



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 18, 2024
TO: Board of Commissioners
FROM: Shea Flaherty Betin, Interim Executive Director
SUBJECT: Report Number 24-57
Adopting Budget Amendment No. 2 for the Fiscal Year Beginning July 1, 2024, and Ending June 30, 2025; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7590

This action by the Prosper Portland Board of Commissioners (Board) will amend the current fiscal year (FY) 2024-25 budget as follows:

- (1) Adjust beginning fund balances to reflect actual FY 2023-24 year-end balances;
- (2) Adjust funding from City Council's Fall Budget Monitoring Process (BMP) to increase funding for City of Portland (City) General Fund and Recreational Cannabis Tax (RCT);
- (3) Update revenues including loan repayment and property related income based on current forecasts;
- (4) Carry forward housing and property redevelopment budgets that are projected to spend out in future years;
- (5) Creation of the Community Investment Fund, that allocates some residual tax increment finance (TIF) district program income for ongoing small business grants in the former Central Eastside and Lents Town Center TIF districts; and
- (6) Update administrative budgets to add prior year savings to support recommended administrative changes for the fiscal year.

STRATEGIC ALIGNMENT AND OUTCOMES

The FY 2024-25 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 2024-25 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 2024-25 Budget Amendment No. 2 follows Budget Amendment No. 1 that was approved by the Prosper Portland Board through Resolution No. 7572 on August 28, 2024. Whereas Budget Amendment No. 1 was focused on carryover for projects and programs that did not spend by June but were estimated to spend before the end of December, 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 will be pushed out to future fiscal years. Overall, adjustments to resources and requirements through this amendment will provide both the best estimate of available resources for the remainder of the FY 2024-25 and an updated forecast for the FY 2025-26 budget development cycle.

EQUITY IMPACT

The FY 2024-25 Adopted Budget incorporates projects and programs critical to Advance Portland and Prosper Portland's equity goals. This amendment augments the initial adopted budget by providing additional resources to advance ongoing projects and programs. Specifically, carryover of General Fund and RCT programming for community economic development work and other project resources that were not fully expended in FY 2023-24 will provide additional funding in FY 2024-25 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 agency's 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 18, 2024. All changes included in FY 2024-25 Budget Amendment No. 2 are consistent with funding priorities established in the FY 2024-25 Adopted Budget and four-year forecast.

BUDGET AND FINANCIAL INFORMATION

Recommended amendments to the FY 2024-25 Revised Budget reflect the financial implications of business decisions which amount to \$292,535,884 in program and project expenditures. The total budget amounts to \$548,235,097 when including interfund transfers and contingency (Exhibit A to Resolution No. 7590 identifies all fund appropriation changes). In summary, key changes to resources and requirements are:

Changes to Total Resources:

- **Beginning Fund Balance:** Increases by \$9,665,078 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 the Interstate Corridor TIF District fund and the Strategic Investment Fund (SIF).
- **City General Fund & RCT Fund:** Increases by \$3,094,645 related to the City Council allocation of the Fall BMP, which carried over funding for East Portland Investment, the Fairfield Hotel renovation, Repair Grants, Social Equity and Economic Development Program, and Reimagine Oregon.
- **Fees and Charges:** Increases by \$606,596, which is mostly the carryover of special appropriations for Albina Vision Trust funding from the City.
- **Grants-Federal except HCD:** Decreases a net \$23,247 based on the amount of federal American Rescue Plan Act (ARPA) funds that will be reimbursed.
- **Grants-State & Local:** Increases \$48,825 from the intergovernmental agreement (IGA) with the City Bureau of Transportation for staff time on the I-5 Rose Quarter project.
- **Interest on Investments:** Increases \$3,475,797 from updated interest projections from the City

on the new beginning fund balances.

- **Loan Collections:** Increases \$539,933 for updated projections on loan receipts.
- **Miscellaneous:** Increases \$490,000 for estimated revenue from the Portland Winter Ice Rink.
- **Property Income:** Increases a net \$1,233,246 for updated revenue projections, mostly related to the increase in property sale assumptions in Lents.
- **Reimbursements:** Increases a net \$261,280 for updated property management projections, mostly due to a reclass of property management income to common area maintenance reimbursement in Union Station.
- **Service Reimbursements:** Increases \$20,000 related to indirect cost reimbursement on various contracts.
- **Transfers In:** \$4,717,151 related to repayment of short-term cashflow interfund loans from FY 2023-24 year-end.

Changes to Total Requirements (summarized):

- **Administration:** Increases \$568,849 for Human Resource related contracts to support ongoing recruitment work, as well as an increase in the Information Technology (IT) administrative budget for IT work plan projects supporting improve reporting and vendor management platforms. Changes also shift some staff expenditures to the administrative (Indirect) fund based on current year activities.
- **Economic Development:** Increases a net \$2,377,991 mostly related to Fall BMP carryover in City General Fund and RCT. Other increases include carryover of the remaining Strategic Retention Fund administered by the Business Advancement Team, increased expenditures from the Portland Winter Ice Rink and other Office of Events and Film expenses.
- **Housing:** Decreases \$11,106,553 to match amended IGA with the Portland Housing Bureau.
- **Property Redevelopment:** Decreases a net \$16,599,684. Reductions include moving expenses out to forecast years for the Strategic Investment Fund (SIF), Cultural Business Hub in Interstate and Workshop Blocks environmental costs in Central Eastside. Increases include North Macadam loan activity, Old Town Action Plan investments, carryover of the Fairfield Hotel added in the Fall BMP, and the new Community Investment Fund which will support additional small business grants.
- **Transfers:** Increase \$4,737,151. Most of the increase is related to FY 2023-24 year-end inter-fund loan repayments. Other transfers move administrative resources out of SIF and moving program income into the CIF and SIF to support grant programs in amended TIF districts.
- **Contingency:** Increases \$44,151,035 to balance resources and expenditures. Most of the increase is related to carryover for SIF and TIF programs to future fiscal years.

RISK ASSESSMENT

Should the Prosper Portland Board decide not to approve FY 2024-25 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.