



PROSPER
PORTLAND
Building an Equitable Economy

DATE: May 13, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-20
Adopting Budget Amendment No. 4 for the Fiscal Year Beginning July 1, 2019, and Ending June 30, 2020; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7370

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2019-20 budget for the fourth 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 2020-21 proposed budget;
- (2) Adjust property management expenses based on updated forecasts;
- (3) Update other revenues based on latest forecast for loan collections, estimated interest on cash balances, and property income;
- (4) Update Affordable Housing Set Aside budgets based on estimated timing of expenditures from the City of Portland (City) Housing Bureau;
- (5) Adjust administrative expenditures, primarily to address anticipated move expenditures that will be incurred before June 30, 2020; and
- (6) Program available resources in the Business and Workforce Equity Fund

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The FY 2019-20 Budget Amendment No. 4 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 2019 and the last major budget revision in November 2019. 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 Plan goals and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2019-20 Budget Amendment No. 4 is anticipated to be the final budget amendment of the fiscal year. FY 2019-20 Budget Amendment No. 3, which was adopted by the Prosper Portland Board through Resolution No. 7367 on April 3, 2020, focused on immediate changes necessary to implement the Small Business Relief Fund and did not address budgetary changes in Prosper Portland's other funds. Most of the changes in Budget Amendment No. 4 are related to recognizing which budget appropriations for TIF

district project budgets should move into future fiscal years based on project timelines. However, changes in operating revenue assumptions are also being recognized including lower loan repayments and property income due to loan and lease deferrals as well as loss of revenue from parking and other property uses. Updating the budget to reflect the most recent forecast will provide a more accurate picture of resources available to balance the FY 2020-21 budget.

EQUITY IMPACT

The FY 2019-20 Revised Budget incorporates projects and programs critical to advancing Prosper Portland's Strategic Plan and 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 100 percent of the original spending that was included in the adopted budget for General Fund, Community Development Block Grant, and Enterprise Zone resources used to implement the Inclusive Business Resource Network, Workforce Development, Neighborhood Prosperity Network, and Traded Sector activities that have now pivoted to support COVID-19 response for small businesses and workforce development. Staff working to implement these initiatives are centering on racial equity and creating systems to ensure the crisis does not exacerbate existing inequities.

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. 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 Prosper Portland Board on May 13, 2020. All other changes included in FY 2019-20 Budget Amendment No. 4 are consistent with funding priorities established in the FY 2019-20 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2019-20 Revised Budget reflect the financial implications of business decisions which amount to \$175,921,902 in program and project expenditures. The total budget amounts to \$419,504,657 when including interfund transfers and contingency (see Exhibit A to Resolution No. 7370 for all fund appropriation changes). In summary, key changes to resources and requirements are:

Changes to Total Resources:

- **General Fund** revenues decrease \$197,000 to move one-time resources related to Albina Vision and the Brownfield program to next fiscal year.
- **Fees and Charges** decrease \$388,400 based on updated fee forecasts, including Enterprise Zone resources.
- **Grants - State and Local** increase \$86,183 due to higher TIF revenue sharing grants from the City and County based on FY 2019-20 tax turnovers.
- **Loan Collections** decrease a net \$171,658 represent lower collections, primarily related to loan COVID-19 loan deferrals.
- **TIF Debt Proceeds** decrease a net \$38,293,778, primarily related to removing a planned, final bond issuance in Lents Town Center.
- **Property Income** decreases a net \$3,694,278 related to COVID-19 lease deferrals and substantially decreased activity on certain properties including parking.

Changes to Total Requirements (summarized):

For budgeted expenditures and requirements, most changes include revisions to real estate management expenditures as well as TIF district expenditures being modified for timing.

- **Administration** decreases \$322,908 due to updates in administrative materials and service budgets including revised timing for certain one-time costs.
- **Economic Development** expenditures decrease a net \$106,539, primarily to decreases in timing of COEP programming as well as removal of Business Loan funding in Oregon Convention Center to balance fund.
- **Housing** decreases a net \$6,508,024 to adjust timing of PHB affordable housing projects; includes increase in Gateway based on expected construction draws for the Halsey 106 project.
- **Infrastructure** decreases a net \$6,949,878 to adjust timing of street and other infrastructure projects - primarily in North Macadam and Oregon Convention Center.
- **Property Redevelopment** decreases \$13,980,839 based for movement of Old-Town/Chinatown and other action plan / lending programs to future fiscal years based on anticipated spending.
- **Contingency** decreases \$14,782,238 to balance updated resources with updated expenditures. A primary reason for the reduction includes removal of the previously planned bond sale in Lents. Most of the resources for the bond sale were not anticipated to be spent and therefore previously budgeted in contingency.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2019-20 Budget Amendment No. 4, 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.