



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 13, 2023
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 23-39
Adopting Budget Amendment No. 2 for the Fiscal Year Beginning July 1, 2023, and Ending June 30, 2024; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7511

This action by the Prosper Portland Board of Commissioners (Board) will amend the current fiscal year (FY) 2023-24 budget as follows:

- (1) Adjust beginning fund balances to reflect actual FY 2022-23 year-end balances;
- (2) Adjust funding from City Council's Fall Budget Monitoring Process (BMP) to adjust funding for adjustments to City General Fund, Recreational Cannabis Tax (RCT) and American Rescue Plan Act (ARPA) round 2 funding.
- (3) Update project, program, and administrative expenditures that are underway for committed carryover of funds that did not spend in FY 2022-23; and
- (4) Update personnel and administrative budgets to add prior year savings to support both (a) funding for one-time personnel costs in alignment with the Collective Bargaining Agreement extension and (b) recommended administrative changes for the fiscal year including updated cost of insurance premiums.

STRATEGIC ALIGNMENT AND OUTCOMES

The FY 2023-24 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 the Prosper Portland Board adopted the FY 2023-24 budget in June 2024. Outcomes related to budgeted projects and programs will be measured over time to determine how Prosper Portland's allocation of resources implement Advance Portland and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2023-24 Budget Amendment No. 2 follows Budget Amendment No. 1 that was approved by the Prosper Portland Board through Resolution No. 7498 on September 27, 2023. Whereas Budget Amendment No. 1 was focused on allocating resources to the Strategic Investment Fund and Business Retention Fund, Budget Amendment No. 2 is more comprehensive across all funding sources. Most of the changes in Budget Amendment No. 2 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. Overall, adjustments to resources and requirements through this amendment will provide both the best estimate of available resources for the remainder of the FY 2023-24 and an updated forecast for the FY 2024-25 budget development cycle.

EQUITY IMPACT

The FY 2023-2 Adopted Budget incorporates projects and programs critical to advancing Prosper Portland's Advance Portland 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 carryover of General Fund, RCT, and ARPA programming for community economic development work and other project resources that were not fully expended in FY 2022-23 will provide additional funding in FY 2023-24 to projects and programs that focus on historically undeserved community members and businesses.

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. 2 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 13, 2023. All changes included in FY 2023-24 Budget Amendment No. 2 are consistent with funding priorities established in the FY 2023-24 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2023-24 Revised Budget reflect the financial implications of business decisions which amount to \$257,508,991 in program and project expenditures. The total budget amounts to \$567,893,964 when including interfund transfers and contingency (Exhibit A to Resolution No. 7511 identifies all fund appropriation changes). In summary, key changes to resources and requirements are:

Changes to Total Resources:

- **Beginning Fund Balance:** Increases by \$76,627,983 based on yearend balances. By fund, the larger increases are due to timing of projects and prior year utilization of property redevelopment and lending budgets in Interstate, North Macadam, Lents, and River District.
- **City General Fund:** Increases by \$2,290,826 related to the City Council allocation of the Fall BMP, which carried over funding for several projects, such as the Commercial District study, East Portland Investment, and TIF Impact Study. It also added funds for several projects, including the Fairfield renovation.
- **Fees and Charges:** Increases by \$1,447,277, which is mostly the carryover of special appropriations for Every Wednesday Campaign and Albina Vision Trust funding from the City of Portland, in addition to expected ticket sales for the Ice Rink and the Multnomah County Childcare contract.
- **Grants-Federal except HCD:** Increases a net \$190,136 for the carryover of remaining federal American Rescue Plan Act (ARPA) funds.
- **Interest on Investments:** Increases \$4,703,386 from updated interest projections from the City on the new beginning fund balances.
- **Loan Collections:** Increases \$92,400 for updated projections on loan receipts.

- **TIF Debt Proceeds:** Decreases \$337,794 for updated Cully TIF projections.
- **Miscellaneous:** Increases \$293,100 for estimated sponsorships for the Portland Winter Ice Rink.
- **Property Income:** Increases a net \$443,493 for updated revenue projections, mostly related to the increase in lease rent from Union Station in River District.
- **Reimbursements:** Increases a net \$195,680 for updated property management projections, mostly due to an increase in CAM reimbursements from the 10th & Yamhill Building in Business Management Fund.
- **Service Reimbursements:** Increases \$925,001 related to updated overhead allocation for updated staff projections and administrative overhead.
- **Transfers In:** \$3,663,803 related to repayment of short-term cashflow interfund loans from FY 2022-23 year-end.

Changes to Total Requirements (summarized):

- **Administration:** Increases \$903,254. Net increase of \$365 thousand for materials and services. Most of the increase is related to higher insurance costs as well additional capacity for HR. Funded by prior year savings. Personnel net increase of \$500 thousand for one-time December pay and benefits as part of Collective Bargaining Agreement extension (funded by prior year personnel savings).
- **Economic Development:** Increases \$7,028,178. This is largely made up of \$2 million in ARPA carryover, \$1,000,000 related to the Fall BMP, \$1,000,000 for Office of Event carryover and Ice Rink projected revenue and related expense, and \$600,000 for increased loan projections in the EDA fund. Also included here is the increase in business lending for several TIF districts and carryover of projects in the Neighborhood Prosperity Network funds.
- **Administration:** Increases \$903,254. Net increase of \$365,000 for materials and services. Most of the increase is related to higher insurance costs as well as temp/LTE request for Human Resources. Funded by prior year savings. Personnel net increase of \$500,000 for one-time December pay and benefits as part of Collective Bargaining Agreement extension (funded by prior year personnel savings).
- **Economic Development:** Increases \$7,028,178. This is largely made up of \$2 million in ARPA carryover, \$1 million related to the Fall BMP, \$1 million for Office of Event carryover and Ice Rink projected revenue and related expense, and \$600 thousand for increased loan projections in the EDA fund. Also included here is the increase in business lending for several TIF districts and carryover of projects in the Neighborhood Prosperity Network funds.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2023-24 Budget Amendment No. 2, 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.