



PROSPER
PORTLAND
Building an Equitable Economy

DATE: April 20, 2022
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 22-14
Update on Fiscal Year 2022-23 Budget Development Process

BRIEF DESCRIPTION OF INFORMATION ITEM

No action is requested; information only.

At the April 20, 2022, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the fiscal year (FY) 2022-23 Proposed Budget (Proposed Budget). After Prosper Portland Board input and direction, staff will finalize the Proposed Budget in April and present to the Portland City Council (City Council), acting as the Prosper Portland Budget Committee, on May 4, 2022. City Council is expected to approve the Proposed Budget on May 18, 2022. Staff will seek the Prosper Portland Board's adoption of the City Council-approved Proposed Budget at its June 7, 2022, meeting.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Development of the FY 2022-23 budget meets multiple priorities of the agency's Strategic Plan, most notably by exercising transparent administration of resources and assets to ensure public funds are effectively invested to achieve agency objectives while promoting the long-term sustainability of the organization.

BACKGROUND AND CONTEXT

The Prosper Portland FY 2022-23 budget development process began in fall 2021, with creation of the draft FY 2022-23 agency wide work plan. From November 2021 through January 2022, staff created draft expenditure budgets and revenue forecasts that the Prosper Portland Board reviewed during the FY 2022-23 Budget Work Session on January 24, 2022.

To solicit feedback on the draft budget, staff convened its 16-member Community Budget Committee (CBC) with stakeholders representing a broad cross-section of the community. CBC members participated in four meetings through January that culminated with the CBC articulating its recommendations in a letter to the Prosper Portland Board and City Council that was included in the FY 2022-23 Requested Budget submitted in early February.

In addition to soliciting CBC feedback, Prosper Portland staff conducted broader stakeholder review of the FY 2022-23 Requested Tax Increment Finance District Budgets focusing on business associations, neighborhood groups, and other community-based organizations; a summary of this feedback can be found in Attachment A.

Since its release in early February, the Requested Budget has been reviewed by the City Budget Office (CBO); a copy of this review can be found in Attachment B. Over the course of March, Prosper Portland

staff participated in three City Council budget work sessions focused on City Council priorities and budget requests for General Fund and American Rescue Plan Act (ARPA) funding. Following is a summary of each work session:

- **Returning Tax Increment Funding (March 14):** The City of Portland (City) Office of Management and Finance and the City Budget Office led a work session that identified when tax increment resources from expiring TIF districts would be returned to the City General Fund, how much is currently required to balance the City General Fund forecast, what is available for new, future commitments, and a review of several potential scenarios of how resources could be allocated between Prosper Portland the Portland Housing Bureau and other programming or potential obligations including the Portland Harbor Superfund.
- **Supporting Livable Neighborhoods (March 17):** The Bureau of Planning and Sustainability, Parks, Transportation, Development Services, Civic Life, and Prosper Portland presented programming and budget packages to support implementing complete communities and livable neighborhoods (anchored by the 2035 Comprehensive Plan). Prosper Portland presented packages supporting vibrant neighborhoods and business districts which focused a \$4.5 million ARPA request to provide two years of services that activate public and private spaces throughout the city and support small businesses.
- **Economic Stabilization and Recovery (March 31):** Prosper Portland led a multi-bureau presentation addressing the coordinated and approach to the City's Economic Stabilization and Recovery efforts. Prosper Portland, the Bureau of Development Services, the Children's Levy, Worksystems, Venture Portland and other partners identified strategy, programming and requests of new General Fund, Cannabis Funds, and ARPA funding to further support programming. Prosper Portland discussed General Fund one-time funding to bolster existing programs as well as the \$10 million ARPA request for small business stabilization grants.

Staff are currently engaged in making refinements to revenue and expenditure estimates originally included in the FY 2022-23 Requested Budget that will be presented to City Council as the Proposed Budget on May 4, 2022. Prosper Portland's Proposed Budget will also incorporate Mayor Wheeler's proposed General Fund and Cannabis Fund allocations that will be made public in late April.

The Proposed Budget will amend the FY 2022-23 Requested Budget with the following changes:

- 1) **Update resources and expenditure appropriations being removed from the FY 2021-22 Revised 2 Budget.** Staff are currently identifying current year appropriations that should move to next year (or future years) based on project timing. Projects include Old Town Action Plan projects, Lents Action Plan projects, Broadway Corridor predevelopment costs, Housing Set Aside funding as directed by the Portland Housing Bureau, and various loan and grant funds across all funding sources based on timing and demand.
- 2) **Update Prosper Portland's General Fund, Cannabis Fund, and American Rescue Plan Fund resources and expenditures to reflect the Mayor's Proposed Budget decisions.** Decisions will not be released by the Mayor's Office until the end of April and are therefore unknown at this time.
- 3) **Refinements to Property Management Budgets.** Staff will provide an update on the status of property income in the current year and an update on the projections for next fiscal year.
- 4) **Adjustments to staffing and administrative overhead budgets.** Refinements include adjusting estimated staffing costs and administrative materials and services budgets based on updated information since the Prosper Portland Board Budget Work Session in January and the proposed one-year extension to the Collective Bargaining Agreement.

Following City Council approval of the FY 2022-22 Requested Budget on May 18, 2022, the budget will be submitted to the Tax Supervising and Conservation Commission (TSCC) to review and determine compliance with local budget law. Final changes approved by City Council will be presented along with final recommended changes for the Prosper Portland Board to adopt following the TSCC hearing with the Prosper Portland Board on June 7, 2022.

ATTACHMENTS

- A. Feedback on TIF District Budgets
- B. City Budget Office Review of the Requested Budget