



DATE: April 20, 2022
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 22-14
Update on Fiscal Year 2022-23 Budget Development Process

BRIEF DESCRIPTION OF INFORMATION ITEM

No action is requested; information only.

At the April 20, 2022, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the fiscal year (FY) 2022-23 Proposed Budget (Proposed Budget). After Prosper Portland Board input and direction, staff will finalize the Proposed Budget in April and present to the Portland City Council (City Council), acting as the Prosper Portland Budget Committee, on May 4, 2022. City Council is expected to approve the Proposed Budget on May 18, 2022. Staff will seek the Prosper Portland Board's adoption of the City Council-approved Proposed Budget at its June 7, 2022, meeting.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Development of the FY 2022-23 budget meets multiple priorities of the agency's Strategic Plan, most notably by exercising transparent administration of resources and assets to ensure public funds are effectively invested to achieve agency objectives while promoting the long-term sustainability of the organization.

BACKGROUND AND CONTEXT

The Prosper Portland FY 2022-23 budget development process began in fall 2021, with creation of the draft FY 2022-23 agency wide work plan. From November 2021 through January 2022, staff created draft expenditure budgets and revenue forecasts that the Prosper Portland Board reviewed during the FY 2022-23 Budget Work Session on January 24, 2022.

To solicit feedback on the draft budget, staff convened its 16-member Community Budget Committee (CBC) with stakeholders representing a broad cross-section of the community. CBC members participated in four meetings through January that culminated with the CBC articulating its recommendations in a letter to the Prosper Portland Board and City Council that was included in the FY 2022-23 Requested Budget submitted in early February.

In addition to soliciting CBC feedback, Prosper Portland staff conducted broader stakeholder review of the FY 2022-23 Requested Tax Increment Finance District Budgets focusing on business associations, neighborhood groups, and other community-based organizations; a summary of this feedback can be found in Attachment A.

Since its release in early February, the Requested Budget has been reviewed by the City Budget Office (CBO); a copy of this review can be found in Attachment B. Over the course of March, Prosper Portland

staff participated in three City Council budget work sessions focused on City Council priorities and budget requests for General Fund and American Rescue Plan Act (ARPA) funding. Following is a summary of each work session:

- **Returning Tax Increment Funding (March 14):** The City of Portland (City) Office of Management and Finance and the City Budget Office led a work session that identified when tax increment resources from expiring TIF districts would be returned to the City General Fund, how much is currently required to balance the City General Fund forecast, what is available for new, future commitments, and a review of several potential scenarios of how resources could be allocated between Prosper Portland the Portland Housing Bureau and other programming or potential obligations including the Portland Harbor Superfund.
- **Supporting Livable Neighborhoods (March 17):** The Bureau of Planning and Sustainability, Parks, Transportation, Development Services, Civic Life, and Prosper Portland presented programming and budget packages to support implementing complete communities and livable neighborhoods (anchored by the 2035 Comprehensive Plan). Prosper Portland presented packages supporting vibrant neighborhoods and business districts which focused a \$4.5 million ARPA request to provide two years of services that activate public and private spaces throughout the city and support small businesses.
- **Economic Stabilization and Recovery (March 31):** Prosper Portland led a multi-bureau presentation addressing the coordinated approach to the City's Economic Stabilization and Recovery efforts. Prosper Portland, the Bureau of Development Services, the Children's Levy, Worksystems, Venture Portland and other partners identified strategy, programming and requests of new General Fund, Cannabis Funds, and ARPA funding to further support programming. Prosper Portland discussed General Fund one-time funding to bolster existing programs as well as the \$10 million ARPA request for small business stabilization grants.

Staff are currently engaged in making refinements to revenue and expenditure estimates originally included in the FY 2022-23 Requested Budget that will be presented to City Council as the Proposed Budget on May 4, 2022. Prosper Portland's Proposed Budget will also incorporate Mayor Wheeler's proposed General Fund and Cannabis Fund allocations that will be made public in late April.

The Proposed Budget will amend the FY 2022-23 Requested Budget with the following changes:

- 1) **Update resources and expenditure appropriations being removed from the FY 2021-22 Revised 2 Budget.** Staff are currently identifying current year appropriations that should move to next year (or future years) based on project timing. Projects include Old Town Action Plan projects, Lents Action Plan projects, Broadway Corridor predevelopment costs, Housing Set Aside funding as directed by the Portland Housing Bureau, and various loan and grant funds across all funding sources based on timing and demand.
- 2) **Update Prosper Portland's General Fund, Cannabis Fund, and American Rescue Plan Fund resources and expenditures to reflect the Mayor's Proposed Budget decisions.** Decisions will not be released by the Mayor's Office until the end of April and are therefore unknown at this time.
- 3) **Refinements to Property Management Budgets.** Staff will provide an update on the status of property income in the current year and an update on the projections for next fiscal year.
- 4) **Adjustments to staffing and administrative overhead budgets.** Refinements include adjusting estimated staffing costs and administrative materials and services budgets based on updated information since the Prosper Portland Board Budget Work Session in January and the proposed one-year extension to the Collective Bargaining Agreement.

Following City Council approval of the FY 2022-22 Requested Budget on May 18, 2022, the budget will be submitted to the Tax Supervising and Conservation Commission (TSCC) to review and determine compliance with local budget law. Final changes approved by City Council will be presented along with final recommended changes for the Prosper Portland Board to adopt following the TSCC hearing with the Prosper Portland Board on June 7, 2022.

ATTACHMENTS

- A. Feedback on TIF District Budgets
- B. City Budget Office Review of the Requested Budget

FISCAL YEAR 2022/23 TIF DISTRICT BUDGET OUTREACH SUMMARY OF FEEDBACK

As part of Prosper Portland’s outreach on the fiscal year 2022/23 draft Tax Increment Finance (TIF) district budgets, staff met with these neighborhood associations, business associations, and other community partners:

- Old Town Community Association
- South Portland Neighborhood Association
- Gateway Area Business Association
- Hazelwood Neighborhood Association
- Go Lloyd
- Central Eastside Industrial Council
- N/NE Community Development Leadership Committee

Following is a summary of feedback organized by TIF district or neighborhood:

Old Town/Chinatown (River District and Downtown Waterfront)

- Continued support for Old Town Action Plan
- Pandemic era priorities including
 - Funding the Business Navigator and Events Coordinator positions
 - A robust slate of events to attract people to the district and assist in changing perceptions of the district (e.g., larger once-monthly events and smaller daily/weekly events such as art shows at the Tuck Lung Gallery)
 - Infrastructure and street lighting
 - Design of a skate park in the “bowl” adjacent to the Steel Bridge
 - Implement quiet zone at NW Naito and NW Glisan railroad crossing

North Macadam

- Support completion of SW Bond Avenue
- Request remaining portions of the Greenway built to master plan specifications (primarily located on ZRZ-owned and Alamo=Manhattan owned lands)
- Support South Portland transportation improvements (including the signal, Lowell realignment, and turn lane on North Macadam)

Gateway Regional Center

- Continued support for Gateway Five Year Action Plan priorities emphasizing assistance for existing and new business along the Halsey/Weidler corridor
- Support leasing out affordable commercial space in The Nick Fish (106 & Halsey)
- Interest in redeveloping large, long-standing privately-owned vacant properties
- Concern about safety, crime, cleanliness issues, although awareness that this likely requires non-TIF City investments

Oregon Convention Center

- Support the requested budget
- Support selling 100 Multnomah air rights, renovating the Inn at Convention Center at the mid-level, and continuing to own/operate the Convention Center Hotel parking garage

- Should additional resources become available, would prioritize improvement/activation at the 910/Action Sports Building to complement the Inn at Convention Center project
- Support partnering with property owners on retail tenant opportunities with a focus on growing BIPOC-owner presence in the district

Central Eastside

- Support current investment priorities including development of the Workshop (ODOT) Blocks and OMSI campus.
- Continue to partner in activation including through both TIF and other City investment:
 - Activate Blocks A, B and C of Workshop (ODOT) Blocks by working with Michelle Comer and BEAM development
 - Assess opportunities for safety and activation strategies under the Morrison Bridge viaduct and near Hawthorne.
 - Maintain coordination with Portland Police Bureau, District Attorney's Office, City Attorney's office, Sheriff to address blight throughout district and prevent recidivism
- Continue to fund Small Business Repair Grant for immediate repairs for businesses and nonprofits

Interstate Corridor

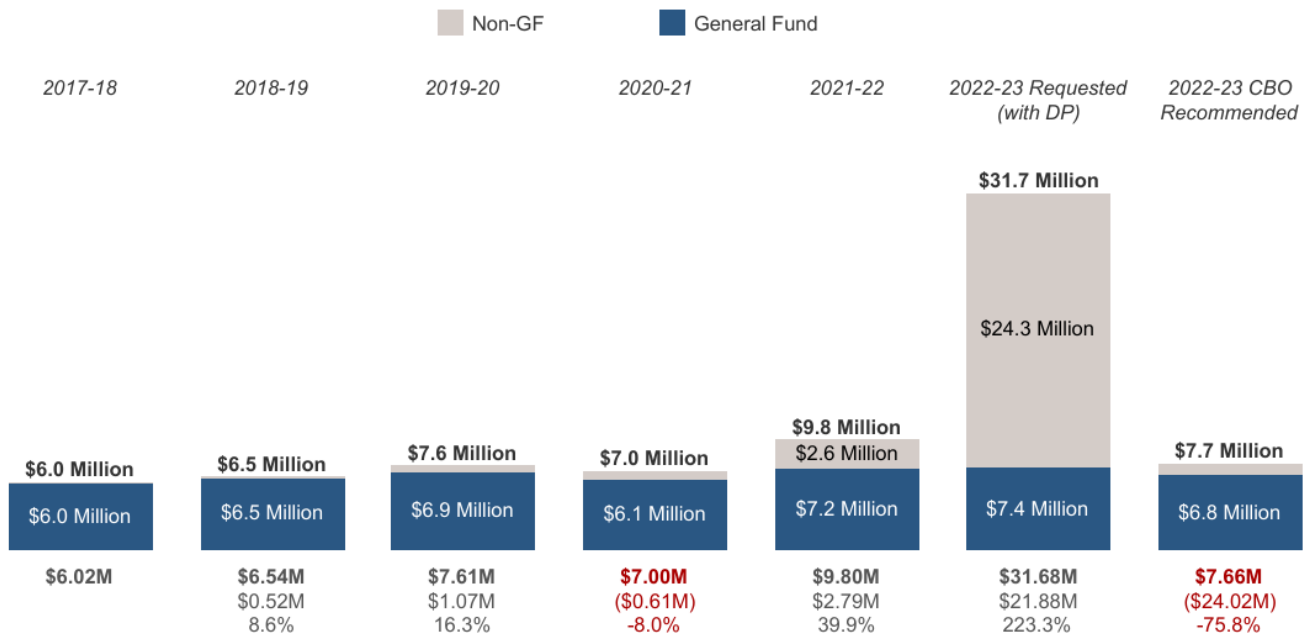
- Support the budget request including the potential acquisition of property at NE 15th & Killingsworth Street
- Continue to partner with Portland Housing Bureau to promote preference policy for Black households in the community
- Look for opportunities to further promote Prosper Portland financial products, services and programs that can help BIPOC businesses



**City
Budget
Office**

Prosper Portland

Adopted Budget Revenues | 5-Year Lookback



EXECUTIVE SUMMARY

Prosper Portland is the City’s economic and urban development agency. The General Fund component of the agency’s budget largely funds economic and workforce development initiatives. Prosper Portland acts as a pass-through for much of the workforce development activities that are funded by the City and actively manages several economic development initiatives that are funded by the General Fund.

- Prosper’s long-term financial sustainability continues to be the agency’s primary challenge as the City’s Tax Increment Finance districts mature and reach their maximum debt levels.
- The agency’s FY 2022-23 Requested Budget in the General Fund and the Recreation Cannabis Tax

Fund totals \$8,803,756, which is 15.8% lower than its FY 2021-22 Revised Budget but 4.8% higher than its FY 2021-22 Adopted Budget.

- The FY 2022-23 Requested Budget includes four requests for one-time General Fund resources, three requests for additional Recreational Cannabis Tax funding, and five requests for American Rescue Plan Act resources.
- Among the requests for General Fund resources, CBO recommends General Fund resources for the Scaling BIPOC Technology Businesses request and Recreational Cannabis Tax funding for the Inclusive Business Resource Network (IBRN) Capital Access Advisor.
- Primarily due competing priority requests for limited available General Fund resources, the CBO does not recommend new General Fund resources for the Portland Film Office and maintaining services in the Neighborhood Prosperity Network and Old Town / Chinatown.
- Prosper also requested resources from the City’s Recreational Cannabis Tax (RCT) Fund. These funds are managed separately from the General Fund, and allocations must adhere to eligible expense guidelines as approved by voters. Allocation options of Cannabis Fund resources will be part of a later phase in the FY 2022-23 budget development process.

BASE BUDGET & KEY ISSUES

Program Revenues

During the FY 2021-22 Budget Development Process, CBO reported on Prosper Portland’s program revenues (loan collection and property income) during FY 2020-21, discussing both the budget and year-to-date actuals, especially as they pertained to the economic impacts of the COVID-19 pandemic. Prosper included conservative assumptions in the FY 2020-21 budget related to the loss of loan and property related income, with the Revised Budget for property income at about 40% of FY 2019-20’s pre-pandemic budget. The primary drivers in reduced property income were attributable to losses in revenues from parking receipts at Prosper’s garages and other surface lots, and from lease and other property income, most notably from the Inn at Convention Center. Loan collections were reduced due to deferrals but were generally on the same level as prior years’ collections.

The reductions of income during FY 2019-20 at the onset of the pandemic required expenditure reductions in the FY 2020-21 budget. Using a revised forecast, staff rebalanced several TIF Districts, reducing lending and grant programs in order to balance where necessary. The agency also implemented personnel services reductions to help offset the decrease in program revenues last year. The agency ultimately ended last fiscal year collecting \$3.2 million in property income out of a budget of \$3.4 million, while loan income ended the year at \$3.8 million, more than twice the budgeted amount (\$1.7 million).

Current year income for the first half of FY 2021-22 is trending higher than last fiscal year’s actuals. In fact, at \$9.6 million, loan income is already above the budgeted amount of \$9.1 million due to the unplanned payoffs of loans, including one to the Portland Northwest College of Art (PNCA). Other unplanned payoffs would further result in higher than budgeted loan collections through year-end. Concerning property income, \$2.7 million has already been collected out of a budget of \$5.9 million.

Included in the agency’s Requested Budget for FY 2022-23 are forecasts for loan and property revenues for the next five years. A “spike” in property income is expected next year (\$16.2 million compared to \$6.1 million for FY 2021-22) due to the economic recovery, as well as property sales in the River District. Property income revenues are projected to return to pre-pandemic levels over the five-year forecast. To

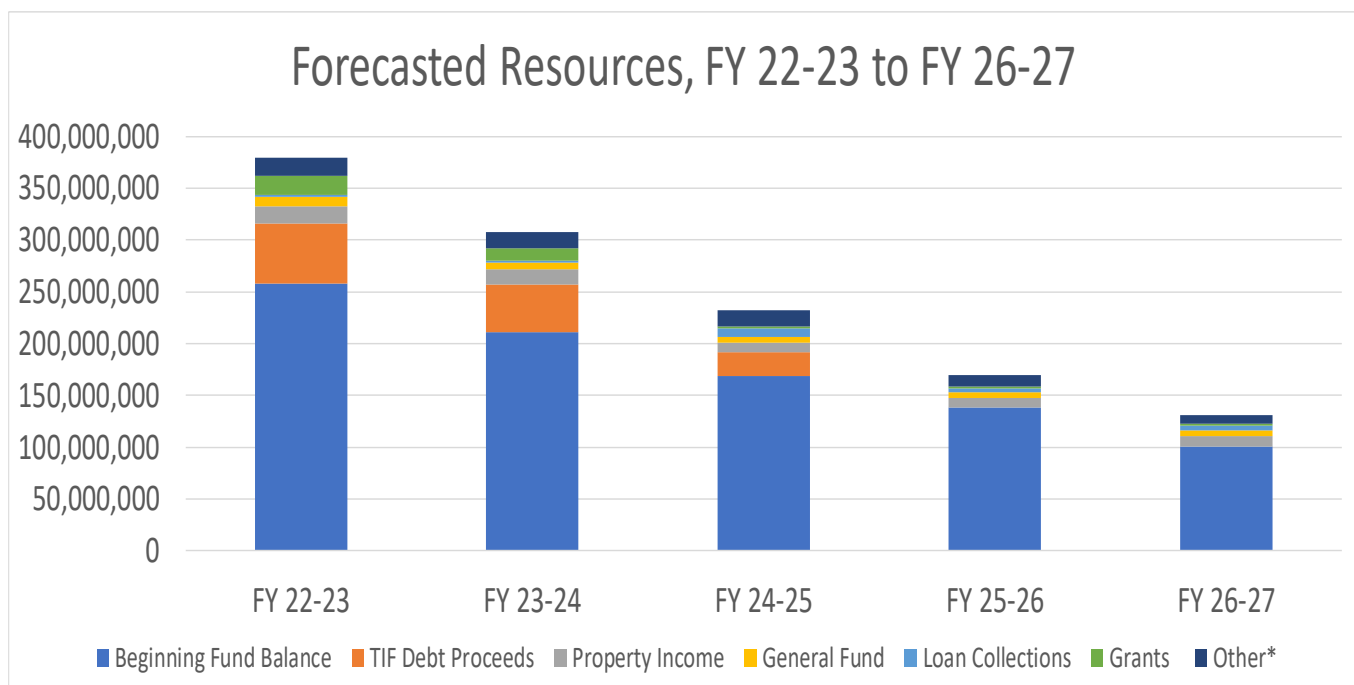
the extent property income estimates exceed or fall below current forecasts, it will impact how much of an overall gap exists in the agency to fund future operations and programs at current levels. The PNCA loan collection and the planned property sales are all in the River District, and Prosper maintains that it needs those resources to balance the district’s budget for the Broadway Corridor and Old Town / Chinatown commitments.

On the other hand, loan collections revenues are projected to be \$7 million lower next year than this year, with the difference mainly due to the payoff of two loans in River District for the PNCA that was previously scheduled to occur later in the five-year forecast but is now expected this year. Unplanned payoffs in addition to the PNCA loan will further result in higher than budgeted loan collections through year-end and a corresponding decrease in collections in future years. The forecast for loan collections only includes current loans in the portfolio and therefore, decreases over time as loans mature. Prosper states that these forecasts will be updated as new loans are added to the portfolio on an annual basis.

Financial Sustainability

Revenues from Tax Increment Financing (TIF) Debt Proceeds are currently forecasted to dwindle to zero dollars in FY 2025-26. Facing this “TIF Cliff”, strategies to achieve long-term financial sustainability for Prosper Portland include: requesting and receiving new General Fund resources, increasing program income, amendments to existing TIF districts, and creations of new TIF districts.

Several tracks of work are currently underway on the development of the agency’s Financial Sustainability Plan. Staff are finalizing investment scenarios for Prosper held assets and remaining TIF funds and identifying other resources including other public resources and fees. Prosper is working with the City Budget Office, the Portland Housing Bureau, and the Office of Management and Finance on presenting information to City Council in late March 2022 on the returning tax increment from expiring TIF Districts. The three components will be brought together into a comprehensive funding strategy for the Board and Council to consider later in 2022.



*Other includes: Fees and charges, Interest on investments, Miscellaneous, Reimbursements, Service reimbursements, and Transfer in

General Fund – The likelihood of additional, ongoing resources being added to Prosper’s budget in future years are dependent on many factors, not the least of which is the City’s financial condition, which in turn is dependent on the overall economy. The actual amount of General Fund resources allocated to Prosper fluctuated between \$5.8 million to \$6.6 million over the last five years. Bureaus receiving ongoing General Fund resources were directed to propose ongoing reductions funded by those resources during all five of these last five years. The most recent five-year forecast for the General Fund issued in December 2021 indicates a modest ongoing surplus in FY 2022-23 and none in FY 2023-24, followed by significant additional ongoing resources becoming available starting in FY 2024-25 due to the expiration of the Urban Renewal Areas and the subsequent return of property tax revenue to the City.¹ Should existing TIF districts be extended, or new ones be created, the Citywide forecasted General Fund resources would subsequently decline. Should Council determine a portion of returning URA resources be allocated to current recipients of TIF (Prosper and the Housing Bureau), the “TIF Cliff” would be mitigated for those bureaus, but the amount of General Fund available Citywide would be reduced requiring service level reduction in other bureaus who rely upon General Fund resources - such as police, fire, and parks services. A Council work session is scheduled in March 2022 to discuss forecasted returning resources and potential options for investment, including funding for Prosper Portland.

Program revenues – These revenues include loan collections and property income. The COVID-19 pandemic significantly reduced property income (primarily operating income from parking, leases, and other operating income) last year and the first couple of years of the five-year forecast, increasing reliance on existing TIF resources to support assets and implement projects. As noted above, these revenues are forecasted to return to pre-pandemic levels over the five-year forecast. To the extent property income estimates exceed or fall below current forecasts, it will impact how much of an overall gap exists in the agency to fund future operations and programs at current levels. Property income should continue to be a key component of the agency’s Financial Sustainability Plan. The plan assumes that net operating income from certain properties continued to be held by Prosper will support its operating and capital budgets over the next ten years and beyond.

Prosper’s forecast for loan collections only includes current loans in the portfolio and therefore decreases over time as loans mature. However, these forecasts will be updated as new loans are added to the portfolio on an annual basis. These resources are considered existing resources in the original version of the agency’s Financial Sustainability Plan and will continue to be included as existing resources in future, updated plans.

TIF districts - It’s worth highlighting that TIF districts in their current form result in a net increase in funding to the City, as resources are deferred from all property tax receiving districts and allocated for City-managed housing and economic development services in specific geographical areas. However, the tradeoff to the City is the loss of more flexible discretionary resource that can be allocated for any governmental purpose within any City geography. Prosper has been exploring both amendments to existing TIF districts and new TIF districts which have offsetting impacts on Economic Development, Housing, and the City’s General Fund.

Amendments to existing TIF Districts: Most recently, the Interstate Corridor Urban Renewal Plan was amended to increase maximum indebtedness and is expected to generate \$67 million, most of which will be devoted to developing affordable housing with about 30% to be allocated to Prosper for economic development activities. The amendment is delaying the return of property tax revenue to the City’s

¹ <https://www.portlandoregon.gov/cbo/article/797962>

General Fund as well as those of other local governmental jurisdictions. Specifically, the amendment extended the date that the City will begin receiving incremental assessed value to FY 2024-25, instead of in FY 2022-23 without the amendment. The value of those taxes and impact to the City over two years is expected to be \$16.2 million (\$9.4 million in FY 2022-23 and \$6.8 million in FY 2023-24). There have been no other amendments since the decision to modify the Interstate District. Prior to the Interstate amendment, the Lents District plan was amended in the spring of 2020 to extend the last date to issue debt (in lieu of issuing a long-term bond). The estimated defeasance date for the existing bonds is FY 2024-25, and \$5.8 million are forecasted to return to the General Fund in FY 2025-26. There is a conversation that started with the Gateway community on the potential to extend the last date to issue debt past the end of this fiscal year in order access estimated, remaining maximum indebtedness (about \$45 million). If the Prosper Portland Board of Commissioners approves this extension, it can allow the Gateway district to generate resources for community economic development and affordable housing.

New TIF Districts: There have been several community-led conversations about creating new TIF districts. Prosper Portland and Portland Housing Bureau staff continue to regularly coordinate with Cully partners on the agency's ongoing work to explore a new TIF district. Following a committee retreat in fall of 2021, staff drafted and shared an initial rough draft of the Cully TIF District Plan. Cully partners have spent the past two months working through their internal process to provide feedback on the draft plan and bolster elements with community-led community engagement. The partners anticipate creating elements of the Cully TIF District proposal, including a TIF Plan, a governance charter, and identifying implementation resources. Prosper staff are developing and planning public involvement and outreach opportunities, currently anticipating hosting two open houses by late spring. Additionally, all neighborhood associations within the proposed boundary have had initial contact points. The partners currently anticipate entering the public approval process in early summer and seeking Portland City Council review and potential approval in summer or fall of 2022. With a 25-year limit, the effort may result in \$50.1 million in foregone revenue to the City's General Fund, while the amount foregone would be \$96.4 million with a 33-year limit. At present, there is interest from community stakeholders for an exploration process of Outer East Portland and Parkrose TIF Districts. Prosper is in the initial stages of convening a discussion with community stakeholders and bureau partners.

River District Updates

Financial Summary and Report

Prior years' five-year forecasts for the River District TIF district showed a funding deficit starting in the third year due to the inclusion of a \$34 million line of credit repayment, existing commitments such as the Old-Town/Chinatown Action Plan, anticipated Broadway Corridor investments, and conservative property sale and program income assumptions on the resources side. The deficit in the near term was significantly reduced with Council approval of the City covering the costs of the initial line of credit via bond sales, with the agreement that the City will forgive up to \$15 million of the cost of repayment. This action, along with other financing plans presented to the Council in late 2020, resulted in the removal of the \$34 million repayment from the near-term Five-Year Forecast. With the new loan/line of credit repayment arrangement, Prosper will contribute \$20 million after FY 2032-33 and also repay the General Fund \$7.5 million in FY 2033-34, when a significant land sale is estimated, while the General Fund will pay \$24 million from FY 2022-23 to FY 2032-33. Prosper notes that this ties to the nominal cash flow of its "low value" model which results in a \$15 million net present value obligation for the General Fund. However, there remains significant uncertainty in the out years of the forecast due to the status of the Broadway Corridor project, as described below. District commitments remain for that project and the Old

Town/Chinatown Action Plan (together with ongoing property management and administration) in the budget and five-year forecast.

In its forecast, Prosper included \$14 million in land sales, which are projected to be for some combination of the Block A&N property at NW 3rd and Glisan, 4th and Burnside, and Centennial Mills. A purchase and sale agreement is currently being negotiated at the Centennial Mills property. Once executed, the prospective buyer will have up to two years to acquire the property for \$13 million. The Prosper Portland Board has authorized terms for disposition and development of Centennial Mills and a development team is preparing predevelopment and early design work on the site. Prosper is working closely with the Bureau of Planning and Sustainability on proposed future code language that it recently released to understand any impacts to Centennial Mills. The Block A&N property is listed for sale with a broker and there is no public update on this property at present.

Net operating income (NOI) for Union Station ended FY 2020-21 with a loss of over \$300,000 due to operating costs and impacts related to the pandemic. The five-year forecast maintains a negative NOI, resulting in drawdowns of the operating reserve and impacting the River District's program income balance. The 125 year-old station's capital needs are significant, including an estimated \$200 million in seismic and mechanical upgrades. The recent completion of the Federal Railroad Administration's 30% Preliminary Engineering/National Environmental Protection Agency grant should position Union Station well to compete for new federal infrastructure funding.

The agency also indicated that other resources for the district will likely be updated in future years, including interest earnings, potentially resulting in a revised ending balance that may be negative. Prosper plans to annually update and amend the forecast to show the revised balance. For example, property income will be reviewed and updated on an ongoing basis, particularly with regards to Station Place parking revenues and Union Station. Prosper states that to the extent a negative year-end balance is more likely to occur (based on actual property income), it will be reducing costs in order to balance. At the time of the release of the FY 2022-23 Requested Budget, a repayment of the loan for the PNCA was still showing in a future year despite the expected actual payoff this year, thereby overstating ending balance at the end of the five-year forecast.

Broadway Corridor

Development of the USPS site in the Broadway Corridor is perhaps the largest and most important project in the River District. Prosper states that since the departure of the prior development partner, it has been undertaking an evaluation period to determine how best to re-offer the property for redevelopment, minimize risk, and maintain a commitment to equitable community benefits. The agency is entering into an exclusive negotiation agreement with Related Development to complete a feasibility review of Broadway Corridor project details and negotiations to-date. The feasibility review, which will take approximately 60 days to complete (estimated by late March 2022), will provide feedback to Prosper on if and how Related Development sees a path forward for development of the Broadway Corridor in its current iteration. The developer may then either submit a formal proposal for redevelopment of the Corridor or elect not to continue discussions with Prosper at this time. If Related provides a proposal, Prosper will evaluate it as an alternative to proceeding with a developer solicitation.

Prosper is also seeking opportunities to enhance the funding plan for the project through federal opportunities such as an application for a RAISE grant in partnership with PBOT to reduce the need for an LID to fund necessary infrastructure work. If successful, this grant will both reduce Prosper and the City's risk associated with an unforeseen long-term hold of the property, as well as reduce the financial burden on private development feasibility. In addition, Prosper and City bureau partners are continuing to make

progress on plans for site preparation and infrastructure construction. Abatement, soils remediation, and demolition are anticipated to occur from May 2022 to April 2023, with street and utility work running April 2023 through summer of 2024. Affordable housing and market-rate development can then commence in the fall of 2024. Current and near-term risks to the effort include potential cost overruns, delays in finding a buyer, and the indirect costs of the community agreements. As the debt restructuring of the \$34 million line of credit repayment discussed above illustrates, the City's General Fund may be called to bear some of the project's risks, resulting in further missed opportunities to fund other essential services and having less resources to mitigate emergencies. Due to the uncertain nature of many aspects of the effort, including financing, CBO recommends that Council pay close attention to the progress of the project, including directing Prosper and PBOT to provide regular updates.

DECISION PACKAGES

NPN & Old Town-Maintain Services

13164, \$435,000

Request Summary

There are two parts to this request for \$435,000 in one-time General Fund resources. With most of the Neighborhood Prosperity Initiative (NPI) districts reaching maximum indebtedness and the associated expiration of the shared revenue agreements with the City and Multnomah County, Prosper is requesting \$375,000 in one-time General Fund resources as bridge funding as longer term funding plans are developed next year. In addition, there is a request of \$60,000 to continue the current funding for the Old Town Community Association (OTCA) District Manager position to assist in its mission of promoting equitable development, job creation, retail viability and livability in the Old Town / Chinatown neighborhood.

CBO Analysis

Bridge Funding for NPI Districts. With the formation of the NPI districts, the City and the County agreed to provide their portion of resources generated by tax increment shared revenue from these districts as operating grants to help support the districts. Each overlapping taxing jurisdiction including the City and the County received tax increment shared revenue from the districts. As values grew in the tax increment districts, a portion of tax increment revenues were increasingly "shared" and in turn provided as operating grants from the City and County back to the NPI districts. However, as the tax increment districts reach maximum indebtedness, these agreements will subsequently expire. Shared revenue is no longer available for most of the districts starting in FY 2022-23. These funds have supported most of the district's programming, while Prosper Portland's General Fund budget has provided foundational administration support. This \$375,000 request is a one-year budget request to sustain current service levels to these priority communities.

The request offsets reduced revenue share for four districts, at \$75,000 each, and also provides \$75,000 for one other district to ensure that across the network, the districts are able to provide supports and programming to local businesses. Prosper states that the amount is based on the revenue share provided over the previous five years, which has ranged from \$90,000 to \$107,000 annually per district. The other two districts continuing to receive revenue share during FY 2022-23 are anticipated to receive approximately \$100,000 each. Funding at this requested level will partially offset loss of revenue and allow for continued economic development programming, which varies among districts, including commercial property management to preserve commercial affordability, cultural liaisons to support

immigrants and refugees to communicate in their native languages for civic engagement, and business technical assistance to help new entrepreneurs get established.

Prosper states that without this funding, the districts would not be able to provide the existing levels of economic development programming and services. Each district develops tailored programming to meet the needs of their local business community. Examples of programming include one-on-one consultative services, resource navigation, and business technical assistance. Additionally, the Neighborhood Prosperity Network (NPN) provides cultural and language specific outreach, district events (e.g., Jade international Night Market, Taste of Parkrose and Rosewood Saturday Celebrations) and community specific support (e.g., business support, workforce navigation, vaccination clinics, digital devices). Districts have also played a central role in many City-led priorities and projects. City staff often rely on these districts to disseminate information to their communities and support City outreach efforts. Prosper states that these activities will largely end without ongoing public funding.

Prosper Portland has historically provided the NPN districts with the following funding:

- General Fund: \$75,000, for administration and operations
- Revenue Share: Variable, for economic development programming
- Tax increment finance: Variable, for district improvement Grants
- Enterprise Zone: \$11,000, for technical assistance and promotions

In addition, the NPI districts receive funding from sources other than Prosper Portland. Districts receive grants from philanthropic organizations, host community fundraisers, and manage service contracts from multiple City/County agencies for services such as community engagement, PPE distribution, language translation, etc. Last year's revenue numbers were significantly higher than usual due to an increase in local government service contracts related to the COVID-19 response:

- Cully Blvd Alliance: \$215,000 from service contracts/event income/donations; \$15,000 from in-kind donations
- Division Midway: \$541,000 from service contracts /event income/donations; \$11,000 from in-kind donations
- Our 42nd Ave: \$217,000 from service contracts/event income/donations; \$2,000 from in-kind donations
- Rosewood: \$2 million from service contracts/event income/donations; \$44,000 from in-kind donations
- St. Johns: \$81,000 from service contracts/event income/donations; \$17,000 from in-kind donations

One of the program's official performance measures is the amount of private funds leveraged by the Neighborhood Prosperity Network, which totaled \$1.1 million in FY 2019-20 and \$3.7 million last year, with \$750,000 being the targets for the current and next fiscal years. Prosper states that the original expectation during the development of the program was that the community organizations would be able to access other foundational grants and local donations, and they have far exceeded the agency's initial expectations. However, Prosper notes that these funds have not been utilized for the organization's administrative infrastructure, but rather for expanding critical programming needs articulated by the communities.

Prosper has indicated that this gap funding will allow it to work with the micro-districts and their

communities over FY 2022-23 to assess their longer-term business plans and explore sustainable, long-term funding options to support this work. In early FY 2019-20, Prosper Portland staff developed multiple scenarios to address the pending funding shortfall, but the agency states that the COVID-19 pandemic sidelined those plans. Organizational priorities shifted to focus on business/community health and financial stabilization. Most districts have one to two staff, and throughout the pandemic, that capacity pivoted to support local businesses and the community. Prosper Portland granted funds to help businesses stay afloat, and the NPI network has been a valuable community partner for community engagement and disbursing of the funds. Prosper states that it is now back in a place to reassess the network's long-term sustainability, and this request is considered bridge funding until a long-term plan is established.

While noting that the effort may advance the City's equity goals, as the NPN fosters economic opportunity and vitality throughout Portland neighborhoods, focusing on low-income populations and communities of color, CBO does not recommend funding this request due to significant competing proposals for limited General Fund resources. CBO notes that the timelines of when the NPI districts would reach maximum indebtedness and the associated expirations of the shared revenue agreements were well-established, and the community organizations have far exceeded Prosper's original expectations in their ability to access other foundational grants and local donations. Finally, while the request is for one-time bridge or gap funding, CBO is wary of the potentially ongoing nature of the funding need. If the bridge funding for next year is provided, and Prosper and the districts are unable to find other sustainable funding sources, there is a risk of the allocation for next year to become the first year of serial one-time General Fund resources for the districts, as the second part of this request has become.

Continued Funding for OTCA District Manager. In addition to the NPN request, this package requests \$60,000 to continue funding for the Old Town Community Association (OTCA) District Manager position to assist in its mission of promoting equitable development, job creation, retail viability and livability in the Old Town / Chinatown neighborhood. If appropriated, the \$60,000 will be added to \$50,000 in Prosper funds to pay for the District Manager position. The District Manager oversees the OTCA's efforts in the district. The \$60,000 sustains one-time funding from FY 2021-22 and is twice the annual amount of \$30,000 provided for the position for several years between 2014 and 2019. In addition to the amounts mentioned above, Prosper has allocated an additional \$100,000 to pay for the OTCA's Business Navigator, a position that was created in FY 2021-22. Overall funding for the OTCA for FY 2022-23 will be \$210,000 if this request is approved and will fund 2.5 contracted positions that are helping to address the crisis in Old Town by recruiting new businesses, especially BIPOC businesses, and helping to maintain what is left by activation of the streets.

Along with the allocated funding in FY 2021-22, a related budget note was included indicating that the "funds are allocated with the understanding that the funding commitment is for one year only and the Old Town Community Association shall be responsible for fully supporting the position in future years as indicated in the Old Town Chinatown Action Plan." Despite the budget note, Prosper is requesting one-time funds again, stating that the COVID-19 crisis is lasting longer than expected, and Old Town has been hit especially hard by business and office vacancies. The Old Town Community Association Board and volunteers have focused on implementing an activation of the area and a strategy to recruit new businesses.

CBO is not recommending this portion of the request because the continual use of one-time funding for

what may be an ongoing need is against City financial policy.² In 2019, City Council approved a five-year action extension to the Old Town Chinatown Action Plan, which indicated a commitment from the Old Town Community Association to support the District Manager position from FY 2021-22 through FY 2024-25. Should Council commit to another year of one-time funding to support this position, CBO recommends that Council renew the budget note and the district recommit to internally funding the position as intended in the Action Plan. Given the nexus to the pandemic, this request may be able to be supported via ARPA resources.

CBO Recommendation: \$0 one-time

Portland Film Office-Maintain Services

13165, \$71,000

Request Summary

Prosper requests \$71,000 in one-time General Fund resources to fund 0.5 FTE in the Portland Film Office (PFO) to maintain a level of service that will allow participation in the Portland Expo Center Request for Expression of Interest, business development for the industry, and the development and implementation of a recruitment and marketing strategy to increase the number of productions in Portland.

CBO Analysis

As a part of a multi-year agreement, Travel Portland agreed to provide resources for materials and services to Prosper Portland to create a recruitment and marketing campaign to attract out-of-town productions. Prosper states that maintaining the capacity of this 0.5 FTE is required for Prosper Portland to effectively deploy these resources, and not this maintaining level of service for the PFO would reduce business development opportunities, reduce ability to manage ongoing grants programs to entice out-of-town productions, and diminish the ability to drive Diversity, Equity, and Inclusion (DEI) outcomes.

The PFO will receive \$150,000 per year for five years through an agreement with Travel Portland starting this year and is required to report on quarterly metrics with that agency starting in Fall 2022. Part of the responsibilities of the 0.5 FTE will be to manage \$95,000 worth of grants funded by the resources from Travel Portland. The purposes of the grants include supporting and subsidizing local filmmakers with permit fees, supporting mid-level productions with funding for securing postproduction technical services, and recruiting out-of-state BIPOC producers to film and produce work in Portland. The remaining funds will be used for marketing Portland and sponsoring events.

Metro is conducting a development opportunity study for maximizing public benefits at the Portland Expo Center. This is a catalytic opportunity to multiply Portland's ability to host productions and expand our presence in the film industry, with significant potential for financial return in the long-term. Prosper states that funding for the 0.5 FTE would allow the City of Portland, through the PFO, to be represented in this Portland Expo Center Request for Expression of Interest (RFEI) process, attend and support the development of the RFEI, and advocate for the incorporation of DEI outcomes. The agency states that without this 0.5 FTE capacity, the City would not be represented on the RFEI, which would reduce its ability to advance development of the Expo Center to grow local capacity for the film industry and the economic advantages that are associated with that development.

² FIN-2.04 - Budget | [Portland.gov](https://portland.gov), Operating Policies, no. 1 and 2.

In terms of a return on investment, Prosper notes that through the grants program alone, the 0.5 FTE can be anticipated to support at least 15 productions to take place locally next year, with a projected cumulative local spend of \$1.1 million, or more, depending on the size of productions. Furthermore, through participation in the Portland Expo Center RFEI and the implementation of a proactive Recruitment & Marketing Campaign, increases in local spend through the film industry in out years could exceed multiple millions of dollars as Portland's reputation, capacity and profile in the film industry grows.

After being funded on a one-time basis by the General Fund for three years, the PFO was allocated \$192,960 in ongoing General Fund resources starting in FY 2021-22 (along with \$40,385 in one-time General Fund resources for this year). In the past, the PFO worked to identify alternative funding sources that would ultimately remove the need for the annual General Fund contributions. These alternative sources represent models used in most other markets in the U.S. for funding film initiatives, including the rollout of a universal film permit (UFP). Prosper states that other similar cities like Seattle use lodging taxes as well as a UFP, but CBO notes that lodging taxes are a component of Portland's General Fund resources. Prosper states that the intention of the permit was to streamline information, in addition to creating a revenue stream, and so it is finalizing a pilot project to capture production information needed by various bureaus to help with processing permits. The agency plans to, by the end of 2023, systemize the PFO's intake for film production to include an online form, in addition to the office's ability to take calls from interested productions. The agency now has an IGA with Parks and PBOT to align processes and improve the end user experience for film productions from out of the state. Each bureau has committed to a maximum turnaround time of three days for responses, allowing the City to foster engagement with other jurisdictions as Prosper continues to build out the experience for film production in Portland.

In FY 2020-21, the PFO also began to collect revenue from a surcharge added to PBOT and Parks permits. Prosper collected \$42,670 from the surcharge last fiscal year, with \$31,512 collected during the first half of this fiscal year and \$40,000 budgeted for next year. It is the Portland Film Office's intention that as it continues to improve the permitting process and streamline access to permits, the amount of surcharge funds can be sustained and potentially increased based on the number of permits through film production. In addition, the PFO is currently funded in part by Prosper Portland's Indirect Fund, which is predominantly covered by TIF resources, a funding source that the agency considers unsustainable. This funding source covers a portion of the indirect costs of the office.

Prosper states that the existing permanent 1.0 FTE staffing currently funded by ongoing General Fund resources provides business development through reactive responses to interested parties, including navigation support for permits, connections to local vendors, and accessing spaces in Portland, and the existing 1.0 FTE does not have capacity to implement proactive recruitment and marketing approaches that expands our reach. The agency notes that the additional 0.5 FTE would allow for proactive marketing and recruitment of productions to the area. In particular, the Recruitment & Marketing Campaign would be a distinct and additional scope of work, with materials and services funded through the partnership with Travel Portland and is beyond the capacity of the existing 1.0 FTE.

CBO is not recommending the additional one-time resources for the 0.5 FTE, as the agency should be able to absorb the costs of the addition with existing resources. The ongoing General Fund allocation starting in the current year (and increased by the usual inflation factors) was meant to fund 1.5 FTEs, as requested by Prosper during the FY 2021-22 budget development process and as approved by City Council. Other resources funding the PFO such as those from the permit surcharge and from Travel Portland can be devoted to materials and services costs.

CBO Recommendation: \$0 one-time

Scaling BIPOC Technology Businesses

13166, \$246,450

Request Summary

Building on a year of engagement with Black, Indigenous and People of Color (BIPOC) leaders within the technology industry, Prosper Portland is requesting \$246,450 in one-time General Fund resources to pilot new private sector interventions that would support BIPOC founded technology firms to grow, navigate barriers, and scale. The funding will allow Prosper to secure culturally specific technology business development expertise to support founders to access greater financial resources and reach additional customers and markets. Support for founders will be direct services to BIPOC founded businesses and indirect by building capacity at culturally specific organizations.

CBO Analysis

Business development services will be delivered through contracts with a subject matter expert firm. The agency arrived at the requested dollar amount by analyzing service and compensation levels from similar service contracts. These contracts combine light touch services (approximately \$1,500/year per business served) and intensive services (usually over \$3,000/year per business served), allowing 9% of funds to be used for tracking/reporting and administration costs. Specifically:

- \$225,000 would be allocated towards services provided through partner organizations, primarily via culturally specific non-profit organizations or BIPOC-owned firms that can provide culturally specific services
 - **Light Touch:** \$25,000 to support approximately 15 businesses with light touch services (up to 10 hours) such as relationship building, resources available within the ecosystem and business connections between traded sector and local serving sectors
 - **High Touch:** Accounting for higher consulting costs for expertise within the tech industry, \$200,000 to support approximately 25 entities with intensive services such as sales and pitch deck presentation materials, go-to-market strategies, and direct consultation on effectively utilizing resources. Clients would receive up to 80 hours of intensive one-on-one with an advisor that understands the unique barriers that BIPOC founders face in the technology space, such as accessing clients, networking and procurement opportunities, effectively pitching and accessing capital, as well as structural and interpersonal racism. Twenty BIPOC tech founders or founding teams will be provided with up to 80 hours per year of intensive support to sell beyond the Portland region and expand.
- \$21,450 would be allocated for Prosper Portland overhead and staffing

Prosper notes that federal data reveals that only 5% of technology executives identify as Black or Hispanic, and Crunchbase reports 0.6% of venture capital investment in 2020 went to black-founded startups. The agency believes that diverse founders are more likely to provide a growing pipeline to more inclusive job creation and generational wealth building for BIPOC individuals in Portland. Knowing that locally owned BIPOC firms are more likely to have diverse workforces, Prosper states that supporting BIPOC business development in high-growth, high wage sectors will offer additional opportunities for down-stream workforce impacts.

Concerning the potential effectiveness of efforts that the hired subject matter expert firm will engage in if this request is funded, Prosper has provided literature summarizing the benefits of networking to early-stage businesses and the necessity of business executives to have the skills and supports to access funding and sales opportunities. To ensure success, Prosper Portland notes that when it identifies service providers, it will ensure the approach taken is centered on data and will establish metrics associated with the contract on business delivery, as well as leverage its expertise with long-term reporting tools to capture individual business outcomes.

CBO recommends the allocation of one-time General Fund resources for this request. The effort advances the City's equity goals and provides a significant avenue to address a known problem. Prosper drafted this proposal after engaging with BIPOC leaders in the technology sector. The agency worked to identify their needs in the community and have shared information on its current programming. Furthermore, the proposal meaningfully advances progress on the Mayoral or Council priority of Economy Recovery, as laid out in budget guidance. Prosper has thoughtfully researched the needs of BIPOC entrepreneurs in the technology sector as well as what it would take to help them achieve success.

CBO Recommendation: \$246,450 one-time General Fund resources

IBRN Capital Access Advisor

13167, \$131,450

Request Summary

Prosper Portland requests \$131,450 in one-time General Fund resources to provide financial access support, through a community partner, to 25 to 50 small businesses seeking debt financing through banks, credit unions, or Community Development Financial Institutions. Entrepreneurs who identify as Black, Indigenous, and People of Color (BIPOC) will be prioritized. In addition, the requested funding would support resource navigation, relationship development with small business lenders, and collaboration with small business ecosystem partners. Of the requested amount, \$110,000 will cover an FTE at partner organizations, while \$21,450 is for Prosper Portland overhead and staffing.

CBO Analysis

Prosper notes that equitable access to capital continues to be a challenge for business owners of color and has provided data in the request's narrative that demonstrate consistent disparities in access to capital over the years. For example, the number of small business loans from the Small Business Administration to African-American businesses decreased 35% in 2020, the biggest decrease of any race or ethnic group tracked by the federal agency. Indeed, a decrease in Black-owned businesses' utilization of loans from the SBA has been trending since 2007. Prosper states that the causes for the decrease are not fully understood but believes there are multiple factors including a lingering distrust for financial institutions post the subprime mortgage crisis, red-lining and other racist banking laws, as well as less willingness to take on debt. The agency believes that the legacy effects of racist banking policies and persistent institutional barriers plague Black entrepreneurs and other entrepreneurs of color. Those impacts include weaker banking relationships, limited access to technical expertise to prepare financial statements, and a weaker cash position.

This funding will leverage existing technical assistance, professional services, and financial support offered through the Inclusive Business Resource Network (IBRN). IBRN advising around access to capital

generally includes reviewing cashflow and supporting clients with various applications, but this Capital Access Advisor will provide deeper capital access support in various ways, including identifying financial products that could be a good fit for a business' needs and supporting businesses to prepare the necessary documents to apply for business loans.

In addition to the data that is usually collected through IBRN, this effort will track loan-related metrics such as the number of loan applications submitted, the final status of the applications (funded or not), and the amount of loan dollars dispersed. In regards to longer-term outcomes, as with other IBRN-linked efforts, annual business outcomes will be tracked; with ongoing funding, Prosper can continue monitoring businesses receiving support, some of which remain in the IBRN program for more than one year.

Due to significant competing priorities for limited General Fund resources, CBO does not recommend the allocation of one-time General Fund resources for this request but does recommend that the effort be considered for funding from Recreational Cannabis Tax (RCT) resources, for which the request is eligible. The effort advances the City's equity goals and provides a significant avenue to address a known problem. In addition, the proposal meaningfully advances progress on the Mayoral or Council priority of Economy Recovery, as laid out in budget guidance.

RCT funds are managed separately from the General Fund, and allocations must adhere to eligible expense guidelines as approved by voters, which include using the moneys to serve communities disproportionately impacted by the past prohibition of cannabis. CBO forecasts approximately \$1 million in one-time and \$865,000 in ongoing RCT resources to be available for appropriation this budget cycle. City Council may choose to fund this proposal with RCT resources if it is deemed a high priority amongst RCT requests.

CBO Recommendation: \$0 one-time

IBRN Professional Services A la Carte

13171, \$186,450

Request Summary

In order to more holistically serve Portland's small businesses, specifically entrepreneurs of color, Prosper Portland requests \$186,450 in ongoing Recreational Cannabis Tax resources to create a coaching pool of professional service providers who would, through the Inclusive Business Resource Network (IBRN), offer access to critical supports such as: legal advising; bookkeeping, tax preparation, and accounting; product development; marketing; industry specific advising (e.g. cannabis, food, consumer product, childcare); and human resources. Consultants who can service entrepreneurs in the cannabis industry and consultants who identify as people of color will be prioritized.

CBO Analysis

The Inclusive Business Resource Network (IBRN) provides general business support and relies on supplemental service providers with expertise in a variety of areas to augment this core business advising. Without the extremely discounted, often free, assistance provided by IBRN, high quality supplemental professional services, such as legal and accounting services, can be cost-prohibitive to small businesses. Many of the clients supported by IBRN face additional barriers around taxes and bookkeeping, including language barriers, limited understanding of business regulations, and past due

taxes.

With this funding, Prosper staff anticipates the cost to average \$857 per client, assuming 175 businesses access an average of five hours of service, depending on the type of services requested and received. This funding package would support some of the most vulnerable clients who need one-on-one support, as it builds on current programming and expands the professional services pool to be inclusive of cannabis business needs, particularly legal, accounting, and bookkeeping. Currently, those supports are very limited for cannabis entrepreneurs. The expanded supports to these cannabis businesses will allow them to adapt to the changing business landscape. IBRN will collect the following data to measure program success: number of referrals made, hours of service provided, percent of BIPOC clients receiving service, percent of cannabis businesses served, and post-service feedback surveys.

Recreational Cannabis funds are managed separately from the General Fund, and allocations must adhere to eligible expense guidelines as approved by voters, which include using the moneys to serve communities disproportionately impacted by the past prohibition of cannabis. CBO forecasts approximately \$1 million in one-time and \$865,000 in ongoing RCT resources to be available for appropriation this budget cycle. City Council may choose to fund this proposal with RCT resources if it is deemed a high priority amongst RCT requests.

IBRN Cannabis Business Advisor

13172, \$131,450

Request Summary

Prosper is requesting \$131,450 in ongoing Recreational Cannabis Tax resources to provide business technical assistance to 25 to 50 cannabis entrepreneurs from communities who have been negatively impacted by the prohibition of cannabis, particularly Black, Latinx, Indigenous, and People of Color (BIPOC). Business technical assistance includes one-on-one support specific to the cannabis industry from a trusted advisor knowledgeable in the industry who would often build deep relationships with their clients and can provide more intensive and/or long-term support than a professional services consultant. Overall, support can cover a wide range of topics including understanding basic business principles, navigating resources, and business planning and strategizing.

CBO Analysis

This funding will leverage existing technical assistance, professional services, and financial support to cannabis entrepreneurs offered through IBRN. In addition to the technical assistance, funding would support outreach, resource navigation, relationship development with the cannabis industry (City bureaus, Oregon Liquor and Cannabis Commission, industry associations, etc.), and collaboration with small business ecosystem partners. In line with IBRN reporting, outcome-based data will be collected on increased business knowledge, meeting self-identified business goals, growth milestones, and access to capital, etc.

Since FY 2017-18, Prosper Portland has contracted with NuLeaf Project to provide the services. During the following year, Prosper and NuLeaf engaged in capacity building to establish programming, and six entrepreneurs received intensive advising. Since then, the program has ramped up in terms of both funding and the number of businesses receiving advising as well as loans or grants. In FY 2020-21 and the current year, the program has been funded at \$420,000 each year, with half of the amount devoted to grants and loans. Eighteen entrepreneurs received advising, and 12 received grants in FY 2020-21.

Recreational Cannabis funds are managed separately from the General Fund, and allocations must adhere to eligible expense guidelines as approved by voters, which include using the moneys to serve communities disproportionately impacted by the past prohibition of cannabis. CBO forecasts approximately \$1 million in one-time and \$865,000 in ongoing RCT resources to be available for appropriation this budget cycle. City Council may choose to fund this proposal with RCT resources if it is deemed a high priority amongst RCT requests.

IBRN Digital Marketing Support Services

13173, \$186,450

Request Summary

Noting that the COVID-19 pandemic has only amplified the need for businesses in all sectors to have an online presence to better cope with social distancing policies and consumer changes brought about by them, Prosper is requesting \$186,450 in one-time Recreational Cannabis Tax resources to provide 45 to 50 BIPOC-owned businesses with up to six hours of digital marketing support and \$2,000 grants to increase sales and diversify sales channels, including support for 25 businesses accessing e-commerce who would otherwise not be able to sell online (estimated at \$3,000 per business). In addition, IBRN advisors will be receiving two professional development trainings on the latest Digital Marketing Best Practices.

CBO Analysis

Prosper Portland has operated similar programs in prior years and believes that the program continues to be a critical resource for small businesses by better positioning them for sales growth now, future in-person disruptions, and a post-pandemic world that will continue to be more reliant on technology. The program prioritizes services to BIPOC business owners through Mercatus membership and cannabis entrepreneurs from communities who have been negatively impacted by the prohibition of cannabis, particularly Black, Latinx, and Indigenous people of color. The consultants and the businesses will work together to create a digital marketing roadmap, which includes several tenets of the traditional marketing technology stack (web, social media, e-commerce) and is tailored to their individual business model and industry. Upon completion of the consultation, participants will receive a mini grant toward reaching their roadmap goals.

The program started in FY 2018-19 when it was funded by Travel Portland and Enterprise Zone resources. Other funding sources in prior years include Business Oregon and one-time Recreational Cannabis Tax dollars. Tracking of prior year efforts include the number of businesses served, the number of consultation hours provided, and the number and dollar amounts of grants distributed. In FY 2020-21, 66% of participants said they increased sales as a result of the program. Tracking of the effort next year will incorporate exit surveys that include program feedback, program impact questions, as well as business owner confidence in continuing to leverage digital marketing as a business tool.

Recreational Cannabis funds are managed separately from the General Fund, and allocations must adhere to eligible expense guidelines as approved by voters, which include using the moneys to serve communities disproportionately impacted by the past prohibition of cannabis. CBO forecasts approximately \$1 million in one-time and \$865,000 in ongoing RCT resources to be available for appropriation this budget cycle. City Council may choose to fund this proposal with RCT resources if it is deemed a high priority amongst RCT requests.

SUMMARY OF REQUESTS & RECOMMENDATIONS BY FUND

Prosper Portland

100 - General Fund

		2021-22 Adopted Budget	2021-22 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	General Fund Discretionary	\$7,180,627	\$6,511,664	\$883,900	(\$637,450)	\$6,758,114
Revenue	Sum:	\$7,180,627	\$6,511,664	\$883,900	(\$637,450)	\$6,758,114
Expense	External Materials and Services	\$7,180,627	\$6,511,664	\$883,900	(\$637,450)	\$6,758,114
Expense	Sum:	\$7,180,627	\$6,511,664	\$883,900	(\$637,450)	\$6,758,114

227 - Recreational Marijuana Tax Fund

		2021-22 Adopted Budget	2021-22 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Miscellaneous Fund Allocation	\$1,221,593	\$903,842	\$504,350	(\$504,350)	\$903,842
Revenue	Sum:	\$1,221,593	\$903,842	\$504,350	(\$504,350)	\$903,842
Expense	External Materials and Services	\$1,221,593	\$903,842	\$504,350	(\$504,350)	\$903,842
Expense	Sum:	\$1,221,593	\$903,842	\$504,350	(\$504,350)	\$903,842