



DATE: June 17, 2026
TO: Board of Commissioners
FROM: Cornell Wesley, Executive Director
SUBJECT: Report Number 26-19

Adopting Budget Amendment No. 3 for the Fiscal Year Beginning July 1, 2025, and Ending June 30, 2026; and Making Appropriations

Board action requested and brief description

Adopt Resolution No. 7650

This action by the Prosper Portland Board of Commissioners (Board) will amend the current fiscal year (FY) 2025-26 budget as follows:

- (1) Decrease tax increment financing (TIF) proceeds to align with year-end projections on draws and authorized short-term debt transfers from the City of Portland;
- (2) Increase budgeted property redevelopment expenditures mainly to reflect the close out of the Business Management Fund;
- (3) Decrease transfers to more accurately reflect the close out of the Business Management Fund into the Grant Offset Fund based on final accounting and reconciliation of the fund; and
- (4) Reduce contingency and reserves to balance total resources with total requirements.

Strategic alignment and outcomes

The FY 2025-26 Budget Amendment No. 3 (Amendment No. 3) ensures that the 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 following the second amendment to the FY 2025-26 Budget through Board Resolution No. 7643 in April 2026. Outcomes related to budgeted projects and programs will be measured over time to determine how Prosper Portland's allocation of resources implement Advance Portland, the City of Portland's economic development strategy, and the agency's ongoing efforts to build an equitable economy.

Background and context

Amendment No. 3 follows the previous budget amendment that was approved by the Board through Resolution No. 7643 on April 15, 2026, which was a comprehensive revision, focused on updating the budget to reflect timing of project and program expenditures through the end of

the current fiscal year. Changes to resources in Amendment No. 3 are more technical in nature, decreasing planned revenues, mainly TIF resources, which is not required by state law, but aligns the current year budget with planned long-term and short-term debt draws and the resulting “Reserved for Future Expenditures” with the “Beginning Balance” for the FY 2026-27 Approved Budget. The decreased long-term and short-term debt resources will be available in future fiscal years and therefore have been reincorporated into the FY 2026-27 budget and forecast.

Changes to requirements in Amendment No. 3 consist of both technical adjustments to align to accounting reconciliations and the establishment of new grant programming that require increasing Property Development appropriations. The technical adjustments are related primarily to final accounting reconciliations necessary to close out operating reserves balances for properties Prosper Portland has disposed of over the last year (primarily in the Business Management Fund). The new grant programming adds \$500,000 in appropriations towards the Healthy Communities Grant program utilizing available program income from sunseting TIF districts.

Equity impact

The FY 2025-26 Adopted Budget incorporates projects and programs critical to Advance Portland and Prosper Portland’s equity goals. Amendment No. 3 augments the budget in a more technical nature.

Community Participation and Feedback

Prior to the beginning of the fiscal year, Prosper Portland’s budget development process included 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 Amendment No. 3 was published prior to the meeting in the manner required by local budget law. As with all agency budget actions, the public is invited to testify at the public hearing held by the Board on June 17, 2026. All changes included in Amendment No. 3 are consistent with funding priorities established in the FY 2025-26 Adopted Budget and four-year forecast.

Budget and Financial Information

Recommended amendments to the FY 2025-26 Budget through Amendment No. 3 reflect the financial implications of business decisions which amount to \$188,174,798 in program and project expenditures. The total budget amounts to \$503,182,022 when including interfund transfers, contingency and reserves. (See Exhibit A to Resolution 7650 for all fund appropriation changes.) In summary, key changes to resources and requirements are outlined below:

Changes to Total Resources:

- **Interest on Investments:** Decreases by \$201,474. The interest on the Business Management Fund was less than what was budgeted with the remaining receivable moving over to the Grants Offset Fund (within the General Fund). This was not budgeted in the Grants Offset Fund as it will be offset by the negative interest earned within General Fund due to timing of City of Portland contract reimbursements.

- **TIF Debt Proceeds:** Decreases \$23,799,633 to adjust long-term and short-term debt draws. The majority of the change relates to Gateway Regional Center TIF District (Gateway) long-term bond draws that will not occur and are not necessary this fiscal year. Part of the decrease aligns short-term debt issuances in Gateway and Cully TIF District (Cully) with the current Council authorized annual limits. The decreases to both long-term and short-term draws have already been incorporated as additions to the five-year forecasts for available resources in Gateway and Cully.
- **Miscellaneous:** Decreases by \$504,500. This mainly relates to a revenue that was mistakenly added in the second budget revision to align cash in the Business Management Fund with the budget fund balance, in order to transfer the full balance out of the Business Management Fund at year-end. When further investigated this amount appeared to be coming from a GAAP equity account code entry that does not impact cash (or the budget).
- **Property Income:** Decreases by a net \$30,520 due to the decline in projected property income on Block 33, partially offset by an increase in the amount budgeted based on actual proceeds of Inn at Convention Center Hotel sale.
- **Transfers In:** Decreases by a net \$435,904 to reflect closing entries for BMF, partially offset by a transfer from program income in Lents TIF District to the Citywide Grants & Investments Fund (CGIF) to support the new Healthy Communities Grant.

Changes to Total Requirements:

- **Administration:** Increases a net \$55,764 across internal administrative materials and services functions; most of the change is related to additional Human Resources professional services contracts and training. While appropriations are recommended to increase to manage expenditures; staff anticipate year-end savings overall in this category.
- **Property Redevelopment:** Increases by a net \$1,408,797. Part of the increase is due to accounting transactions necessary to reconcile and zero-out operating reserve balances for several properties that have been disposed; \$500,000 of the increase is for providing initial funding for the recently approved Healthy Communities Grant program.
- **Transfers:** Decreases by \$428,375 mainly to reflect the closing entries for BMF.
- **Contingency:** Decreases by \$1,161,627 mainly to reflect the closing entries for BMF.
- **Reserved for Future Expenditures:** Decreases by \$24,844,897 to balance total resources with total expenditures, mainly due to decreasing a budgeted draw of long-term bond proceeds in Gateway that was not needed for current year expenditures. The draw has been incorporated into future fiscal year budgets.

Risk Assessment

Should the Board decide not to approve FY 2025-26 Budget Amendment No. 3, there may be inadequate appropriations for some projects, programs or technical adjustments that are committed and underway that did not fully expend in the prior fiscal year. Over-expenditure of an

appropriation within a fund is a violation of local budget law (Oregon Revised Statutes 294). The recommended budget amendment ensures proper appropriations authority for all expenditures.

Attachments

None.