



DATE: June 10, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-25
Adopting Budget Amendment No. 5 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. 7375

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2019-20 budget by transferring resources in Contingency to Administration and Property Redevelopment for several tax increment finance (TIF) districts in order to provide enough expenditure authority for higher debt administration costs and the possibility of closing earlier on the Block 24 property acquisition in the Downtown Waterfront TIF District.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The revisions in this amendment 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.

BACKGROUND AND CONTEXT

The transfer of Contingency in the North Macadam, South Park Blocks, Gateway Regional Center, and Central Eastside TIF districts are to specifically address higher debt administration and legal costs in those districts that were not included in the prior budget revision. Prosper Portland contracts with the City of Portland Office of Management and Finance to administer tax increment debt. Debt administration activities include reviewing forecast models, providing for short-term and long-term tax increment financing, and refinancing existing tax increment debt. While annual forecasted expenditures for these activities are less than budgeted overall, higher than forecast costs are being recognized in the North Macadam and Gateway Regional Center TIF districts related to the refinance and management of bonds and lines of credit in those districts.

The transfer of contingency in the Downtown Waterfront TIF District is to ensure sufficient appropriation exists in the fund in the event the Block 24 property acquisition occurs in the current fiscal year. The current closing process is split between the end of FY 2019-20 and beginning of FY 2020-21 and staff will not have a precise date for when the transaction will be recorded until later in June 2020. This action will allow for sufficient appropriation in both fiscal years to prevent an over expenditure.

EQUITY IMPACT

There are no direct equity impacts from this proposed action.

COMMUNITY PARTICIPATION AND FEEDBACK

No specific outreach has taken place regarding this action; however, this action does not impact planned projects and programs in the FY 2019-20 Revised Budget and will not materially impact resources available for the FY 2020-21 Adopted Budget.

BUDGET AND FINANCIAL INFORMATION

The transfers of Contingency in North Macadam, South Park Blocks, Central Eastside, and Gateway Regional Center TIF districts result in a decrease of Contingency and corresponding increase to Administration of \$11,000 in total. The major change in this budget revisions is adding back \$7,800,000 to the FY 2019-20 Revised Budget for the acquisition of Block 24 in the Downtown Waterfront TIF District Fund. This budget allocation was removed from the FY 2019-20 Budget and placed in the FY 2020-21 Approved Budget since the closing date was scheduled for July 2, 2020. Since the prior budget amendment, staff have identified the possibility of closing the transaction on June 30, necessitating budget authority in the current fiscal year. Sufficient budget authority remains in the recommended FY 2020-21 Adopted Budget in Downtown Waterfront TIF District Budget in case the property ends up being recorded as a FY 2020-21 expenditure.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve the transfers, there may be inadequate appropriations for certain administrative activities by the end of the fiscal year. 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.