

# Budget Review 2024-25

## Prosper Portland



### BUDGET HIGHLIGHTS

- Prosper Portland's FY 2024-25 Approved Budget is \$362 million, \$197 million (35%) less than FY 2023-24.
- The decrease is mostly due to beginning fund balance reduction of \$123 million as tax increment financing district funds are spent down on projects. A large transfer (\$47 million) in last year's budget to the Strategic Investment fund also contributes to the decrease, as does a reduction in American Rescue Plan Act funds (\$6.5 million reduction) and debt proceed reductions (\$13.5 million).
- Prosper Portland begun closing TIF districts in recent years and anticipates more closures as they repay the debt on existing districts. The bulk of these closures occurred in 2024, with four large districts slated for closure. The impacts of these closures will be most felt in FY 2024-25.
- Only three districts, North Macadam, Gateway and the city's newest district, Cully, will continue to receive new tax increment proceeds in FY 24-25.
- Total funds transferred from the City of Portland General Fund and Recreational Cannabis Fund reduce by \$1.3 million in this budget, due to one-time allotments not repeated in FY 24-25 for the Social Equity and Economic Development (SEED) grant and Reimagine Oregon.
- A portion of the funding from the city this year is for one-time only projects to support additional repair and restore grants and provide added capacity to the Office of Events and Film.
- Property redevelopment is the largest of the budgeted activities, and decreases by \$31 million to a total of \$107 million in the FY 24-25 budget. The budgeted redevelopment projects are primarily continuations from last year, including:
  - work on the former US Post Office site and Broadway Corridor;
  - funding for University Place in the North Macadam district;
  - work on multiple smaller projects across districts;
  - ongoing property management costs across Prosper Portland held properties; and
  - commercial lending and grants that support small businesses across most districts.

## INTRODUCTION & BACKGROUND

Prosper Portland is the City of Portland’s economic development and redevelopment agency and is responsible for achieving the city’s key place-making, job creation, and economic opportunity objectives.

Prosper Portland is governed by a five member, non-salaried commission appointed by the Mayor and approved by City Council. Though Prosper Portland is independent of the city, it works closely with the city to execute the city’s economic development plans.



Prosper Portland was created by Portland voters in 1958 after the 1957 State Legislature authorized cities and counties the ability to create urban renewal agencies with which to receive federal urban renewal funds and to collect property taxes using tax increment financing (TIF districts).

<b>Prosper Portland</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Base Frozen Value in Billions	\$4.776	\$4.776	\$4.776	\$5.638
Excess Value Used in Billions	\$8.206	\$6.715	\$6.590	\$2.987
Excess Value Not Used in Billions	\$5.659	\$5.907	\$7.732	\$10.805
Total Value All Plan Areas in Billions	\$17.641	\$17.323	\$18.109	\$19.430
Special Levy Tax Rate	\$0.2018	\$0.1961	\$0.1887	-0-
Number of Plan Areas	17	17	17	17
Measure 5 Loss	\$-9,639,795	\$-7,367,312	\$-6,369,920	\$-2,574,197
Number of Employees (FTE’s)	81	81	78	81

### Tax Increment Financing (TIF) Districts

Prosper Portland does not levy taxes; instead, the city of Portland issues debt and levies taxes to repay that debt on behalf of Prosper Portland. The property tax levied by the city is a means of capturing property taxes generated by increased assessed value on properties in an urban renewal/TIF district. The increased value is used to repay debt that was issued to pay for investments in the TIF district. At the end of the TIF district’s life span, the increased property value reverts to the original tax districts, increasing their assessed values and therefore property tax collections. Amendments that extend the expiration of TIF districts delay the return of property tax revenue to the City of Portland as well as other local taxing districts.

Prosper Portland and the city have activated 25 plan areas and levied property taxes to replace the now defunct federal program. Of those plans, nine have closed and four others were formed but never utilized tax increment financing. Twelve plan areas are included in the FY 24-25 budget, including the newest district, Cully. The Cully TIF District area contains two Neighborhood Prosperity Initiative (NPI) areas, Our 42nd Avenue and Cully Boulevard Alliance. NPIs are geographically and financially small. They are designed for small scale economic development activities to improve local commercial districts. NPI districts focus on low-income populations and communities of color throughout the city. Through grants,

training, and support from Prosper Portland, each Network organization is responsible for planning and implementing projects to improve the local commercial district. NPIs are funded by the same mechanisms as TIF districts.

When a TIF district reaches maximum indebtedness, debt will no longer be issued for these districts but they will continue to collect tax increment revenues until the outstanding debt has been paid off. They also continue to spend remaining project funds and new program revenues on activities and projects.

In addition to tax increment financing, four of the oldest plan areas (Downtown Waterfront, Convention Center, Airport Way, and South Park Blocks) could impose a special levy over all property within the City of Portland’s boundaries. The city limited the special levy to \$15,000,000, but the amounts allocated to each plan area changed from year to year. As of FY 23-24, these districts are no longer levying the special levy as they are all closed. They will continue to spend accumulated debt proceeds on projects until funds are gone, but the city is no longer paying the debt service or levying taxes for those districts.

Each district is assigned a maximum indebtedness when created by the City Council. The following chart shows the maximum indebtedness of each district, the debt issued, and corresponding timelines for issuance and repayment. Once repayment is complete, the district will no longer collect property taxes.

<b>City of Portland Plan Areas</b>	<b>Maximum Indebtedness (MI)</b>	<b>Debt Issued 6/30/2023</b>	<b>Last Date To Issue Debt</b>	<b>Acres</b>
Central Eastside	125,974,800	125,974,272	August 26 2023	709
Downtown Waterfront	165,000,000	165,000,000	April 24, 2008	233
Gateway Regional Center	164,240,000	117,646,099	June 2022	659
Interstate Corridor	402,000,000	373,165,131	At MI	3,992
Lents Town Center	245,000,000	242,762,926	June, 2024	2,846
North Macadam	288,562,000	238,006,482	June, 2025	447
Oregon Convention Center	167,511,000	167,510,000	June 30 2013	410
South Park Blocks	143,619,000	113,498,679	June 2008	98
82nd & Division NPI	1,250,000	1,250,000	At MI	<u>109</u>
<b>Totals</b>	<b>1,703,156,800</b>	<b>1,544,813,589</b>		<b>9,502</b>
*Chart only includes plan areas that received tax increment revenue in 22-23				
Total Acres in City of Portland				92,773
Percentage of Acres in Urban Renewal Plan Areas (Maximum Allowed = 15%)				10.2%
Total Assessed Value in City of Portland (less Excess Value, Used and Not Used)				58,565,816,577
Percentage of Frozen Value in Urban Renewal Plan Areas (Maximum Allowed = 15%)				8.2%

*Note: The chart is as of June 2023; additional changes have occurred over the current fiscal year, including the addition of the Cully Blvd plan which collected tax for the first time in FY 23-24.*

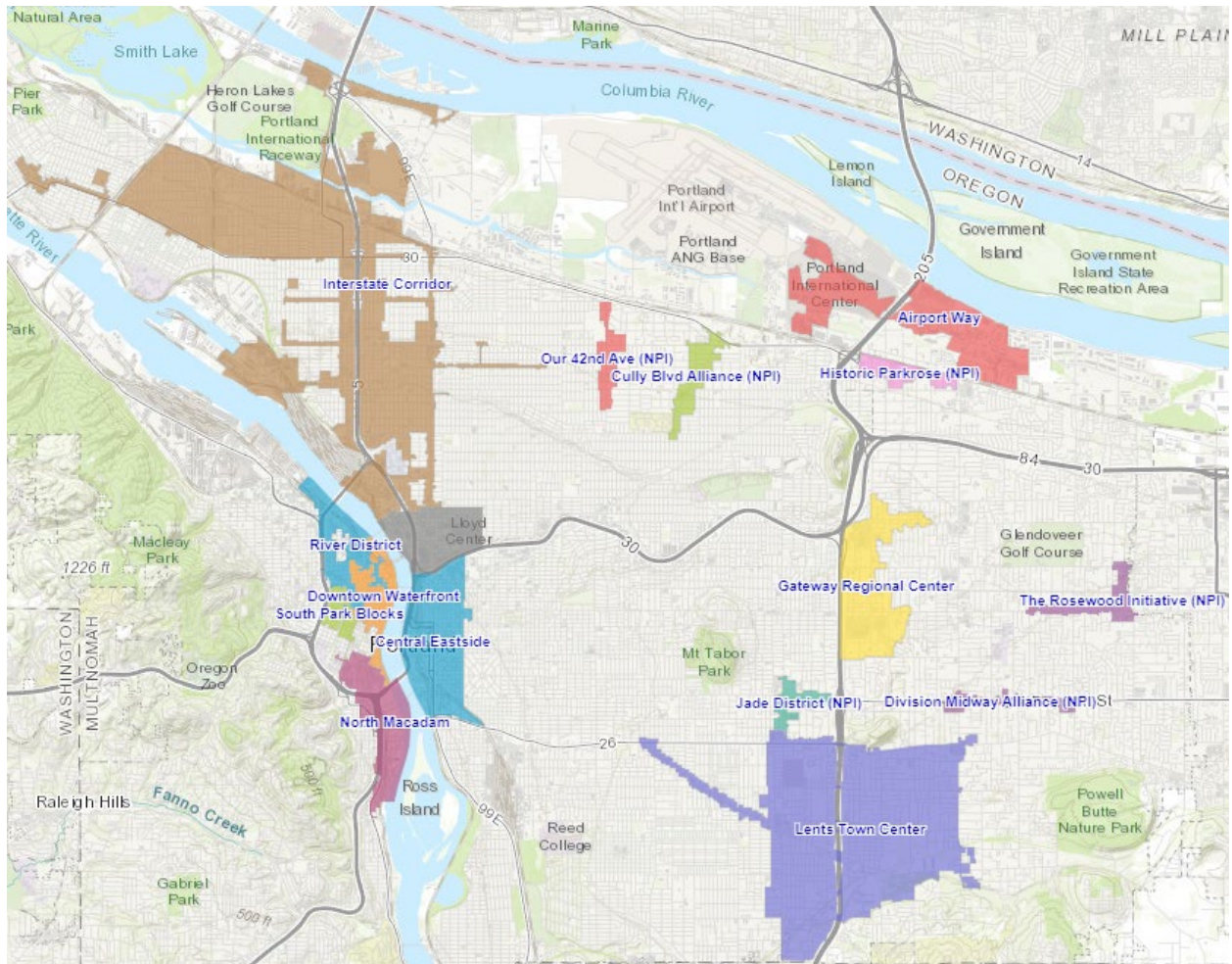
All taxing districts with geographic area in a City of Portland urban renewal district will benefit from the closing of TIF districts as the increased assessed values returns to their tax rolls and increases their revenue. However, the return of assessed value does not apply equally to all local taxing districts in the county. Small districts may only have area in some TIF districts.

## Tax Increment Financing Districts in Portland

TIF districts are located across the city of Portland. The following districts are included in the FY 24-25 budget, either actively receiving debt proceeds or spending down funds previously received. *The map below is the most recent available from the district and includes some closed districts.*

Downtown and close-in East Side of Portland:

- River District
- Downtown Waterfront
- South Park Blocks
- North Macadam
- Oregon Convention Center
- Central Eastside



North Portland:

- Interstate Corridor
- Airport Way
- Cully NPI

Southeast Portland:

- Lents Town Center
- Gateway Regional Center

### Changing Approach to TIF Districts

In the past TIF location decisions were driven by Prosper Portland. Prosper Portland's new approach to TIF districts is codified in a Portland City Council approved plan for economic development called *Advance Portland: A Call to Action for Inclusive Economic Growth*. The district presented the five-year plan in April 2023, and the goal is to embrace and manage inclusive growth. Per the district website, the Advance Portland plan drives Prosper Portland's work. The plan's four key objectives ground all of the district's programs, policies, and initiatives:

- Propel inclusive economic growth and innovation
- Promote equitable wealth creation
- Foster a vibrant Central City and neighborhood commercial districts
- Connect Portlanders to high-quality jobs in future-ready sectors

This shift is reflected in Prosper Portland's new focus on community-driven TIF districts, rather than the former top-down approach. In light of these changes, the city has agreed to transfer funds to Prosper Portland for economic development work. A FY 2022-23 budget note in the City of Portland's budget remains a key support of Prosper Portland's long-term sustainability. The note dedicates ongoing General Fund dollars as former TIF district dollars are returned to the city's General Fund in the form of increased ongoing property tax revenue. Additionally, the city can choose to allocate additional dollars to Prosper Portland.

## BUDGET OVERVIEW

Prosper Portland's FY 2024-25 Approved Budget is \$362 million, \$197 million (35%) less than the current year revised budget. This year's budget decline is primarily attributable to the planned closure of TIF districts. The bulk of the closures are expected in 2024, with four large districts slated for closure. The impacts of these closures will be most felt in FY 2024-25. As TIF districts close, the property tax earned during the TIF period is no longer routed to Prosper Portland. Instead, those funds return to the other taxing districts (schools, city, county, special districts).

Revenues from existing TIF district debt proceeds are projected to decrease by \$13 million in 2024-25, after a \$6 million decrease last year. The reduced TIF resources is known as the "TIF Cliff" and requires alternate funding strategies for the district's long-term financial stability. Last year, the district completed a new Financial Sustainability Plan. The update included the following four updated objectives:

- Leverage community-based tax increment finance (TIF) district investments to deliver on community-defined priorities and secure financial return of the dedicated tax increment funds and related assets. More specifically:
  - 56 percent of remaining TIF will be invested in loans or other investments that, on average, generate a 3.8 percent return.
  - 44 percent of remaining TIF will be invested in grants and infrastructure with no financial return.
- Optimize both public benefits and financial return of non-TIF restricted resources.
- Research and identify new funding sources for programmatic, operational, and capital investment priorities from public and private sources.
- Secure additional public resources to maintain key business lines and to deliver activities that achieve public priorities.



As Prosper Portland focuses on community requested TIF district creation and existing large districts close, dollars from the city become even more important. In the requested budget, Commissioner Rubio notes the spending plan for Prosper Portland:

Prosper Portland will spend down existing TIF resources through FY 2028-29. While some new resources will be generated in existing TIF districts (Gateway and Cully), most budgeted resources will be generated from General Fund, Strategic Investment Fund and, if adopted, new TIF Districts by FY 2028-29. Allocation of Returning TIF set aside resources provides operational support to continue current ongoing programming for the Inclusive Business Resource Network, Neighborhood Prosperity Network, Workforce Programs, and Business Advancement. Returning TIF also provides support to seed the Small Business Office, small business tenancing and leasing operational support, partial funding for the Office of Events and Film, and the deployment of the \$45 million Strategic Investment Fund, providing small business financial assistance and middle-income housing across the City.

By modelling multiple new TIF districts in line with City Council direction, \$70M in total new resources would be available in the five-year period between FY 2025-26 and 2029-30 for investment and related operations, meaning approximately \$50-\$60M in new TIF would be available for economic development, affordable housing, and related infrastructure capital investments. Higher levels of TIF resources will be available in FY 2030-31 and future years if all modeled districts are adopted.

Three districts, North Macadam, Gateway and the city's newest district, Cully, will continue to receive new tax increment proceeds, while all other remaining districts (82<sup>nd</sup> & Division NPI, South Park Blocks, Oregon Convention Center, River District, Central Eastside, Interstate, and Lents) will be sunseting and concluding as final TIF district proceeds are spent. North Macadam and Gateway will soon reach maximum indebtedness and/or close in coming years. The Cully district collected property taxes for debt service repayment for the first time in FY 23-24.

Some specific goals and plans with funding in this budget include (but are not limited to):

**Foster a vibrant Central City and neighborhood commercial districts**

- Old Town Action Plan
- OMSI Master Plan
- South Waterfront/North Macadam TIF district investments for new mixed use, mixed income development
- Lents Action Plan and related development at SE 92<sup>nd</sup> & Harold
- Cully Action Plan completed and launched

**Connect Portlanders to high-quality jobs in future-ready sectors**

- Affordable housing development at Broadway Corridor
- Traded sector business loans and grants for improvements in key job centers like the Central Eastside
- Construction Workforce Equity Fund

**Support BIPOC Entrepreneurs to Start, Scale, and Innovate**

- Business lending programs to be scaled citywide through the Strategic Investment Fund
- Affordable commercial tenancing at projects like The Nick Fish and 10<sup>th</sup> & Yamhill
- Construction Business Equity Fund

# RESOURCES

<b>Prosper Portland</b>					
Total Resources					
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
Intergovernmental Revenue	16,459,377	24,692,644	34,018,645	27,068,414	-20.4%
Fees and Charges	2,394,808	11,356,553	4,440,591	12,671,348	185.4%
Other Income	17,912,764	15,443,630	17,130,706	15,097,503	-11.9%
Debt Proceeds	65,130,283	56,887,187	66,149,279	52,710,359	-20.3%
<b>TOTAL REVENUE</b>	<b>101,897,232</b>	<b>108,380,014</b>	<b>121,739,221</b>	<b>107,547,624</b>	<b>-11.7%</b>
Beginning Fund Balance	318,773,155	339,244,476	351,172,665	228,649,508	-34.9%
Transfers In	17,018,817	22,862,572	86,332,247	25,708,070	-70.2%
<b>TOTAL RESOURCES</b>	<b>437,689,204</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>

As mentioned in the introduction of this review, Prosper Portland does not levy property taxes. In a complex arrangement, the city issues debt that is used to fund Prosper Portland urban renewal projects. It then levies the urban renewal taxes to cover the cost of that debt service (referred to as tax increment financing or “TIF”). The TIF taxes and the debt service remain in the city budget. Only the debt proceeds are in Prosper Portland’s budget.

Prosper Portland begun closing TIF districts in recent years and anticipates more closures as they repay the debt on existing districts. The bulk of these closures occurred in 2024, with four large districts slated for closure. The impacts of these closures will be most felt in FY 2024-25. The City of Portland sends Prosper Portland General Fund dollars to support economic development work as Prosper transitions to a community-led TIF development process that will likely result in fewer and smaller TIF districts going forward.

**Debt Proceeds** continue to be the primary source of new revenue, and see a decline this year of \$13.5 million as TIF districts close. The district has a large **beginning fund balance** that is primarily composed of TIF debt proceeds dedicated to future projects, and this sees a large decline this year from \$351 million to \$229 million.

**Intergovernmental revenue** declines primarily due to a reduction in American Rescue Plan Act funds (\$6.5 million reduction). Revenue from the City of Portland is budgeted here.

Property income makes up the majority of **Fees and Charges**. Increases in this category are primarily in the newly created Clean Energy Fund (\$8.5 million), new resources allocated from the City of Portland Clean Energy Surcharge that Prosper Portland categorizes as Fees and Charges. The voter-approved Clean Energy Surcharge is a 1% charge imposed on large retailers with \$1 billion in national revenue and \$500,000 in revenue in Portland and the proceeds are funding services across a range of city bureaus.

**Transfers In** also see a decrease. Last year’s budget included a number of transfers from TIF funds to seed the Strategic Investment fund, which received a total of \$47 million in transfers for FY 23-24. Transfers for the fund are \$5 million in this year’s budget. Other transfers also reduce as TIF activities lessen.



# REQUIREMENTS

Just over half of the FY 2024-25 approved budget of \$362 million is for expenditures. The other half consists of fund transfers and contingency. Unspent contingency will roll forward as beginning fund balance in the following fiscal year.

<b>Prosper Portland</b>					
Total Requirements by Object					
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
Personnel Services	15,340,263	16,615,298	19,738,977	21,006,850	6.4%
Materials & Services	61,800,556	56,040,806	170,135,664	162,767,597	-4.3%
Capital Outlay	4,280,815	19,734,443	54,387,737	24,713,968	-54.6%
Debt Service	0	4,061,276	0	0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>81,421,634</b>	<b>96,451,823</b>	<b>244,262,378</b>	<b>208,488,415</b>	<b>-14.6%</b>
Fund Transfers	17,017,802	22,862,574	86,332,247	25,708,070	-70.2%
Contingencies	0	0	228,649,508	127,708,717	-44.1%
Ending Fund Balance	339,249,768	351,172,665			0.0%
<b>TOTAL REQUIREMENTS</b>	<b>437,689,204</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>

**Contingencies, Transfers, Unappropriated:**

Prosper Portland budgets all funds that are not programmed as contingency and so there is no ending fund balance budgeted. Contingencies in the budget are decreasing from \$229 million in FY 24 to \$128 million in FY 25. Prosper Portland’s contingency fluctuates annually due to cash inflows from debt issues and outflows spent on projects. Contingency reduces this year as expenditures outpace newly constrained revenue. Transfers include funds transferred from the TIF district funds to the General Fund to pay for the TIF district’s portion of certain administrative costs budgeted in the General Fund.

**EXPENDITURES**

Total expenditures – the core of the budget - are \$208.5 million, \$38.6 million less than the current year. Expenditures were steadily increased since the pandemic low in FY 2021-22. This year the closing of TIF districts begin to show in the budget and expenditures decline by 16%.

**Personnel Services:** The FY 2024-25 budget includes a total of 105 positions, seven more than the current year. Overall expenses in this category increase by 6%.

**Materials and Services:** Materials and services decreases this year. The majority of M&S costs budgeted are for Financial Assistance (predominately loans and grants for businesses), which decreases by \$28 million to a total of \$58.8 million.

**Capital Outlay:** Capital project expenditures see one of the larger percentage decreases, \$30 million, as TIF districts close and fewer projects are planned.





## EXPENDITURES BY FUNCTION

<b>Prosper Portland</b>					
Total Requirements by Function					
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
Administrative Services	15,062,977	14,886,995	17,797,093	12,189,790	-31.5%
Community Development	1,022,177	497,331	5,199,645	11,278,792	116.9%
Economic Development	18,916,809	25,328,336	50,359,176	30,819,043	-38.8%
Property Development	17,570,957	35,812,201	131,206,748	106,934,985	-18.5%
Housing	28,854,007	15,865,684	42,566,015	47,265,805	11.0%
Debt Service	0	4,061,276	0	0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>81,426,927</b>	<b>96,451,823</b>	<b>247,128,677</b>	<b>208,488,415</b>	<b>-15.6%</b>
Transfers Out	17,017,802	22,862,574	86,332,247	25,708,070	-70.2%
Contingencies	0	0	225,783,209	127,708,717	-43.4%
Ending Fund Balance	339,244,475	351,172,665	0	0	0.0%
<b>TOTAL REQUIREMENTS</b>	<b>437,689,204</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>

Total expenditures are budgeted in the five program areas defined in the Approved budget and detailed in the following paragraphs.

**Administrative Services** – The administration program budget is \$12 million, a decrease of \$5 million from FY 24. The variance is largely due to a change in the allocation of paid time off and other changes in how staffing costs are allocated. Personnel costs will now be directly allocated to projects and programs, and paid time off will be allocated where the employees are specifically charging their time instead of to the administration function area as formerly done via the indirect cost model.

**Community Development / Infrastructure** – The infrastructure program budget is \$11 million, an increase of \$3 million. This category includes all projects and programs that are public infrastructure improvements including parks, public facilities, and transportation. The majority of the increase is budgeted for construction costs in the Central Eastside TIF district.

**Economic Development** – The economic development program budget is \$31 million, a decrease of \$19.5 million from the FY 2023-24 Revised Budget. This category includes programs funded by the Strategic Investment Fund, City of Portland General Fund, Enterprise Zone, Community Development Block Grant funds, Recreational Cannabis Tax (RCT) funds, and one-time federal grant funds:

- business lending
- community economic development
- traded sector business development
- entrepreneurship

Reductions in this category are due primarily to reduced ARPA revenue and lower one-time funding from the city's General Fund and RCT.

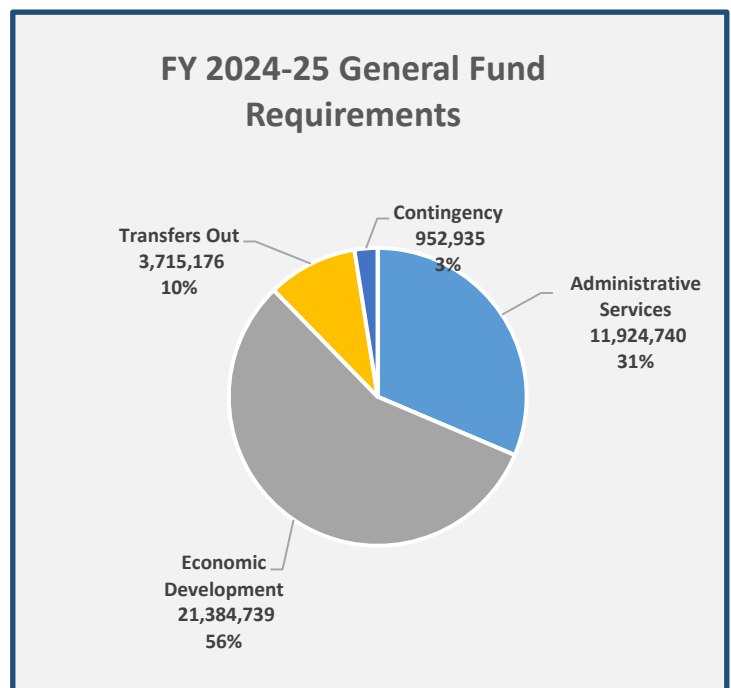
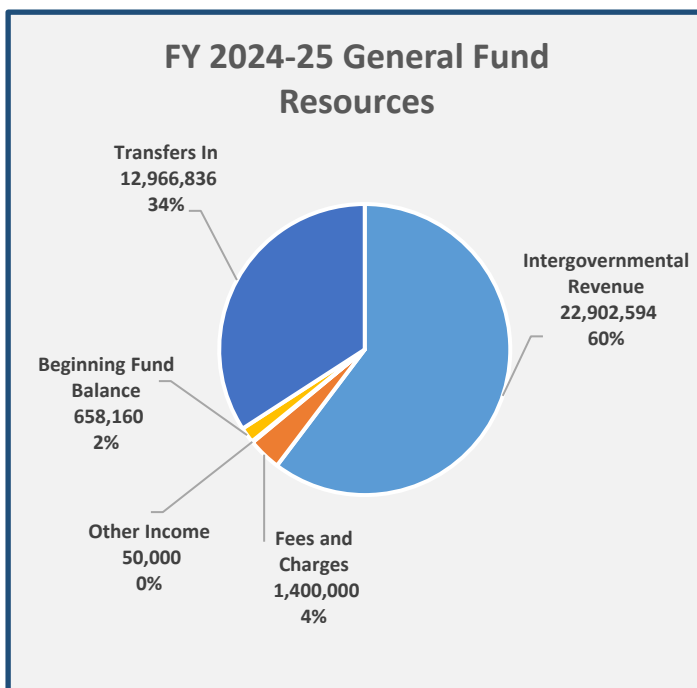
**Property Redevelopment** – The property redevelopment program budget is \$107 million. This category includes projects and programs that relate to property redevelopment. It is comprised of:

- commercial property redevelopment
- commercial real estate lending
- property management activities
- community redevelopment grants

The budget decreases by \$24 million from the FY 2023-24 Revised Budget. Projects include demolition and other predevelopment costs for the former US Post Office site and Broadway Corridor, funding for University Place in the North Macadam district, and multiple smaller projects across districts, ongoing property management costs across 45 Prosper Portland held properties, and commercial lending and grants that support small businesses across most districts.

**Housing** – The housing program budget is \$47 million, a \$5 million increase from the FY 24 Revised budget. The City of Portland Housing Set Aside policy provides that 45 percent of all new TIF debt proceeds and 70 percent of the amended Interstate Corridor resources are invested in affordable housing. All Housing Set Aside resources that are transferred to the Portland Housing Bureau are accounted for here.

## GENERAL FUND



<b>Prosper Portland</b>					
General Fund Resources					
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
Intergovernmental Revenue	9,582,504	16,803,592	23,191,505	22,902,594	-1.2%
Fees and Charges	225,308	333,670	1,630,367	1,400,000	-14.1%
Other Income	130,492	414,040	495,009	50,000	-89.9%
<b>TOTAL REVENUE</b>	<b>9,938,304</b>	<b>17,551,302</b>	<b>25,316,881</b>	<b>24,352,594</b>	<b>-3.8%</b>
Beginning Fund Balance	1,336,514	1,604,287	2,014,871	658,160	-67.3%
Transfers In	15,061,802	15,379,723	19,499,665	12,966,836	-33.5%
<b>TOTAL RESOURCES</b>	<b>26,336,620</b>	<b>34,535,312</b>	<b>46,831,417</b>	<b>37,977,590</b>	<b>-18.9%</b>

The total General Fund budget for FY 2024-25 is \$38.0 million, a 19% decrease. The fund decreases as beginning fund balance resources are spent down and revenue from TIF districts allotted to pay for administration decrease in the face of declining TIF district revenues.

The General Fund receives a City of Portland allocation for economic development activities from the city’s general fund and the recreational cannabis tax (RCT). As noted earlier in this review, Tax Increment Financing (TIF) districts are closing, returning General Fund dollars to the City of Portland. City Council has allocated \$7.6 million each to Prosper Portland and the Portland Housing Bureau from returning TIF proceeds on an annual basis. Prosper Portland will use these funds for programs to fulfill job growth, offer small business support, and achieve community capacity goals that are not eligible for funding through TIF. This work is achieved through staff expertise, working capital, and technical assistance. Prosper Portland also receives recreational cannabis tax (RCT) dollars from the city. Prosper Portland's total FY 2024-25 revenue from these sources is \$22 million, including \$5 million from RCT. This is a net \$1.3 million decrease from the previous year due to one-time RCT allocations for the Social Equity and Economic Development (SEED) grant and Reimagine Oregon.

<b>Prosper Portland</b>					
General Fund Requirements by Function					
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Revised</b>	<b>Approved</b>	<b>Change</b>
Administrative Services	13,918,950	14,665,719	17,450,468	11,924,740	-31.7%
Economic Development	10,458,872	17,495,223	27,467,283	21,384,739	-22.1%
<b>TOTAL EXPENDITURES</b>	<b>24,377,822</b>	<b>32,160,942</b>	<b>44,917,751</b>	<b>33,309,479</b>	<b>-25.8%</b>
Transfers Out	354,511	354,511	1,255,506	3,715,176	195.9%
Contingency	0	0	658,160	952,935	44.8%
Ending Fund Balance	1,604,287	2,014,871	0	0	0.0%
<b>TOTAL REQUIREMENTS</b>	<b>26,336,620</b>	<b>34,530,324</b>	<b>46,831,417</b>	<b>37,977,590</b>	<b>-18.9%</b>

General Fund resources balance to requirements. The General Fund includes funds for adult and youth workforce programs, inclusive entrepreneurship, Reimagine Oregon, Social Equity and Education Development, Neighborhood Prosperity Network, and Venture Portland, among others.

Both major functions in the General Fund, Administrative Services and Economic Development, decrease this year. Some of the largest Economic Development reductions occur in grants to grantees (\$6.9 million reduction) and technical assistance (\$2.4 million reduction) from FY 23-24, which experienced a spike up from the prior year. Administrative Services decreases are driven by a \$3.7 million reduction in personnel as personnel costs are now charged directly to TIF districts (see p.10 in the Administrative Services section).

## OTHER FUNDS

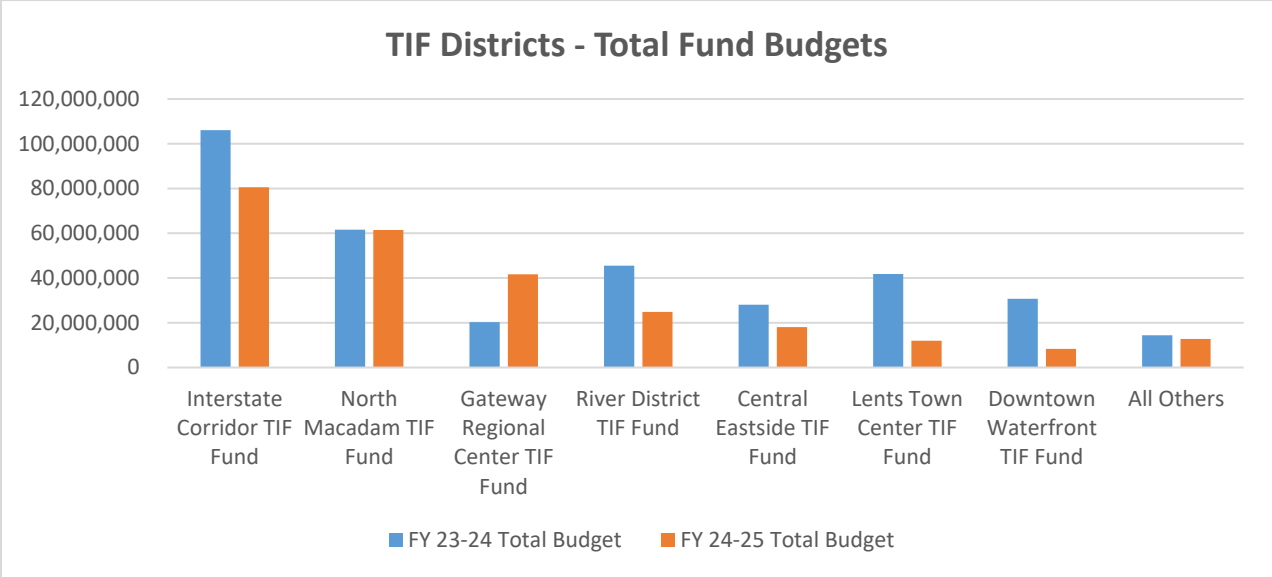
The remainder of the agency’s funds are mostly of two types: Tax Increment Financing (TIF) funds and economic development funds. This year adds the Portland Clean Energy Fund, to track revenues and expenditures relate to Clean Energy Tax revenue received by Prosper Portland.

### Tax Increment Financing Funds

Each TIF area has its own fund. The TIF fund budgets are shown in the following chart and table.

<b>Prosper Portland</b>					
<b>FY 2024-25 Approved Budget</b>					
Tax Increment Financing Funds					
	Beginning Fund Balance	Revenue	Expenses	Transfers Out	Contingency
Cully TIF Fund	26,550	1,284,529	885,966	305,054	120,059
Downtown Waterfront TIF Fund	8,301,613	20,846	63,872	8,089,032	169,555
North Macadam TIF Fund	40,218,818	21,239,481	16,826,572	306,425	44,325,302
River District TIF Fund	11,921,541	12,956,799	12,549,504	1,783,339	10,545,497
South Park Blocks TIF Fund	582,265	0	0	582,265	0
Convention Center TIF Fund	2,029,103	3,631,239	3,854,550	300,776	1,505,016
Central Eastside TIF Fund	15,447,409	2,582,867	14,241,166	646,709	3,142,401
Lents Town Center TIF Fund	11,828,093	154,922	10,460,969	850,497	671,549
Interstate Corridor TIF Fund	75,770,977	4,779,560	47,176,297	1,696,101	31,678,139
Gateway Regional Center TIF Fund	15,865,745	25,794,245	31,988,356	740,208	8,931,426
Airport Way TIF Fund	4,841,744	0	0	4,841,744	0
Willamette Industrial TIF Fund	354,276	29,228	18,960	24,558	339,986
<b>Totals</b>	<b>187,188,134</b>	<b>72,473,716</b>	<b>138,066,212</b>	<b>20,166,708</b>	<b>101,428,930</b>

TIF district budgets vary from year to year depending on planned projects and work. The largest budgets for the remaining TIF districts in FY 24-25 are Interstate Corridor, North Macadam, and Gateway Regional Center. These districts are actively working on projects with remaining funds. Property tax revenue for Interstate has substantially declined now that the district is closed. Once closed, a TIF district no longer receives property tax revenue but may continue spending down fund balance to finish projects. As mentioned in the budget overview, only three districts, North Macadam, Gateway and the City’s newest district, Cully, will continue to receive new tax increment proceeds in FY 24-25.



**Non-TIF Funds**

In addition to the General Fund and TIF Funds, Prosper Portland has 9 funds dedicated to specific economic development activities using non-TIF resources and an internal service fund. The internal service fund accounts for resources that are set aside for insurance policy deductible and other amounts not fully reimbursed from insurance proceeds. Combined FY 2024-25 budget for these ten funds is \$64 million. Expenditures are \$37 million, nearly double last year’s expenditures. The increase is almost all in the Strategic Investment Fund, which was first introduced conceptionally last year and was formerly the enterprise loans fund. The Strategic Investment Fund accounts for non-TIF revolving loan funds, including the small business loan program and other business and commercial lending programs. The increased revenue in this fund includes earned income from prior TIF District investments.

<b>Prosper Portland</b>					
<b>FY 2024-25 Approved Budget</b>					
Economic Development Funds & Internal Service					
	Beginning Fund Balance	Revenue	Expenses	Transfers Out	Contingency
Housing & Comm Dev. Contract Fu	0	2,165,820	2,165,820	0	0
Comm Op & Enhancements Fund	0	2,325,000	2,244,386	80,614	0
Affordable Comm Tenanting Fund	501,321	0	501,321	0	0
American Rescue Plan Act Fund	0	2,000,000	2,000,000	0	0
Other Federal Grants Fund	982,412	306,617	600,600	21,506	666,923
Clean Energy Fund	0	8,500,000	7,598,596	901,404	0
Enterprise Zone Fund	4,337,040	433,205	1,197,278	63,545	3,509,422
Strategic Investment Fund	26,070,886	7,403,295	20,362,704	139,683	12,971,794
Business Management Fund	8,768,253	328,611	442,019	619,434	8,035,411
Internal Service Fund	143,302	0	0	0	143,302
<b>Totals</b>	<b>40,803,214</b>	<b>23,462,548</b>	<b>37,112,724</b>	<b>1,826,186</b>	<b>25,326,852</b>



## DEBT STATUS

Prosper Portland typically does not issue debt. As noted above, debt backed by tax increment financing revenue is issued by the City of Portland. The FY 22-23 actuals does include one-time debt service of \$4 million dollars in the Downtown Waterfront TIF fund.

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did district meet publication requirements?
X		Do resources equal requirements in every fund?
X		Are contingencies shown only in operating funds?
X		Did budget committee approve the budget?
X		Does audit show the district was in compliance with budget law?

## LOCAL BUDGET LAW COMPLIANCE

The 2024-25 Approved Budget is in substantial compliance with local budget law. The district's budget estimates are reasonable for the purposes shown. The FY 2022-23 audit finds no budgetary noncompliance.

## CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2024-25 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.



# Prosper Portland

## Budget Summary

	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved	Change
<b>PROPERTY TAX BREAKDOWN:</b>					
<b>TOTAL PROPERTY TAX</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>RESOURCES:</b>					
Beginning Fund Balance	318,773,155	339,244,476	351,172,665	228,649,508	-34.9%
Intergovernmental Revenue	16,459,377	24,692,644	34,018,645	27,068,414	-20.4%
Fees and Charges	2,394,808	11,356,553	4,440,591	12,671,348	185.4%
Other Income	17,913,779	15,443,630	17,130,706	15,097,503	-11.9%
Debt Proceeds	65,130,284	56,887,187	66,149,279	52,710,359	-20.3%
Transfers In	17,012,401	22,862,572	86,332,247	25,708,070	-70.2%
<b>TOTAL RESOURCES</b>	<b>437,683,804</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>
<b>REQUIREMENTS BY FUNCTION:</b>					
Administrative Services	15,062,977	14,886,995	17,797,093	12,189,790	-31.5%
Housing	28,854,007	15,865,684	42,566,015	47,265,805	11.0%
Community Development	1,022,177	497,331	5,199,645	11,278,792	116.9%
Economic Development	36,487,766	61,140,537	181,565,924	137,754,028	-24.1%
Debt Service	0	4,061,276	0	0	0.0%
Transfers Out	17,012,401	22,862,574	86,332,247	25,708,070	-70.2%
Contingencies	0	0	225,783,209	127,708,717	-43.4%
Ending Fund Balance	339,244,475	351,172,665	0	0	0.0%
<b>TOTAL REQUIREMENTS BY FUNCTION</b>	<b>437,683,803</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>
<b>REQUIREMENTS BY OBJECT:</b>					
Personnel Services	15,340,263	16,615,298	19,738,977	21,006,850	6.4%
Materials & Services	61,805,847	56,040,806	170,135,664	162,767,597	-4.3%
Capital Outlay	4,280,817	19,734,443	54,387,737	24,713,968	-54.6%
Debt Service	0	4,061,276	0	0	0.0%
Fund Transfers	17,012,401	22,862,574	86,332,247	25,708,070	-70.2%
Contingencies	0	0	228,649,508	127,708,717	-44.1%
Ending Fund Balance	339,244,475	351,172,665	0	0	0.0%
<b>TOTAL REQUIREMENTS BY OBJECT</b>	<b>437,683,803</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>
<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	26,331,219	34,535,312	46,831,417	37,977,590	-18.9%
Housing & Comm Dev. Contract Fund	4,263,060	3,639,377	2,965,907	2,165,820	-27.0%
Comm Op & Enhancements Fund	1,456,045	2,564,205	3,013,986	2,325,000	-22.9%
Affordable Comm Tenanting Fund	493,064	501,321	501,321	501,321	0.0%
CARES Act Fund	1,304	0	0	0	0.0%
American Rescue Plan Act Fund	3,121,619	7,659,916	10,172,008	2,000,000	-80.3%
Other Federal Grants Fund	3,058,354	2,951,359	2,163,469	1,289,029	-40.4%
Clean Energy Fund	0	0	0	8,500,000	0.0%
Enterprise Zone Fund	5,602,706	5,951,665	5,796,780	4,770,245	-17.7%

Ambassador Program Fund	13,010	12,916	94,116	0	n/a
NPI TIF Fund	2,400,129	1,340,461	991,548	0	n/a
Cully TIF Fund	0	0	226,550	1,311,079	478.7%
Downtown Waterfront TIF Fund	40,103,826	38,383,160	37,802,230	8,322,459	-78.0%
North Macadam TIF Fund	55,521,631	49,901,097	74,506,728	61,458,299	-17.5%
River District TIF Fund	75,828,868	72,572,446	63,340,826	24,878,340	-60.7%
South Park Blocks TIF Fund	5,403,742	2,643,993	2,050,396	582,265	-71.6%
Convention Center TIF Fund	7,186,559	8,058,214	8,142,733	5,660,342	-30.5%
Central Eastside TIF Fund	41,670,041	39,473,828	37,429,558	18,030,276	-51.8%
Lents Town Center TIF Fund	36,620,410	48,744,452	48,654,779	11,983,015	-75.4%
Interstate Corridor TIF Fund	82,700,498	99,493,351	117,007,893	80,550,537	-31.2%
Gateway Regional Center TIF Fund	19,699,942	22,327,089	25,139,655	41,659,990	65.7%
Airport Way TIF Fund	5,963,643	5,742,878	5,488,093	4,841,744	-11.8%
Willamette Industrial TIF Fund	4,385,544	4,453,770	4,531,888	383,504	-91.5%
Strategic Investment Fund	5,141,051	8,695,493	52,620,660	33,474,181	-36.4%
Business Management Fund	10,576,596	10,697,457	9,628,290	9,096,864	-5.5%
Internal Service Fund	140,942	143,302	143,302	143,302	0.0%
<b>GRAND TOTAL ALL FUNDS</b>	<b>437,683,803</b>	<b>470,487,062</b>	<b>559,244,133</b>	<b>361,905,202</b>	<b>-35.3%</b>

#### **DETAIL OF GENERAL FUND**

##### **RESOURCES:**

Beginning Fund Balance	1,336,514	1,604,287	2,014,871	658,160	-67.3%
State Revenue	37,131	68,375	320,730	910,445	183.9%
Local Revenue	9,545,373	16,735,217	22,870,775	21,992,149	-3.8%
Fees and Charges	225,308	333,670	1,630,367	1,400,000	-14.1%
Other Income	130,492	414,040	495,009	50,000	-89.9%
Transfers In	15,056,401	15,379,723	19,499,665	12,966,836	-33.5%
<b>TOTAL FUND RESOURCES</b>	<b>26,331,219</b>	<b>34,535,312</b>	<b>46,831,417</b>	<b>37,977,590</b>	<b>-18.9%</b>

##### **REQUIREMENTS:**

Administrative Services	13,918,950	14,665,719	17,450,468	11,924,740	-31.7%
Community Development	140	0	0	0	0.0%
Economic Development	10,458,732	17,495,223	27,467,283	21,384,739	-22.1%
Transfers Out	349,110	359,499	1,255,506	3,715,176	195.9%
Contingencies	0	0	658,160	952,935	44.8%
Ending Fund Balance	1,604,287	2,014,871	0	0	0.0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>26,331,219</b>	<b>34,535,312</b>	<b>46,831,417</b>	<b>37,977,590</b>	<b>-18.9%</b>