



DATE: June 17, 2026
TO: Board of Commissioners
FROM: Cornell Wesley, Executive Director
SUBJECT: Report Number 26-20
Authorize Reduction in Force effective June 30, 2026

Board action requested and brief description

Adopt Resolution No. 7651

Approve the accompanying resolution to ratify and effectuate a Reduction in Force effective June 30, 2026, authorize completion of implementation actions, and express appreciation for the dedicated service of impacted employees.

This action is necessary to align Prosper Portland's FY 2026-27 staffing structure and operating costs with anticipated resources reflected in the proposed and adopted budget framework.

Strategic alignment and outcomes

While this Board action is an internal personnel decision, it supports Advance Portland's objectives by aligning the agency's cost basis with available resources so Prosper Portland can continue to carry out core mission-focused work that advances inclusive economic growth, equitable wealth creation, vibrant neighborhoods and commercial districts, and access to quality jobs. The action is also consistent with the Financial Sustainability Plan because it reduces reliance on one-time resources and aligns staffing with sustainable funding.

Background and context

Prosper Portland's operational resources for staff and administration are funded primarily through the City General Fund, active and new Tax Increment Finance districts, sunsetting and terminating district resources, earnings from the Strategic Investment Fund, the PCEF IGA, and smaller one-time or limited-term revenue sources. During FY 2025-26 and budget development for FY 2026-27, staff assessed structural operational needs in light of significant funding constraints, including expiring one-time General Fund support, delayed or underperforming TIF revenue in several new districts, and Strategic Investment Fund returns below Financial Sustainability Plan targets.

The FY 2025-26 Budget Note converted \$2.1 million of Prosper Portland's \$13.1 million in ongoing General Fund support to one-time funds that expire June 30, 2026. In response to the Mayor's budget direction, Prosper Portland submitted reduction packages that identified \$1.1 million in operational efficiencies and \$1.0 million in Workforce program reductions. The FY 2026-27 Approved City of Portland Budget included \$2.1 million in General

Fund addback, however the purpose of the funding was focused on Workforce Development and Storefront programming. The current financial forecast further reflects that no TIF was generated in FY 2025-26 for certain new districts, including the new Central City districts and SPACC, and that Strategic Investment Fund performance remains below prior planning assumptions. Staff will continue to monitor and update projections and future implications as part of the FY 2026-27 budget monitoring process and FY 2027-28 budget development process.

Based on this review, leadership identified 13 positions for elimination or hold, created 3 positions to meet essential business needs, and determined that a Reduction in Force is necessary. The affected positions were selected based on an analysis of operational needs, work that can be consolidated, redistributed, reconfigured, or supported through alternative service models, and not on employee performance. The employees affected by the Reduction in Force have been notified, and leadership is requesting Board action because the Personnel Policy vests the Board with final authority to approve and effectuate a Reduction in Force.

Equity impact

This action has an immediate and meaningful human impact on employees whose positions are being eliminated. Prosper Portland has therefore approached the process as a position-based, business-need-driven action rather than a performance-based action, and has provided employee notice, labor relations processes, severance and benefits information as applicable, recall rights information for represented employees, and transition support through Human Resources. At the same time, aligning staffing with available resources is intended to preserve the agency's long-term ability to continue delivering community and economic development work in support of Portlanders and neighborhoods, including communities that have historically experienced barriers to opportunity.

Community Participation and Feedback

Leadership did not conduct public engagement specific to this action because it concerns internal staffing and budget alignment. Leadership did, however, engage AFSCME pursuant to the Collective Bargaining Agreement. Leadership notified affected employees directly and are providing ongoing briefings to managers and staff regarding the broader fiscal context and budget pressures as information became available.

Budget and Financial Information

The Reduction in Force is driven by known and forecasted resource limitations. The FY 2025-26 Budget Note converted \$2.1 million of ongoing General Fund support to one-time funding that expires June 30, 2026. Prosper Portland also submitted \$1.1 million in operational reductions in response to the Mayor's direction, which is roughly equivalent to 5 full-time positions. Additional operating pressure arises from delayed or underperforming TIF revenue in newer districts and Strategic Investment Fund returns that remain below Financial Sustainability Plan targets, with the difference between target and anticipated performance equating to approximately the cost of 5 full-time positions. See Attachment B for a summary of the primary financial drivers supporting this action.

Risk Assessment

The principal risks associated with this action include disruption to program delivery, loss of institutional knowledge, employee morale impacts, labor relations or legal challenges, and the possibility that additional reductions could be required if City budget or revenue conditions further deteriorate. Leadership has mitigated these risks through legal and HR review, compliance with the Collective Bargaining Agreement and Personnel Policy, early employee and union notification, transition planning, employee support resources, and the creation of a limited number of positions in the future-state structure to preserve essential operational capacity.

Attachments

- A. Reduction in Force Position Summary
- B. Reduction in Force Financial Summary
- C. Reduction in Force Implementation Summary

Reduction in Force Position Summary

This attachment summarizes the FY 2026-27 staffing actions associated with the Reduction in Force effective June 30, 2026. The action reflects FTE position eliminations and position holds identified through the FY 2026-27 budget alignment process and related organizational realignment.

Summary of position actions

Category	Count / Summary
Filled positions affected by the Reduction in Force	9
Vacant or soon-to-be-vacant positions eliminated or placed on hold	4
Total positions identified for elimination or hold	13
Future-state positions added to meet essential business needs	3
Immediate net reduction of existing positions	10
Effective date of employee separations and position actions	7 positions on June 30, 2026 and 2 positions on September 30, 2026.

Filled positions affected by layoff

Department / Work Unit	Position Title	Action	Organizational Note
Development and Investment / Construction	Project Manager, Construction Business & Workforce Equity	Position eliminated	Work redistributed within construction team
Economic Development / Data	Economic Data Analyst	Position eliminated	Reporting and analytics consolidated into existing data functions
Information Technology	IT Technical Lead	Position eliminated	Function reconfigured into future-state IT structure
Information Technology	IT Analyst IV	Position eliminated	Function reconfigured into future-state IT structure
Finance and Business Operations	Procurement Specialist	Position eliminated	Procurement work redistributed under leaner support model
Legal	Paralegal / Real Estate & Lending Closer	Position eliminated	Work reassigned internally and supplemented externally as needed
Human Resources	Senior Human Resources Business Partner	Position eliminated	HR business partner support reconfigured
Human Resources	Human Resources Business Partner	Position eliminated	HR business partner support reconfigured
Equity / Policy	Racial Equity & Inclusion Specialist	Position eliminated	Functions integrated into broader organizational systems

Additional position alignment actions

- In addition to the 9 filled positions affected by layoff, Prosper Portland identified 4 vacant or soon-to-be-vacant positions for elimination or hold as part of the FY 2026-27 budget alignment process.
- Three future-state positions were retained or created to preserve essential operational capacity in the redesigned structure, including support for grants/resource development, information technology, and human resources.
- Selections were based on an analysis of business need, available resources, operational design, and future-state staffing requirements, and not on the performance of individual employees.

Reduction in Force Financial Summary

This attachment summarizes the primary financial drivers supporting the FY 2026-27 Reduction in Force and related position alignment actions. It is intended to accompany the Board Report and Resolution authorizing the Reduction in Force effective June 30, 2026.

Primary financial drivers

Financial driver	Summary of impact	Relevance to staffing action
City General Fund reduction	The FY 2025-26 Budget Note converted \$2.1 million of Prosper Portland’s \$13.1 million in ongoing General Fund support to one-time funding that expires June 30, 2026.	Required Prosper Portland to identify structural operational reductions for FY 2026-27, including approximately \$1.1 million in operational efficiencies.
Mayor and Council budget direction	The City entered FY 2026-27 budget development facing a record General Fund shortfall. Prosper Portland submitted reduction packages in response to Mayor-directed scenarios.	Made it necessary to align staffing and overhead to a lower ongoing resource base rather than rely on restoration of expiring one-time funds.
Delayed and underperforming TIF revenue	No TIF was generated in FY 2025-26 for certain new Central City districts and SPACC, and E205 TIF revenue has been more limited than originally forecast. Timing of future TIF performance remains uncertain.	Reduced anticipated operating support for staff and administration in new districts and increased the need for staffing realignment.
Strategic Investment Fund performance	Strategic Investment Fund returns remained below Financial Sustainability Plan targets. Interest earnings and portfolio performance did not reach prior operating assumptions.	Created additional ongoing operating pressure equivalent to approximately the cost of multiple full-time positions.
Limitations of one-time resources	One-time resources such as program income, cash interest, and other temporary funding sources may help bridge short-term needs but are insufficient to sustain the existing staffing model over time.	Supported the conclusion that structural changes were required rather than relying on temporary resource substitutions.
Longer lead time for new revenue generation	Future resource development, grants, asset performance, and other revenue opportunities may improve the outlook but generally require substantial lead time before producing operating support.	Did not eliminate the need for immediate staffing changes in advance of FY 2026-27.

Staffing and cost alignment summary

- The staffing plan identified 13 positions for elimination or hold and 3 positions for creation or retention to meet essential business needs, resulting in an immediate net reduction of 10 existing positions.
- The employee layoff component of this action affects 9 filled positions effective June 30, 2026 and September 30, 2026 (2 positions).
- The future-state structure is intended to preserve critical functions while reducing reliance on unstable or one-time funding sources and aligning Prosper Portland’s operating cost basis with available resources.

Financial context and outlook

- General Fund resources dedicated to Prosper Portland will continue to be subject to City budget decisions and may require further adjustment in the future.
- TIF performance in newly approved districts will not be fully known until the 2027 certified tax roll information is available, and several Central City districts may take additional time before generating any tax increment.
- Prosper Portland will continue pursuing longer-term financial sustainability strategies, including grants and resource development, improved Strategic Investment Fund performance, and other operating adjustments; however, these strategies do not remove the need for the present Reduction in Force.

Reduction in Force Implementation Summary

This attachment summarizes the principal implementation steps taken to carry out the FY 2026-27 Reduction in Force and related position alignment actions.

Implementation timeline

Timeframe	Implementation activity
Winter / Spring 2026	Leadership and department directors assessed structural operational needs against General Fund, TIF, and Strategic Investment Fund forecasts and identified required staffing changes for FY 2026-27.
March–April 2026	Human Resources reviewed the proposed Reduction in Force to ensure compliance with policy, contract, and applicable legal considerations, including represented employee layoff procedures.
Spring 2026	Human Resources met with AFSCME and provided layoff notices and related information consistent with the Collective Bargaining Agreement and agency process.
April 2026	Affected employees were notified directly by Human Resources, with Union participation for represented employees as applicable. In-person and virtual notification meetings were used as needed.
April–June 2026	Managers and Human Resources developed transition work plans, knowledge transfer expectations, and employee support resources for the period leading to the June 30, 2026 effective date for most employees (September 30, 2026 for 2 positions).
June 17, 2026	Board action requested to ratify and effectuate the Reduction in Force in connection with adoption of the FY 2026-27 budget.
June 30, 2026	Reduction in Force becomes effective for 7 positions; two positions effective September 30, 2026.

Employee support and transition resources

- Affected employees received written layoff notices, benefits information, severance package information as applicable, and recall-rights materials for represented employees.
- Human Resources made transition support available, including Employee Assistance Program information, access to personnel records and employment documents, job search resources and listings, resume review assistance, and interview preparation support.
- Managers were asked to support employees with reasonable flexibility immediately following notification and to provide structured transition work plans through each employee’s last day.

Severance and benefits transition

- For employees included in the agreed severance framework, Prosper Portland offered three months of salary continuation and COBRA support, with enhanced COBRA duration for eligible employees with longer service, subject to the applicable agreement terms.
- Employees were required to remain employed through June 30, 2026 or September 30, 2026, if identified, to receive the severance package and were given a defined period to review and accept the offer.

Ongoing implementation considerations

- Human Resources and leadership will continue to monitor workload redistribution, continuity of operations, and future-state staffing needs following June 30, 2026.
- If future City budget actions or revenue conditions materially change, additional staffing or organizational adjustments may need to be evaluated.
- Affected employees remain on a recall list and will be notified if future opportunities at Prosper Portland arise, in accordance with the Collective Bargaining Agreement.