



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 28, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-40
Adopting Budget Amendment No. 1 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. 7572

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

- (1) Adding carryover for certain projects and programs from FY 2023-24 that did not spend by June 30, 2024, that are anticipated to be committed and/or disbursed in the first or second quarter of FY 2024-25. Most of the changes are related to Old Town Action Plan commitments and the Strategic Investment Fund.
- (2) Adding \$12 million in expenditures and related reimbursement for two Business Oregon Grants supporting transportation infrastructure investments at Broadway Corridor and OMSI Master Plan sites.
- (3) True up budgets based on adopted FY 2024-25 intergovernmental contract amounts for any differences not included in the FY 2024-25 adopted budget including the American Rescue Plan and Community Opportunities and Enhancement contracts.
- (4) Adding final tenant improvement funds for the 10th and Yamhill commercial spaces.

STRATEGIC ALIGNMENT AND OUTCOMES

The FY 2024-25 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 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 will impact all Advance Portland and Financial Sustainability Plan goals and the agency's ongoing efforts to build an equitable economy.

BACKGROUND AND CONTEXT

The FY 2024-25 Budget Amendment No. 1 is the first budget amendment of the fiscal year. The budget amendment is occurring earlier in the fiscal year due to the timing of several anticipated transactions that did not get included in the FY 2024-25 Adopted Budget due timing of information and procedural limits at the Adopted stage of the budget process. A comprehensive budget revision (Budget Revision No. 2) will follow later in the fiscal year to true-up all beginning fund balances to match audited ending

fund balances and adjust for additional project/program carryover in tax increment finance (TIF) districts as well as incorporate any actions by City Council in the City of Portland's (City's) Fall Budget Monitoring Process (BMP) for General Fund and Recreational Cannabis Fund resources allocated to Prosper Portland.

EQUITY IMPACT

The FY 2024-25 Adopted Budget incorporates projects and programs critical to advancing Prosper Portland's Advance Portland and equity goals. Budget Amendment No. 1 augments the adopted budget by providing additional resources to advance ongoing projects and programs. Specifically, proposed Strategic Investment Fund allocations will increase resources available for Prosper Portland's business and commercial property loan programs, enabling Prosper Portland to offer these programs citywide, with a priority focus on underserved communities.

COMMUNITY PARTICIPATION AND FEEDBACK

Prosper Portland's FY 2024-25 budget development process included extensive public outreach through meetings with the agency's Community Budget Committee and other stakeholders, including through TIF district focused engagement. As part of that engagement process, stakeholders reviewed General Fund and Cannabis Fund allocations, making recommendations on citywide programming as well as TIF District Action plan allocations in the prior year and five-year forecast.

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 and the proposed substance of the amendment aligns with information shared as part of the budget development process. As with all agency budget actions, the public can testify at the public hearing held by the Prosper Portland Board on August 28, 2024. All changes included in FY 2024-25 Budget Amendment No. 1 are consistent with funding priorities established in the FY 2023-24 and 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 \$317,295,181 in program and project expenditures. The total budget amounts to \$524,106,208 when including interfund transfers and contingency (Exhibit A to Resolution No. 7572 identifies all fund appropriation changes).

In summary, key changes to resources and requirements are:

Changes to Total Resources:

- **Beginning Fund Balance:** Beginning Fund Balance increases \$123,393,161 for updates to the beginning fund balances. Most of the increase are in TIF District Funds based on final year-end revenues and expenditures. Further adjustments may be made in the next budget revision once the FY 2023-24 audit and annual report is finalized.
- **Fees and Charges:** Increase \$223,196 to match amended contract with the City for the Community Opportunities and Enhancements Program.
- **Grants - Federal:** Increases \$795,015 to match adjusted carryover total for final American Rescue Plan grant resources (to be spent by December 31st).
- **Grants - State and Local:** Increases \$12,000,000 to receive Business Oregon grants supporting infrastructure investments at Broadway Corridor and OMSI.
- **TIF Debt Proceeds:** Increases \$5,016,000 to carryover final, available debt proceeds in the Downtown Waterfront Fund that will fund Old Town Action Plan investments.

Changes to Total Requirements (summarized):

- **Administration:** Net increase of \$175,157 for Human Resource related contracts to support ongoing recruitment work. The increase is funded by prior year administrative savings.
- **Economic Development:** Increases \$10,303,845 for prior year underspending including the Strategic Retention & Expansion program and business lending activities in Interstate, Lents, Gateway, and Old Town Action Plan. Also includes prior year carryover for small business lending in the Strategic Investment Fund.
- **Housing:** Increases \$150,117 to match adopted intergovernmental agreement with the Portland Housing Bureau. Further adjustments based on prior year spending will be incorporated at a future revision following the City’s Fall BMP process.
- **Infrastructure:** Increases \$16,250,000 for transportation improvement projects. Adds \$12,000,000 for Business Oregon infrastructure grant investments for Broadway Corridor and OMSI Master Plan development. Also includes prior year carryover resources for 4th Avenue improvements in North Macadam and OMSI Master Plan investment from the Central Eastside TIF District.
- **Property Redevelopment:** Increases \$81,482,207 to add prior year carryover for TIF District projects. Significant components include carryover of Old Town Action Plan commitment in Downtown Waterfront and River District funds. Also includes prior year carryover of lending and grant resources to support commercial development, middle-income housing, Community Livability Grant, and Prosperity Investment Program Grants in Central Eastside, N/NE (Interstate District), Gateway, Lents, and citywide through the Strategic Investment Fund.
- **Transfers:** Increase \$18,021,638. Most of the increase is to increase transfer from the Downtown Waterfront Fund to the River District Fund to consolidated remaining Old Town Action Plan program income resources in the River District Fund as part of the process to close-out the Downtown Waterfront Fund.
- **Contingency:** Increases \$33,066,546 to balance resources and expenditures. Some of the increase is related to underspending of Affordable Housing Set Aside resources and will be re-appropriated either in a future current-year revision or future fiscal year as determined by the Portland Housing Bureau. Similarly, additional contingency resources for Broadway Corridor project in River District will be reserved and reappropriated most likely to a future fiscal year.

RISK ASSESSMENT

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