



PROSPER
PORTLAND
Building an Equitable Economy

DATE: May 11, 2022
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 22-17
Adopting Budget Amendment No. 2 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. 7450

This action by the Prosper Portland Board of Commissioners (Board) will formally amend the current fiscal year (FY) 2021-22 budget for the second 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 2022-23 budget;
- (2) Appropriate additional funded allocated by City Council in the City's Spring Budget Amendment;
- (3) Revise property management revenues and expenses based on updated forecasts;
- (4) Update Affordable Housing Set Aside budgets based on estimated timing of expenditures from the City of Portland (City) Housing Bureau; and
- (5) Transfer personnel services expenditures to projects and funds according to updated forecasts and implementation FY 2022-23 Collective Bargaining Agreement extension.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

The FY 2021-22 Budget Amendment No. 2 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 2021 and the last budget revision in November 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. 2 is anticipated to be the final budget amendment of the fiscal year. Most of the changes in Budget Amendment No. 2 are related to recognizing which budget appropriations for TIF district project budgets should move into future fiscal years based on project timelines based on review of project and program spending with Prosper Portland project managers. Also, during approval of the City's Spring Budget Amendment on April 13, 2022, City Council allocated additional General Funds to Prosper Portland that will go towards emergency repair grants for small businesses, activation work through Venture Portland, and Fairfield Hotel commercial build-out. Some

current year General Fund and American Rescue Plan Act funds that were previously awarded were reduced as part of the Spring Budget Amendment by City Council at the request of Prosper Portland to include the funding in next year's budget. Programs that included funding moving from the current year to next year include several critical strategic planning efforts (Inclusive Economic Development Strategy, Equitable Development Outside of TIF Districts, and Future of the Central City), which Mayor Wheeler has included as part of the FY 2022-23 Proposed Budget. Staff are also updating property income and expense assumptions based on the year-end forecast. Updating the budget to reflect the most recent forecast will provide a more accurate picture of resources available to balance the FY 2022-23 budget.

EQUITY IMPACT

The FY 2021-22 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 the original spending priorities 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. Staff continue to implement these programs by centering on racial equity.

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. 2 was published prior to the meeting in the manner required by local budget law. The TIF district priorities contained in the Revised 2 budget were also incorporated in the overall stakeholder outreach conducted as part of the FY 2022-23 budget development process between January and March 2022. As with all agency budget actions, the public can testify at the public hearing held by the Prosper Portland Board on May 11, 2022. All other changes included in FY 2021-22 Budget Amendment No. 2 are consistent with funding priorities established in the FY 2022-22 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 \$138,976,294 in program and project expenditures. The total budget amounts to \$440,250,504 when including interfund transfers and contingency (see Exhibit A to Resolution No. 7450 for all fund appropriation changes). In summary, key changes to resources and requirements are:

Changes to Total Resources (summarized):

- **City General Fund:** Net increase of \$92,000 to include City Spring BMP adjustments approved by City Council and other true ups. Includes \$500,000 in additional repair grant funding; offset by some funding moving to next fiscal year.
- **Fees and Charges:** Decreases a net \$23,772 based on current year Community Opportunities and Enhancements Program (COEP) planned funding from partner bureaus.
- **Grants - Federal:** Decreases a net \$225,000 based on current year projection for American Rescue Plan and USDA/EDA related draw requests.
- **Grants - HCD Contract:** Decreases \$80,000 based on carry over for Community Development Block Grant CARES funding.
- **Grants - State and Local:** Increase of \$30,000 for SW Corridor Metro Grant.
- **TIF Debt Proceeds:** Decrease of \$28,733,749 for planned bond proceeds. Gateway bond expected to be sold by City by June 30, however, proceeds are not anticipated to be drawn to

help fund projects and programs until FY 2022-23. Resources for bond draws are included in FY 2022-23 Proposed Budget and forecast.

- **Property Income:** Decrease of \$606,000 to reflect updated property income forecast. Most reductions are related to Oregon Convention Center properties including the garage at Convention Center and Inn at the Convention Center.
- **Transfers In:** Increase of \$1,315,088 to reflect higher service reimbursements to the General Fund to due to updating the allocation of personnel cost charges based on year-end forecast for charges and implementation of terms of the collective bargaining agreement.

Changes to Total Requirements (summarized):

- **Administration:** increases a net \$939,386. Majority of the increase for centralizing more personnel costs in the General Fund based on a forecast of currently time allocations and implementing a funding component of the collective bargaining agreement extension. Total personnel costs remain equal to the Revised 1 Budget agency wide.
- **Economic Development:** Decreases \$794,156 to move appropriations for City General Fund, American Rescue Plan Round 1, and Enterprise Zone resources supporting economic development and recovery activity to next fiscal year.
- **Housing:** Decreases \$6,335,847 based on updated estimates from the Portland Housing Bureau. Increase is mostly related to carryover of funds for projects underway including North Macadam Parcel 3 phase II.
- **Infrastructure:** Decreases \$9,000 to adjust for current year direct staffing allocations related to infrastructure in the Lents TIF District.
- **Property Redevelopment:** Decreases a net \$50,300,955, primarily for timing of TIF District projects including USPS/Broadway Corridor, Old Town Action Plan, University Place agreement with PSU, and lending and grant resources in Interstate, Lents and Gateway to next fiscal year and the five-year forecast. Reductions are partially offset by new one-time funding for General Fund Spring BMP appropriated by City Council to support additional repair grants.
- **Transfers:** Increases \$1,315,088 to reflect higher service reimbursements to the General Fund to due to updating the allocation of personnel cost charges based on year-end forecast for charges and implementation of terms of the collective bargaining agreement.
- **Contingency:** Increases a net \$26,960,204 across all funding sources because of changes in resources and requirements. Most of the change is related to reductions in Property Redevelopment project programming in the current fiscal year being carried over to next fiscal year, being added to the beginning fund balance of the FY 2022-23 Proposed Budget.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2021-22 Budget Amendment No. 2, 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.