



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** December 15, 2021  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 21-35  
Adopting Budget Amendment No. 1 for the Fiscal Year Beginning July 1, 2021, and Ending June 30, 2022; and Making Appropriations

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7440

This action by the Prosper Portland Board of Commissioners (Board) will amend the current fiscal year (FY) 2021-22 budget as follows:

- (1) Adjust beginning fund balances to reflect actual FY 2020-21 year-end balances;
- (2) Add American Rescue Plan (ARP) budget appropriations of \$3,000,000 based on the allocation from the City of Portland (City) for small business and business corridor support for FY 2021-22;
- (3) Add City Council's fall budget revision for allocation of \$2,050,000 in one-time General Funds to support economic development strategic planning and community grants.
- (4) Update project, program, and administrative expenditures that are underway for committed carryover of funds that did not spend in the FY 2020-21; and
- (5) Update Affordable Housing Set Aside budgets based on estimated timing of expenditures from the City Housing Bureau.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

The FY 2021-22 Budget Amendment No. 1 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 the Prosper Portland Board adopted the FY 2021-22 budget in June 2021. 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 2021-22 Budget Amendment No. 1 is the first budget amendment of the fiscal year. Most of the changes in Budget Amendment No. 1 are related to 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 were underway at the close of the prior fiscal year; however, in some cases additional requirements have been identified and recommended as budget additions. Prosper Portland staff have also reviewed loan repayment and property management

activities since adoption of the FY 2021-22 budget to determine changes in revenue and expenditure activities and make corresponding budget revisions. Overall, adjustments to resources and requirements through this amendment will provide both the best estimate of available resources for the remainder of the FY 2021-22 and an updated forecast for the FY 2022-23 budget development cycle.

### **EQUITY IMPACT**

The FY 2021-22 Adopted Budget incorporates projects and programs critical to advancing Prosper Portland's Strategic Plan and equity goals. This amendment augments the initial adopted budget by providing additional resources to advance ongoing projects and programs. Specifically, Prosperity Investment Program, Community Livability Grants, lending, and other project resources that were not fully expended in FY 2020-21 will provide additional funding in FY 2021-22 to serve community members and businesses owned by people of color. Furthermore, this amendment recognizes funding established by City Council from ARP funds designated to support economic recovery focused on businesses owned by priority populations.

### **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 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 can testify at the public hearing held by the Prosper Portland Board on December 15, 2021. All changes included in FY 2021-22 Budget Amendment No. 1 are consistent with funding priorities established in the FY 2021-22 Adopted Budget and four-year forecast.

### **BUDGET AND FINANCIAL INFORMATION**

Recommended amendments to the FY 2021-22 Revised Budget reflect the financial implications of business decisions which amount to \$195,476,866 in program and project expenditures. The total budget amounts to \$468,475,784 when including interfund transfers and contingency (Exhibit A to Resolution No. 7440 identifies all fund appropriation changes). In summary, key changes to resources and requirements are:

#### **Changes to Total Resources:**

- **Beginning Fund Balance:** increase of \$54,435,131 based on year-end balances. By fund, the larger increases are due to timing of projects and prior year utilization of grant and lending budgets in Central Eastside, Gateway Regional Center, Interstate Corridor, Lents Town Center, and River District tax increment finance (TIF) districts.
- **City General Fund:** increase of \$2,052,491 largely related to City Council allocation of one-time funding for fall budget monitoring process adjustments. Includes funding for Inclusive Economic Development Strategy and other community development planning activities.
- **Fees and Charges:** increases a net \$507,959; majority of the increase is related to updated estimates of funding from the Community Opportunities and Enhancements Program (COEP) with partner bureaus.
- **Grants-Federal except HCD:** increases \$3,597,944 to include updated federal funds including revised draw estimates on CARES Act EDA funds as well as \$3,000,000 for City Council allocation of American Rescue Plan funding for the current fiscal year.

- **Interest on Investments:** net increase of \$866,396 based on revised forecast of interest earnings that take into account higher beginning fund balances in many TIF district funds.
- **Loan Collections:** net increase of \$6,329,801 to reflect updated loan forecast collections. Includes more conservative forecast for portfolio in some TIF districts; however, includes \$6,900,000 payoff for Pacific NW College of Art loan in River District.
- **Property Income:** decrease of \$8,482,206 to reflect updated property income forecast. Removes property sale assumption for 100 Multnomah; decreases parking and Inn at Convention Center income and other lease income by \$1,482,206 for the current fiscal year.
- **Transfers In:** increase of \$557,097 to reflect repayment of short-term interfund loans and transfers from prior fiscal year. Repayment of funds from COEP and Other Federal Grant funds to Business Management Fund.

**Changes to Total Requirements (summarized):**

For budgeted expenditures and requirements, changes include inclusion of American Rescue Plan grant funds and additional General Fund one-time resources allocated by City Council in the City's fall budget revision. Most TIF district changes are related to carryover (projects and programs that were included in the prior year budget but did not occur or finish as represented in the final budget for FY 2020-21). Other changes include revisions to real estate management expenditures and other contracts that were not fully established or known at the time the budget was adopted in June 2021.

- **Administration:** increases a net \$54,253. Includes some reclassification staffing; net change includes \$250,000 addition for implementation of Microsoft AX 365 (ERP upgrade).
- **Economic Development:** increases \$6,973,387 to incorporate American Rescue Plan allocations by City Council to support small business, workforce development, cultural chambers, and business districts and allocations for fall budget monitoring process one-time funding for the Inclusive Economic Development Strategy and other community economic development planning efforts (Neighborhood Business Strategy; Future of Central City Market Analysis/Strategy).
- **Housing:** increases \$3,168,040 based on updated estimates from the Portland Housing Bureau. Increase is mostly related to carryover of prior year funds for projects underway including North Macadam Parcel 3, phase II.
- **Infrastructure:** decreases \$4,628,000 for current year project decreases for transportation projects that will be included in future fiscal years (North Macadam, Central Eastside TIF districts), and reduction of \$2,100,000 in Gateway Regional Center TIF district that was expended in the prior fiscal year.
- **Property Redevelopment:** net decrease of \$12,290,889, primarily for timing of projects including USPS/Broadway Corridor and Old Town Action Plan. Also reduces appropriation for a proposed acquisition in North Macadam TIF district of \$20,000,000 related to potential acquisition/development in the South Portal area. Reductions are partially offset by new one-time funding for General Fund fall budget monitoring process appropriated by City Council to support community development activities as well as carryover additions in Interstate Corridor, Gateway Regional Center, Central Eastside, and Convention Center TIF district funds to support action plans in those districts and ongoing site predevelopment (e.g. Workshop Blocks in Central Eastside, Inn at Convention Center, 106th and Halsey ground floor commercial in Gateway).
- **Transfers:** increases \$556,900 to reflect repayment of short-term interfund loans and transfers from prior fiscal year. Repayment of funds from COEP and Other Federal Grant funds to Business Management Fund.

- **Contingency:** increases \$67,352,539 across all funding sources as a result of the increased Beginning Fund Balance and net reductions in budgeted expenditures.

**RISK ASSESSMENT**

Should the Prosper Portland Board decide not to approve FY 2021-22 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); therefore, the recommended budget amendments ensure proper appropriations authority for all expenditures.

**ATTACHMENTS**

None.