the Strategic Investment Fund (SIF). Generally, any new TIF districts that overlap with concluded TIF districts and have an ongoing action plan or other project commitments will receive the program income resources reserved in the terminating districts to continue the work. Most resources represent program income dedicated to completing commitments to the Old Town / Chinatown Action Plan and Broadway Corridor and are being moved from the River District and Downtown Waterfront funds to the Westside District fund. Program income resources related to the pending sale of the Inn at the Convention Center and other residual program income are also being moved from the Oregon Convention Center Fund to the Lloyd-Holliday District Fund to support potential development of the 910 Building and other assets

Since adoption of the FY 2025-2026 Budget in June 2025, Multnomah County has certified both the frozen base of the six new TIF districts and the overall property tax rolls for FY 2025-26. The certifications resulted in four of the six new districts not receiving any tax increment for FY 2025-26 due to FY 2025-26 taxable assessed values being lower than the certified frozen base. This budget amendment eliminates initial budgeted resources for the four districts and recommends ongoing staffing and administrative requirements to continue initial work the districts be funded by prior year budgetary savings and interest earnings from several terminating and sunseting districts. Projections will be evaluated through the Spring and Summer of 2026 to determine a longer-term trajectory for the new districts based on future updates from Multnomah County Assessment and Taxation.

The revision also transfers resources from prior year administrative savings and interest earnings in the SIF fund to support one-time administrative cost increases (thereby covering anticipated requirements without increasing overhead rates across the agency). The transfer of \$1.2 million will support prior year commitments underway as of June 30, 2025, higher City of Portland overhead, and anticipated project expenses to implement ongoing CRM and business process improvements that will support all programs and business lines.

A final technical transfer moves the \$3 million of SIF resources as part of the FY 2025-26 City Council budget approval to the Citywide Grants and Investments fund in order to consolidate how those funds are budgeted and accounted for alongside similar programmatic resources for Workforce Development, the James Beard Market, and the Expanded Repair & Restore Grant activity.

EQUITY IMPACT

The FY 2025-26 Adopted Budget incorporates projects and programs critical to strategic delivery of Advance Portland and Prosper Portland's equity goals. This amendment augments the Adopted Budget by providing additional resources to advance ongoing projects and programs. Specifically, carryover of project resources that were not fully expended in FY 2024-25 will provide additional funding in FY 2025-26 to projects and programs that focus on historically underserved community members and businesses.

COMMUNITY PARTICIPATION AND FEEDBACK

Prior to the beginning of the fiscal year, Prosper Portland’s budget development process included 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 Prosper Portland Board on Budget Amendment No. 1 was published prior to the meeting in the manner required by local budget law. As with all agency budget actions, the public is invited to testify at the public hearing held by the Board on December 17, 2025. All changes included in FY 2025-26 Budget Amendment No. 1 are consistent with funding priorities established in the FY 2025-26 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2025-26 Revised Budget reflect the financial implications of business decisions which amount to \$273,456,804 in program and project expenditures. The total budget amounts to \$535,169,205 when including interfund transfers, contingency and reserves. (See Exhibit A to Resolution 7631 for all fund appropriation changes.) In summary, key changes to resources and requirements are outlined below:

Changes to Total Resources:

- **Beginning Fund Balance:** Increases by \$129,715,438. The largest changes were in the Interstate Corridor (Interstate), Lents Town Center (Lents), and North Macadam TIF Districts, the River District Fund, and the Strategic Investment Fund (SIF) based on FY 2024-25 year-end revenues and expenditures. Most balances are reserved for action plan or other commitments that will be incorporated into the current year or future year budgets.
- **City General Fund & Cannabis Fund:** Increases by \$225,000 to account for a pass-through grant for the Downtown Marketing Initiative.
- **Fees and Charges:** Increases by \$5,455,223, which primarily accounts for the intergovernmental agreement (IGA) with the Bureau of Planning and Sustainability to receive Portland Clean Energy Funds (PCEF) for various projects.
- **Grants-Federal except Housing and Community Development (HCD):** Increases by \$249,915 for reimbursement on a U.S. Department of Agriculture grant awarded to Prosper Portland and Federal funding that supports work on the I-5 Rose Quarter project.
- **Grants-State & Local:** Increases by \$2,085,697, which includes approximately \$1.4 million in State grants for infrastructure projects and \$640,000 for Metro grants received for development projects.
- **Loan Collections:** Decreases by \$1,785,329 based on updated loan projections and timing of anticipated balloon payments.
- **TIF Debt Proceeds:** Increases by \$8,502,852. Projections decreased in the 82nd Avenue TIF Fund and East 205 TIF Fund, two of the six TIF district funds created in 2025, following TIF district plan adoption by City Council in 2024. The remaining four new TIF districts will not receive any tax increment in FY 2025-26 as assessed values are lower than the certified frozen base. North Macadam TIF District also decreased to align with the final amount needed to reach the district’s maximum indebtedness. These decreases were offset by the long-term debt drawdown for Gateway Regional Center (Gateway) TIF District to support planned projects this fiscal year.
- **Property Income:** Increases by a net \$1,684,600, mostly related to the planned sale of the Inn at the Convention Center Hotel.

- **Service Reimbursements:** Decreases by \$97,553 to align with the decrease in personnel expenditures.
- **Transfers In:** Increases by \$42,214,972 as several TIF districts close and the residual resources move to new, overlapping TIF districts or SIF. Additional resources related to prior year administrative savings or interest earnings are also transferring out of SIF and into the Indirect Fund to cover one-time overhead needs.

Changes to Total Requirements:

- **Administration:** Increases by \$953,123, primarily for one-time City of Portland overhead charges, Human Resources contracts, and Information Technology contracts.
- **Economic Development:** Decreases by \$3,937,421, which is mostly due to timeline changes on the PCEF Clean Industry Grant project. Other changes include decreased SIF, which will transfer \$1 million to the Citywide Grants & Investments Fund (within General Fund) for workforce development and events, an increase in the Local Contracts Fund (within General Fund) mainly for carryover of Office of Events and Film grants and contracts, an increase for potential loans in Gateway TIF District, and reclassing funds in Interstate TIF District to Property Redevelopment.
- **Housing:** Increases by a net \$11,092,015 to match an amended IGA with the Portland Housing Bureau. Most of the increase is due to carryover in North Macadam and Interstate TIF Districts to match the City of Portland Housing Set-Aside requirements
- **Infrastructure:** Increases by \$4,682,937, of which nearly \$3 million is attributable to the State grants that fund Broadway Corridor and OMSI street improvements. Approximately \$1.7 million carried over for street improvements in Gateway TIF District.
- **Property Redevelopment:** Increases by a net \$68,093,277. Larger increases include \$20 million in transfers to the Westside TIF District from the 2024-terminated River District for approved loans; \$12 million in Lents TIF District mainly for potential loans; \$10 million in PCEF for loans and grants; \$7 million in SIF for potential property acquisition or development; \$7 million in Gateway TIF District for loans, grants, and work on the Halsey 106 project; \$4 million in Lloyd-Holladay TIF District for predevelopment work on the 910 MLK project; \$4 million in Willamette Industrial TIF District for potential projects ; \$3 million in Interstate Corridor TIF District for the Affordable Commercial Tenanting program, and \$2 million in General Fund largely due to transferring funds from SIF to Citywide Grants and Investment Fund (CGI) for the Expanded Repair & Restore Grants and James Beard Public Market. Larger reductions include \$2 million in the Oregon Convention Center District Fund due to the planned sale of the Inn at the Convention Center Hotel and \$1 million in River District to transfer projects to the Westside TIF District.
- **Transfers:** Increases by \$42,117,419. Most of the increase is related to the continued closeout of several sunseting and concluded TIF districts, including Airport Way, Central Eastside, Convention Center, Downtown Waterfront, Lents, River District and South Park Blocks. Also included are FY 2024-25 yearend inter-fund loan repayments, transfers out of SIF and into the Indirect Fund to cover one-time administrative expenditures, and transfers out of SIF and into the Citywide Grants & Investment Fund to consolidate reporting for \$3 million for the Expanded Repair & Restore Grants, workforce development, and events as appropriated by City Council during the FY2025-26 budget process).
- **Contingency:** Increases by \$4,990,820 to balance resources and expenditures. This total accounts for \$2 million in General Fund, mainly to cover cashflow deficits, but also including the Strategic Retention Fund, which will carry over to FY 2026-27. \$1 million in the Other Federal

and State Grant Fund will carry over to FY 2026-27 for infrastructure projects. Also included is \$900,000 in the Enterprise Zone Fund dedicated for economic development projects, \$500,000 in the Affordable Commercial Tenanting Fund, and \$500,000 in the Business Management Fund to support cashflow deficits.

- **Reserved for Future Expenditures:** Increases by \$60,281,445 to cover projects in forecasted years, mainly in TIF districts. Larger increases were in Interstate (\$28 million), Westside (\$9 million), North Macadam (\$7 million), and Gateway (\$6 million) TIF Districts, as well as SIF (\$9 million).

RISK ASSESSMENT

Should the Board decide not to approve FY 2025-26 Budget Amendment No. 1, there may be inadequate appropriations for some projects and programs that are committed and underway that did not fully expend in the prior fiscal year. An over-expenditure of an appropriation within a fund is a violation of local budget law (Oregon Revised Statutes 294). With no or reduced tax increment revenues in five of the six new TIF districts, there will be inadequate resources to continue Action Plan development in this fiscal year without the planned transfer of resources to support those districts. Therefore, the recommended budget amendment ensures proper appropriations authority for all expenditures.

ATTACHMENTS

None.