PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7281

ADOPTING THE PROSPER PORTLAND TEN YEAR FINANCIAL SUSTAINABILITY PLAN

WHEREAS, on April 8, 2015, the Prosper Portland Board of Commissioners ("Board") directed staff to convene a Financial Sustainability Committee ("FSC") to provide advice on the development of a business plan to guide the agency's transition to long-term sustainability;

WHEREAS, Prosper Portland convened four FSC meetings and contracted with consultant HR&A Advisors to review best practices of other development finance agencies and consider new revenue from public, philanthropic, and private sources, which were evaluated based upon their potential impact and feasibility;

WHEREAS, in response to FSC recommendations, on June 8, 2016 the Prosper Portland Board through Resolution No. 7194 approved amendments to the Financial Investment Policy directing staff, and the Financial Investment Committee's review and recommendation of financial transactions to the Executive Director, to more strongly balance long-term financial return considerations with mission-driven public benefits;

WHEREAS, since 2016, Prosper Portland staff have developed a business plan with four main objectives: i) optimize both public benefits and financial return of the remaining tax increment funds and existing real estate assets; ii) secure additional public funding to support economic and community development programs; iii) partner with public agencies to deliver real estate development activities that achieve public priorities, and iv) seek additional revenue for capital and operations by leveraging core expertise;

WHEREAS, by delivering on the business plan, Prosper Portland can sustain its operations and continue to build an equitable economy for Portlanders; and

WHEREAS, the business plan is embedded within a broader Ten Year Financial Sustainability Plan that describes in greater detail how Prosper Portland can deliver on the business plan and meet its funding objectives.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board hereby adopts the Ten Year Financial Sustainability Plan hereto attached as Exhibit A; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

PROSPER PORTLAND

TEN YEAR FINANCIAL SUSTAINABILITY PLAN

JULY 2018

PROSPER PORTLAND

Building an Equitable Economy

EXECUTIVE SUMMARY

Despite a strong economy and a low unemployment rate, Portland faces persistent and growing economic disparities. Portlanders of color are twice as likely to live beneath the poverty line as those who are white. Middle-wage job growth stagnates even as low-wage and high-wage jobs increase. Rising property values cause lower-income households to move further from the city's core, often to neighborhoods lacking basic goods and services or access to employment.

With decades of experience bridging the public and private sectors, highly skilled staff, and a unique structure, Prosper Portland is singularly positioned to address these challenges. The City's urban development agency since 1958 and economic development agency since 1982, Prosper Portland's 2017 evolution from the Portland Development Commission reinforces nearly a decade of its transformation to support the promise of an inclusive and prosperous city.

PROSPER PORTLAND
Building an Equitable Economy

OVER THE PAST FIVE YEARS, THE AGENCY'S TRADED SECTOR ECONOMIC DEVELOPMENT WORK LED TO:

+15,391
NEW JOBS

1:7
LEVERAGE
Every dollar invested in Prosper Portland-sponsored neighborhood real estate projects leveraged $7 of private investment.

5,000
INDIVIDUALS
served through investments in youth and adult workforce development

54,000
HOUSEHOLDS
with access to new or improved amenities that are foundational for complete and healthy neighborhoods

1,025
SMALL BUSINESSES OWNED BY PEOPLE OF COLOR
received Prosper Portland loans, grants or technical assistance to facilitate their growth

Building an Equitable Economy

Today, Prosper Portland's leadership and staff embrace a fundamental commitment to building an equitable economy. To do so requires a clear vision and a comprehensive strategy for creating a city where prosperity is shared by Portlanders of all colors, incomes and neighborhoods. This vision and approach anchor Prosper Portland's 2015-2020 Strategic Plan and its five distinct objectives focused on jobs, neighborhoods, wealth creation, partnerships, and effective stewardship.

While Prosper Portland's 2020 Strategic Plan sets a course for fostering economic opportunity, its practices and funding must evolve in alignment with its financial context and new strategic objectives. **The agency's primary funding tool, tax increment financing (TIF), will decline precipitously as urban renewal areas (URAs) around the city sunset over the next 10 years.** Moreover, given its human- and business-centered challenges, Prosper Portland must develop and apply more flexible financial tools and programs.

FIGURE 1

A framework for the future

The Ten Year Financial Sustainability Plan creates a framework to guide the agency's financial and business practices from 2018 through 2027 in support of its strategic priorities. **The Plan proposes a new, multipronged approach that could fund an annual operating budget of $30 million. Implemented in phases, the approach allows Prosper Portland to replace TIF resources that otherwise will diminish as existing URAs expire.** Furthermore, these more flexible resources are better suited to help Portland's diverse businesses and residents thrive.

Components for revenue and operations

The Ten Year Plan employs four revenue and operational components, which are identified in **Figure 1**. Through responsible stewardship of assets, revenue creation, identification of alternative funding sources and bold financial commitments from civic leaders, Prosper Portland can sustain its work to build an equitable economy for Portlanders.

As modeled, the Plan could fund delivery of programs and initiatives with the following outcomes over the next 14 years:

- **13,700 new jobs** through cluster industry and business development programs;
- **17,700 workforce development participants** (13,000 participants of color);
- **$29.4 million** in leveraged non-public resources and **402,000 volunteer hours** supporting community partners; and
- Support for **4,400 businesses** through the Inclusive Business Resources Network and Prosperity Investment Program grants.

The Plan acknowledges risks within this approach—economic downturns, competing priorities, federal or state funding or legislative changes, portfolio management. Without new public resources and ability to optimize public and financial benefits, Prosper Portland's operating budget will likely be reduced to half of its current level; outcomes related to the reduction would decline accordingly.

Continued search for opportunities

The Plan encourages flexibility and envisions significant "course corrections." Mindful of identified risks and opportunities, the Plan outlines key bodies of work necessary to implement the new approach.

Prosper Portland must continue to:

- **look for opportunities to control costs** and balance public aspirations with finite staff capacity;
- **reshape investment programs, policies, and procedures** to ensure transaction decisions are made in the context of the entire portfolio and highest community priorities;
- **streamline standards for loan activity** while filling critical capital gaps;
- **implement an updated financial investment policy**, which includes limiting grants and infrastructure expenditures; and
- **pursue, secure and deliver on new capital** and operating funds.

With an era of transformative growth for Portland on the horizon, **the Ten Year Plan positions Prosper Portland to create economic growth and opportunity** with private and non-profit partners on behalf of the City of Portland.

HISTORY AND ACCOMPLISHMENTS

In character and practice Prosper Portland today is a fundamentally different organization than the urban renewal agency founded in 1958. Prosper Portland has built expertise in real estate development and its role as an economic development agency throughout the past decade of sustained focus and ongoing effort around economic opportunity and social equity. As it enters its 60th year, Prosper Portland is now a learning organization, committed to the future of Portland as a highly progressive and productive city with a diverse population and a robust economy where everyone, no matter who they are or where they came from, has a place to grow and prosper.

Prosper Portland has provided funding for the creation of public parks and recreational amenities throughout the city, including Dawson Park in north Portland, Gateway Urban Plaza in east Portland, and Caruthers Park in the South Waterfront.

1958

1958 - 1988

South Auditorium URA

Keller Auditorium

High-rise housing

I-405 freeway

Displaced a predominantly Jewish and Italian American neighborhood, relocating 1,573 residents and 289 businesses.

South Auditorium

1961

Memorial Coliseum

1966

Albina Neighborhood Improvement Program

1966

PSU URA

Model Cities Program

Park Blocks converted to pedestrian mall

1967

Emanuel Hospital URA

City and the Portland Development Commission condemned land in the early 1970s under urban renewal for an expansion of the hospital campus, displacing 171 families, 74 percent of whom were African American.

Hill Block

1970

Neighborhood Development Program in Boise-Humboldt, Elliot, Irvington, King/Sabin/Vernon, and Woodlawn. Capital improvements went toward home rehabilitation and smaller scale neighborhoods.

1974

Downtown Waterfront URA

Tom McCall Waterfront Park

Pioneer Courthouse Square

Pioneer Place

Projects included Old Town revitalization, including Mercy Corps, Yards at Union Station, Lan Su Chinese Garden, White Stag/UO, 38 Davis, Society Hotel

Pioneer Place

1980 - 1996

St. Johns URA

Formed to implement a housing development program but closed in 1996.

1985

South Park Blocks URA

Streetcar

Director Park

Museum Place

Affordable housing

1986

N/NE Enterprise Zone created

Director Park

1986

Central Eastside URA

Eastbank Esplanade

Burnside Bridgehead

RiverEast

1986

Airport Way URA

MAX Red Line

Danner/Lacrosse HQ

Cascade Station

FBI HQ

Created to increase the amount of industrial land in the Columbia River corridor. $7M in loans from Prosper Portland have leveraged more than $100M in private investment.

Eastbank Esplanade

Since 2000, Prosper Portland has contributed nearly $200 million to the development of transportation systems and infrastructure (MAX light rail, Portland Streetcar, the Portland Tram, Tilikum Crossing) that are the envy of cities nationwide.

Portland Streetcar

1998

River District URA / Pearl District

- Broadway Corridor
- Central City Streetcar
- Brewery Blocks
- Union Station
- MAX Green Line
- Vestas HQ
- Nines Hotel
- Bud Clark Commons

Over a 20-year period, Prosper Portland invested more than $100 million in the district, leveraging more than $2 billion in private investment.

1989

Oregon Convention Center URA

- Convention Center
- Eastside Streetcar
- Lloyd EcoDistrict
- Hassalo on Eighth

Oregon Convention Center

2000

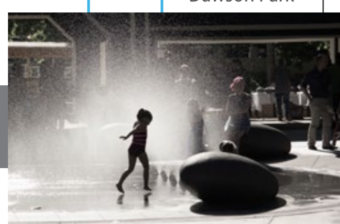
Interstate Corridor URA

- Killingsworth Station
- MAX Yellow Line
- Dawson Park
- Downtown Kenton/Vanport
- Home Repair Program
- June Key Delta House
- Daimler HQ

2001

Adidas North American HQ opens; focus on international recruitment & business retention

Dawson Park



2009

City Council creates **Portland Housing Bureau** (PHB). PHB receives more than XX annually from Prosper Portland to increase the supply of affordable housing.

Five-Year Economic Development Strategy focuses on growing businesses, training workers, funding innovation, and developing catalytic projects.

2011

Neighborhood Economic Development (NED) Strategy leads to creation of Neighborhood Prosperity Initiative districts, use of an equity lens, new practices that emphasized diversity, equity and inclusion in encouraging growth and opportunity for a broader swath of the community.


Portland Mercado

2018

1997

Storefront Improvement Program

1991

North Macadam URA/ South Waterfront

- OHSU
- MAX Orange Line
- Tilikum Crossing
- Tram
- PSU Accelerator
- Central District Housing
- Riverplace

1998

Lents Town Center URA

- Zenger Farm
- Portland Mercado
- Earl Boyles Park
- Lents Commons
- Portland YouthBuilders

2007

Business & Workforce Equity Policy: Board adopted policy to ensure construction and contracting investments provided equitable opportunities for contractors and workers.

2001

Gateway Regional Center URA

- Streetscape improvements
- Oregon Clinic

2013-15

Equity Policy and Equity Council call for an increase in equitable outcomes in all external and internal Prosper Portland work and initiatives to become an anti-racist organization.

2015

City Council and Prosper Portland Board adopt 2015-2020 Strategic Plan focused on building an equitable economy.

2017

Agency becomes **Prosper Portland**, reflecting new practices and priorities.

PROSPER PORTLAND
Building an Equitable Economy

NEW AGENGY PRIORITIES

Prosper Portland's 2020 Strategic Plan calls for a significant course change for the agency. This plan focuses on building an equitable economy, especially with communities of color and those who have not benefited from economic growth. Pursuit of this mission in today's economic environment requires different business practices and funding models to address the city's most pressing needs.

The Ten Year Financial Sustainability Plan creates a framework of business practices in order to support the City of Portland's economic and community development priorities into the future. This section explores those key priorities, describes recent actions taken, and explores major areas of focus in order to contextualize the financial requirements needed to enable Prosper Portland to sustain operational capacity through anticipated and unforeseen financial challenges.

2020 Strategic Plan

Over the next 20 years, Portland will experience unprecedented growth and transform into a global economic center. The city expects to add up to 260,000 new residents and 142,000 jobs. While Portland's growth is relatively certain, how this impending transformation occurs and, more importantly, who benefits, remains less clear. This new era will demand an approach to development, both physical and economic, that serves the city and its residents more broadly.

Although Portland continues to compete and thrive in the global economy, the city faces serious challenges that undermine Portlanders' ability to participate in the gains from economic growth. Among those challenges are insufficient job growth to meet the needs of the city's growing population; the consequences of a long history of explicit institutional racism, including wide disparities in employment, income, and wealth between white communities and communities of color in Multnomah County; and lack of affordability in close-in neighborhoods, resulting in gentrification, displacement, and concentrations of poverty in north, northeast, and increasingly, east Portland.

Addressing these challenges will require new tools and innovative ideas, using an agency with the proven track record of success, singular structure, and organizational capacity to effect such change: Prosper Portland.

Propelled by the growing disparity between those who have benefited from economic growth and the diverse communities who have not, City Council and Prosper Portland's Board of Commissioners adopted the 2015-2020 Strategic Plan in May 2015. The Strategic Plan represents a new model that intentionally focuses the gains from physical and economic growth to address growing gaps within the city and to ensure that all communities realize equitable benefits.

Prosper Portland's mission is to create economic growth and opportunity.

Its vision is that Portland is one of the most globally competitive, equitable, and healthy cities in the world.

Prosper Portland stimulates job creation, encourages broad economic prosperity, and fosters great places on behalf of the City of Portland.

It seeks to be a workplace of choice with passionate staff excelling in an open and empowering environment and sharing a commitment to the agency's collective success.

+260,000
NEW RESIDENTS
OVER THE NEXT 20 YEARS

+142,000
NEW JOBS
OVER THE NEXT 20 YEARS

The 2020 Strategic Plan identifies the following goals and ambitions: to more deeply integrate Prosper Portland's job creation, urban development, and economic opportunity work to realize benefits for all Portlanders, especially communities or color and those historically underserved, and to do so through a focus on healthy, complete neighborhoods, access to employment, and equitable wealth creation, supported by innovative partnerships and a transformed agency culture.

Public Benefits & Outcomes

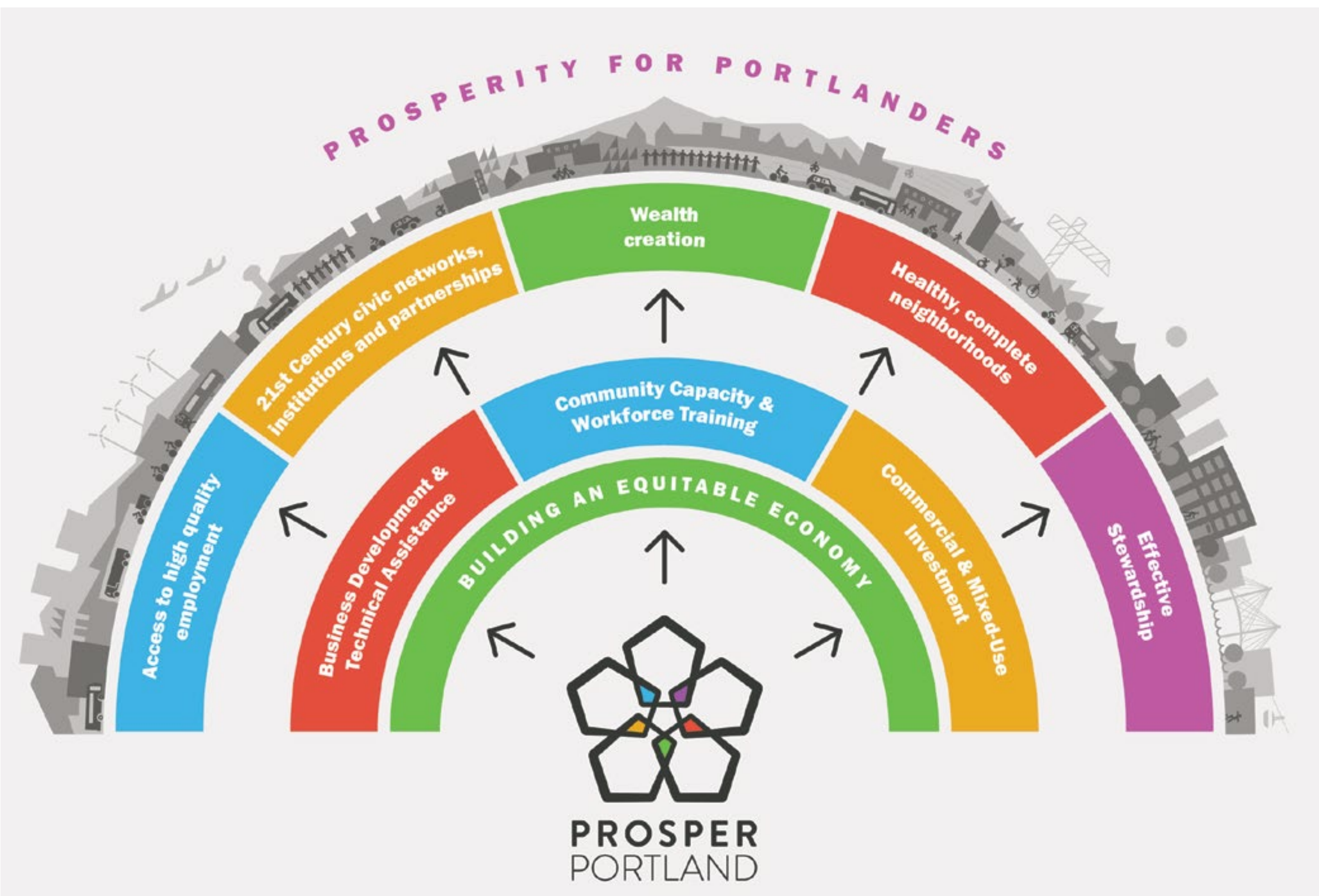
Prosper Portland's 2020 Strategic Plan establishes a range of metrics to measure the agency's progress in meeting its goals.

Ultimately, the success of the Ten Year Financial Sustainability Plan should be measured by the same standard. Establishing a secure, sustainable funding base must be in service to the goals of the Strategic Plan.

Outcomes of Prosper Portland's five-year track record from fiscal year 2011-12 to 2016-17 can be found in the appendix of this plan. Accomplishments are measured against such markers as job growth, numbers of businesses assisted, service to populations of color, investment capital for early-stage companies, export levels, unemployment rates and new business licenses.

In FY 2015-16 alone, Prosper Portland had the following impact:

- **$29 million** in financial assistance attracted more than **$260 million** in private resources and supported the creation or retention of **1,100** jobs
- Business loans generated a **2:1 leverage** ratio with private investment
- Storefront improvement grants generated a **5:1 ratio** with private investment
- Enterprise Zone enrollment drew **$251 million** in private investment and created **400** new jobs
- **1,082** adults received workforce assistance (**65%** people of color)
- **1,106** jobs were created or retained via business recruitment/expansion
- Use of DMWESB subcontractors on Prosper Portland-owned or -sponsored projects totaled **$13,088,804**



Two years into implementation of the 2020 Strategic Plan—and with a track record in collaborative efforts to drive job creation, neighborhood economic development and opportunities for prosperity that began with the 2009 Economic Development Strategy and evolved through implementation of the 2011 Neighborhood Economic Development Strategy—Prosper Portland must continue to expand activities and organizational capacity in the programmatic areas described below.

GROWING FAMILY WAGE JOBS FOR ALL PORTLANDERS

To realize shared prosperity, the city must spur economic growth that provides job opportunities for Portland residents across all geographic and cultural communities. Given long-term economic trends, this requires the city to embrace its trade, technology, innovation, and talent assets in a way that benefits all Portlanders and to pursue more holistic solutions.

Quality business retention, expansion and recruitment work begins with strategic approaches to each of the city's traded sector industry clusters. Prosper Portland has helped the city realize more than 11,000 jobs over the past five years and strengthened a longstanding partnership with Worksystems Inc. to connect historically underserved residents with such quality employment opportunities.

Business Competitiveness and Expansion

Prosper Portland business assistance has advanced a thriving entrepreneurial ecosystem as well as robust industry growth across key clusters like athletic and outdoor, advanced manufacturing, software, and green cities. These industries employ 48,000 Portlanders and include such emerging stars as Keen, AWS Elemental and Puppet, powerhouse companies such as Nike and Intel, minority or women-owned growth companies like IOTAS and Wild Fang, and green building stalwarts like ZGF Architects and Gerding Edlen Development.

Initiatives to support industry competitiveness and inclusion include the tech industry's formal commitment to increase its diversity through the TechTown Portland Diversity Pledge. To date 22 companies, employing 2,300 individuals locally, have taken the Diversity Pledge. Of the companies' new hires in 2016 and 2017, 46 percent are female, 22 percent identify as a person of color, and 13 percent identify as LGBTQ.

Prosper Portland administers the state's Enterprise Zone (E-Zone) program for the City of Portland, a tool that encourages industrial sector businesses to grow in Portland and has led to significant private investment, job creation and community benefits. While receiving tax abatement for new capital investments in their operations tied to jobs and other community benefit performance, E-Zone beneficiary companies pay 15% of the value of their tax abatement into a Business Development and Workforce Training Fund. These resources support local job training and financial assistance to area small businesses. City Council supported 2017 amendments to the E-Zone policy that will require participating companies to commit to innovative public benefit agreements that set a higher bar than baseline state requirements.

Prosper Portland worked with City Council to expand the E-Zone program to include East Portland commercial areas.
From 2011-2016:

$800M
IN PRIVATE INVESTMENT

2,300
FULL-TIME QUALITY JOBS CREATED/RETAINED

Skills Development and Access to Employment

Prosper Portland invests significant resources in workforce development on behalf of the City of Portland. The agency funds the Economic Opportunity Program, partnering with Worksystems, Inc. to provide vocational case management, work experience opportunities, on-the-job training, workforce navigators, and occupational training to approximately 1,500 youth and adult recipients annually. In fiscal year 2016-17, 77 percent of those recipients were people of color.

Ensuring access to quality employment opportunities and job growth will require Prosper Portland to continue to strengthen ties between traded cluster companies and historically disconnected communities through public benefit agreements and other key initiatives while executing a targeted international trade strategy that leverages Portland's unique assets.

ADVANCING OPPORTUNITIES FOR PROSPERITY

Multigenerational wealth created from property and business ownership drives much of the wealth disparity between white populations and communities of color. Even gains in employment and income show little progress in erasing this disparity. Historically, small business development efforts have been used to provide disconnected populations with opportunities


First cohort of the Increase Project, a small business program.

for ownership and wealth creation, but too often these entrepreneurs are in low-growth fields with significant obstacles to success and little upside.

Recently revamped Prosper Portland programs focus on supporting small businesses and entrepreneurs of color through a network of technical support providers and improved access to capital. Critical future and long-term priorities include significantly increasing access to capital for growing firms across a variety of industries; supporting long-time property owners seeking to leverage wealth through redevelopment of their vacant or underutilized properties; expanding the volume of service both directly and through technical assistance partners to small business owners and long-term property owners; and supporting the growth of a more robust and diversified pool of developers to partner with longtime property owners.

Inclusive Business and Entrepreneurship Development

As the largest funder of small business technical assistance in the city, in 2017, Prosper Portland invested more than $2.5 million in the Inclusive Business Resource Network (IBRN). A new approach to catalyzing the success of low-income and underrepresented business owners and entrepreneurs, IBRN provides intense support services for 1,000 underrepresented entrepreneurs and small businesses and offers short-term support services to an additional 1,000 per year through 11 culturally specific and technical service providers.

The Mercatus directory and online platform complements the support for entrepreneurs of color by highlighting Portland's diverse businesses and connecting them with market opportunities both within the city and beyond. This growing virtual network and related programming, including the recent My People's Market for Mercatus vendors, allows business owners and entrepreneurs to share stories, experiences, and best practices to achieve growth.

Access to Capital

Accessing capital presents a challenge for most entrepreneurs, and even more so for business owners of color and women. Prosper Portland is committed to expanding access to funding across the capital continuum, from seed funding for new entrepreneurial ventures to loans for established businesses. Loans made for working capital, tenant improvements, and equipment purchases, as well as for property development, acquisition, and rehabilitation, are designed to provide the gap financing necessary when traditional bank channels are not sufficient or available.

The success of the Startup PDX Challenge and the Seed Fund initiatives prompted the creation of the Inclusive Startup Fund, which provides capital, cultivates high-growth entrepreneurs from underrepresented populations and provides wealth creation opportunities for Portlanders of color and within low-income neighborhoods. In its first year, more than 60 percent of the companies receiving Inclusive Startup Fund investments were led by founders of color; 50 percent had a black and/or Latino/a founder; collectively they employed 198 individuals; 68 percent of those jobs were held by people of color and/or women.

The 2015-16 class of the Startup PDX Challenge.

The Startup PDX Challenge and Portland Seed Fund, recognized regionally and nationally, are among Prosper Portland's most effective inclusive entrepreneurship initiatives. The Challenge connected startups to entrepreneurial resources, helped launch more than a dozen small businesses— many founded by people of color—and inspired initiatives to continue building a culture of equity. Prosper Portland's Seed Fund investment of $1.5 million resulted in:

$8.5M
LEVERAGED
IN FOLLOW-ON INVESTMENT

46
COMPANIES
GRADUATED

350
NEW JOBS
CREATED

$53M
ATTRACTED
IN OUTSIDE CAPITAL

4
COMPANIES
EXITED THROUGH ACQUISITIONS

Targeted Small Developer and Property Owner Programs

Prosper Portland supports property ownership and real estate projects that build wealth in historically underserved neighborhoods and communities of color. In addition to work in traditional urban renewal areas, investments made through the Neighborhood Prosperity Initiative (NPI) Opportunity Fund provide needed capital to businesses and organizations creating community benefits that are not able to access conventional debt without gap financing. With this tool, communities purchased a blighted property for redevelopment in the Cully neighborhood, and property to create affordable commercial spaces for Our 42nd Avenue business owners.

Building on past capacity-building work with a cohort of longtime property owners, Prosper Portland will continue to work with multiple property owners in North/Northeast and East Portland to develop their underutilized and underdeveloped commercial and residential properties through technical assistance and grant and loan funding. Prosper Portland's mixed success at creating development opportunities for longtime neighborhood property owners has revealed that greater programmatic support must be provided not only to property owners but also to emerging developers who would have the capacity to realize the development potential of neighborhood properties.

COLLABORATING WITH PARTNERS FOR AN EQUITABLE CITY

Prosper Portland alone cannot address the complex challenge of disparate wealth and income distribution. These challenges require a new form of governance that leverages the strengths of public, private, and not-for-profit institutions through ad hoc networks that form to design, execute, and finance new solutions that address market and system failures.

Recently, the agency has built on its expertise and history as a convener of public, private and community interests and, in particular, as a nexus between the private sector and public priorities and benefits. In this capacity, Prosper Portland is well positioned to play a lead role in organizing the civic networks required to address a community's most complex and pressing economic issues.

Building Capacity to Deliver Community and Economic Development Priorities

In 2011 Prosper Portland and the City of Portland began intentional investments in building local capacity to support community-driven economic growth. The Neighborhood Prosperity Initiative (NPI) and Main Street Network focused this work at the grassroots level, providing staff support, funding and training. Between 2011 and 2016 the districts collectively secured more than $2.7 million in investment by the private and philanthropic sectors to support district operations; generated 137,000 volunteer hours to support district activities; established 150 new businesses; and created more than 1,000 jobs.

In 2015, Prosper Portland piloted the Community Workforce Navigator Program in Our 42nd Avenue and Cully Blvd Alliance NPI districts and has seen that this hands-on, community-based approach to workforce training and career counseling better connects services to communities of color - including immigrants and refugees.

A second Navigator Program is now serving clients in the Jade District and Division Midway Alliance. Nearly 800 people – 70% people of color – have registered for the program, a number expected to increase with the program's expansion.

800
PEOPLE REGISTERED

70%
PEOPLE OF COLOR

Reliable institutional capacity in neighborhood partners is vital to community economic development, as demonstrated by the increasing effectiveness of the NPIs only five years into their existence. Prosper Portland will continue to invest in capacity building for NPIs and legacy community organizations, as well as for organizations within traditional URAs. Future and ongoing success will require the ability to scale public, nonprofit, and private partnerships and networks required to effect even greater impact across multiple communities.

Our 42nd Ave., a Neighborhood Prosperity Initiative District

CREATING HEALTHY NEIGHBORHOODS AND COMMUNITIES

Neighborhoods can be places where businesses form and jobs are created, residents have ready access to basic public services and housing across income levels, and the built environment serves to reduce carbon.

Portland Mercado

However, the quality of opportunity and place in Portland's neighborhoods varies widely, with particular long-standing deficiencies in East Portland.

A new paradigm has emerged to direct urban development and place-making activities that meet community objectives. This paradigm relies upon a community-centered approach to ensure that investments address the unique conditions of each neighborhood and that the benefits of increased investment flow to those communities. Prosper Portland recognizes that physical improvements and commercial investment can increase an area's attractiveness to new residents while unintentionally creating affordability issues for low-income and longtime residents and business owners.

Prosper Portland will continue to focus on implementing community-centered development that mitigates displacement pressures and generates a higher level of economic integration. This approach will require new and innovative civic solutions, such as scaling the agency's current efforts in commercial affordability or formalizing the use of community benefit agreements in projects with significant investment and public benefit potential.

Catalytic Commercial and Mixed Use Projects

Prosper Portland has a strong track record of community-based development, including the agency's recent investments in the Lents Town Center Urban Renewal Area.

Completed in 2015, the Portland Mercado on SE Foster Road brings together diverse cultures through healthy food, art and entertainment and houses 20 permanent businesses and 20 more in an incubator kitchen. Prosper Portland provided extensive predevelopment assistance, a redevelopment loan, and a long-term land lease to support the development of the Portland Mercado market and community facility.

More recently, Prosper Portland has supported the development of four new projects in the Lents Town Center which together provide an economically integrated housing approach and affordable commercial space to help ensure a diversity of businesses continue to thrive within the Lents community.

- **Lents Commons** is a mixed use, mixed income project with 54 units of housing and approximately 7,500 square feet of affordable retail space.
- **Oliver Station** includes two buildings between SE Foster and SE Woodstock; combined, the buildings provide 126 affordable apartments and 19 market rate apartments and approximately 29,000 square feet of commercial space with a portion of that space preserved as affordable for local businesses.
- **The Asian Health and Service Center** is the organization's new headquarters at SE Foster and SE 91st Avenue that will house the Center's office, community and clinic services, and event space.
- **Woody Guthrie Place** is a mixed income apartment building on SE 91st and Reedway Street that will add 64 units, including 13 affordable units and 50 workforce housing units.

Public Benefit Agreements and Affordable Commercial Space

Groundbreaking for the Asian Health and Service Center

Collaboration with community organizations and the private sector is central to creating vibrant, prosperous and inclusive neighborhoods. As in the mixed income residential examples above, the agency is prioritizing intensive interventions in the most promising small businesses and in commercial retail space to maintain affordability and ensure business stability through changing market demographics. New efforts around an affordable commercial tenanting program can create and maintain commercial affordability for longtime businesses and businesses owned by people of color, women, and those from low-income communities.

Through this program, Prosper Portland can offer support to qualified businesses in the form of access to publicly and privately managed commercial space, technical assistance, and capital both directly and through innovative partnerships with organizations like MESO and the Inclusive Startup Fund. Prosper Portland aims to lower barriers to entry for qualified businesses to enter into commercial space and to support businesses through gap financing as they stabilize to market conditions and are better positioned to remain in their communities.

Community and public benefit agreements will increasingly become a standard for much of Prosper Portland's urban development work. These agreements include measures that mitigate community impacts of redevelopment, ensure workforce hiring opportunities benefit Portland's communities of color, and generate commercial affordability for neighborhood businesses in exchange for public investment. Today, the agency holds community benefit agreements with developers and major employers through both property disposition and tax benefit-based agreements, respectively – on projects like Alberta Commons, Salt and Straw's expansion, and Jaguar Land Rover's innovation incubator.

Engagement in a New Era

To deliver on its Strategic Plan, Prosper Portland undertook an initiative in 2016 to evaluate and improve the agency's communication and engagement strategies.

To establish an understanding of community and partner priorities, consultants engaged focus groups with businesses and residents of color, and conducted online surveys, individual conversations and hundreds of phone surveys. Portlanders assigned top priority to Prosper Portland's support of the creation and retention of family-wage jobs and assistance to small businesses in Portland neighborhoods. Closely following in importance were Prosper Portland's support for minority- and women-owned businesses, creation of workforce and job training programs, and support for major employers.

Third-party research also revealed skepticism about Prosper Portland's strategic direction and perceptions that the agency was failing to address the impacts of displacement and gentrification and responsive only to the most influential voices. Many of those interviewed were unfamiliar with the agency and its work.

Acting on these findings, staff and partners developed an engagement plan that recognized the need to both work and talk about the work differently in the community. This required a significant shift in agency culture. Priorities are to: move outside current circles of influence and build stronger relationships with communities of color, women-owned businesses, and low-income neighborhoods; hire more people of color in needed disciplines; implement strategic operational change that is authentic, transparent, and clear; build a framework for communicating that resonates with more people; and shift the way Prosper Portland engages with the public to foster and build upon meaningful relationships.

PROSPER
PORTLAND

Building an Equitable Economy

On May 10, 2017, the Prosper Portland Board approved this engagement approach and a new name for the agency: Prosper Portland. The new name reinforced the shift in priorities begun with the Neighborhood Economic Development Strategy in 2011 and the 2015-2020 Strategic Plan, and acknowledged the organization's fundamental change since its inception in 1958.

A community meeting to gather input and engage stakeholders.

Strategic Advantage

Prosper Portland's institutional capacity to lead change is unrivaled among city agencies. This expertise and capacity is the key to delivering on the city's long-term commitment to economic growth and community development that encompasses broader long-term City priorities and goals. The agency is guided by these long-term goals while working in five-year implementation increments to better reflect private market trends and changing community needs. The agency is also uniquely positioned given its distinct charter, per City Council direction, which allows the agency a wide range of tools with which to leverage private partnership, activity, and investment towards publicly desired outcomes.

The agency's responsiveness, nimbleness, deep expertise, passion, focus on collaboration, and sense urgency are its defining characteristics. Prosper Portland staff are experienced in bridging business needs with public policy objectives. The agency has a history of helping businesses and communities navigate bureaucracy to accomplish their desired outcomes. Development and loan agreements, the agency's primary redevelopment tools, are effective largely because Prosper Portland has served as a reliable public partner to communities and private partners for decades and across changing political administrations.

The agency has the unique capacity within its staff and IT systems to underwrite loans based on community priorities and to provide access to capital in a manner that is distinctly different from the private lending institutions. The agency has a legal ability to acquire and dispose of properties on behalf of the City, to pursue place-based development transactions, and has a culture of building relationships rooted in the community that is distinct from active private and nonprofit development entities.

In many cases, this work is fundamentally about tackling systemic change. TIF has enabled the agency to take a long-term view of its work and make multi-year commitments that provide comfort to community and private partners as well. A new business model for the agency cannot simply transition the agency into a City bureau dependent on annual appropriations to fund its work. The agency must pursue new recurring revenues to maintain its long-view perspective as well as predictability for community partners, always in accordance with its 2015-2020 Strategic Plan and the goal of widely shared prosperity among all Portland residents.

Khadro Abdi, founder of Alleamin Products, found support for her business through a program funded by Prosper Portland

FINANCIAL CONTEXT

Prosper Portland's portfolio of services today includes a suite of tools and programs to support community development and foster economic opportunity in Portland. However, at a time when the agency demonstrates results in addressing the city's most pressing economic disparities, Prosper Portland faces a sustained and precipitous decline in its traditional resource base. Moreover, the agency must develop and apply a new array of more flexible financial sources and tools to support inclusive economic growth throughout the city. The changing financial context thus provides an opportunity to pursue new business practices in line with Prosper Portland's strategic priorities.

Impact and Stewardship of Tax Increment Financing (TIF)

Charged with implementing the vision and goals of the City relating to urban renewal since 1958[1], Tax Increment Financing (TIF), a property tax-based funding tool available to support capital improvements within Urban Renewal Areas (URAs), has served as the primary source of funding for Prosper Portland projects and operations. Of the seventeen active URAs today, twelve areas—including the six Neighborhood Prosperity Network districts—will be able to issue new debt resources into the early 2020s[2]. A December 2012 audit by the City Auditor confirmed that URAs experienced higher job and wage growth than communities outside URAs, and most URAs attracted more investment than areas outside URAs[3].

The **Airport Way Urban Renewal Area** exemplifies the successful implementation of TIF. Created in 1986, this URA invested $72 million in tax increment debt proceeds that helped attract job-generating investment in the hundreds of millions of dollars and is home to standout companies in advanced manufacturing, food processing, transportation, and athletic and outdoor industries.

Today, total taxable assessed value within the area is $1.3 billion, growing more than $1.15 billion since 1986 **(Figure 2)**. Of this value the amount used to pay tax increment debt is limited to $125 million while the balance of the value has generated more than $59 million in property tax revenue to taxing jurisdictions since 1998 (the first year of Measure 50). The district will expire in 2021 with the remaining $125 million in value going back to overlapping jurisdictions.

AIRPORT WAY ASSESSED VALUE
(IN MILLIONS)

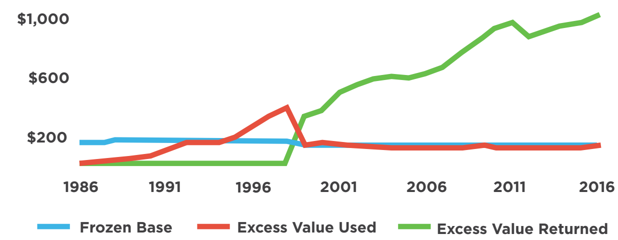
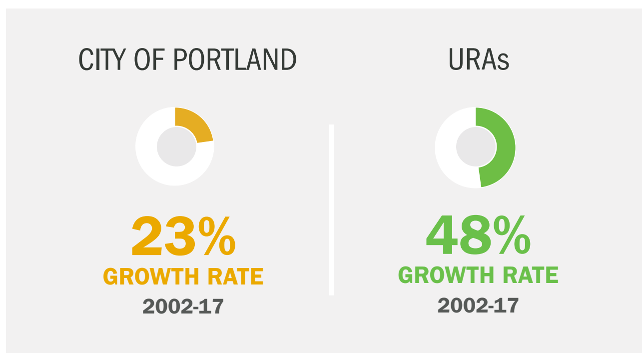


FIGURE 2

Citywide, from 2002 through 2017, total assessed value almost doubled (from $5.8 billion to $11.2 billion) in the eight URAs in existence throughout the fifteen-year period. This compares growth rate significantly exceeds the overall assessed value growth in the City of Portland of 23 percent (from $50.4 billion to $62.1 billion) during the same period. As of 2017, a total of $6.5 billion in value is being used to generate tax increment for the sixteen districts that continue to collect tax increment while $2.9 billion in value has been returned to taxing jurisdictions. The $6.5 billion currently used will be returned to taxing jurisdictions beginning in 2021 as URAs retire outstanding debt.



Declining TIF Resources

Roughly 90 percent of Prosper Portland's forecasted[4] financial resources over the next five years will come from urban renewal-based TIF and property and loan assets

1 "Under Portland City Code (PCC), Chapter 15, PDC (now Prosper Portland) is chartered to "advance social equity and involve the constituencies of the City to create, maintain, and promote a diverse, sustainable community in which economic prosperity, and employment opportunities are made available to all [Portland] residents." PDC is Portland's only public agency assigned the dual responsibility of overseeing implementation of the City's economic development strategies and managing the investment of urban renewal resources under ORS Chapter 457.

2 The City of Portland has created 21 URAs since Prosper Portland's formation. The URAs that have retired are South Auditorium; St. Johns Riverfront, Northwest Front Avenue Industrial URA, and the Education URA. Seventeen areas remain active, including the six smaller districts included in the Neighborhood Prosperity Network: Airport Way, Central Eastside*, Convention Center, Downtown Waterfront, Gateway*, Interstate Corridor*, Lents Town Center*, NPI (6)*, North Macadam*, River District*, South Park Blocks. The twelve districts with * are still able to issue new debt in 2018.

3 Source: City of Portland Auditor Report: "Portland Development Commission: Indicators in Urban Renewal Aras suggest economic progress." December, 2012. Auditor examined historical data in five URAs, focusing on economic indicators of jobs, wages, and real estate values. Methodology measures five URAs to three control areas and the city overall. The report concluded that compared other areas of the city and to the city as a whole, employment, average wages and real estate values in the URAs have grown during the study period (1996 through 2010). In the URAs studied, the number of private sector jobs increased by 18 percent and wages by 29 percent. This compares to job losses city-wide of 10 percent and 7 percent in the control areas. Real estate values in the URAs also increased almost twice as much as other parts of the city.

4 Forecast includes known or existing sources.

FIVE-YEAR RESOURCE FORECAST
(EXCLUDES RESOURCES FOR HOUSING SET ASIDE AND REPAYMENT OF RIVER DISTRICT INTERIM FINANCING)

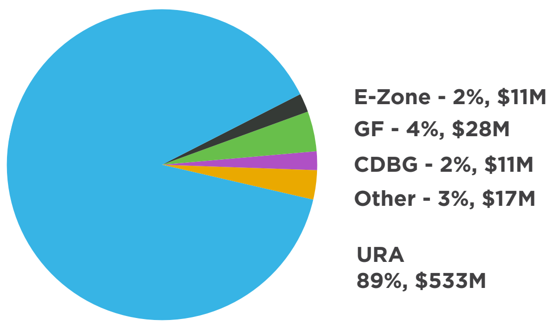


FIGURE 3

NEW TIF RESOURCES
NOMINAL DOLLARS IN MILLIONS

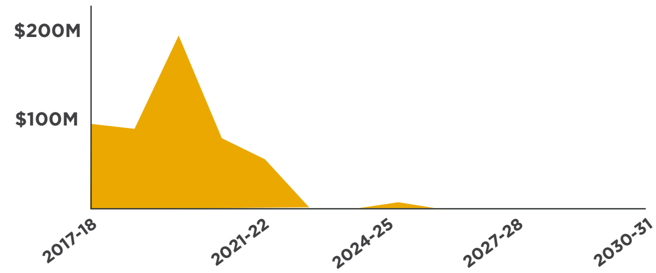


FIGURE 4

within URAs **(figure 3)**. TIF effectively supports capital improvements within URAs that advance community plans and goals. The other ten percent of Prosper Portland's financial resources comes from City general funds, federal grants, administration of Enterprise Zones and loan repayments from non-TIF resources. Together, these funds are forecast to provide more than $580 million in resources through 2022 to achieve goals and priorities identified in the 2020 Strategic Plan. These resources support an operating budget of $30 million per year with approximately $10 million of that budget focused specifically on delivery of citywide economic development programs outside of urban renewal areas.

Multiple URAs will reach "maximum indebtedness" or expire over the next five years and will not be able to issue new debt[5]. By 2022, the agency will be able to issue debt on only one URA, North Macadam, which reaches maximum indebtedness in 2024. As a result, as shown in **Figure 4**, Prosper Portland is projected to deplete its TIF-supported resource base, at its current rate of expenditures, by 2030.

Creating one or more new URAs alone cannot reverse this trend. Any resources that can be raised to support Prosper Portland's activities within a new URA will be lower than the City has historically experienced as a result of i) lower assessed value per acre for areas under consideration in comparison with existing/expiring central city areas, ii) recent statewide changes such as revenue sharing[6], and iii) the Affordable Housing Set Aside policy.

TOTAL REMAINING URA INVESTMENTS
NET OF HOUSING IN MILLIONS

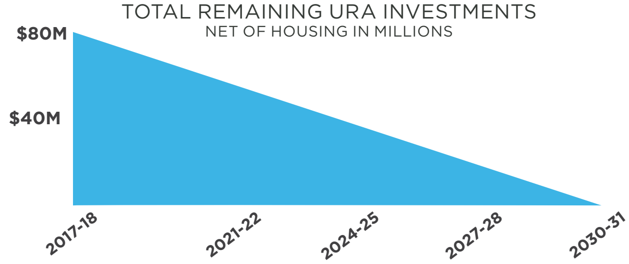


FIGURE 5

Accordingly, even with the potential creation of new districts, over the next ten years Prosper Portland faces a dramatic decline in new TIF, jeopardizing its ability to promote economic growth and opportunity for Portland businesses and residents.

PERSONNEL AND ADMINISTRATIVE REDUCTIONS

In preparation for the forecast reduction in tax increment financing, Prosper Portland began a series of cost reductions beginning in 2010 to decrease operating expenditures related to personnel and administrative costs. The reductions resulted in two personnel reductions in force and ongoing reductions where possible to administrative materials and services budgets. The reductions were accomplished through a series of realignments that focused on identification of efficiencies and focusing work on Strategic Plan priorities. **Table 1** illustrates the trend in the personnel and materials and services budget over time.

-29%
REDUCTION
IN OPERATING BUDGET
FY2010/11 - FY16/17

While personnel and administrative costs have decreased significantly over time, Prosper Portland will continue to face inflationary and structural cost increases including cost of living adjustments, health benefits and rates increases due to PERS unfunded liabilities.

Even though Prosper Portland faces the reality of declining new TIF resources, it will continue to function as the City's urban renewal agency for another decade, with expected TIF investments through 2031, as shown in **Figure 5**. Should City Council at some point in the future elect to dedicate a significant share of general fund resources to Prosper Portland, it would be reasonable to discuss whether the agency should become part of the City's bureau structure.

5 TIF resources are generated by issuing debt backed by projected growth in property tax revenues within each area.

6 In 2009, the Oregon Legislature passed HB 3056, which enacted what is known as "revenue sharing." Revenue sharing returns tax increment to overlapping taxing jurisdictions when growth of tax increment reaches certain levels in relation to the area's maximum indebtedness. Twenty-five percent of additional tax increment is returned when an area's incremental TIF reaches 3% of the established maximum indebtedness. One hundred percent of additional incremental TIF is returned when the area's tax increment reaches 10% of maximum indebtedness.

PERSONNEL AND ADMINISTRATIVE BUDGET[7]

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Actual
Positions	161	138	135	123	95	95	87
Salaries and Benefits	17,436,992	14,500,221	14,782,565	12,999,763	11,295,447	11,857,117	11,008,669
Total Salaries/Benefits	***17,437,152***	***14,500,359***	***14,782,700***	***12,999,886***	***11,295,542***	***11,857,212***	***11,008,756***
PERS Pension Obligation Bond Payments + Administrative Materials and Services	5,018,298	4,836,445	4,801,279	4,763,059	4,800,714	5,504,708	4,916,700
Grand Total	***22,455,450***	***19,336,804***	***19,583,979***	***17,762,945***	***16,096,256***	***17,361,920***	***15,925,456***

TABLE 1

Institutional Assets and Capacity

Responsible for developing a variety of public/private partnerships on behalf of the City of Portland, Prosper Portland maintains both financial and institutional capacities beyond stewardship of new TIF debt.

LEGALLY STRUCTURED TO FACILITATE PUBLIC/PRIVATE PARTNERSHIPS

As the designated urban renewal authority for Portland, Prosper Portland is granted a variety of powers under state statute including the ability to create and manage URAs; identify and respond to "blight" (a frequently misunderstood term that includes underutilized real estate and poorly performing infrastructure); raise TIF to cure blight in URAs; and assemble and hold real estate for strategic redevelopment (e.g., U.S. Post Office site).

Prosper Portland may also form, finance, and manage special purpose entities to achieve strategic objectives. Recent examples include:

- **9101 LLC**, formed upon notice that a developer was unable to complete a mixed-use affordable housing project in Lents due to constraints. Prosper Portland assumed the role of developer and contained legal and financial risks of the project within the LLC.
- The **Portland Economic Investment Corporation** (PEIC) a 501(c)(4) entity created to invest and take an ownership interest in early-stage Portland tech companies.
- Formation of the **Portland Community Investment Fund** to obtain New Market Tax Credit allocations to leverage resources, implementing City policy and the 2020 Strategic Plan.

Prosper Portland's volunteer commissioners are appointed by the Mayor and approved by City Council. This structure reflects the best combination of public representation, by way of mayoral and City Council appointments, and close alignment with the community and private sector, by way of individual commissioners' affiliations and professional backgrounds. Value is provided to Portland's residents through swift and focused decision-making around defined city priorities. Within this structure, Prosper Portland is able to both support targeted community investments and upgrade public infrastructure as seen in projects like the Pacific Northwest College of Art (PNCA) renovation and Gateway streetscape improvements while ultimately maintaining accountability to the public through municipal law (e.g., public records, meetings, and contracting rules).

Additionally, in its current form as a City agency with unique legal structure, including an independent board, Prosper Portland's structure provides an important third-party perspective and oversight for City Council. Portland City Council exercises considerable influence over the direction of Prosper Portland while maintaining an arm's length separation on individual agreements with private parties. In this way, City decision-makers are separated from structuring of partnerships with parties that might lobby or otherwise try to unduly influence agreements. This separation parallels the Portland Planning & Sustainability Commission or the State Land Use Board of Appeals, and cities around the U.S. have adopted similar structures for their economic development and redevelopment units.

REAL ESTATE MANAGEMENT AND REDEVELOPMENT

Historically, Prosper Portland's property management and redevelopment approach has been guided by urban renewal plans and the strategic utilization of TIF for facilitating the acquisition, development and disposition of properties in support of those plans. Prosper Portland's unique ability to purchase and dispose of properties without undertaking a proscriptive surplus property process continues to uniquely enable the agency to support public/private partnerships and to sell or redevelop properties to achieve community objectives.

7 2011 Reduction in Force resulted in reduction of 20 Full Time Equivalent positions between FY 2010-11 and FY 2011-12; 2 Limited Term Positions Ended.
2013 Reduction in Force resulted in net reduction of 21.6 Full Time Equivalent Positions between FY 2013-14 and FY 2014-15; 6 Limited Term Positions ended.
2015-16 Early Retirement Incentive Program resulted in reduction of 7.5 Full Time Equivalent Positions. FY 2014-15 and FY 2015-16 Administrative Materials and Services included $1.2 million in one-time costs associated with implemenation of Microsoft Dynamics ERP system.

Today, Prosper Portland owns and maintains a sizable real estate portfolio. Currently valued at $322,600,360[8], the portfolio consists of 54 properties including vacant land, retail, industrial, mixed-use, residential, and special purpose assets. The properties generated $4,677,191 in gross revenue in fiscal year (FY) 2016-17. In the last 12 months, staff has begun the process of identifying opportunities to build on and improve asset management infrastructure. As a result, the agency selected a new software, Yardi Voyager, and will create individualized property plans, revised policies and procedures, and capital budgeting in 2018.

LENDING AND INVESTING

Experienced underwriters, diligent loan servicing staff and robust lending administration infrastructure support the agency's lending priorities while managing the portfolio to minimize risk and maximize loan repayment. Over the last several years, Prosper Portland has closed an average of 18 loans per year, almost equally split between loans invested in commercial real estate development projects and loans to businesses. Prosper Portland holds a loan portfolio composed of 126 loans with an outstanding value of more than $77 million. The 88 loans to small businesses total $15 million, while the remaining 38 loans represent $62.2 million to finance commercial property development.

$323M
REAL ESTATE PORTFOLIO

$4.7M
REVENUE
FY2016-17

142
LOANS

$80M
OUTSTANDING VALUE

The agency's ability to generate a robust loan pipeline has been hampered by the limited amount of non-TIF funds available for businesses, many of which seek more flexible, working capital as well as fewer business development officers available to reach prospective customers following reductions in staff over the last five years. With additional unrestricted capital sources and connections to businesses in need of capital, agency underwriters and loan servicing staff have the capacity to process at least double the current amount of loan volume.

LENDING PARTNERSHIPS

In order to effectively deploy capital to underserved businesses and communities, Prosper Portland has recently developed productive partnerships with third parties. These partnerships support direct, technical assistance to businesses, leverage additional financial resources, and originate and service debt or equity that includes resources from Prosper Portland.

For example, Prosper Portland made resources available to support "mini-micro" loans and 100 percent secured line of credit products. **Micro Enterprise Services of Oregon (MESO)** successfully proposed to administer those resources in 2015 and through this partnership, MESO has deployed more than 60 small business loans to underrepresented entrepreneurs with a lean, cost-effective, customer-centric infrastructure. Prosper

The first class of the Elevate Inclusive Startup Fund.

Portland has also created or facilitated the creation of alternative vehicles for investment in growing businesses through the **Portland Seed Fund**, **Elevate Inclusive Startup Fund**, and **Portland Economic Investment Corporation**.

Whether through direct loans or through partnerships with third parties, in order to support businesses not adequately served by traditional financial institutions the agency requires a steady source of non-TIF funds. These resources will support a critical mass of businesses that, in turn, leverage these funds to create jobs, grow their businesses, and invest back into their communities.

Need for New Financial Sources and Tools

While the power of urban renewal as a tool is clear and a steep decline in TIF represents Prosper Portland's most pressing financial challenge, the highly restrictive nature of TIF also poses challenges for the agency in fulfilling its mission. TIF has shortcomings as a tool for economic development. Limits due to the geography of URA plans and the use of TIF debt proceeds (limited to capital purposes) prevents TIF from directly supporting key programs such as traded sector cluster development, business technical assistance, entrepreneur programs and workforce development.

Furthermore, because TIF relies on making investments to generate increases in property taxes, this funding model's success can also make neighborhoods less affordable for the residents and businesses Prosper Portland is attempting to serve. Consequently, even with a stable flow of TIF over the next decade Prosper Portland would still be seeking to diversify its resources in order to pursue its objectives.

The Ten Year Financial Sustainability Plan's proposed shift away from a singular reliance on TIF to a more diversified funding stream is critical to improving Prosper Portland's effectiveness in serving Portland's most economically disconnected communities. Prosper Portland's recent successes in community economic development reflect a reduced reliance on TIF and offer a model for the agency's approach to its future work.

8 Multnomah County Real Market Value Estimate

Best Practice Review

In September 2015, Prosper Portland convened a Financial Sustainability Committee comprising stakeholders and experts in funding mechanisms for Prosper Portland and local governments. Prosper Portland also contracted with a national economic development consulting firm, HR&A Advisors, to conduct a best practices survey of similar organizations throughout the country to make recommendations to the committee about potential long-term funding scenarios.

HR&A analyzed the impact and feasibility of a number of funding sources using case studies from peer organizations and applied these findings as recommendations for Prosper Portland. One of the most striking findings of this research is Prosper Portland's dependence on public funding, unique among its peer organizations around the U.S. As **Table 2** highlights, Prosper Portland's peer agencies rely on revenue streams more diversified than local public funding, from sources such as real estate. While some peers, such as the Chicago Department of Planning and Development, relied substantially on public funds for both operating and capital budgets, others such as Invest Atlanta and the New York Economic Development Corporation derived both operating and capital resources from fees or real estate assets.

After thorough review of peer organizations, specific case studies and Portland's opportunities, HR&A and the Financial Sustainability Committee recommended the agency pursue the following:

1. "Boomerang" Funds or property tax revenues that make their way back to the City of Portland and other taxing jurisdictions as individual URAs repaying outstanding debt are terminated, or as tax increment is no longer collected for other reasons.
2. TIF Program Income including the potential for new URAs, project-specific "spot districts" with limited duration and/or limited scope and program income generated.
3. Real estate controlled by Prosper Portland, City agencies, or other public entities that may provide stable, long-term revenue.

The above topics were recommended as high priority sources due to being considered high impact and more feasible to implement. The FSC also considered but ultimately did not recommend substantial or immediate focus on either i) sources with high impact but challenges to implement, such as state and federal grants or ii) supplementary sources that may be more feasible but have lower financial or community impact. Finally, venture philanthropy and taxes and fees already dedicated to other purposes were considered a low priority given low impact and challenging feasibility.

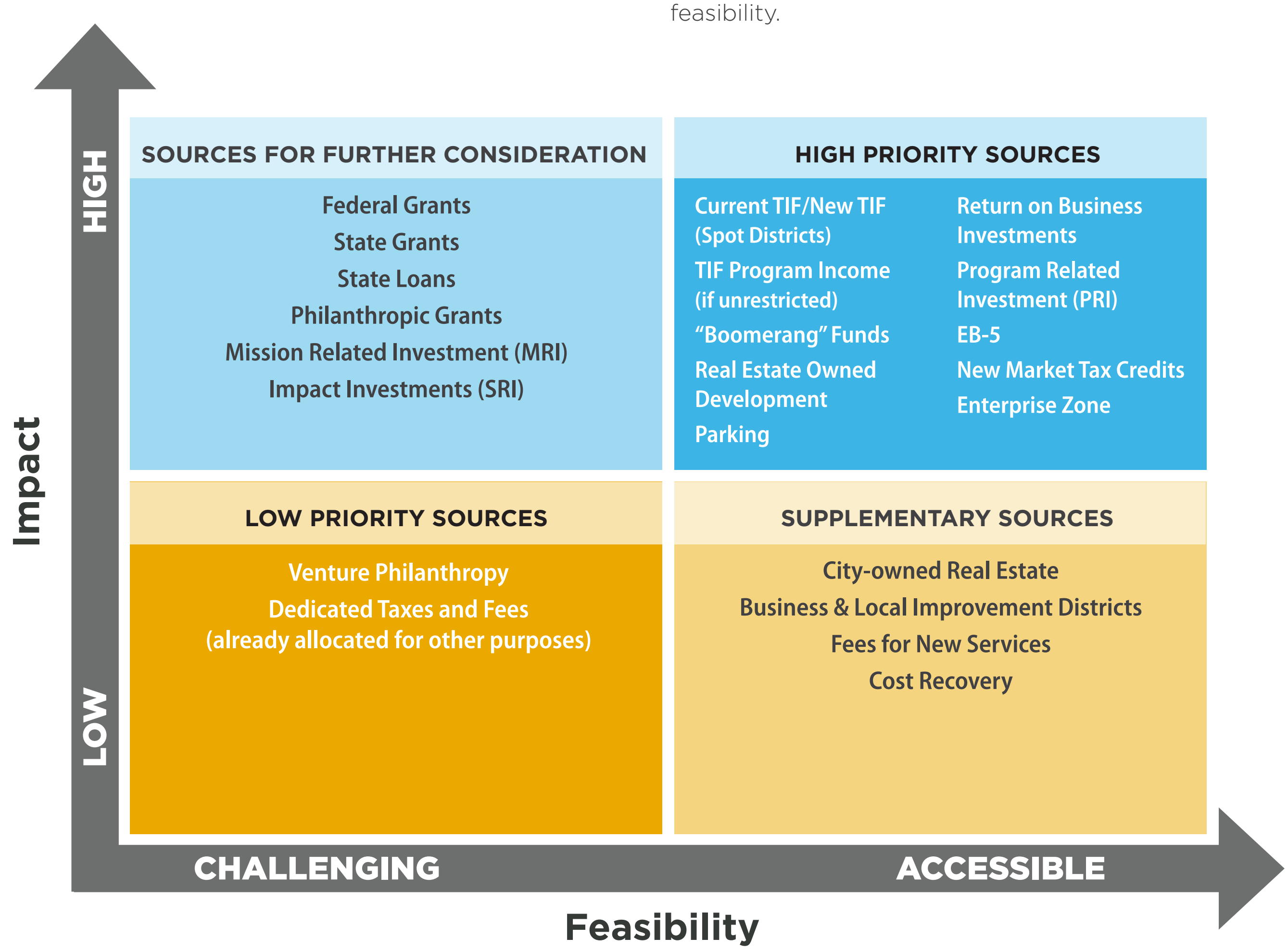


TABLE 2

NEW BUSINESS MODEL

For Prosper Portland to fulfill the promise of its 2020 Strategic Plan, the agency must adopt a disciplined, diversified business model which strikes a balance between advancing its mission, sourcing new revenues to fund the agency's work and preserving the agency's position as a driving force of economic progress and equity across the city. With the decline of TIF resources, the agency is pivoting away from a singular focus on property redevelopment to seek opportunities for income generating and commercial tenanting that further the agency's strategic priorities and operational needs. The Ten Year Financial Sustainability Plan offers a high-level framework for the agency to fund its critical work for years to come.

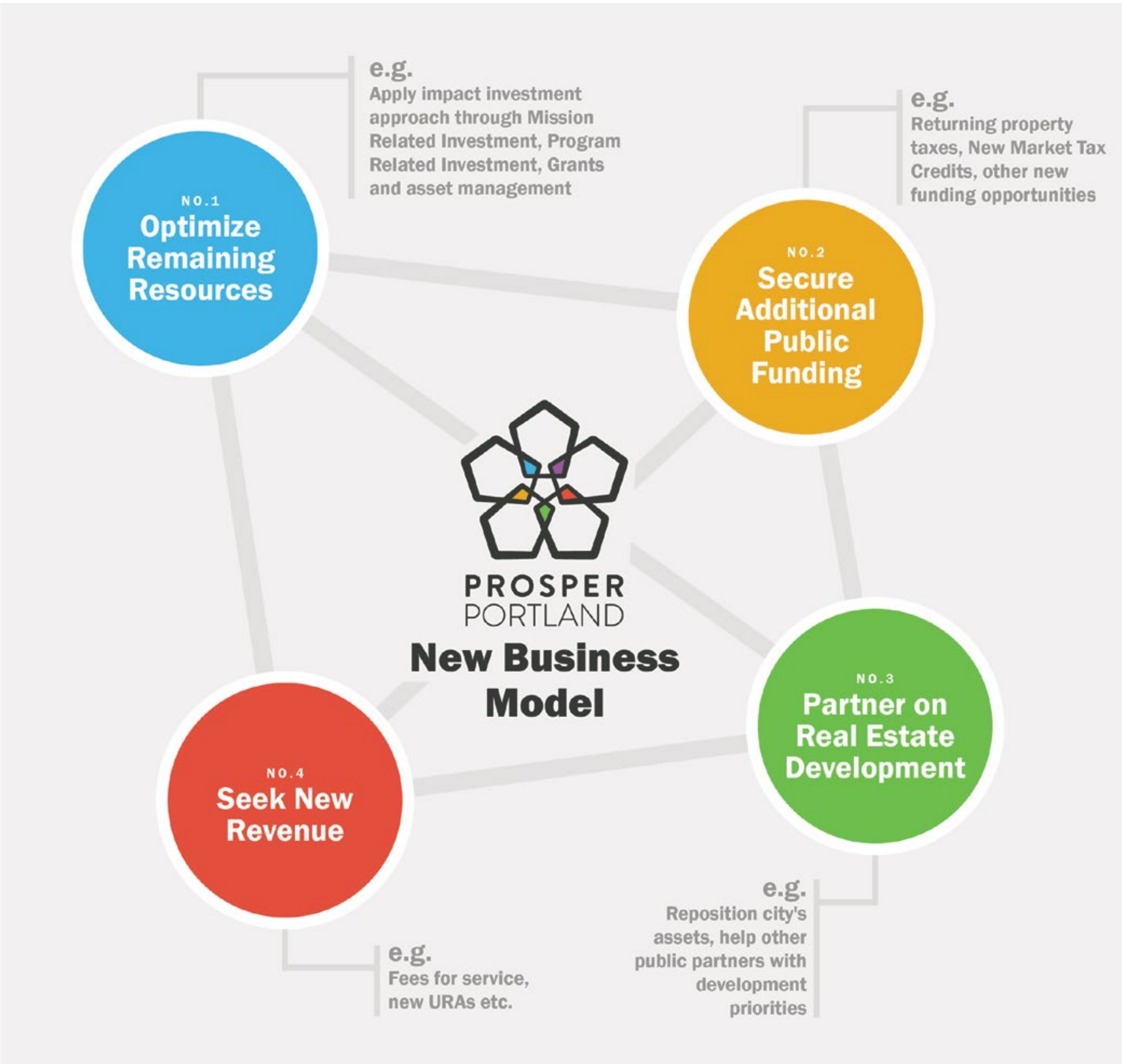
The framework is informed by a New Business Model that incorporates four key components that are described below and illustrated in Scenario A (See **Appendix C**, Operating Budget Model). By implementing the four components, Scenario A generates $101 million in new revenue and helps fund a $27 million per year operating budget that would otherwise diminish as existing urban renewal areas expire. An additional Scenario B is included that stresses Scenario A and illustrates how the operating budget and long-term program outcomes may be impacted by not adopting or fully implementing different components of the New Business Model.

The New Business Model is composed of the following approaches and actions:

1. **Optimize both public benefits and financial return of the remaining tax increment funds and existing real estate assets**
   a. Optimize use of remaining TIF funds available to the agency prior to end of each of the existing URAs.
   b. Use the agency's most valuable asset, its real estate and loan portfolio, as the basis for creating a long-term revenue stream for the agency.
   c. Plan for the conversion of TIF-funded assets to unrestricted funds when possible.
2. **Secure additional public funding to support economic and community development programs**
   a. Identify an additional City funding stream to partially offset the loss of TIF; focus on the impending "boomerang" revenue stream to the City of Portland to provide operational capacity
   b. Secure new public resources as needs and opportunities arise that align with the agency's core economic and community development competencies
3. **Partner with public agencies to deliver real estate development activities that achieve public priorities**
   a. Leverage real estate development expertise to pursue acquisition, redevelopment and other commercial development activities to deliver community development outcomes and secure financial return to the agency.
4. **Seek additional revenues for capital and operations by leveraging core expertise**
   a. Maximize fee revenue and secure partnerships that align with the agency's core economic, community and development competencies
   b. Pursue new TIF districts in a strategic manner to provide capital funding to catalytic public/private projects

While implemented on different timelines, the components of the New Business Model complement each other and ultimately provide new operating and capital resources to replace the current level of tax increment resources by 2027. Optimization of the remaining tax increment funds and real estate assets is the most critical component, creating the largest source of new resources in the model. Work on this component began in preparation for the FY 2017-18 annual budget process and with Prosper Portland Board's adoption of the Financial Investment Policy in June 2017.

Access to boomerang property tax revenue depends on a specific timeline driven by the retirement of URA debt. Other components—partnering with public agencies on real estate development and leveraging core expertise—require thoughtful planning by Prosper Portland, City Council and other partners to identify and commit to opportunities over the next ten years.


e.g.
Apply impact investment approach through Mission Related Investment, Program Related Investment, Grants and asset management
NO.1
Optimize Remaining Resources
e.g.
Returning property taxes, New Market Tax Credits, other new funding opportunities
NO.2
Secure Additional Public Funding
PROSPER
PORTLAND
New Business Model
NO.3
Partner on Real Estate Development
NO.4
Seek New Revenue
e.g.
Reposition city's assets, help other public partners with development priorities
e.g.
Fees for service, new URAs etc.

New Business Model Components

1. Optimize both public benefits and financial return of the remaining tax increment funds and existing real estate assets

A cornerstone of the New Business Model is the management of the agency's asset and investment portfolio to generate a blended rate of return that is both consistent with agency values and informed by market performance. In the past, the agency measured public return on investment through long-term generation of new property tax revenues. Under this new framework, the public return on investment is based on price performance, with the agency realizing a primary return through the direct financial performance of its investment.

The target return expectations are based on a current valuation of the agency's portfolio and subject to review based on continuous evaluation of market dynamics and strategic priorities. Return expectations explicitly stated in this plan are on an annualized basis and based on a blended rate which accounts for the risks and costs associated with the unique community-based nature of Prosper Portland investments and the assets in its portfolio.

1a. Optimize Public Benefit and Financial Return from Remaining TIF

Prosper Portland has roughly $470 million in TIF to invest over the remaining ten years of existing URAs. The way these funds are invested can have a profound impact on the agency's financial future. Historically, Prosper Portland has invested TIF with the expectation that the primary return on those funds occurred through an increased long-term property tax revenue stream. Based on this return model, investment was often made via grants and infrastructure rather than directly into the development project. This prior framework also relied on an outdated notion that achieving a public benefit and generating a financial development-based return—beyond a property tax return—are incompatible objectives.

In recent years, new models of investment have emerged that marry the objectives of social impact and financial return to attract new forms of capital to organizations trying to address the most pressing social issues of the time. Prosper Portland has the opportunity to benefit from this evolution in thinking by adopting an impact investment model for putting its remaining TIF to work in Portland communities. This shift in philosophy to accept both the possibility and appropriateness of securing a return acknowledges the relationship between risk and reward and advances the right of the public to receive gains commensurate with risk, rather than privatizing all the benefit.

In recognition of this new **impact investment approach**, the Prosper Portland Board approved the following principles in the agency's updated **Financial Investment Policy** in June 2017:

- When investing public resources to achieve its 2020 Strategic Plan, Prosper Portland will apply sound financial guidelines and accountable and transparent processes.
- In general, all investments should seek public benefits and result in asset ownership or a financial return of and on capital.
- Investment should have a leverage target that maximizes the percentage of non-Prosper Portland resources in a project.
- Grants and infrastructure expenditures should be limited to annual agency-wide budgets that are consistent with Prosper Portland's long-term plan for financial sustainability.
- Any forgiveness of loan principal will be considered a grant and count against the current or following fiscal year budget established for grants.

Based on the agency's annual budget process, knowledge of current market conditions in various URAs, and community input, **Figure 6** shows the proposed distribution of TIF expenditures over the next five years across three categories of investment, each yielding different rates of return:

1. **Grants and Infrastructure – no financial return; capped as a portion of the entire URA budget**
2. **Program Related Investments – Prosper Portland will seek a 2.5 percent rate of return on these activities**
3. **Mission Related Investments – the agency will seek a 6 percent return on equity left in these investments**

CAPITAL SPENDING
FY 2017-18 TO FY 2021-22

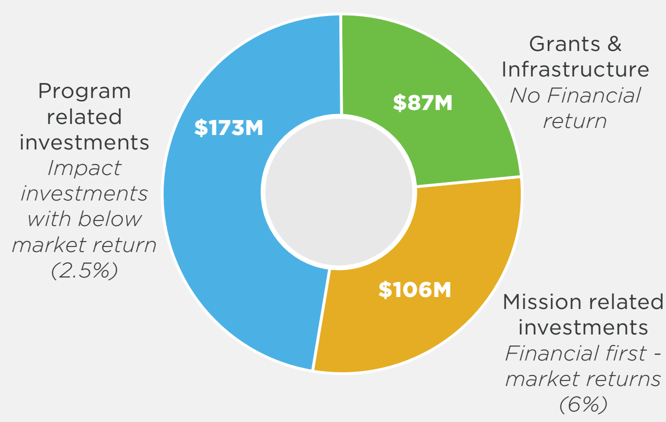


FIGURE 6

With adoption of the Financial Investment Policy, Prosper Portland began limiting grants and infrastructure expenditures of agency-wide urban renewal budgets. Through 2022, up to $87 million or 24 percent of urban renewal resources are programmed to finalize key infrastructure commitments and provide for steady funding of Prosperity Investment Program and Community Livability grants across multiple urban renewal areas. Unspent grants and infrastructure resources could be reallocated to the other category of investment as part of the agency's annual budget and portfolio review with the community.

This approach maintains the agency's ability to deliver on commitments articulated with community action plans, unlock private development per development agreements, and support those priorities most in line with the agency's strategic priorities that cannot occur without grant funds. This level of grant and infrastructure expenditures represents a decrease from trends over the last 10 years but is in line with expenditures over the last five years. Capping the level of grant and infrastructure funding also provides additional certainty regarding the level resources available for Program and Mission Related Investments.

Program Related Investments are assumed primarily in geographies with maturing market conditions and significant public benefit objectives. Through 2022, $173 million or 47 percent of the planned resources are allocated to support key community priorities and make an annual 2.5% return. In the near term, Program Related Investments are focused mostly on planned business and commercial lending programs using both TIF and non-TIF funds as well as a portion of resources reserved to implement development projects in Old Town/Chinatown (Downtown Waterfront and River District) and the Innovation Quadrant (Central Eastside and North Macadam).

Mission Related Investments apply to $105 million or 29 percent of planned investment over the next five years. Most of the investment is contained in the following four key Prosper Portland initiatives and projects in geographies currently experiencing robust real estate market conditions:

1. U.S. Postal Service site in the Broadway Corridor area
2. ODOT Blocks in the Central Eastside Industrial District
3. Oregon Convention Center investments, including the Rose Quarter
4. Old Town/Chinatown investments

Investments in these four projects and areas could yield $6.7 million per year alone after stabilization of operating revenues if a six percent return on the amount of TIF invested and the value of the property is achieved (see section 1.c. regarding property equity).

Using a portfolio approach, the agency has the ability to review an annualized rate of return and adjust allocation between—or performance targets within—categories based on changes in market dynamics and strategic priorities while maintaining a blended return target across investments. Within that process, the agency will consider overall performance of the portfolio as well as both short and long-term tradeoffs. For example, with more of Prosper Portland's equity or investment being provided at low or no rate of return – or even granted – additional affordable space, park space, streets or community space could be funded with TIF. On the other hand, achieving a 6 percent return on these investments could ultimately produce an additional $2.8 million per year on operating revenue that could fund ongoing workforce programming

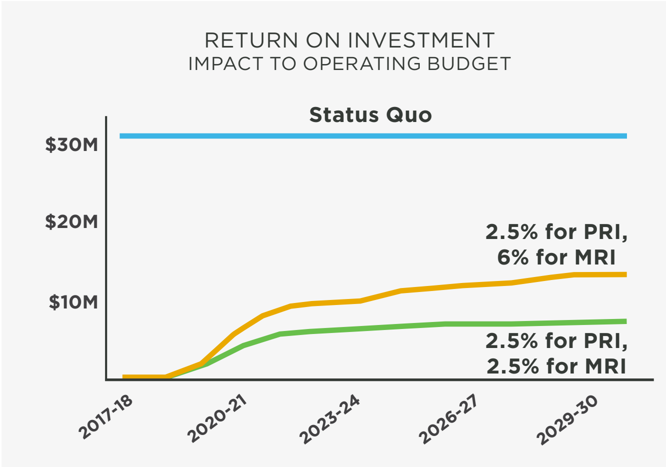


FIGURE 7

service for at least 1,500 participants or programming for the Inclusive Business Resource Network to help grow hundreds of small businesses of color by the mid-2020s[9].

Combined, Mission Related and Program Related Investments in existing URAs contribute the most significant portion of new revenue in the model with more than $115 million in revenue earned by 2031 on a present value basis (about 30 percent of total resources over the time period modeled). If Mission Related Investments instead yield a lower rate of return equal to Program Related Investments (2.5 percent), the impact to the operating budget is modeled at $48 million over 14 years—as much as $4 million difference per year by 2031 on a present value basis (see **Figure 7**).

30%
OF AGENCY FUNDING NEEDS
CAN BE GENERATED BY MEETING MODELED INVESTMENT GOALS

1b. Use Prosper Portland's Real Estate Portfolio to Generate Long-Term Return

In order to effectively balance the agency's mission of providing public benefit to Portland taxpayers and providing a regular return to support the agency's core programs, Prosper Portland must similarly manage its real estate land acquisitions, investments, and dispositions according to the principles of an impact investment fund. This approach can be accomplished through various deal structures, like a ground lease, that provides a predictable, ongoing revenue stream to Prosper Portland.

Under Scenario A, the New Business Model includes a portion of the current real estate portfolio (approximately 37 percent of the current book value) to be developed in conjunction with Mission Related urban renewal programming to help generate 6 percent return as part of the Mission Related Investments. Two of the four critical Mission Related Investment projects include real estate currently held that will contribute to the $6.7 million return target (U.S. Post Office and ODOT Blocks). Other properties identified for longer-term redevelopment and to reach a six percent return include 92nd and Harold, Cascade Station parcels, and Inn at the Convention Center. A higher rate of return on these projects is appropriate due to the geographic markets within which the properties are located as well as the agency's ability to mitigate risk to the development community, including by carrying land costs during entitlement or through market cycles and adjustments.

9 As example: The 6 percent return related to Mission Related Investment property is calculated based on the amount of equity Prosper Portland plans to leave in a project. In most cases this value is equivalent to the value of the property in the model; the USPS property is an exception. Prosper Portland purchased the USPS site for $75 million (net of Housing). However, Prosper Portland intends to sell portions of the site during various phases to both repay an outstanding line of credit with the City of Portland (Phase I) and help fund the project (Phase II). The plan anticipates $30 million in value to be left in the project from which a 6 percent return would yield $1.8 million per year in revenue. If calculated on the initial $75 million purchase price, the $1.8 million is closer to a 2.5 percent return.

PIONEER PLACE

Deal structure that returned $12 million to Prosper Portland and the City

The history of the Pioneer Place project spans several decades. In the late 1960s and early 1970s there was substantial civic concern about the deteriorating business and retail environment of downtown Portland, with employers, retail establishments, and residents relocating to suburban locations. As a result, Prosper Portland entered into partnerships with private and public partners to invest in the Central City to revitalize the downtown core.

One such partnership was the 1987 Disposition and Development Agreement with the Rouse Company as Prosper Portland's development partner on the assembled blocks between SW Third and Fifth avenues and SW Morrison and SW Yamhill streets. The first phase of the project was completed in 1990 at a cost of $147 million with $32 million contributed by Prosper Portland, and included Pioneer Place, Pioneer Tower, and the 4th & Yamhill Garage.

Rouse later assigned its rights under the 1987 DDA to Pioneer Place LLC, managed by General Growth Properties (GGP). In 2014 GGP offered to make a one-time Termination Payment which would extinguish the participation payment rights identified in the 1987 DDA. After due diligence and negotiations, Prosper Portland and GGP agreed on a final payment of $12,500,000.

The cash payment of $12,500,000 represented a final milestone in an agreement which helped spur and anchor the development of downtown Portland's retail and office core and marked the culmination of one of the most successful series of urban redevelopment projects in city history.

Prosper Portland allocated $7,400,000 to the Downtown Waterfront URA fund (the land value determined by Prosper Portland Board in the 1987 DDA), $1,137,500 to the City for its share of the Termination Payment payoff, and $3,962,500 to Prosper Portland's Business Management Fund. The transaction provided significant financial resources for Prosper Portland to invest in the Downtown Waterfront URA, specifically initiatives and investments called for in the Old Town/Chinatown Action Plan.

1c. Plan for the conversion of TIF-funded assets to unrestricted funds at the end of life of existing URAs.

Prosper Portland currently operates under the interpretation that TIF-funded assets, which include real estate and loans, remain TIF even after these properties are sold or loans are repaid. This interpretation currently prevents the agency from using these funds, which have already been invested in service to a specific URA, to address a pressing need elsewhere in the city or non-redevelopment-related need within the same URA.

The logic of restricting the use of earnings to the same constraints as the original investment is particularly compelling as long as debt issued by the City of Portland for urban renewal remains outstanding. However, forecasts indicate Prosper Portland will be in possession of various assets across each of its existing URAs after public debt is repaid, and these assets constitute a ready source of capital that can be redeployed by the agency to achieve its strategic objectives. This plan, therefore, presumes that Prosper Portland will be able to use the income and capital that is returned from these assets after the public debt on a district is repaid as unrestricted funds for activities consistent with its strategic plan.

In addition, Prosper Portland should continue the use of interfund loans to accelerate the conversion of TIF assets to unrestricted funding. Interfund loans allow Prosper Portland to acquire assets in non-URA funds by borrowing and repaying funds from a URA. This practice allows the Prosper Portland Board to establish the intent of purchasing an asset for long-term public benefit and financial return to the agency as opposed to making a permanent investment in a particular URA.

Prosper Portland finances the acquisition of assets by third parties that merely need to repay outstanding debt to Prosper Portland to free the asset of its TIF restrictions. This practice extends the same benefit to the agency itself, and allows the agency to access TIF resources that will eventually be unrestricted in a timeframe to address the city's current, more pressing needs.

2. Secure additional public funding to support economic and community development programs

2a. Identify an additional City funding stream to partially offset the loss of TIF; focus on the impending "boomerang" revenue stream to the City of Portland to provide operational capacity

The expiration of TIF districts and repayment of outstanding bonds will return increasingly significant property tax revenues to the City of Portland. As **Figure 8** below highlights, the annual taxes to the City will be roughly $20 million by FY 2024-25, and will grow to more than $45 million in FY 2034-35.

These increasing property tax revenues represent the fulfillment of the promise of urban renewal. These future revenues offer the unique opportunity to increase City support for Prosper Portland without decreasing support for other City bureaus.

Given the uncertainties of the annual appropriation process, and the opportunity to tie Prosper Portland support to a funding stream that reflects the performance of the economy, City Council should consider committing a portion of these recurring revenues to Prosper Portland.

A target of 18 percent of the boomerang funds (net of a reserve for the River District line of credit, estimated compression, discounts and delinquencies) could result in annual funding to Prosper Portland of more than $5 million by 2030 on a present value basis to provide the type of regular programmatic support needed to fund Prosper Portland's ongoing economic development work. This represents $32 million in allocation through 2031 on a present value basis that would support eight percent of overall operating resources during this time period. Combined with existing General Fund ongoing funding of $5 million, boomerang funds would provide a solid foundation for Prosper Portland's economic development work.

ESTIMATED GENERAL FUND TAXES RETURNED FROM URA DEFEASANCE
NOMINAL DOLLARS IN MILLIONS

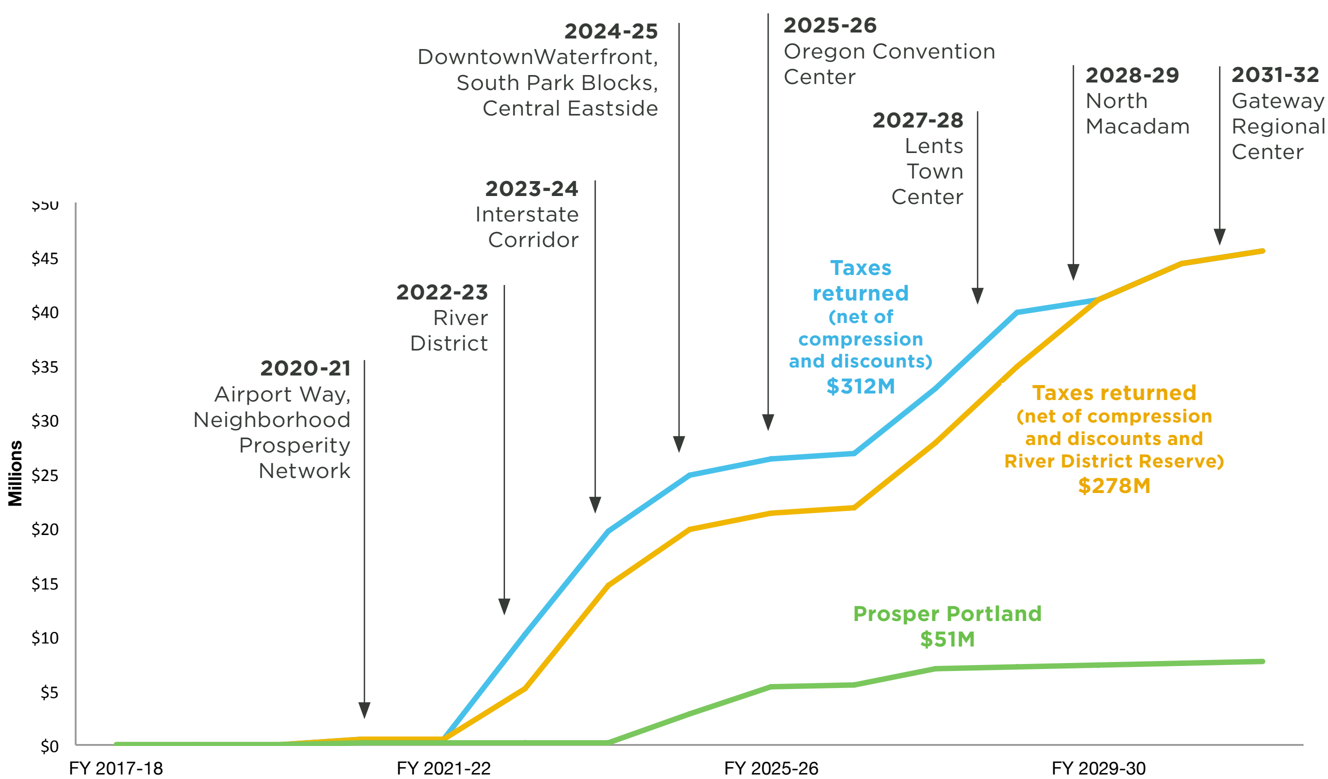


FIGURE 8

2b. Secure new public resources as needs and opportunities arise that align with agency's core economic and community development competencies

A number of local, state, and federal sponsored programs and products have strong alignment with the agency's key Strategic Plan priorities and offer additional opportunities to leverage additional new resources. With the exception of the Portland Community Investment Fund/New Market Tax Credits, these opportunities are not currently included in the revenue model, but can augment resources from real estate, boomerang and new urban renewal areas for both capital and operational purposes:

- The **Regionally Significant Industrial Sites Program** (RSIS), approved by the Oregon State Legislature in 2013, provides tax reimbursements for private-public partnerships to cover the cost of development of industrial sites. The program identifies industrial sites of regional significance across the state and implements strategic action plans that bring critical infrastructure improvements to the sites that would likely not occur without targeted public assistance. Program assistance is provided via direct loans, loan forgiveness, and tax reimbursements for private-public partnerships in the development of the site. Once the administrative rules are approved by Business Oregon, Prosper Portland will request the Portland City Council for authorization to serve as the City's RSIS administrator.

- With recent approval of a 10 percent sales tax on recreational marijuana sold in the City of Portland and subsequent City Council direction, the City's **Recreational Cannabis Sales Tax** makes available proceeds that could complement and support Prosper Portland's small business development and technical assistance services. Prosper Portland is working with the City of Portland to secure a portion of the Cannabis Sales Tax for small business technical assistance for local cannabis businesses owned by underserved populations.

- The **PropertyFit program**, a Commercial Property Assessed Clean Energy program, provides a property tax-based assessment as collateral to lending on energy efficiency and seismic retrofit projects. A partnership between Multnomah County and Prosper Portland, PropertyFit can use TIF to capitalize initial projects and is also available and used nationally to attract private capital to real property improvement projects that would not normally meet traditional credit standards.

- Prosper Portland recently established a Community Development Entity (CDE), the Portland Community Investment Fund, for the purpose of accessing highly-competitive federal **New Market Tax Credits** (NMTCs) that can be used as capital for Prosper Portland projects. While the Portland market has existing CDEs that receive regular allocations, none of these entities is focused exclusively on the Portland market. A Prosper Portland-sponsored CDE will benefit from an early interface with the Prosper Portland project pipeline. The current model assumes $200 million in NMTC allocation over 14 years, which is estimated to yield $50 million in gap funding for capital projects. Fees from this activity due back to Prosper Portland for operational support provide $7 million over 14 years of activity (about two percent of the operating revenues in the New Business Model).

3. Partner with public agencies to deliver real estate development activities that achieve public priorities

Prosper Portland is uniquely positioned to leverage its real estate development expertise via property acquisition, tenanting, and other commercial development activities that optimize public assets, deliver on community development outcomes, and secure additional financial revenues to the agency. Prosper Portland offers a team of qualified real estate professionals with diverse backgrounds encompassing skills in both public and private real estate brokerage, management and development practice. The agency is similarly well suited to partner with other affiliated public entities such as Multnomah County, TriMet, local school districts, and Metro on the management, operations and tenanting of existing commercial buildings under the direct authority of those agencies.

- Through lease or other agreements, and with the oversight of community partners and the appropriate leadership bodies, Prosper Portland could have rights to the property and its tenanting in furtherance of the Strategic Plan economic development goals and in exchange for a split of **Net Operating Income** (NOI). Prosper Portland can also enter into "fee for service" arrangements with partner bureaus that require property asset management protocols befitting public stewardship. These services may include property management, brokerage and robust stewardship below typical market costs for such work.
- These agreements—such as Prosper Portland's current partnership with the Portland Bureau of Transportation at the 10th and Yamhill garage—further support the City's efforts towards providing predictable availability of affordable commercial space for small businesses. Prosper Portland's efforts in commercial affordability will offer a reserve of commercial property to the market at below-market rates for businesses in high-opportunity areas where disadvantaged businesses do not otherwise have access. Prosper Portland is also coordinating with the Bureau of Planning and Sustainability on realizing similar affordable commercial tools through code changes and the **Mixed-Use Zone Commercial Affordability Bonus**. This bonus system could create privately available affordable commercial space that could be tenanted in alignment with the agency's Strategic Plan.

In cases where redevelopment of public property in alignment with community priorities is the goal, Prosper Portland is well suited to develop City projects on behalf of the partner bureau. Development of select City projects and strategic intervention in publicly owned assets represent two key real estate opportunities for Prosper Portland consistent with both its history and current mission. In many instances, these properties have a specific purpose or a restricted use related to their public owner. However, a limited number of publicly owned properties with untapped development potential could be better positioned to benefit the community and provide an improved financial return to the public owner. Prosper Portland can deploy both project management and asset management personnel expertise to help recapture the market value of publicly owned commercial real estate.

Children at the groundbreaking for Lents Commons, a project that offers mixed income housing and affordable commercial space.

4. Seek additional revenues for capital and operations by leveraging core expertise.

4a. Maximize fee revenue and secure partnerships that align with agency's core economic, community and development competencies

Leveraging existing partnerships, organizational strengths and new fee-for-service programs can augment operating resources. Prosper Portland has unmatched professional capacity to assist in economic development, development and asset management efforts to support the goals of local government across agencies.

- **Fees for Service.** As the City's urban development agency, Prosper Portland's knowledge base of how the City operates and how projects get from conception to execution could be monetized. The nature of the partnership that Prosper Portland's development and asset management teams present to the market can be tailored to the specific projects.

  Similarly, the opportunity exists to increase fee income across a range of economic development program areas in which it adds value to stakeholders who might otherwise purchase these services in the open market. These opportunities include receiving a percentage of new international business obtained by companies assisted through Prosper Portland trade missions, sharing in permit fees obtained through facilitation of projects and fee-generating activities, and fee-based project management services offered to both public and private partners.

- **Greater Membership Contributions.** In other markets (e.g., World Business Chicago), the cost of operating economic development programs, such as programs that promote entrepreneurship or collaborative activities among businesses in the same industrial sector, are shared between private and public sector. In Portland, these costs have been largely borne by Prosper Portland in an effort to encourage participation, with some exceptions. In the future, Prosper Portland should test the willingness of private sector partners to help underwrite the cost of these programs, including staff time, to validate demand for these services.

4b. Pursue new TIF districts in strategic manner to provide capital funding to catalytic public/private projects

While there are statutory and political limits to using TIF, Prosper Portland will continue to explore extending or expanding existing URAs as well as creating new districts to deliver on specific economic development and urban development goals.

Tax increment financing districts remain a commonly used tool around the country to invest in catalytic public and private redevelopment projects. Unlike the model used in Portland, however, TIF districts in other parts of the country are typically used to fund the public investment in individual projects rather than long-term neighborhood plans. The City will

NEW CAPITAL RESOURCES
NOMINAL DOLLARS IN MILLIONS

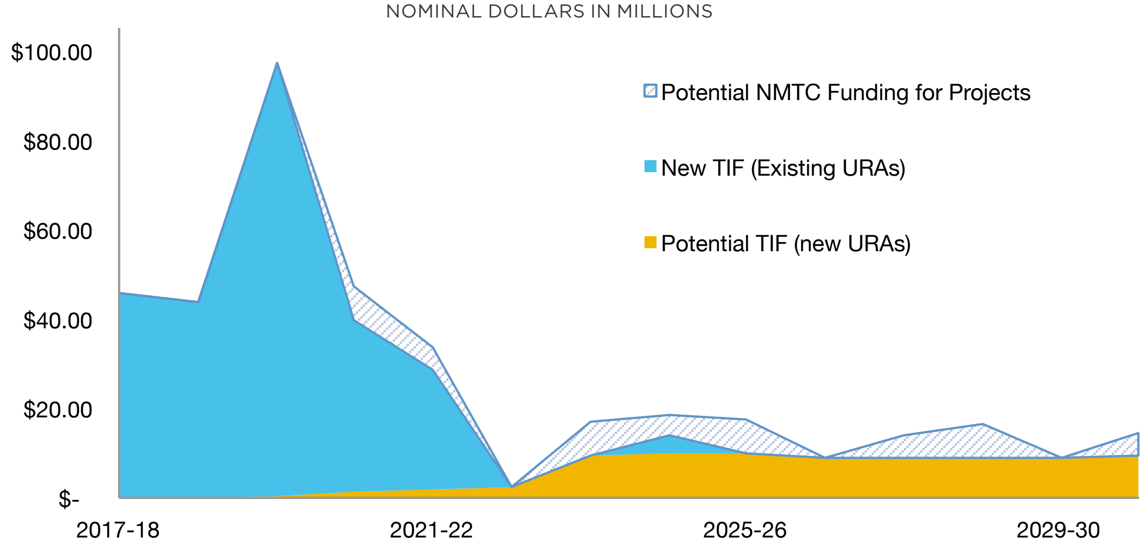


FIGURE 9

need to identify replacement sources of funding for the range of infrastructure projects that have been historically funded by Prosper Portland; but for large scale redevelopment projects with potential to generate significant new tax revenue for the City, TIF and variations of TIF that rely only on revenues to the City of Portland remain effective and appropriate tools.

As existing urban renewal areas expire over the next 10 years the opportunity will arise to create new urban renewal areas or expand existing areas under the 15 percent citywide assessed value and acreage caps. However, due to statutory changes such as revenue sharing, the amount that can be raised for urban renewal activities will be lower than historical urban renewal areas. Also, policy changes such as the Housing Set Aside policy, while raising additional funds for affordable housing projects, further limit the amount of funding that could be raised for economic development programs and projects.

The revenue model in Scenario A includes maximizing available acreage and assessed value under the 15 percent caps over the 14-year period. With conservative assumptions on beginning assessed value per acre, assessed value growth, and maximum indebtedness, the model could annually yield more than $3 million on a present value basis to support operations (the portion of resources going to project staff and grant programs). This represents $26 million or seven percent of overall operating resources and an additional $40 million in potential capital resources (present value basis) during this time period (See **Figure 9**).

Mayor Ted Wheeler with the team at EQC Home Care Agency, a small business within the Our 42nd Ave. Neighborhood Prosperity Initiative district.

Scenario Outcomes

Under **Scenario A,** the New Business Model eventually restores Prosper Portland's average $30 million per year operating budget by 2031 using a combination of boomerang resources, MRI and PRI returns, new URAs, and New Market Tax Credits. Over time, these new resources replace the portion of the operating budget currently funded by tax increment resources—better positioning Prosper Portland to accomplish its Strategic Plan goals. Based on activities and outcomes from programs currently supported by City General Funds, Community Development Block Grant and Enterprise Zone resources, the New Business Model estimate the level of activities and outcomes that could be achieved with future funding.

Under Scenario A, over the next 14 years, the following outcomes could be achieved (see Appendix C for greater detail):

- **13,700** new jobs through Cluster Development and Business Development programs
- **$29.4 million** in leveraged non-public resources and **402,000** volunteer hours supporting community partners such as current Neighborhood Prosperity Network districts
- More than **17,700** workforce participants, including **12,000** people of color
- Support for **3,000** businesses of color through future funding of the Inclusive Business Resources Network

Risks in the Model

RISKS TO CURRENT RESOURCES IN MODEL

Although the decline of TIF poses a significant challenge, City General Funds, federal Community Development Block Grant, Enterprise Zone, and dedicated revolving loan funds create the foundation for Prosper Portland's initiative to create economic opportunity. These resources provide Prosper Portland with flexible, citywide economic development resources that directly fund traded sector business development, small business technical assistance, entrepreneurship, community capacity building, and workforce development programs that cannot be funded by TIF. Over the life of the 10 Year Financial Sustainability Plan, risks to these non-TIF resources include recession-induced reduction to City General Funds or E- Zone applications, changes to the property tax system, or federal budgetary decisions that would reduce or eliminate Community Development Block Grant funding.

The operating budget model is dependent on conservative estimates of current resources including current ongoing **General Fund** resources, **Community Development Block Grant** resources and **Enterprise Zone** resources. Current assumptions and risks to those assumptions include:

- Current General Fund: The model assumes constant funding on a nominal basis of $5.5 million per year (resulting in a present value reduction each year). Significant recession or major policy shifts reduce current General Fund ongoing resources.
- Community Development Block Grant: The model assumes funding over the next five years decreases by 22 percent. While current legislative draft budgets don't include this reduction, this critical resource could be significantly reduced by future budget legislation.
- Enterprise Zone: The model assumes decreases in resources over time from future recessions. Major recessions or state legislation could further reduce resources.

RISKS TO NEW RESOURCES IN MODEL

The new business approach modeled under Scenario A includes new urban renewal area investment, a six percent return on Mission Related Investments, 18 percent of the boomerang funds and resources from New Market Tax Credit projects.

Stressed versions of the model illustrate reduced operating budgets and outcomes when components of the model are reduced or eliminated. Scenario B removes boomerang resources and new URA components as well as recognizing a 2.5% return instead of 6% on Mission Related Investments. As discussed in section 1.a the results shown in Scenario B erode long-term operating resources that can produce annual benefits through higher levels of funding for economic development programs. Without new public resources such as the boomerang funds, Prosper Portland's operating budget will likely be reduced to half of the current budget, falling from $27.3 million annually to approximately $13.7 million. While specific program choices would need to be prioritized, outcomes related to the reduced budget would generally also be half of modeled outcomes (See **Appendix C** for details). Incrementally adding back resources have different impacts in bridging the gap between Scenario A and B. In the final year of the model (2030-31), reaching a 6% return on Mission Related Investments comprises $4.3 million (or 31% of the shortfall) on a present value basis. Boomerang resources totals $5.1 million (or 37%) of the shortfall. New URA operating resources and income from PRI and MRI investments in new URAs make up the balance of the shortfall.

Implementation of Scenario A instead of B depends on many variables. Some of the most critical risks to execution of the New Business Model are as follows:

Internal Risks:

- Failure for Prosper Portland to reach lending targets and general PRI returns as a result of mismatched financial products or other business processes.
- Failure to properly structure MRI projects to yield six percent returns.
- Direction from City Council limiting ability to yield six percent returns on specific projects (e.g., directing higher levels of infrastructure investments and reducing funding available for PRI and MRI projects).
- Redirection by City Council of boomerang funds to other City priorities.
- Failure by Prosper Portland to successfully secure or assign NMTC allocation to projects being implemented.

External risks

Changes to the Oregon Property Tax system impacting the return of boomerang resources.

- Further changes to the Oregon Property Tax system impacting future urban renewal plans.
- Major recession and recovery period impacting ability to reach anticipated MRI and PRI returns, significant constraints on City General Fund and/or reduction in E-Zone projects.
- Elimination or changes to the New Market Tax Credit program as part of federal tax legislation.

Keeping the above risks and opportunities in mind, the following section highlights key bodies of work necessary to implementing the New Business Model.

IMPLICATIONS AND IMPLEMENTATION

In order to meet the 2020 Strategic Plan's ambitious goals for wealth creation, access to employment, healthy neighborhoods, and partnership, Prosper Portland must make profound changes in its internal operations, programs, and products. The 2020 Strategic Plan calls for Prosper Portland to employ a new model, where the gains from physical and economic growth are intentionally focused to address growing gaps within the city and ensure that all communities reap economic benefits. Job creation, urban development, and economic opportunity must work together to achieve the goal of widely shared prosperity. All of this requires not only a significant increase in flexible funding for programs and staff as outlined in this Financial Sustainability Plan, but also a new set of policies, tools and skill sets employed by the agency itself.

Consolidating Functions to Enable Impact Investment

The recent creation of a self-sustaining real estate unit within Prosper Portland stands as a pivotal internal transformation. The new Development and Investment Department provides comprehensive management of all Prosper Portland real estate and redevelopment activities. The Development and Investment department includes professionals with deep knowledge and experience with community development, long-term property and asset management, commercial and real estate finance, leasing and capital planning. Consolidating the Real Estate, Lending, Central City, and Neighborhood project teams into a single department ensures management of all real estate transactions according to a global strategy.

This consolidation endeavors to create a common culture for all real estate activities and prevents narrowly defined project objectives from either undermining Prosper Portland's public mission or diminishing the value of an asset critical to Prosper Portland's financial health. Unlike Prosper Portland's previous development function, the defining value of this department is the impact investment philosophy – the simultaneous pursuit of both public benefit and investment return.

Over the life of the 10 Year Financial Sustainability Plan, the Development and Investment Department should position the agency to provide comprehensive management of all its real estate and redevelopment activities. Under this structure, Prosper Portland has the ability to make a range of real estate investments to meet community needs; however, each investment or transaction needs to contribute to or be offset by the agency's overall portfolio return. With this structure and level of expertise, decisions regarding transaction returns and structure will be made within the context of the entire portfolio.

Updating, Streamlining and Expanding Investment Products

Prosper Portland real estate projects must have more intentionally defined benefits and produce these outcomes with proportionally smaller investments than in the past. However, given the opportunities presented by a robust real estate market to transform parts of the city, the central role of real estate in wealth creation in the United States, and Prosper Portland's significant legacy investments in real estate, Prosper Portland must continue to be an active player in the Portland commercial real estate market.

This imperative offers the greatest opportunity for the agency to address wealth gaps within the city, facilitate development, maintain long-term residential and commercial real estate affordability, and provide revenue growth for the agency.

Within this context, Prosper Portland will need to **explore new models of real estate development** to assist in the growth of emerging developers of color, particularly entities run by women, as well as to unlock the value in real estate for long-term property owners. Given Prosper Portland's own impending capital constraints and the needs of its stakeholders, modest-scale rehabilitation projects and infill development will likely be effective projects for partnering with small developers.

Oregon Tradeswomen received a Community Livability Grant to build out their workspace in NE Portland.

As **Figure 10** highlights below, the primary driver of Prosper Portland's loan volume in recent years has been the increasingly active real estate market. As previously stated, Prosper Portland's loans are funded either directly from TIF across many URAs or from non-TIF funded loan funds that depend on repayment of loans to fund future transactions. Because the decline in TIF will dramatically reduce the funding available for loans, Prosper Portland will need to adhere to consistent standards for its loan activity to minimize delinquencies and ensure a return of capital as well as cost recovery.

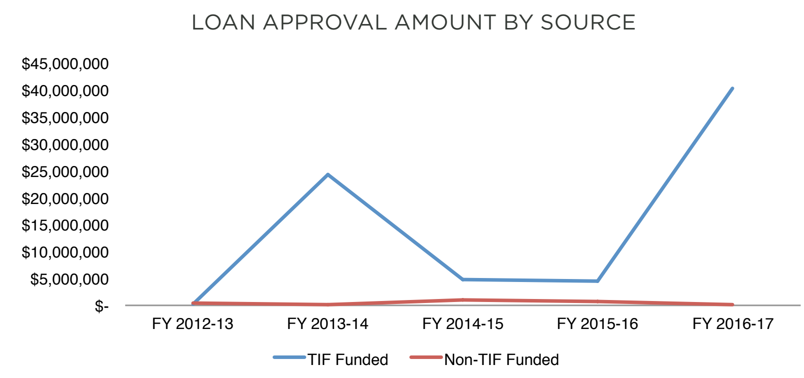


FIGURE 10

This heightened need for financial discipline happens at a time when Prosper Portland's Strategic Plan calls for the agency to expand its tools to facilitate wealth creation opportunities for business owners and developers of color. While these objectives may seem incompatible, many models exist, including the national network of **Community Development Financial Institutions (CDFIs)**, where loan funds with social missions operate in a sustainable fashion. Socially responsible loan funds exist not to provide free money but to fill a capital gap for creditworthy borrowers denied access to credit.

In addition to updating expectations regarding its loan terms, Prosper Portland must **establish partnerships** and proactively pursue new sources of capital to fund expansions of its non-TIF loan funds. Prosper Portland has limited experience in this realm and will therefore be constrained in growing its loan operation in the short term. Long-term, the agency will explore the feasibility of establishing a CDFI to create the infrastructure for a more substantial loan program and to access additional capital.

Grant and Infrastructure Funding

Prosper Portland should maintain the capacity to provide grant funding to meet the priorities of the Strategic Plan, yet balance those grant expenditures across the agency's overall budget. In June 2016, the Prosper Portland Board adopted an updated **Financial Investment Policy**, which included limiting grants and infrastructure expenditures to annual Prosper Portland-wide budgets that are consistent with the agency's long-term plan for financial sustainability. In addition, the Board affirmed that any forgiveness of loan principal will be considered a grant and count against the current or following fiscal year budget established for grants.

Two of the agency's most popular community development tools, the Prosperity Investment Program (PIP) and Community Livability Grant (CLG) programs, provide matching grants for defined community benefits. In the near-term, investments are awarded using social equity goals and managed to maximize public benefit within the agency-wide budget parameters. Investments should continue to be targeted to deliver key outcomes unlikely to occur without the resources and, with the expiration of URAs, will need to be "paid for" by positive returns from other investment activity.

Prosper Portland has historically played a significant role in funding infrastructure in URAs, particularly in concert with catalytic development projects. These investments have included streetscapes, sidewalks, light rail, and parks and open space. In addition, Prosper Portland has funded the indirect costs of other city bureaus that manage these infrastructure projects, while providing staffing assistance as well.

While Prosper Portland's declining resource base will limit and possibly end its role in funding City infrastructure projects, publicly funded infrastructure will continue to play an integrated role with urban development and economic growth throughout the city. Prosper Portland continues to add value to these infrastructure projects through such activities as coordinating with the community and small businesses during construction or providing inter-bureau project management coordination on larger scale developments. In addition, Prosper Portland can add value to bureau partners by helping to identify funding sources, including helping establish local improvement districts and economic improvement districts, and applying for public grant funding (e. g., federal TIGER grants).

Governance

Prosper Portland activities are regulated at both the state and local level. Prosper Portland's urban renewal activities are governed by Oregon Revised Statutes Chapter 457, which creates the framework for establishing urban renewal districts and the expenditure of tax increment funds. From an organizational perspective, Prosper Portland is established by City Council charter, which allows the agency to engage in a wide range of activities in support of its mission. As Prosper Portland transitions to a post-TIF era, the flexibility of this charter becomes more significant, and facilitates the pursuit of a new business model without any fundamental changes to its organizational structure.

NEW CORPORATE ENTITIES

As with other public agencies in the State of Oregon, Prosper Portland is subject to the constitutional restriction on owning securities in a private company. To address this restriction, in 2013 Prosper Portland established **Portland Economic Investment Corporation (PEIC)**, an affiliated not-for-profit organization, to allow the organization to retain limited partner interests in the Portland Seed Fund. PEIC, which is governed by a three-person board, operates independently of Prosper Portland but has a mission similar to Prosper Portland's and is supported by grants from Prosper Portland. Prosper Portland should expand the use of this entity to facilitate future Prosper Portland activities that require the ownership of private securities or interests in real estate partnerships, but only when ownership on Prosper Portland's balance sheet is not allowed by law or when loans are not the appropriate structure for Prosper Portland's investment.

As previously highlighted, Prosper Portland recently established a CDE, the Portland Community Investment Fund (PCIF), for the purpose of attracting New Market Tax Credit allocations. PCIF was established as an Oregon non-profit organization in 2017, controlled by Prosper Portland, with an independent advisory board.

Operations and Staffing

REAL ESTATE DEVELOPMENT AND ASSET MANAGEMENT

Prosper Portland's real estate assets have the potential to generate meaningful income for the agency and, as such, the agency must take measures necessary to manage the assets toward a return that optimizes both financial and mission goals. Staff will need the skills and experience to effectively steward the portfolio to the target return.

For Prosper Portland to make the transition to this model, it should establish its own investment strategy that incorporates the following elements:

- **An overall portfolio return target** for all real estate holdings and investments that accounts for the return on all projects, not simply the projects with positive returns.
- **Investment plans for each property** in the portfolio, as well as potential acquisitions, that highlight a path to expanded public benefit and long-term financial return to the agency.
- **Return targets for each project** or investment that allow for variability in return for each investment based on project type and market conditions.
- **Updated disposition criteria** that reflect the goal of long-term resource generation for the agency.
- **A plan for achieving self-sufficient operations**; i.e., the real estate operation should cover its own costs and contribute to the annual operating costs of the organization as well.
- Updated deal structure principles that incorporate infrequently used tools such as **ground leases** that allow Prosper Portland to retain ownership of real estate assets, as well as profit sharing tools to allow for a more balanced distribution of profits between Prosper Portland and its private partners.
- **A plan for Prosper Portland to operate as a developer or owner** on select projects on either Prosper Portland-owned real estate or other publicly owned real estate.

AGENCY-WIDE STAFFING

Since all scenarios assume Prosper Portland will need to continue to manage real estate investment and provide for asset management, as well as maintain a certain level of administrative functions, the level of new operating resources (boomerang, MRI and PRI resources) largely will determine the level of funding and staffing for economic development programs.

The plan under Scenario A assumes that Prosper Portland remains an organization of similar size and capacity. Given inflationary pressures on personnel and other fixed costs, this assumption results in an increasing percentage of Prosper Portland budget devoted to personnel costs, without a significant increase in staff capacity. This will require the agency to become more focused on the key challenges facing the community over the long term as well as through various market cycles. It will also require a staff that is appropriately balanced to deliver on Strategic Plan outcomes while maintaining skill sets and expertise needed to execute on the real estate investment and asset management requirements highlighted by this Plan.

Scenario A, with operating resources reaching the Prosper Portland's current $30 million per year average operating budget goal reduces staff from the current 86 positions to 75 positions over the next 14 years. Scenario A's combination of boomerang resources, MRI and PRI returns, new URAs, and New Market Tax Credits maintains Economic Development staffing levels (increase of 1 FTE for a total of 24 FTE) and assumes slight reductions in other departments as the number of medium-to-large scale real estate development projects decline, but the need for ongoing real estate investment and asset management expertise remains.

As demonstrated in Scenario B's operating budget roughly half of Scenario A, staffing levels will need to be reduced much further. Under Scenario B, positons are reduced from 86 to 46, with substantial reductions in development and administrative positions. However, the greatest reduction would come from economic development positions as a result of not recognizing new operating resources to continue supporting those programs.

APPENDICES

APPENDIX A: BASE MODEL COMPONENTS

URA DEFEASANCE AND BOOMERANG MODEL (NOMINAL DOLLARS IN THOUSANDS)

General Fund $ after defeasance		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	TOTAL
Airport Way		572	572	572	572	572	572	572	572	572	572	572	**6,294**
Central Eastside		0	0	0	0	2,556	2,556	2,556	2,556	2,556	2,556	2,556	**17,893**
Downtown Waterfront		0	0	0	0	1,602	1,602	1,602	1,602	1,602	1,602	1,602	**11,215**
Gateway (forecast defeasance after 2031)		0	0	0	0	0	0	0	0	0	0	2,520	**2,520**
Interstate Corridor		0	0	0	10,873	11,376	11,895	12,430	12,980	13,547	14,131	14,733	**101,965**
Lents Town Center		0	0	0	0	0	0	0	6,146	6,431	6,725	7,028	**26,330**
North Macadam (forecast defeasance after 2031)		0	0	0	0	0	0	0	0	7,228	7,531	7,843	**22,601**
Oregon Convention Center		0	0	0	0	0	1,190	1,190	1,190	1,190	1,190	1,190	**7,141**
River District		0	0	11,033	11,012	10,999	11,008	11,056	11,061	11,087	11,157	11,149	**99,564**
South Park Blocks		0	0	0	0	1,167	1,167	1,167	1,167	1,167	1,167	1,167	**8,171**
NPIs		0	0	186	186	186	186	186	186	186	186	186	**1,674**
Updated Model Total[1]		572	572	11,791	22,643	28,459	30,178	30,760	37,461	45,568	46,818	50,547	**305,370**
Less Reserve for River District Interim LOC		0	0	0	0	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000	**-35,000**
Updated Defeasance Model net of Reserve for River District[2]		*572*	*572*	*11,791*	*22,643*	*23,459*	*25,178*	*25,760*	*32,461*	*40,568*	*41,818*	*45,547*	***270,370***

Net Taxes Returned after Est. Compression, Discounts & Delinquencies	*88%*	504	504	10,376	19,926	20,644	22,156	22,669	28,566	35,699	36,800	40,082	**237,926**
Amount included in Model	**18%**	**126**	**128**	**169**	**169**	**2,781**	**5,429**	**5,539**	**6,977**	**7,156**	**7,340**	**7,529**	**43,342**

Notes:

(1) Assumes all districts reach maximum indebtedness except Gateway (leaves $69 million in MI unused). Gateway returns taxes in FY2031-32.
Changes to line of credit draw assumptions / bond assumption could impact defeasance date.

(2) Reduces River District taxes by $5M/year to reserve for interime LOC backstop; changes NMAC defeasance from 28-29 to 32-33 due to lower development (requires date extension to reach Max Indebtedness).

APPENDIX A: BASE MODEL COMPONENTS (CONT'D)

NEW LOANS MODEL (NOMINAL DOLLARS IN THOUSANDS)

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Outstanding Principal															
Beginning - Commercial Property		$-	$-	$15,591	$28,439	$45,055	$48,706	$49,708	$49,720	$51,779	$54,208	$56,539	$58,778	$60,927	$62,989
Average - Commercial Property		-	-	22,015	36,747	46,880	49,207	49,714	50,749	52,993	55,373	57,658	59,852	61,958	63,980
Year End - Commercial Property		16,955	15,591	28,439	45,055	48,706	49,708	49,720	51,779	54,208	56,539	58,778	60,927	62,989	64,970
Beginning - Business		-	2,021	2,026	3,787	5,547	6,756	7,291	6,249	6,557	6,820	7,046	7,239	7,405	7,547
Average - Business		-	2,023	2,907	4,667	6,152	7,023	6,770	6,403	6,688	6,933	7,142	7,322	7,476	7,608
Year End - Business		2,021	2,026	3,787	5,547	6,756	7,291	6,249	6,557	6,820	7,046	7,239	7,405	7,547	7,669
New Loans - Commercial Property		16,955	15,591	13,472	17,753	5,453	2,951	2,000	4,048	4,500	4,500	4,500	4,500	4,500	4,500
Amount Per New Loan	1,500	1,500	2,000	5,000	5,000	1,500									
Number New Loans		11	8	3	4	4	3	3	3	3	3	3	3	3	3
New Loans - Business		2,021	2,026	2,051	2,301	2,001	1,500	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Amount Per New Loan	120														
Number New Loans		17	17	17	19	17	10	10	10	10	10	10	10	10	10
Total New Loans		**18,975**	**17,617**	**15,523**	**20,054**	**7,454**	**4,451**	**2,000**	**5,248**	**5,700**	**5,700**	**5,700**	**5,700**	**5,700**	**5,700**
Income															
Interest Income - Commercial Property	2.50%	-	-	550	919	1,172	1,230	1,243	1,269	1,325	1,384	1,441	1,496	1,549	1,599
Interest Income - Business	2.50%	-	51	73	117	154	176	169	160	167	173	179	183	187	190
Interest Loss Provision	20.00%	-	(10)	(125)	(207)	(265)	(281)	(282)	(286)	(298)	(312)	(324)	(336)	(347)	(358)
Commitment & Origination Fees	1.00%	190	176	155	201	75	45	20	52	57	57	57	57	57	57
Annual Transaction Fees	0.10%	0	0	1	2	3	3	4	4	4	4	4	4	4	4
Total Income		**190**	**217**	**655**	**1,031**	**1,138**	**1,173**	**1,153**	**1,199**	**1,254**	**1,307**	**1,357**	**1,405**	**1,450**	**1,493**
Interest Expense	**1.25%**	-	-	-	-	-	-	-							
% of Principal to Borrow	0.00%														
Net Interest Income		**$190**	**$217**	**$655**	**$1,031**	**$1,138**	**$1,173**	**$1,153**	**$1,199**	**$1,254**	**$1,307**	**$1,357**	**$1,405**	**$1,450**	**$1,493**
Loan Repayments - Commercial Property		-	-	624	1,138	1,802	1,948	1,988	1,989	2,071	2,168	2,262	2,351	2,437	2,520
Term (years)	25														
Loan Repayments - Business		-	-	289	541	792	965	1,042	893	937	974	1,007	1,034	1,058	1,078
Term (years)	7														
Principal Loss Provision	20.00%														
Loss Provision - Commercial Property		-	-	(125)	(228)	(360)	(390)	(398)	(398)	(414)	(434)	(452)	(470)	(487)	(504)
Loss Provision - Business		-	-	(58)	(108)	(158)	(193)	(208)	(179)	(187)	(195)	(201)	(207)	(212)	(216)
Net Principal Repayments		**-**	**-**	**730**	**1,343**	**2,076**	**2,331**	**2,424**	**2,305**	**2,406**	**2,514**	**2,614**	**2,708**	**2,796**	**2,878**

APPENDIX A: BASE MODEL COMPONENTS (CONT'D)

NEW MARKET TAX CREDIT MODEL (NOMINAL DOLLARS IN THOUSANDS)

CDE - Annual Revenue and Expense Summary

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
NMTC Allocation (non-cash)	$-	$-	$-	$30,000	$20,000	$-	$30,000	$20,000	$30,000	$-	$20,000	$30,000	$-	$20,000
Beginning Cash	100	435	(36)	(425)	(100)	94	(133)	352	702	1,361	1,397	1,895	2,566	2,524
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NMTC Placement Fees (2%)	-	-	-	600	400	-	600	400	600	-	400	600	-	400
Subsidary Fees (2%)	-	-	-	600	400	-	600	400	600	-	400	600	-	400
Management Fees (3.5% over 8 years)	-	-	-	131	219	219	350	438	569	569	656	656	569	656
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts	-	-	-	731	619	219	950	838	1,169	569	1,056	1,256	569	1,056
Total Cash	790	435	(36)	306	519	312	817	1,189	1,871	1,930	2,453	3,151	3,135	3,580
Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personnel & Benefits	285	299	314	330	346	364	382	401	421	442	464	487	512	537
Insurance and other Contracts	70	172	74	76	79	81	84	86	89	91	94	97	100	103
Total Expenses	355	471	388	406	425	445	466	487	510	533	558	584	612	640
Net Revenue	**(355)**	**(471)**	**(388)**	**325**	**194**	**(226)**	**484**	**350**	**659**	**35**	**498**	**672**	**(43)**	**416**
Net Cash	435	(36)	(425)	(100)	94	(133)	352	702	1,361	1,397	1,895	2,566	2,524	2,940
Cumulative Allocation	$-	$-	$-	$30,000	$50,000	$50,000	$80,000	$100,000	$130,000	$130,000	$150,000	$180,000	$180,000	$200,000
Balance after 8 year Asset Mgt Period	0	0	0	0	0	0	0	0	130,000	130,000	150,000	150,000	130,000	150,000

APPENDIX A: BASE MODEL COMPONENTS (CONT'D)

REAL ESTATE VALUE AND INVESTMENTS (NOMINAL DOLLARS IN THOUSANDS)

Plan	URA	Parcel #	Property	2017 Book Value	Amt Return Calc	2017 Op Rev	2017 Op Exp	2017 NOI	Target Return Year	Return 0.06	2017 -18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	2023 -24	2024 -25	2025 -26	2026 -27	2027 -28	2028 -29	2029 -30	2030 -31
Dispose or TBD	**Airport Way**	165	Cascade Station Parcel G	3,639	0	0	26	-26																
	Convention Center	92	B&K Car Rental Site	876	0	0	15	-15																
	Downtown Waterfront	183	One Waterfront South	74	0	0	8	-8																
		256	Old Town Lofts Parking	140	0	10	5	5																
		87	SW RIVER DR & MONTGOMERY-LOT2	96	0	0	0	0																
	Gateway	198	106 NE Halsey	2,068	0	0	0	0																
		199	NE 104th & Wasco	1,153	0	0	0	0																
	Interstate	118	Albina Triangle	6	0	0	0	0																
		264	Argle Lot	1,034	0	0	7	-7																
	Lents	12	5728-5808 SE 91st	437	0	0	0	0																
	NA	178	SOUTH AUDITORIUM-PARK BLK C	0	0	0	0	0																
		185	Boys and Girls Club Land	47	0	0	0	0																
		78	CRNR COUPLET-FSTR F&W	100	0	0	0	0																
	NMAC	125	Jasmine Block	747	0	0	0	0																
		60	Lot 3	351	0	0	5	-5																
		61	Lot 4	1,893	0	0	9	-9																
	River District	186	Station Place Lot 8	0	0	0	0	0																
		316	4th and Burnside	1,202	0	0	19	-19																
		38	Old Fire Station	431	0	0	224	-224																
		46	One Waterfront North	123	0	0	10	-10																
		50	9TH & NAITO-TRIANGLE LOTS	38	0	0	0	0																
	South Park Blocks	107	5th and Montgomery	2,713	0	0	0	0																
Dispose or TBD Total				**17,167**	**0**	**10**	**327**	**-317**																
Develop or Hold	**Convention Center**	40	Convention Center Hotel Garage	1,354	0	0	3	-3																
		70	Convention Center Hotel Garage	1,748	0	0	0	0																
	Downtown Waterfront	254	OTL Commercial	800	0	0	0	0																
		39	Union Station	632	0	0	0	0																
	Gateway	127	Gatway Park and Ride Lot 1	739	0	0	0	0																
		167	Gatway Park and Ride Lot 2	149	0	0	0	0																
	Interstate	261	Nelson Industrial	1,575	0	164	84	80																
		263	Spar-Tek Building	1,431	0	74	24	50																
		80	3620 NE MLK	62	0	0	18	-18																
	Lents	230	Bakery Block	2,151	0	166	68	98																
		267	Metro Auto (Mercado)	1,247	0	0	18	-18																
	NMAC	291	Riverplace Garage	4,175	0	307	36	272																
	River District	153	Station Place Garage	9,282	0	1,018	373	646																
		304	511 NW Broadway PNCA	5,800	0	0	0	0																
		39	Union Station	6,865	0	1,059	979	80																
		74	Block Y	487	0	168	49	119																
Develop/Hold Total				**38,496**	**0**	**2,957**	**1,652**	**1,305**																
Develop /Hold- 6% MRI Rtn Target	**Airport Way**	163	Cascade Station Parcel D	2,316	4,373	0	0	0	29-30	262	0	0	0	0	0	0	0	0	0	0	0	0	262	262
		164	Cascade Station Parcel E	3,057	5,569	0	0	0	29-30	334	0	0	0	0	0	0	0	0	0	0	0	0	334	334
	Business Mgt Fund	308	Post Office	70,201	30,000	0	0	0	24-25	1,800	0	0	0	0	0	0	0	1,800	1,800	1,800	1,800	1,800	1,800	1,800
	Central Eastside	317	ODOT Blocks	2,845	5,114	0	63	-63	21-22	307	0	0	0	0	307	307	307	307	307	307	307	307	307	307
		51	240 NE MLK BLVD	152	152	0	0	0	18-19	9	0	9	9	9	9	9	9	9	9	9	9	9	9	9
		WIP	CLINTON ST TRIANGLE	57	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Convention Center	10	Metro Park (Sizzler)	2,784	6,000	0	0	0	21-22	360	0	0	0	0	360	360	360	360	360	360	360	360	360	360
		135	910 NE MLK	1,920	2,750	0	29	-29	21-22	165	0	0	0	0	165	165	165	165	165	165	165	165	165	165
		77	Inn at Convention Center	3,900	2,081	2,617	2,328	289	21-22	125	0	0	0	0	125	125	125	125	125	125	125	125	125	125
	Lents	185	Lents Little League (92nd and Harold)	1,252	7,660	0	11	-10	20-21	460	0	0	0	460	460	460	460	460	460	460	460	460	460	460
		213	Architectural Iron	630	1,309	0	14	-14	20-21	79	0	0	0	79	79	79	79	79	79	79	79	79	79	79
		229	Architectural Iron	121	0	0	0	0	20-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	River District	308	Post Office	4,203	0	0	28	-28		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		36	Centennial Mills	2,650	2,650	0	59	-59	30-31	159	0	0	0	0	0	0	0	0	0	0	0	0	0	159
		47	Block R	72	8,396	46	165	-119	21-22	504	0	0	0	0	504	504	504	504	504	504	504	504	504	504
Develop/Hold-6% Total				**96,160**	**0**	**2,662**	**2,697**	**-34**			**0**	**9**	**9**	**547**	**2,008**	**2,008**	**2,008**	**3,808**	**3,808**	**3,808**	**3,808**	**3,808**	**4,404**	**4,563**
Grand Total				**151,824**	**0**	**5,629**	**4,676**	**953**																

APPENDIX A: BASE MODEL COMPONENTS (CONT'D)

PLANNED BUDGETED INVESTMENTS (NOMINAL DOLLARS IN THOUSANDS)

Investment Category	Fund	Project	Project Name	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Infrastructure/Grant	310	A00092	Neighborhood Prosperity-42AV	200	50	50	50	12	0	0	0	0	0
		A00484	NPI Share-42AV	90	90	90	90	90	90	0	0	0	0
	311	A00093	Neighborhood Prosperity-CLBV	100	100	75	75	75	170	0	0	0	0
		A00486	NPI Share-CLBV	75	75	100	100	100	5	0	0	0	0
	312	A00094	Neighborhood Prosperity-PKRS	75	100	100	100	100	100	0	0	0	0
		A00487	NPI Share-PKRS	50	75	50	100	100	100	0	0	0	0
	313	A00095	Neighborhood Prosperity-RSWD	75	75	100	75	75	9	0	0	0	0
		A00488	NPI Share-RSWD	60	60	75	100	100	43	0	0	0	0
	314	A00096	Neighborhood Prosperity-DVM	100	100	100	100	100	47	0	0	0	0
		A00489	NPI Share-DVM	75	75	75	100	100	30	0	0	0	0
	315	A00097	Neighborhood Prosperity-82DV	200	80	80	80	80	80	0	0	0	0
		A00490	NPI Share-82DV	40	40	65	75	75	40	0	0	0	0
	320	A00389	CLG-General -DTW	200	100	100	100	0	0	0	0	0	0
		A00495	Prosperity Investment Program (PIP) Grant-DTW	200	300	300	300	0	0	0	0	0	0
	325	A00231	Bond Avenue-NMC	2,834	3,650	0	0	0	0	0	0	0	0
		A00268	Eco District-NMC	3	3	0	0	0	0	0	0	0	0
		A00510	District Partner Greenway-NMC	99	0	100	8,150	3,475	0	5000	29,854	0	0
		A00519	Jasmine Block-NMC	3,637	0	0	0	0	0	0	0	0	0
	330	A00233	Union Station Grant-RVD	0	9,500	0	0	0	0	0	0	0	0
		A00284	Multnomah County-RVD	728	2,095	570	0	0	0	0	0	0	0
		A00390	CLG-General-RVD	260	100	100	100	0	0	0	0	0	0
		A00483	Union Station Grant-RVD	2,123	200	0	0	0	0	0	0	0	0
		A00497	Prosperity Investment Program (PIP) Grant-RVD	290	450	450	450	450	0	0	0	0	0
	346	A00296	Carpool Lot-SPB	4,600	0	0	0	0	0	0	0	0	0
		A00498	Prosperity Investment Program (PIP) Grant-SPB	150	50	50	50	50	0	0	0	0	0
	350	A00298	Eco District-CNV	3	3	0	0	0	0	0	0	0	0
		A00521	Sullivan's Crossing Bridge-CNV	0	1,000	1,000	0	0	0	0	0	0	0
	355	A00236	Lightwater Craft-CES	151	0	0	0	0	0	0	0	0	0
		A00421	Trans. Improvments-CES	2,000	2,500	1,000	500	0	0	0	0	0	0
		A00425	Community Center-CES	0	0	985	0	0	0	0	0	0	0
		A00500	Prosperity Investment Program (PIP) Grant-CES	425	425	425	425	425	0	0	0	0	0
		A00520	CLG-General-CES	125	125	125	125	125	0	0	0	0	0
	360	A00130	CLG-General-LTC	250	250	250	250	250	259	0	0	0	0
		A00240	Leach Botanical Grdns-LTC	1,261	630	0	0	0	0	0	0	0	0
		A00243	Foster-52nd to 82nd-LTC	727	727	0	0	0	0	0	0	0	0
		A00501	Prosperity Investment Program (PIP) Grant-LTC	875	875	875	875	875	974	0	0	0	0
	370	A00106	NPI & Main St Network-ISC	75	50	50	50	25	0	0	0	0	0
		A00131	CLG-General-ISC	640	500	500	500	500	0	0	0	0	0
		A00249	Killingsworth Stscape-ISC	791	0	0	0	0	0	0	0	0	0
		A00250	Lombard Investment-ISC	0	1,000	0	0	0	0	0	0	0	0
		A00502	Prosperity Investment Program (PIP) Grant-ISC	2,332	1,200	1,200	1,200	500	0	0	0	0	0
		A00515	MLK Heritage Markers-ISC	250	0	0	0	0	0	0	0	0	0
	380	A00132	CLG-General-GTW	200	200	200	200	381	0	0	0	0	0
		A00152	Commerical Dist Pilot-GTW	250	0	0	0	0	0	0	0	0	0
		A00251	GTW Street Improvement-GTW	0	1,867	0	0	0	0	0	0	0	0
		A00252	Gateway Park Project-GTW	1,200	0	0	0	0	0	0	0	0	0
		A00503	Prosperity Investment Program (PIP) Grant-GTW	350	350	350	350	659	0	0	0	0	0
	470	A00448	NPI Opportunity	182	250	0	0	0	0	0	0	0	0
	520	A00355	PO Reloc Svc Agreement-BMGT	2,587	1,587	252	252	252	252	0	0	0	0
Infrastructure/Grant Total				**30,937**	**30,907**	**9,842**	**14,922**	**8,974**	**2,200**	**5,000**	**29,854**	**0**	**0**

PLANNED BUDGETED INVESTMENTS (NOMINAL DOLLARS IN THOUSANDS)

Investment Category	Fund	Project	Project Name	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Mission Related Investments	320	A00083	OT/CT Action Plan-DTW	65	65	0	0	0	0	0	0	0	0
		A00108	Business Development-DTW	10	0	0	0	0	0	0	0	0	0
		A00522	OT/CT Investment & Parking-DTW	0	14,526	0	0	0	0	1,377	0	0	0
	325	A00273	RiverPlace Prkng -NMC	5	0	0	0	0	0	0	0	0	0
	330	A00084	OT/CT Action Plan-RVD	65	65	0	0	0	0	1,686	1,686	1,686	23,037
		A00110	Business Development-RVD	50	50	0	0	0	0	0	0	0	0
		A00276	Post Office-RVD	0	7,000	11,000	9,500	0	0	0	0	0	0
		A00279	Broadway Corridor-RVD	191	0	0	0	0	0	0	0	0	0
		A00290	Station Place Prkng-RVD	200	200	200	200	200	200	0	0	0	0
	346	A00205	BL -General-SPB	287	600	0	0	0	0	0	0	0	0
	350	A00309	Inn at Conv Ctr Mgmt-CNV	0	0	0	561	561	561	0	0	0	0
		A00310	Block 49-CNV	2,000	500	800	640	640	480	0	0	0	0
		A00311	Project Development-CNV	5	5	5	5	5	5	0	0	0	0
		A00312	Real Estate Mgmt-CNV	15,725	15,958	0	0	0	0	0	0	0	0
		A00437	Hotel Garage-CNV	1,500	4,899	3,400	2,200	2,000	800	1,063	0	0	0
	355	A00314	Strategic Site Redev-CES	0	25	25	0	0	0	0	0	0	0
	385	A00349	Cascade Station-APW	162	530	530	30	30	30	0	0	0	0
		A00350	Cascade Stn-Prcl G-APW	16	15	15	15	15	15	0	0	0	0
		A00351	Cascade Station-Prcl K-APW	15	0	0	0	0	0	0	7,763	0	0
	390	A00063	Cluster Development-WLI	20	20	20	0	0	0	0	0	0	0
		A00117	Business Development-WLI	20	20	20	0	0	0	0	0	0	0
		A00354	Project Development-WLI	20	20	20	0	0	0	3,809	0	0	0
Mission Related Investments Total				**20,355**	**44,498**	**16,035**	**13,151**	**3,451**	**2,091**	**7,935**	**9,449**	**1,686**	**23,037**

PLANNED BUDGETED INVESTMENTS (NOMINAL DOLLARS IN THOUSANDS)

Investment Category	Fund	Project	Project Name	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Program Related Investments	101	A00571	Brownfield Program Admin	0	150	0	0	0	0	0	0	0	0
	320	A00202	BL -General-DTW	100	100	100	100	0	0	0	0	0	0
		A00258	Old Town Lofts-Accel	4	4	4	4	4	4	0	0	0	0
		A00261	Block 8 - L-DTW	600	0	0	0	0	0	0	0	0	0
		A00359	CPRL-General-DTW	0	0	1,069	4,300	0	0	0	0	0	0
		A00522	OT/CT Investment & Parking-DTW	1,000	14,526	0	0	0	0	0	0	0	0
	325	A00267	Lincoln Station-NMC	2,000	3,840	0	0	0	0	0	0	0	0
		A00270	N Distr Partnershp-NMC	2,500	0	0	0	0	0	0	0	0	0
		A00360	CPRL-General-NMC	500	500	500	0	0	0	2,000	4,048	0	0
		A00533	University Place-NMC	0	600	4,500	4,500	0	0	0	0	0	0
	330	A00280	10th & Yamhill Redev-RVD	2,000	3,000	0	0	0	0	0	0	0	0
		A00276	Post Office-RVD	167	0	0	0	0	0	0	0	0	0
		A00286	Union Station-RVD	253	0	0	0	0	0	0	0	0	0
		A00288	Centennial Mills-RVD	46	250	0	0	0	0	0	0	0	0
		A00289	Station Place Lot 5-RVD	655	0	0	0	0	0	0	0	0	0
		A00293	Old Fire Station Mgmt-RVD	548	0	0	0	0	0	0	0	0	0
		A00517	OT/CT Investment & Parking-RVD	1,000	7,000	15,676	0	0	0	0	0	0	0
	346	A00297	Project Development-SPB	0	800	800	800	800	800	0	0	0	0
	350	A00206	BL -General-CNV	110	150	150	150	150	150	0	0	0	0
		A00301	Block47-CNV	4	0	0	0	0	0	0	0	0	0
		A00303	Rose Qtr Master Plan-CNV	0	250	500	1,000	1,000	1,000	0	0	0	0
		A00306	910 NE MLK Building-CNV	3	0	0	0	0	0	0	0	0	0
		A00311	Project Development-CNV	0	0	1,700	1,360	1,360	1,020	0	0	0	0
		A00363	CPRL-General-CNV	500	500	500	500	500	500	0	0	0	0
	355	A00207	BL -General-CES	300	300	300	300	300	300	0	0	0	0
		A00364	CPRL-General-CES	601	601	601	601	601	601	0	0	0	0
	360	A00113	Business Development-LTC	20	20	20	20	20	0	0	0	0	0
		A00121	Community Development-LTC	50	50	50	50	50	0	0	0	0	0
		A00208	BL -General-LTC	700	700	700	300	300	0	0	0	0	0
		A00326	Bakery Block-LTC	42	0	0	0	0	0	0	0	0	0
		A00329	MetroAuto Bldg & Lot-LTC	20	0	0	0	0	0	0	0	0	0
		A00330	ArchtctIronPrdctBldg-LTC	0	0	0	0	0	0	0	0	0	0
		A00331	Project Development-LTC	90	1,650	1,650	1,650	1,650	0	0	0	0	0
		A00365	CPRL-General-LTC	13,004	7,303	6,001	6,001	1,001	0	0	0	0	0
		A00380	Lean Manufacturing-LTC	30	30	30	30	30	0	0	0	0	0
		A00548	Lents Stabilization/Industrial Dev-LTC	60	0	0	0	0	0	0	0	0	0
	370	A00122	Community Development-ISC	210	200	200	200	200	0	0	0	0	0
		A00333	MLK Alberta-ISC	363	412	0	0	0	0	0	0	0	0
		A00335	Nelson Bldg-Indust-ISC	540	0	0	0	0	0	0	0	0	0
		A00336	Spar-Tek Building-ISC	4	0	0	0	0	0	0	0	0	0
		A00342	Real Estate Mgmt-ISC	5	5	5	5	5	0	0	0	0	0
		A00366	CPRL-General-ISC	1,000	3,435	1,950	3,500	1,300	1,300	0	0	0	0
		A00527	CPRL-PIP Match-ISC	1,350	1,350	1,350	1,350	550	550	0	0	0	0
	380	A00115	Business Development-GTW	20	20	20	20	20	0	0	0	0	0
		A00123	Community Development-GTW	20	20	20	20	20	0	0	0	0	0
		A00210	BL -General-GTW	300	300	300	200	200	0	0	0	0	0
		A00346	Project Development-GTW	150	100	100	100	100	0	1,842	11,000	3,342	0
		A00367	CPRL-General-GTW	0	1,902	1,502	1,502	1,502	0	0	0	0	0
		A00382	Lean Manufacturing-GTW	10	10	10	10	10	0	0	0	0	0
		A00526	Halsey 106 CPRL-GTW	0	6,833	0	0	0	0	0	0	0	0
	385	A00211	BL -General-APW	0	200	0	200	0	0	0	0	0	0
		A00383	Lean Manufacturing-APW	55	30	30	0	0	0	0	0	0	0
	390	A00212	BL -General-WLI	50	50	50	0	0	0	0	0	0	0
	410	A00217	SBLF-General-SBL	60	75	150	350	350	350	0	0	0	0
	463	A00213	BDLF-General-BDL	50	100	200	500	500	500	0	0	0	0
	467	A00218	Working Capital-WCF	350	50	100	200	200	200	0	0	0	0
	520	A00528	10th &Yamhill-BMGT	0	330	0	0	0	0	0	0	0	0
Program Related Investments Total				**31,446**	**57,746**	**40,838**	**29,823**	**12,723**	**7,275**	**3,842**	**15,048**	**3,342**	**0**
Grand Total				**82,737**	**133,151**	**66,715**	**57,896**	**25,148**	**11,566**	**16,777**	**54,350**	**5,028**	**23,037**

PLANNED BUDGETED INVESTMENTS (NOMINAL DOLLARS IN THOUSANDS)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Net Program Investments	12,470	40,129	25,315	9,769	5,269	2,824	1,842	11,000	3,342	0
Cumulative Investment with 2 year lag	0	0	12,470	52,599	77,914	87,683	92,952	95,776	97,618	108,618
Return at 2.5%	0	0	*312*	*1,315*	*1,948*	*2,192*	*2,324*	*2,394*	*2,440*	*2,715*
Mission Related Investments	20,355	44,498	16,035	13,151	3,451	2,091	7,935	9,449	1,686	23,037
Cumulative Investment with 2 year lag	0	0	20,355	64,853	80,888	94,039	97,491	99,582	107,517	116,966
Return at 3%	0	0	*1,221*	*3,891*	*4,853*	*5,642*	*5,849*	*5,975*	*6,451*	*7,018*
Summary of Infrastructure / Grants										
less NPI Grants (Inclued on income statement)	1,140	920	960	1,045	1,007	714	0	0	0	0
less CLG Grants - Used on Income Statement - Program Expenditures	1,475	1,175	1,175	1,175	1,256	259	0	0	0	0
less PIP Grants - Used on Income Statement - Program Expenditures	4,622	3,650	3,650	3,650	2,959	974	0	0	0	0
Add Parcel 3 grant from Housing (Not shown above)	7,700	0	0	0	0	0	0	0	0	0
Infrastructure (net)	31,400	25,162	4,057	9,052	3,752	252	5,000	29,854	0	0

APPENDIX B: FIVE YEAR METRICS

JOBS AND LEVERAGE

JOBS CREATED	CONSTRUCTION JOBS
15,391	10,213

Sponsored Projects	
Jobs Created	996
Construction Jobs	6,660
Ezone	
Non Cluster Jobs Created	594
Construction Jobs	3,553
Traded Sector	
Recruitment/Expansion	2,059
Cluster Jobs Created via Ezone	1,759
Cluster Growth Jobs	7,472
PEIC	
Jobs Created	372
NPI/MS	
Jobs Created	439
Loans and Grants	
Jobs Created	1,169
WF Navigator	
Jobs Created	41
Small Biz	
Jobs Created	490

Sponsored Projects	
Total Spend	123,428,656
Total Project	898,172,614
Leverage	7

REDEVELOPMENT

	2011-12	2012-13	2013-14	2014-15	2015-16
Sponsored Projects					
Construction Spend	23,168,600	232,087,673	25,951,774	350,211,984	176,050,114
Construction Jobs	164	1,644	183	2,480	1,247
Jobs Created	216	195	70	725	N/A
Leverage	7				
DMWESB when EP applies, construction completed	19.1%/$53,011,975				
Workforce	26% minority (606,482 hours), 8% female (174,448)				
Income Restricted Units	217				
Set Aside					
Construction Spend	259,665,792				
Construction Jobs	1,467				
Jobs Created	N/A				
Leverage	4/7				
DMWESB	26%/$66,632,031				
Workforce	N/A				
Affordable Units	1,986				
IGAs					
Construction Spend	$21,356,600				
Construction Jobs	116				
Jobs Created	N/A				
Leverage	2 1/2				
DMWESB	63%/$13,543,095				
Workforce	N/A				
Affordable Units	N/A				

APPENDIX B: FIVE YEAR METRICS (CONT'D)

ECONOMIC DEVELOPMENT

	2011-12	2012-13	2013-14	2014-15	2015-16
Enterprise Zone					
Construction Spend	23,168,600	232,087,673	25,951,774	350,211,984	176,050,114
Construction Jobs	164	1,644	183	2,480	1,247
Cluster Jobs Created	216	195	70	725	N/A
Non Cluster Jobs Created	3	151	141	69	230
Total Investment	111,822,245	145,350,000	392,110,000	48,475,000	125,008,080
Traded Sector					
Recruitment/Expansion		103	364	1106	486
"Growth" Jobs		7147			
Loans/Grants					
Cluster Jobs Created	531				
Non Cluster Jobs Created	638				
PEIC					
Cluster Jobs Created	372				
Neighborhood Prosperity Initiative/Main Street					
Jobs Created	439				
Small Business					
Jobs Created	490				
Workforce Navigator					
Jobs Created	41				

APPENDIX B: FIVE YEAR METRICS (CONT'D)

NEIGHBORHOOD PROSPERITY INITIATIVE & MAIN STREET PROGRAM

Main Street Program	Volunteer Hours	Net Businesses	Baseline Jobs	Net FTE	Net PTE	Total Jobs	Operations Leverage
FY 2010-11	10,881	10	NA	8	4	12	159000
FY 2011-12	10,252	24	NA	81	50	131	197137
FY 2012-13	9,043	15	NA	80	13	93	267631
FY 2013-14	5,866	22	NA	20	2	22	225350
FY 2014-15	5,812.5	15	NA	18	38	56	259270
Total	**41,854.5**	**86**		**207**	**107**	**314**	**1,108,388**

NPI Program Summary	Volunteer Hours	Net Businesses	Baseline Jobs	Net FTE	Net PTE	Total Jobs	Operations Leverage
FY 2012-13	8,896	NA	NA	na	NA	NA	NA
FY 2013-14	18,968.3	28	4388	108	23	131	279602
FY 2014-15	32,026	12	4388	-28	22	-6	508337.74
FY 2015-16	0	0	0	0	0	0	0
Total	**59,890.3**	**40**	**8776**	**80**	**45**	**125**	**787,939.74**

APPENDIX B: FIVE YEAR METRICS (CONT'D)

ADULT AND YOUTH WORKFORCE

Workforce Program (Adult)	FY 2013/14	FY 2014/15	FY 2015/16
# Participants Served	614	771	1082
People of Color Served	56%	60.00%	65%
0% -30% MFI	87.90%	88.00%	89.74%

	WSI Participants Only	
Success Measures (Adult)	FY 2014/15	FY 2015/16
Number of Adults Enrolled	725	1029
Number of individuals exiting service	406.00	681
% Exiting	56%	66%
Exited with employment	288	538
% employed at exit	71%	79%
Average Wage at exit	$13.03/hour	$13.65/hour

Workforce Program (Youth)	FY 2013/14	FY 2014/15	FY 2015/16
# Participants Served	693	728	698
People of Color Served	74.60%	76.00%	77%
0% -30% MFI	85.70%	87.00%	86.20%
# Exited		239	333

Success Measures (Youth)	FY 2014/15 Cohort		FY 2015/16 Cohort	
Successfully completed two years of intensive workforce development	179	75%	291	87%
Placed in employment or post-secondary education	165	69%	264	79%
Participants went on to employment	127	77%	168	64%
Participants went on to post-secondary education	58	24%	96	29%

APPENDIX B: FIVE YEAR METRICS (CONT'D)

MICROENTERPRISE AND SMALL BUSINESS DEVELOPMENT

Direct Metrics (Outputs)	FY 2015-16	%
# Businesses Served	309	
Technical Assistance Hours	10,513	
Businesses of Color Served	249	81%
Business Owners with limited English proficiency	105	34%
0% -30% MFI	113	37%
31% - 50% MFI	98	32%
51% - 80% MFI	86	28%
Low Income: 0-80% MFI	297	96%
81% - 120% MFI	11	4%
Over 120% MFI	1	0%
Overall Client Satisfaction (1-5)	4.67	
Value to Clients (1-4)	3.72	
Likliness to Recommend Program (1-5)	4.76	
Response Rate	35%	
Office Hours Service Recipients	466	
Office Hours Service Recipients TA Hours Provided	2,180	

Indirect Metrics (Outcomes)	FY 2015-16	%
Successful Exits	61	
Reporting on gross sales increase from Enrollment to date	58	
Average Gross Sales increase from enrollment to date	$69,245	
Jobs Created during fiscal year	148.75	
Business closed during FY	7	
Reported as having "increased economic stability"	46	75%

APPENDIX C: BUSINESS PLAN OPERATING BUDGET - SCENARIO A PV

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Operating Sources															
Revenues															
Existing Revenue															
Economic Development/Citywide															
General Fund	6,145	6,060	4,965	4,916	4,868	4,726	4,589	4,455	4,325	4,199	4,077	3,958	3,843	3,731	$64,856
CDBG - EOI	2,139	2,235	1,858	1,713	1,580	1,534	1,490	1,446	1,404	1,363	1,324	1,285	1,248	1,211	$21,830
NPI County/City Revenue Share	419	581	667	587	173	0	0	0	0	0	0	0	0	0	$2,427
Ezone Revenue	1,308	1,513	1,422	1,405	1,390	1,445	775	640	562	620	630	601	515	397	$13,223
Subtotal Economic Development/Citywide	**10,011**	**10,389**	**8,912**	**8,622**	**8,012**	**7,706**	**6,853**	**6,541**	**6,291**	**6,183**	**6,030**	**5,844**	**5,605**	**5,340**	**$102,337**
TIF/Restricted															
TIF/Cash Balance	21,482	17,436	15,819	9,194	7,251	4,731	1,582	0	0	0	0	0	0	0	$77,495
Existing Loan Interest Income	842	1,281	894	2,101	804	759	724	435	183	190	103	54	47	40	$8,456
Real Estate NOI	690	944	935	926	917	908	899	890	882	873	865	856	848	840	$12,271
Subtotal TIF/Restricted	**23,013**	**19,661**	**17,648**	**12,221**	**8,971**	**6,397**	**3,205**	**1,326**	**1,064**	**1,063**	**967**	**911**	**895**	**880**	**$98,222**
Subtotal Existing Revenue	**33,024**	**30,050**	**26,560**	**20,843**	**16,983**	**14,103**	**10,058**	**7,867**	**7,355**	**7,245**	**6,998**	**6,754**	**6,500**	**6,220**	**$200,558**
New Revenue															
New URA TIF for Operations	0	0	233	460	680	893	3,444	3,387	3,338	2,860	2,775	2,694	2,615	2,698	$26,077
New Public Funding	0	0	0	115	114	146	141	2,261	4,286	4,245	5,192	5,170	5,148	5,127	$31,944
Mission Related Investment Income	0	9	1,160	4,062	6,103	6,619	6,619	8,018	8,259	8,551	8,473	9,307	9,605	9,580	$86,365
Program Related Investment Income	190	211	911	2,147	2,742	2,902	2,912	2,922	2,917	3,083	3,092	3,037	2,980	2,923	$32,969
New URA MRI	0	0	0	669	550	189	796	681	923	436	786	908	399	719	$7,054
New URA PRI	190	219	2,304	7,453	10,188	10,749	13,912	17,269	19,722	19,175	20,318	21,115	20,748	21,047	$184,409
PCIF Fees	$33,214	$30,269	$28,864	$28,296	$27,171	$24,851	$23,970	$25,136	$27,077	$26,420	$27,315	$27,869	$27,248	$27,267	$384,967
Subtotal New Revenue	**917**	**1,703**	**4,021**	**8,165**	**11,147**	**13,431**	**13,935**	**17,477**	**20,243**	**20,028**	**21,142**	**21,980**	**21,744**	**21,690**	**$197,625**
Total Sources	***$32,948***	***$31,619***	***$28,356***	***$27,610***	***$25,884***	***$26,600***	***$26,185***	***$26,707***	***$27,435***	***$27,086***	***$28,040***	***$28,647***	***$28,169***	***$27,824***	***$393,110***
Operating Uses Summary															
Programs (Direct Investment)	$15,562	$12,799	$11,406	$11,018	$10,091	$7,264	$7,632	$8,029	$9,245	$9,759	$10,310	$10,903	$11,539	$11,812	$147,369
Staffing	12,361	12,283	12,741	12,699	12,634	13,271	12,147	12,290	12,651	12,544	12,733	12,836	12,730	12,636	$176,557
Administrative Overhead	4,291	4,151	3,670	3,563	3,459	3,358	3,261	3,166	3,073	2,984	2,897	2,813	2,731	2,651	$46,068
PERS POBs (required)	857	897	912	886	860	835	811	787	-	-	-	-	-	-	$6,845
URA Debt Mgt	142	138	134	130	127	123	119	116	55	54	52	51	49	48	$1,338
Total Uses	**$33,214**	**$30,269**	**$28,864**	**$28,296**	**$27,171**	**$24,851**	**$23,970**	**$24,387**	**$25,025**	**$25,340**	**$25,993**	**$26,602**	**$27,049**	**$27,147**	**$378,177**
Balance/Deficit	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$-**	**$749**	**$2,052**	**$1,079**	**$1,323**	**$1,267**	**$199**	**$120**	
Program Detail															
Economic Development Programming															
Traded Sector/Cluster	513	668	367	366	409	579	618	660	705	753	804	859	917	979	**$9,197**
Small Business/Entreprenuership	3,314	2,553	2,139	1,999	1,920	1,725	1,842	1,968	2,496	2,666	2,847	3,040	3,247	3,263	**$35,020**
Workforce Development	3,174	2,845	2,602	2,459	2,326	1,962	2,096	2,238	2,785	2,974	3,176	3,392	3,623	3,665	**$39,318**
Community Capacity Building	2,284	1,868	1,750	1,777	1,691	1,704	1,819	1,943	2,075	2,216	2,367	2,528	2,699	2,883	**$29,604**
Community Redevelopment Grants (PIP only)	4,622	3,544	3,440	3,340	2,629	1,070	1,256	1,220	1,184	1,150	1,116	1,084	1,052	1,021	**$27,729**
Grants and Sponsorships															
Community Livablity Grants	1,475	1,141	1,108	1,075	1,116	224	0	0	0	0	0	0	0	0	$6,138
Organizational Sponsorships	181	182	0	0	0	0	0	0	0	0	0	0	0	0	$363
Total Programs	**15,562**	**12,799**	**11,406**	**11,018**	**10,091**	**7,264**	**7,632**	**8,029**	**9,245**	**9,759**	**10,310**	**10,903**	**11,539**	**11,812**	**147,369**

APPENDIX C: BUSINESS PLAN OPERATING BUDGET - SCENARIO B PV

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total
Operating Sources **Revenues** **Existing Revenue**															
Economic Development/Citywide															
General Fund	6,145	6,060	4,965	4,916	4,868	4,726	4,589	4,455	4,325	4,199	4,077	3,958	3,843	3,731	$64,856
CDBG - EOI	2,139	2,235	1,858	1,713	1,580	1,534	1,490	1,446	1,404	1,363	1,324	1,285	1,248	1,211	$21,830
NPI County/City Revenue Share	419	581	667	587	173	0	0	0	0	0	0	0	0	0	$2,427
Ezone Revenue	1,308	1,513	1,422	1,405	1,390	1,445	775	640	562	620	630	601	515	397	$13,223
Subtotal Economic Development/Citywide	**10,011**	**10,389**	**8,912**	**8,622**	**8,012**	**7,706**	**6,853**	**6,541**	**6,291**	**6,183**	**6,030**	**5,844**	**5,605**	**5,340**	**$102,337**
TIF/Restricted															
TIF/Cash Balance	21,482	17,436	15,819	9,194	7,251	4,731	1,582	0	0	0	0	0	0	0	$77,495
Existing Loan Interest Income	842	1,281	894	2,101	804	759	724	435	183	190	103	54	47	40	$8,456
Real Estate NOI	690	944	935	926	917	908	899	890	882	873	865	856	848	840	$12,271
Subtotal TIF/Restricted	**23,013**	**19,661**	**17,648**	**12,221**	**8,971**	**6,397**	**3,205**	**1,326**	**1,064**	**1,063**	**967**	**911**	**895**	**880**	**$98,222**
Subtotal Existing Revenue	**33,024**	**30,050**	**26,560**	**20,843**	**16,983**	**14,103**	**10,058**	**7,867**	**7,355**	**7,245**	**6,998**	**6,754**	**6,500**	**6,220**	**$200,558**
New Revenue															
New Public Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	$-
Mission Related Investment Income	0	4	483	1,692	2,540	2,750	2,742	3,314	3,374	3,457	3,388	3,705	3,801	3,764	$35,015
Program Related Investment Income	190	211	911	2,147	2,742	2,902	2,912	2,922	2,917	3,083	3,092	3,037	2,980	2,923	$32,969
PCIF Fees	0	0	0	669	550	189	796	681	923	436	786	908	399	719	$7,054
Subtotal New Revenue	**190**	**214**	**1,395**	**4,509**	**5,832**	**5,841**	**6,449**	**6,917**	**7,214**	**6,976**	**7,266**	**7,649**	**7,180**	**7,406**	**$75,038**
Total Sources	***$33,214***	***$30,264***	***$27,954***	***$25,352***	***$22,815***	***$19,943***	***$16,507***	***$14,784***	***$14,569***	***$14,221***	***$14,264***	***$14,404***	***$13,681***	***$13,626***	***$275,596***
Operating Uses Summary															
Programs (Direct Investment)	$15,562	$12,796	$10,859	$9,277	$7,612	$4,829	$3,780	$3,008	$3,633	$3,603	$3,754	$3,978	$3,731	$3,773	$90,195
Staffing	12,361	12,095	12,366	11,736	11,124	11,114	9,250	8,683	8,466	8,036	8,119	8,032	7,686	7,678	$136,744
Administrative Overhead	3,907	3,570	3,377	3,238	3,106	3,233	2,587	2,546	2,451	2,412	2,467	2,316	2,288	2,294	$39,789
PERS POBs (required)	857	897	912	886	860	835	811	787	-	-	-	-	-	-	$6,845
URA Debt Mgt	142	138	134	130	127	123	119	116	55	54	52	51	49	48	$1,338
Total Uses	**$32,829**	**$29,496**	**$27,649**	**$25,268**	**$22,828**	**$20,133**	**$16,546**	**$15,139**	**$14,605**	**$14,104**	**$14,392**	**$14,376**	**$13,754**	**$13,792**	**$274,911**
Balance/Deficit	**$384**	**$768**	**$305**	**$84**	**$(13)**	**$(189)**	**$(39)**	**$(355)**	**$(37)**	**$117**	**$(128)**	**$28**	**$(73)**	**$(166)**	
Program Detail															
Economic Development Programming															
Traded Sector/Cluster	513	668	347	302	296	379	306	247	277	278	293	313	297	313	**$4,828**
Small Business/Entrepreneurship	3,314	2,472	1,841	1,369	988	672	349	88	375	380	454	557	473	489	**$13,821**
Workforce Development	3,174	2,844	2,464	2,029	1,684	1,284	1,038	839	1,094	1,098	1,157	1,238	1,171	1,171	**$22,283**
Community Capacity Building	2,284	1,947	1,842	1,747	1,626	1,571	1,464	1,377	1,421	1,423	1,444	1,475	1,450	1,474	**$22,544**
Community Redevelopment Grants (PIP only)	4,622	3,543	3,258	2,756	1,903	700	622	457	465	424	406	395	340	326	**$20,218**
Grants and Sponsorships															
Community Livablity Grants	1,475	1,141	1,108	1,075	1,116	224	0	0	0	0	0	0	0	0	$6,138
Organizational Sponsorships	181	182	0	0	0	0	0	0	0	0	0	0	0	0	$363
Total Programs	**15,562**	**12,796**	**10,859**	**9,277**	**7,612**	**4,829**	**3,780**	**3,008**	**3,633**	**3,603**	**3,754**	**3,978**	**3,731**	**3,773**	**90,195**

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