



DATE: April 12, 2023
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 23-09
Update on Fiscal Year 2023-24 Budget Development Process

BRIEF DESCRIPTION OF INFORMATION ITEM

No action is requested; information only.

At the April 12, 2023, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the fiscal year (FY) 2023-24 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 10, 2023. City Council is expected to approve the Proposed Budget on May 18, 2023. Staff will seek the Prosper Portland Board's adoption of the City Council-approved Proposed Budget at its June 21, 2023, meeting.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Development of the FY 2023-24 budget delivers on agency's Strategic Plan, most notably by exercising transparent administration of resources and assets to ensure public funds are effectively invested to achieve objectives while promoting the long-term sustainability of the organization.

BACKGROUND AND CONTEXT

The Prosper Portland FY 2023-24 budget development process began in fall 2022, with creation of the draft FY 2023-24 agency wide work plan. From November 2022 through January 2023, staff created draft expenditure budgets and revenue forecasts that the Prosper Portland Board reviewed during the FY 2023-24 Budget Work Session on January 25, 2022.

To solicit feedback on the draft budget, staff convened its 15-member Community Budget Committee (CBC) with stakeholders representing a broad cross-section of the community. CBC members participated in 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 2023-24 Requested Budget submitted at the end of January. Consistent with City of Portland budget direction, no requests were made for additional General Fund resources, however, Requested Budget included updates on the timing of deployment for American Rescue Plan Act (ARPA) and one-time General Fund resources allocated to Prosper Portland in the FY 2022-23 budget process.

In addition to soliciting CBC feedback, Prosper Portland staff conducted broader stakeholder review of the FY 2023-24 Requested Tax Increment Finance (TIF) District Budgets focusing on business associations, neighborhood groups, and other community-based organizations; a summary of this feedback, including a letter from the Central Eastside Industrial Council, 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. On March 23, 2023, Prosper Portland staff participated in a City Council budget work sessions focused on City Council priorities as part of the Community Development group alongside the Portland Housing Bureau, Bureau of Planning and Sustainability, and the Bureau of Development Services. The Work Session focused on priorities in the coming year, key budget changes, upcoming challenges, and provided key examples of how Prosper Portland and the three bureaus partner together to advance community development in the City of Portland (see the Prosper Portland portion of the presentation in Attachment C).

Staff are currently engaged in making refinements to revenue and expenditure estimates originally included in the FY 2023-24 Requested Budget that will be presented to City Council as the Proposed Budget on May 10, 2023. 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 2023-24 Requested Budget with the following changes:

- 1) **TIF District Budget Updates.** Staff are currently reviewing necessary changes to:
 - a. Adjust TIF District Budgets for specific projects and programs. Input is being collected and, in some cases, informing how specific lending, grant and other project allocations are included within the context of the Financial Sustainability Plan Update and Action Plan close-outs.
 - b. Moving current year funding for projects and programs to next year (or future years) based on project timing. Projects and programs requiring carryforward to next year include Old Town Action Plan, Broadway Corridor predevelopment costs including USPS demolition, 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.** Since no decision packages were included, direction will not be released by the Mayor's Office until the end of April and are therefore unknown at this time. It is anticipated that Cannabis Tax programming will be consolidated at Prosper Portland and included in the Proposed Budget.
- 3) **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. No major changes are currently included, however, there are some updated costs being included.
- 4) **Alignment of Returning TIF Resources.** While not impacting the FY 2023-24 Budget under consideration by City Council and the Prosper Portland Board, staff will update the FY 2024-25 budget and future fiscal years in the forecast to include anticipated returning TIF resources that aligns with Portland Housing Bureau's forecast per the FY 2022-23 Budget Note adopted by City Council.

Following City Council approval of the FY 2023-24 Requested Budget on May 18, 2023, 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 21, 2023.

ATTACHMENTS

- A. Feedback on FY 2023-24 TIF District Budgets; Letter from Central Eastside Industrial Council
- B. City Budget Office Review of the Requested Budget
- C. City Council Work Session Presentation, March 23, 2023

FISCAL YEAR 2023-24 TIF DISTRICT BUDGET OUTREACH SUMMARY

As part of Prosper Portland’s outreach on the fiscal year 2023-24 draft Tax Increment Finance (TIF) district budgets, staff met with these neighborhood associations, business associations, and other community partners:

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

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

North Macadam

- Support for transportation improvements to accommodate growth and safety, including:
 - Completion of SW Bond Ave (Tilikum Crossing to Gibbs)
 - South Portal transportation improvements (including the signal, Lowell realignment, and turn lane on S Macadam Ave)
 - Request remaining portions of the South Waterfront Greenway built to master plan specifications (primarily located on ZRZ-owned and Alamo Manhattan-owned lands)
- General support for development of ZRZ properties
- Interest in small business support, potential for Prosper loan and grant programs, and whether TIF can incent a local grocery store to the district
- Support for community events that bring people together and bind the South Waterfront community

Oregon Convention Center

- Support for remaining district funds to be allocated for the renovation of Inn at the Convention Center and 910 building adjacent to the hotel

Central Eastside – *see attached letter from the Central Eastside Industrial Council*

Interstate Corridor

- Support re-allocating grant funds from N/NE Community Development Initiative Action Plan Goal 2 to Goal 1 to continue to support property owners making improvements to commercial space
- Support re-allocating \$1.8 million of unspent funds from Accessory Dwelling Units to down payment assistance and home repair loans
- Continued support for current investment priority for Williams & Russell project

Old Town/Chinatown (River District and Downtown Waterfront)

- Continue support for Old Town Action Plan implementation
 - Stress importance of accelerating outcomes of the 5 Year Action Plan given only 1 ½ years remain

- Advocate that at the end of the plan, unspent funds remain committed to Old Town (currently approximately \$38 million out of \$57 million committed remains to invest in Old Town).
- Continue to support existing businesses survive the worst effects of the pandemic
- Fund the Business Navigator and Events Coordinator positions as they have added value by attracting new businesses, retain existing businesses, and positively activating the neighborhood
- Support 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)
- Fund infrastructure and street lighting where deficiencies exist to improve neighborhood safety
- Complete design of a skate park in the “bowl” adjacent to the Steel Bridge
- Implement quiet zone at NW Naito and NW Glisan railroad crossing

Gateway Regional Center

- Prioritize grants versus loans and better ways to incentivize private ownership in the district
- Interest in deploying Strategic Investment fund into Gateway for working capital



April 5, 2023

Kimberly Branam, Executive Director
Prosper Portland
220 NW Second Avenue #200
Portland, Oregon 97209

RE: Central Eastside Urban Renewal District, Portland, Oregon, USA.

Dear Ms. Branam,

In 1986, the Central Eastside Urban Renewal District was created to enhance the area's vitality through infrastructure investment, targeted acquisition, developments, and equity-based programs through the end of 2023. Central Eastside dramatically exceeded all its goals and objectives and is nearing the finish line.

Over the last 20 years, the Central Eastside has become one of the most unique, robust, and diversified multi-use commercial and residential neighborhoods in the United States. This is reflected in over \$2 billion in new investments in infrastructure investments and cutting-edge developments featuring over 5,000 new multi-family units, 1.2 million square feet of new and renovated office projects, and remodeled industrial properties, adding over 300 new or expanding businesses and creating over 5,000 jobs. Through the Urban Renewal Area, Prosper Portland has been a key and inclusive partner in this phenomenal growth and economic transformation.

As the CEIC and Prosper Portland's relationship evolves with the conclusion of the urban renewal area this year, we can look to support and collaborate on current and future areas of mutual interest with the remaining funds available. These include but may not be limited to:

- A \$3 million commitment for infrastructure (Water Avenue/Plaza Space) as an integral part of OMSI's bold and expansive master plan.
- Confirm commitment to extending and implementing Prosper Portland's existing grant and loan programs.
- Retention of the \$1 million set aside for planning and developing the long-proposed community center at the former Washington High School Property.

We also look to work together to invest funds in creative ways to address some of the most challenging livability issues that have been aggravated recently by the Covid pandemic, economic disruption, civil unrest, and the deterioration of safety and security that has and will continue to threaten the growth and prosperity of the district. This may include but not be limited to initiatives around the following:

- **District Enhancement-** Lighting, branding, events, murals, signage, and other aesthetic enhancements to promote and enhance the district’s diverse built environment.
- **Business Incubators-** Investment in providing small and economically viable incubators and small business commercial/industrial spaces.
- **No-Cost Business Consulting-** Economic development initiatives, including no-cost technical assistance for new and scaling small businesses.
- **CEID Safe Park Program-** Identification of parking lots in the district that can be reserved at under market rates for large parking requests (20 + vehicles) serving employers and employees.
- **Business Safety Grants-** Grants for safe storefronts, retail collaborations, and other safety initiatives, especially for retailers, to deter theft and enhance the customer experience.
- **District Identity and Diversity-** Support non-profit, cultural, and artistic endeavors and organizations.

Working together, we can support current programs and commitments and devise further smart, targeted investments to enhance and build upon the beautiful foundation of success that the Urban Renewal Area and Prosper Portland has helped to create in the Central Eastside.

Sincerely,

A handwritten signature in black ink that reads "Clare Briglio". The script is cursive and elegant, with the first letters of each word being capitalized and prominent.

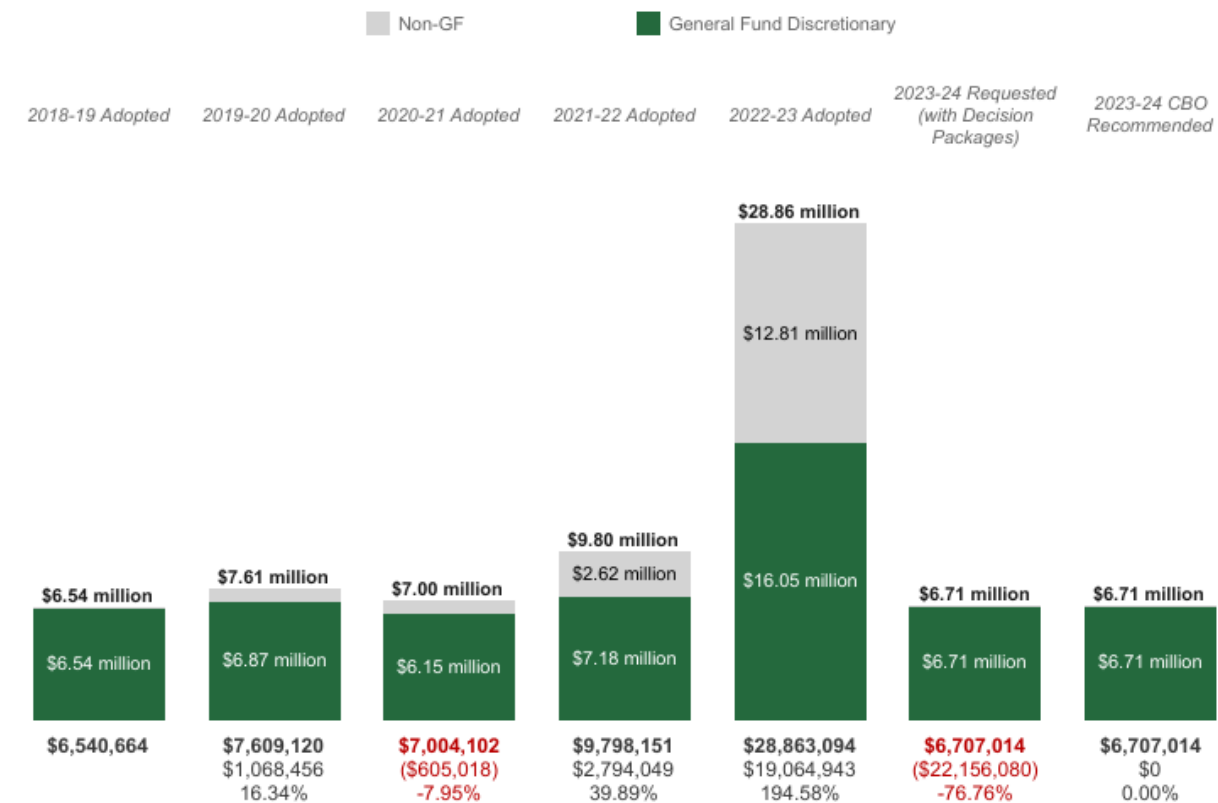
Clare Briglio | Executive Director
Central Eastside Industrial Council



Budget Development / Fiscal Year 2023-24

Prosper Portland

Adopted Budget Revenues | 5-Year Lookback



Adopted Full-time Equivalent Totals

EXECUTIVE SUMMARY

Prosper Portland is the City's economic and urban development agency. The agency receives revenues from multiple City sources, including the General Fund, to deliver services related to the economic and workforce

development components of the agency's budget. Prosper Portland acts as a pass-through for much of its workforce development activities, contracting with third-party provider Worksystems Inc. to provide services, while actively manages several economic development initiatives funded with City discretionary resources. Additionally, Prosper engages in redevelopment projects resourced with debt proceeds generated by Tax Increment Financing (TIF) districts and also receives program revenue through loan interest and property income. The following provides an overview of the FY 2023-24 Requested Budget for Prosper Portland. Please note, the CBO analysis does not include programming or financial data for Prosper funded outside of the City's General Fund obligations:

- Long-term financial sustainability remains the primary challenge for the agency as current TIF districts mature and reach their maximum debt levels— the FY 2023-24 Requested Budget includes \$58 million in TIF resources. Approximately \$45.5 million of these resources (27.7% of Prosper's operating budget) will expire in the next two years.
- The agency is actively exploring new TIF districts and recently brought the Cully TIF district online. The Cully TIF district is expected to generate \$537,000 in FY 2023-24 and reach \$20 million in debt resources by FY 2027-28.
- Council has allocated \$28 million of one-time General Fund, Recreational Cannabis Tax, and ARPA resources since FY 2020-21. Prosper anticipates that \$19.7 million of these funds will be expended by the end of FY2022-23, while the remaining \$8.3 million will be expended in the subsequent year.
- The agency's FY2023-24 Requested Budget resources total \$389,311,696, which is 18% lower than the FY 2022-23 Revised Budget, a decline driven largely expiring TIF funds, grants, one-time funding, and reductions in beginning fund balance.

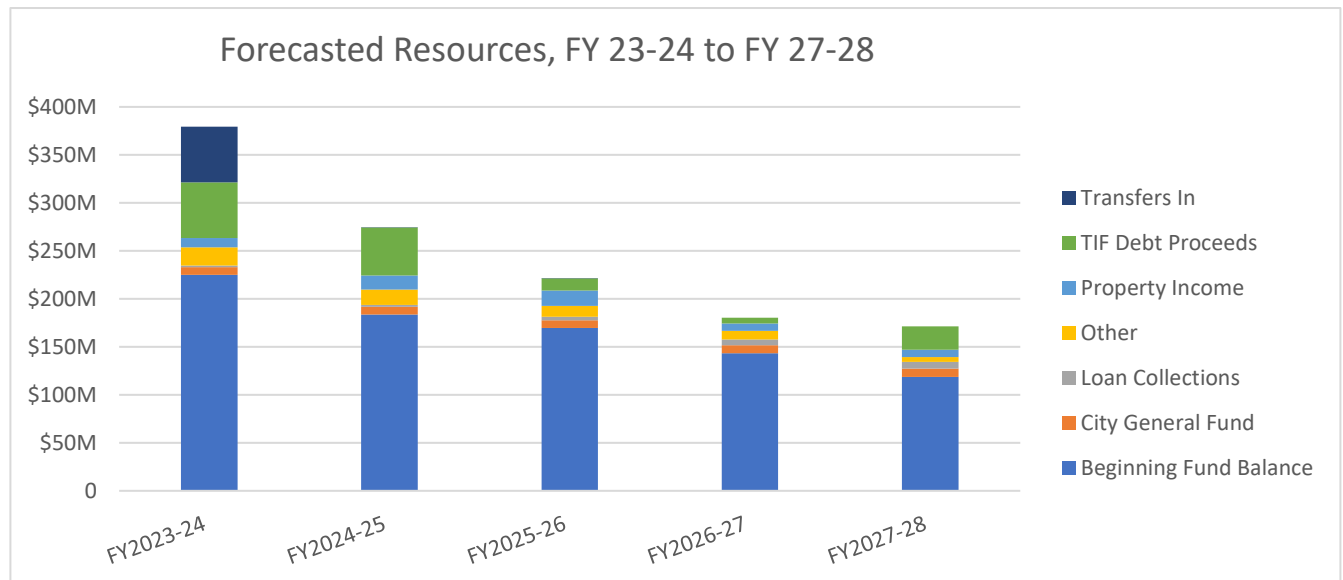
BASE BUDGET & KEY ISSUES

Financial sustainability over the next five years

As has been discussed in prior reviews, Prosper Portland's key budget issue remains its financial sustainability over the next two to five years as Tax Increment Financing districts expire. The agency has shrunk significantly over the last decade in preparation for the maturation of the City's urban renewal areas, many of which will soon reach their maximum debt levels. Over the last two years the agency has also received \$28 million in allocations of one-time resources. A significant portion of these funds were allocated to a new and existing services aimed at economic recovery efforts related to the COVID-19 pandemic. However, expiration of these one-time funds now further complicates Prosper's forecasting and service delivery as the agency must sunset or consolidate programming funded with expiring resources as remaining funds are expended. The agency's 5-yr forecast also assumes continuation of current service levels through its Economic Development programs. However, as with programs resourced with one-time allocations, unless the agency secures alternative revenue streams, Prosper Portland will need to balance the agency's forecast by reduction in service levels to programs that are resourced with TIF revenues as those resources return the City's General Fund. The Budget Note directs the City Economist to set aside \$20 M in ongoing resources from expected returning TIF revenues beginning in FY 2024-25...and CBO is directed to place \$8 M in a policy set aside to PHB, \$8 M to Prosper Portland. Prosper Portland's budget and 5-yr forecast does not include TIF revenues indicated in the Budget Note and therefore the forecast is out of balance beginning in FY 2024-25.

Revenues from Tax Increment Financing (TIF) Debt Proceeds are currently forecasted to dwindle to less than 1/10th their current level by FY 2026-27, a decrease of nearly \$60 million, bringing total TIF resources from \$66 million to \$6 million. In FY 2027-28 a partial rebound increases TIF resources by \$24 million as debt proceeds from the newly formed Cully TIF district come online. The decline of TIF resources, otherwise known as the "TIF Cliff", requires development of alternative funding strategies for Prosper to achieve long-term financial sustainability. Preliminary sources of revenue identified by Prosper to address the TIF cliff includes requesting and receiving new General Fund resources, increasing program income (i.e., loan

collections and property income), amendments to existing TIF districts, and creations of new TIF districts. The agency has been working on and plans to release its updated Financial Sustainability Plan 2.0 in FY 2023-24. At the time of this review the information is not available for analysis.



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

Agency reliance on General Fund resources to replace expiring TIF

The likelihood of additional, ongoing resources being added to Prosper's budget in future years are dependent on many factors, not least of which is the City's financial condition, which in turn is dependent on the macroeconomic factors. Over the last five years, the actual amount of General Fund resources allocated to Prosper fluctuated between \$6.6 million to \$20.5 million, with a majority of resources being one-time discretionary funds.

The most recent [five-year forecast for the General Fund](#) issued in December 2022 indicates a modest ongoing surplus of \$6.5 million in FY 2023-24. General Fund resources increase notably starting in FY 2024-25 due in part to the expiration of the TIF Districts and the subsequent return of property tax revenues to the City. This forecast also includes a \$20 million set-aside per a Budget Note within FY 2022-23 Adopted Budget directing the City Economist to set aside \$8 million to be pre-committed to Prosper starting in FY 2024-25. While this amount is set-aside in the five-year forecast, it has yet to be formally allocated by Council as only appropriations voted upon in the Fiscal Year budget solidify resources in any bureau or agency budget.

As the agency's 5-yr forecast assumes current programming levels yet does not include returning TIF funds, their forecast shows a General Fund deficit of roughly \$2.4 million in FY 2025-26 which increases to \$20.7 million in FY 2027-28. This makes FY 2023-24 an opportune time for City Council to signal if property taxes generated by expiring TIF Districts do, in fact, return to the General Fund as originally intended nearly twenty years ago with their establishment, to maintain current levels of economic development service as a baseline for Prosper Portland, or some combination of reallocation and reduced level of economic development services. The agency will need time to wind down current programs if this resource is returning to the General Fund to support other municipal services. Without these resources, Prosper must enact service cuts, reduce personnel or administrative costs, recover this amount through alternative revenue sources, or some combination of these options. While the Budget Note is intended to provide certainty of funding for Prosper and Portland Housing Bureau, the CBO recommends the agency not rely on this directive as a certain resource given the significant cost pressures on the General Fund. Likewise, should existing TIF districts be

amended, or new ones be created (in addition to the recently created Cully District), the Citywide forecasted General Fund resources will subsequently decline as this increment would be directed to supporting economic development, affordable housing production, and redevelopment programming outside of the General Fund.

TIF Amendments

Amendments that extend the expiration of TIF districts delay the return of property tax revenue to the City's General Fund as well as those of other local governmental jurisdictions (e.g., Multnomah County and Portland Public School District). An amendment to the Interstate Corridor District, for example, extended the date 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 in FY 2023-24 is \$6.8 million. Absent this amendment, these funds would have returned associated property tax revenues to the City's General Fund and would have increased the FY 2023-24 forecast of combined one-time and ongoing resources by the same amount.

Likewise, in June 2022, the Prosper Portland Board amended the Gateway Regional Center Urban Renewal Plan removing the last date to issue debt; allowing the district to access additional resources gained by the savings and the ability to issue debt after June 30, 2022. However, given the timeline of the amendment, which is outside the five-year forecast window, there is no estimated impact in the agency's General Fund forecast.

New TIF Districts

There have been several community-led conversations centered on the creation of new TIF districts- both geographic locations and districts that operate with a focus on equity in the outcomes. In 2022, Prosper Portland and Portland Housing Bureau staff's coordination with Cully partners culminated in establishing a new TIF district. The total estimated impact to taxing jurisdictions through FY 2058-59 is anticipated to be between \$350 million and \$478 million, which is dependent upon the amount of long-term borrowing. The estimated high impact of \$478 million assumes \$150 million in long-term debt (bonds) with terms of 20 years and conservative interest rates, and \$200 million in short-term debt with no interest. The impact to the General Fund at this level is estimated to be a cumulative \$115 million through FY 2058-59. Higher use of short-term (pay-as-you-go) debt proceeds or more favorable interest rates for long-term bonds may reduce the financial impact. Lowering the financial impact to \$350 million requires the issuance of only short-term debt that has no interest and minimal issuance costs, but also limits resources earlier in the district's first 5 to 10 years. This will result in an estimated \$84 million in foregone revenue to the City of Portland General Fund through FY 2053-54. Of the resources generated by the new Cully TIF district, Prosper's five-year forecast includes \$537 thousand in FY2023-24 which eventually increases significantly to \$20 million in FY2027-28. Beyond Cully, Prosper Portland and the Portland Housing Bureau are engaged in exploration of new TIF districts in East Portland as well as the Southwest Corridor.

Expiring One-time Resources

As noted, Prosper Portland has received significant one-time funding in recent years, much of which was allocated to programs in response to the economic impacts of the COVID-19 pandemic. As circumstances have stabilized, one-time funding is likewise being spent down. Between FY 2022-23 and FY 2023-24 alone, the agency has a combined \$28 million in one-time resources allocated from the General Fund, Recreational Cannabis Tax, and American Rescue Plan Act (ARPA) that are anticipated to expire. Prosper anticipates that roughly \$20 million of these funds will be expended by the end of FY 2022-23, while the remaining \$8 million is expected to carry forward into FY 2023-24. While most one-time resources were directed towards one-time projects and programs in accordance with financial policy, a portion was also allocated to ongoing needs for which there are no ongoing resources identified. This includes needs within economic development programming, such as personnel for the Inclusive Business Resource Network (IBRN) and increasing capacity within the BIPOC in Tech initiative. These instances reflect a broader budget trend in recent years of one-time funds being allocated towards ongoing needs and has amounted a significant one-time spending cliff across City bureaus. Ultimately, this presents a choice to either stop programing recently started, or to stop existing

programs to support new initiatives with existing ongoing resources.

As Prosper directs most of the City’s economic development programming, the allocation of additional one-time resources was deemed necessary to respond to pandemic economic recovery efforts. These resources provided funding to both new programs such as Small Business Repair Grants, Small Business Relief Fund, and Childcare Relief Fund, created to address pandemic-specific challenges, as well as to established economic programs such as the Inclusive Business Resource Network (IBRN), Venture Portland, Workforce Development, and Neighborhood Prosperity Networks. Meanwhile, funds were directed at miscellaneous one-time investments such as establishment of the Portland Events & Film Office, Future of the Central City study, BIPOC in Tech initiative, Neighborhood District Strategy, among other investments. A list of these allocations and their funding sources can be seen below.

Prosper’s One-Time Resources, FY 2022-23 to FY 2023-24

Projects Funded 1-Time	FY22-23			FY23-24			Total
	General Fund	Cannabis	ARPA	General Fund	Cannabis	ARPA	
Economic Development							
82nd Ave			\$ 640,000				\$ 640,000
BIPOC in Tech	\$ 246,450						\$ 246,450
Branding & Marketing - Commercial Business Corridors			\$ 273,726				\$ 273,726
Chamber Support	\$ 700,000		\$ 473,738				\$ 1,173,738
Childcare Relief	\$ 100,000						\$ 100,000
Equitable Development outside of TIF	\$ 200,000						\$ 200,000
Future of Central City	\$ 200,000						\$ 200,000
IBRN A la Carte		\$ 186,450			\$ 186,450		\$ 372,900
IBRN Capital Access Advisor	\$ 131,450						\$ 131,450
IBRN Digital Marketing		\$ 372,900					\$ 372,900
Inclusive Economic Development Strategy	\$ 559,712						\$ 559,712
My People’s Market Site Location	\$ 250,000						\$ 250,000
Neighborhood District Strategy	\$ 200,000						\$ 200,000
Neighborhood Prosperity Network District Support	\$ 435,000						\$ 435,000
Office Events and Film	\$ 750,000		\$ 268,800	\$ 750,000		\$ 260,661	\$ 2,029,461
Portland Film Office	\$ 71,000						\$ 71,000
Small Business Resource Navigation & Technical Assistance			\$ 1,843,033				\$ 1,843,033
Small Business Stabilization Grants & Technical Assistance			\$ 1,803,856			\$ 791,683	\$ 2,595,539
Venture Portland			\$ 1,043,030			\$ 1,000,000	\$ 2,043,030
Workforce Training & Employment			\$ 2,823,823			\$ 2,500,000	\$ 5,323,823
Property Redevelopment							
Ankeny West Food Carts	\$ 166,658						\$ 166,658
Broadway Corridor Demo	\$ 3,500,000						\$ 3,500,000
East Portland Investment Strategy	\$ 1,000,000						\$ 1,000,000
Fairfield						\$ 1,900,000	\$ 1,900,000
Repair Grants	\$ 600,000		\$ 900,000			\$ 1,100,000	\$ 2,600,000
Total	\$ 9,110,270	\$ 559,350	\$ 10,070,006	\$ 750,000	\$ 186,450	\$ 7,552,344	\$ 28,228,420

In discussions with Prosper, the agency notes that while ongoing funding will sustain most of their core programming, maintaining service levels over time will require additional funding sources, for which the Prosper had originally intended to submit decision package requests prior to the release of the Mayor’s Budget Memo 3. Among these current one-time allocations, Prosper expects BIPOC in Tech and Neighborhood Prosperity Network to spend down resources by end of fiscal year 2022-23. The agency is currently considering how BIPOC in Tech could be folded into other agency-wide programs, minimizing the exposure of loss of the one-time resources. Similarly, funding for the Office of Events and Film, IBRN financial advisor and additional one-time funding for IBRN professional services will likely carry over in part to FY 2023-24, after which, additional funding would be required to continue current service levels. Meanwhile several American Rescue Plan Act programs will continue over the next 2 years – business stabilization, relief grants, rapid workforce training and employment, and Venture Portland Catalytic Investment. Likewise, programs supported by ARPA resources would likely run out in FY 2024-25, at which point programing would sunset unless additionally revenue streams are secured.

River District Update

Broadway Corridor

Development of the United States Postal Service (USPS) site in the Broadway Corridor represents a significant redevelopment project in the River District. The 34-acre Broadway Corridor site is located within the Central City in northwest Portland and has been under various levels of redevelopment planning efforts since the location was vacated by the USPS and purchased by Prosper Portland. Most properties within the Broadway Corridor are owned by Prosper Portland, including the 14-acre U.S. Postal Service (USPS) site, which is jointly owned with the Portland Housing Bureau (PHB). Currently, Prosper Portland is drafting Intergovernmental Agreements (IGAs) with the Portland Housing Bureau for land transfer and development of affordable housing on PHB parcels. The agency is also coordinating with the Office of Management and Finance (OMF) to develop a final funding and finance package tied to infrastructure and benefit delivery. Prosper Portland anticipates presenting future Intergovernmental Agreements (IGAs) to City Council for consideration in the fourth Quarter of FY 2022-2023. Prosper Portland also entered into a one-year Exclusive Negotiations Agreement (ENA) with Related Inc. through January 2024. During the term of the ENA, Related Inc., together with local partners, will evaluate the site including market analysis while also serving as an adviser to Prosper Portland, including on the open space and green loop design analysis, to be managed by Portland Parks and Recreation. Under the agreement, the City will contribute 50% of contract costs up to a maximum of \$50,000 to help cover pre-development work conducted by Related Inc.

DECISION PACKAGE ANALYSIS

Prosper has no Decision Package submission included in their FY2023-24 Requested Budget

SUMMARY OF REQUESTS & RECOMMENDATIONS (ALL FUNDS)

Prosper Portland

		2022-23 Adopted Budget	2023-24 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Miscellaneous Fund Allocation	\$1,781,528	\$0	\$0	\$0	\$0
	Intergovernmental	\$11,028,002	\$0	\$0	\$0	\$0
	General Fund Discretionary	\$16,053,564	\$6,707,014	\$0	\$0	\$6,707,014
Revenue	Sum:	\$28,863,094	\$6,707,014	\$0	\$0	\$6,707,014
Expense	External Materials and Services	\$28,863,094	\$6,707,014	\$0	\$0	\$6,707,014
Expense	Sum:	\$28,863,094	\$6,707,014	\$0	\$0	\$6,707,014



Portland, Oregon

Prosper Portland

FY 2023-24 Requested Budget

Mission & Overview

Bureau Mission & Overview

**Prosper Portland creates economic growth
and opportunity for Portland**



Financial Overview

Resources: \$312M

Expenses: \$132M

Staff: 92 (80 FTE, 12 LTE)



FY 2023-24

**Priority Area Funding: \$68M Economic Vitality
\$18M General Fund, Cannabis, ARPA**

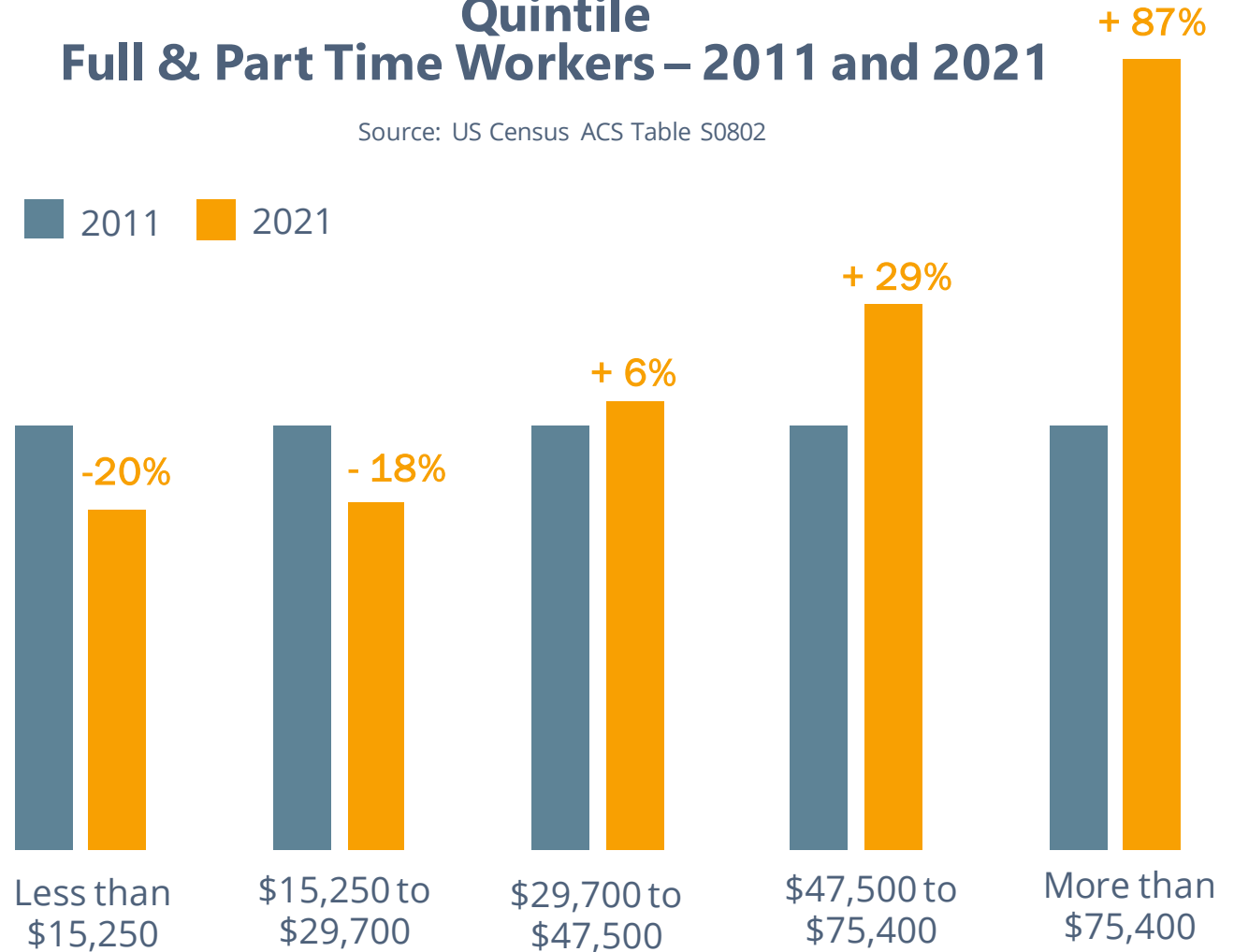
Highest Job Growth in Higher Paying Jobs . . .

Portland Location Employment by Income Quintile Full & Part Time Workers – 2011 and 2021

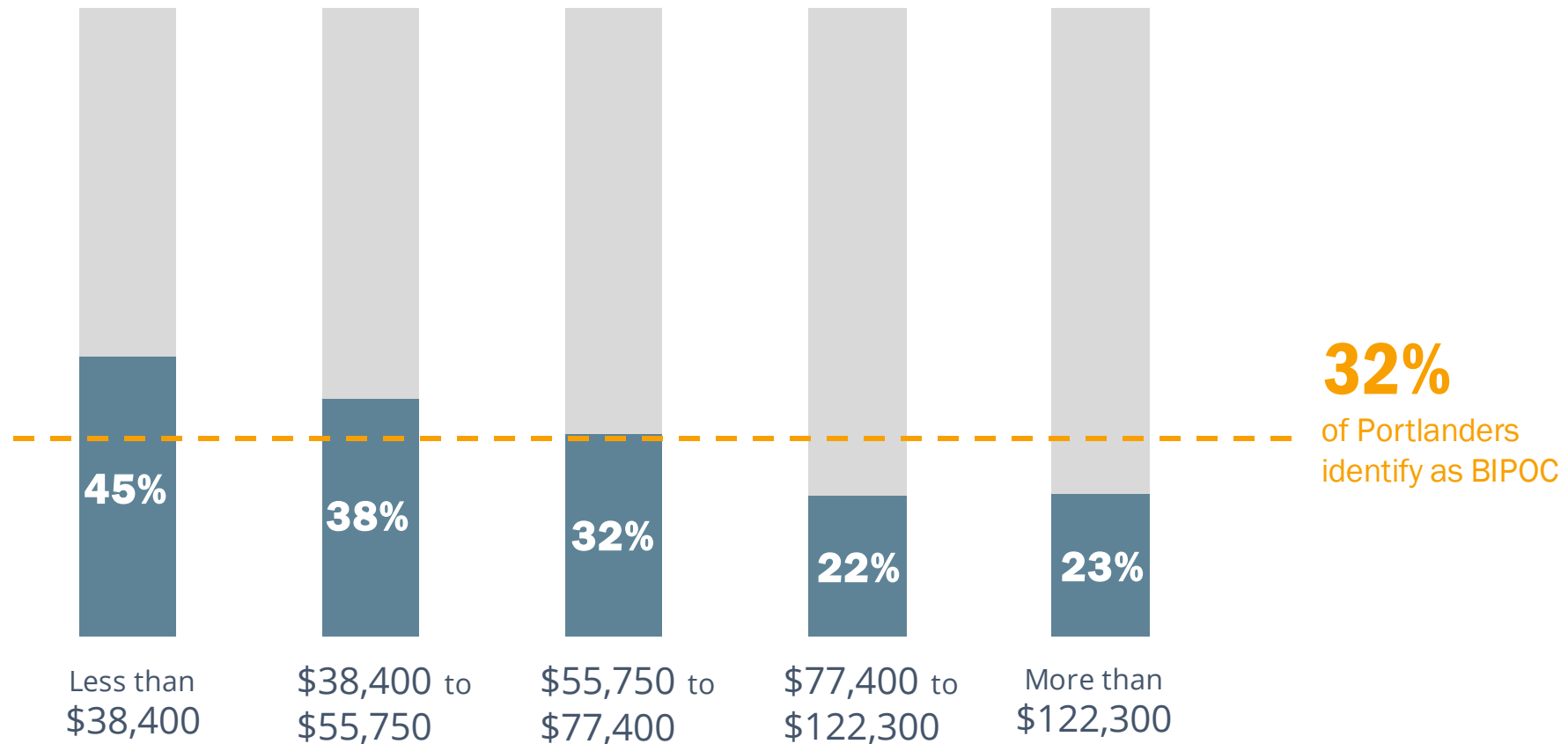
Source: US Census ACS Table S0802

Dividing the workers working in the City of Portland into 5 income quintiles:

- Middle quintile workers earned between \$29,700 to \$47,500 in 2011.
- Workers in the top income quintile earned at least \$75,400.
- Portland added 50,700 jobs from 2011 to 2021, most of which were in the highest income quintile.
- The number of workers in the highest income quintile almost doubled. The number of high-income jobs grew fourteen times faster than middle income jobs.



... But BIPOC Portlanders Significantly Underrepresented



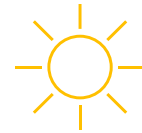
Draft Inclusive Economic Development Strategy

**Racial
Equity &
Inclusion**

OBJECTIVE 2
**Promote
Equitable Wealth
Creation**

**Climate
Action**

OBJECTIVE 1
**Propel Inclusive
Economic
Growth &
Innovation**



Vision:
Prosperous, vibrant,
healthy place for all
Portland residents and
businesses

OBJECTIVE 3
**Foster Vibrant
Commercial
Centers &
Corridors**

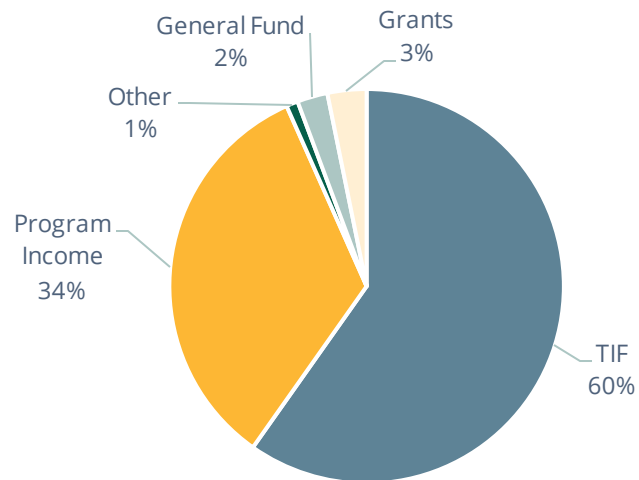
**Embrace
& Manage
Growth**

OBJECTIVE 4
**Connect
Portlanders to
High-Quality Jobs
in Future-Ready
Sectors**

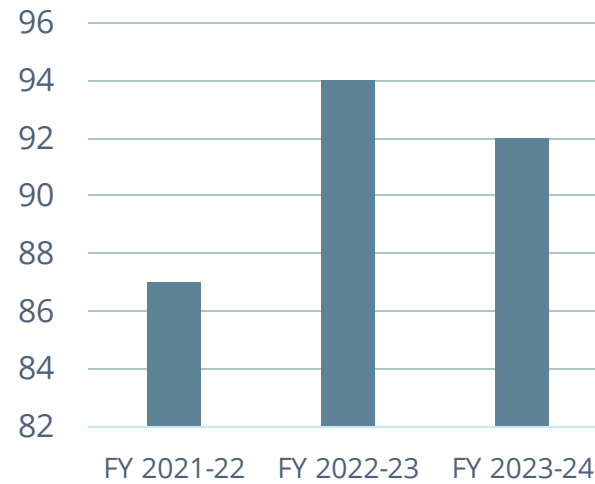
**Effective
Institutions
& Partnerships**

FY 2023-24 - Budget

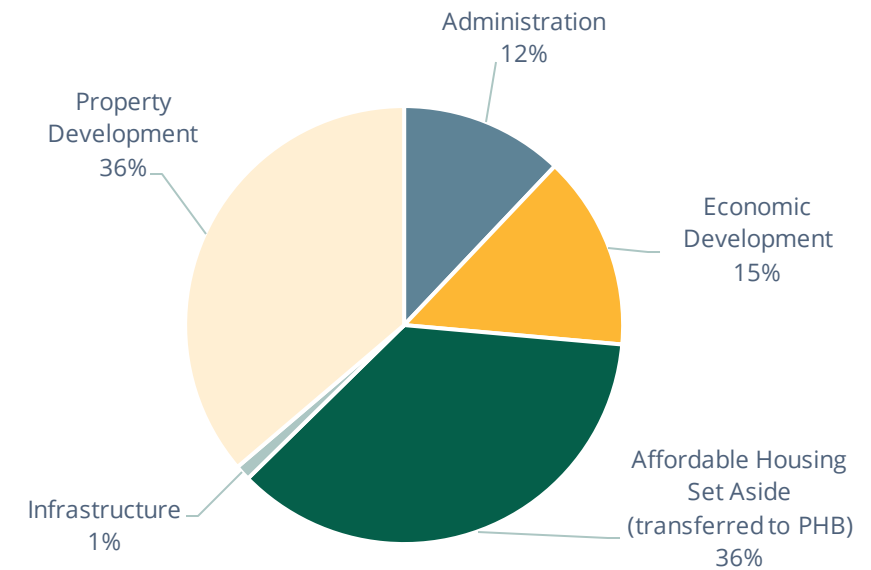
FY 2023-24 Resources



FTE By Fiscal Year

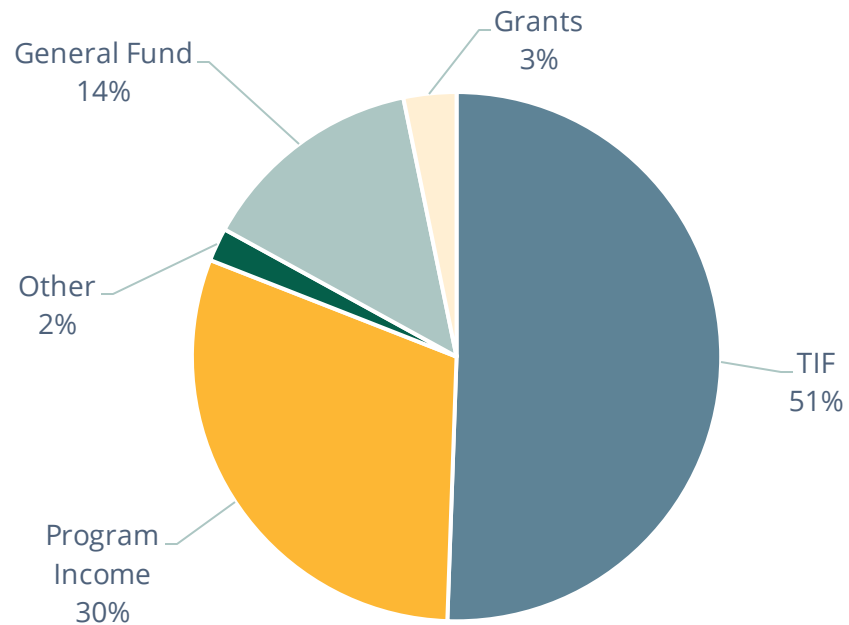


FY 2023-24 Expenditures

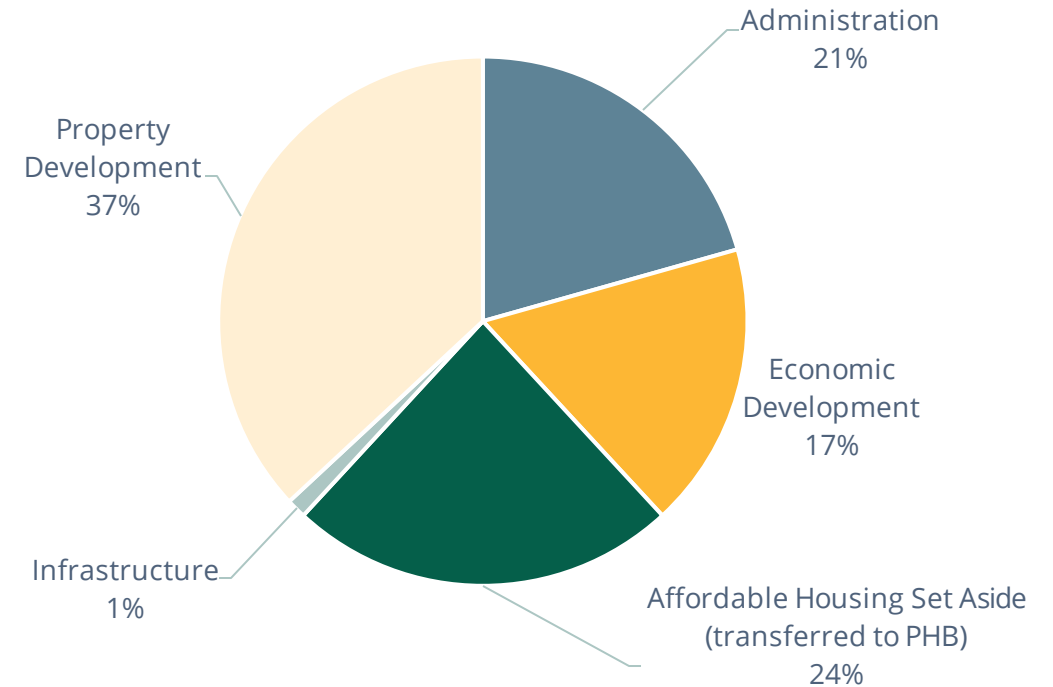


Five Year Forecast















Five Year Resources - \$554M



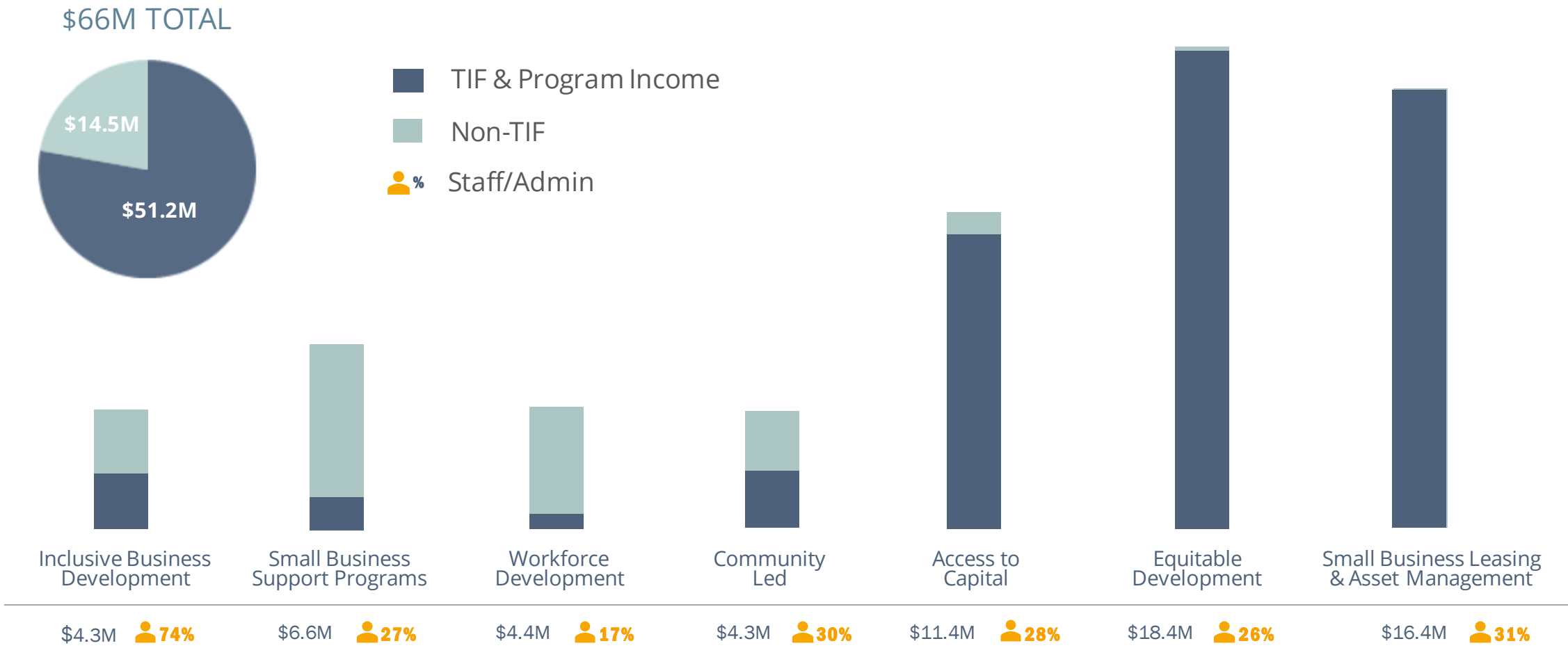
Five Year Expenditures - \$417M



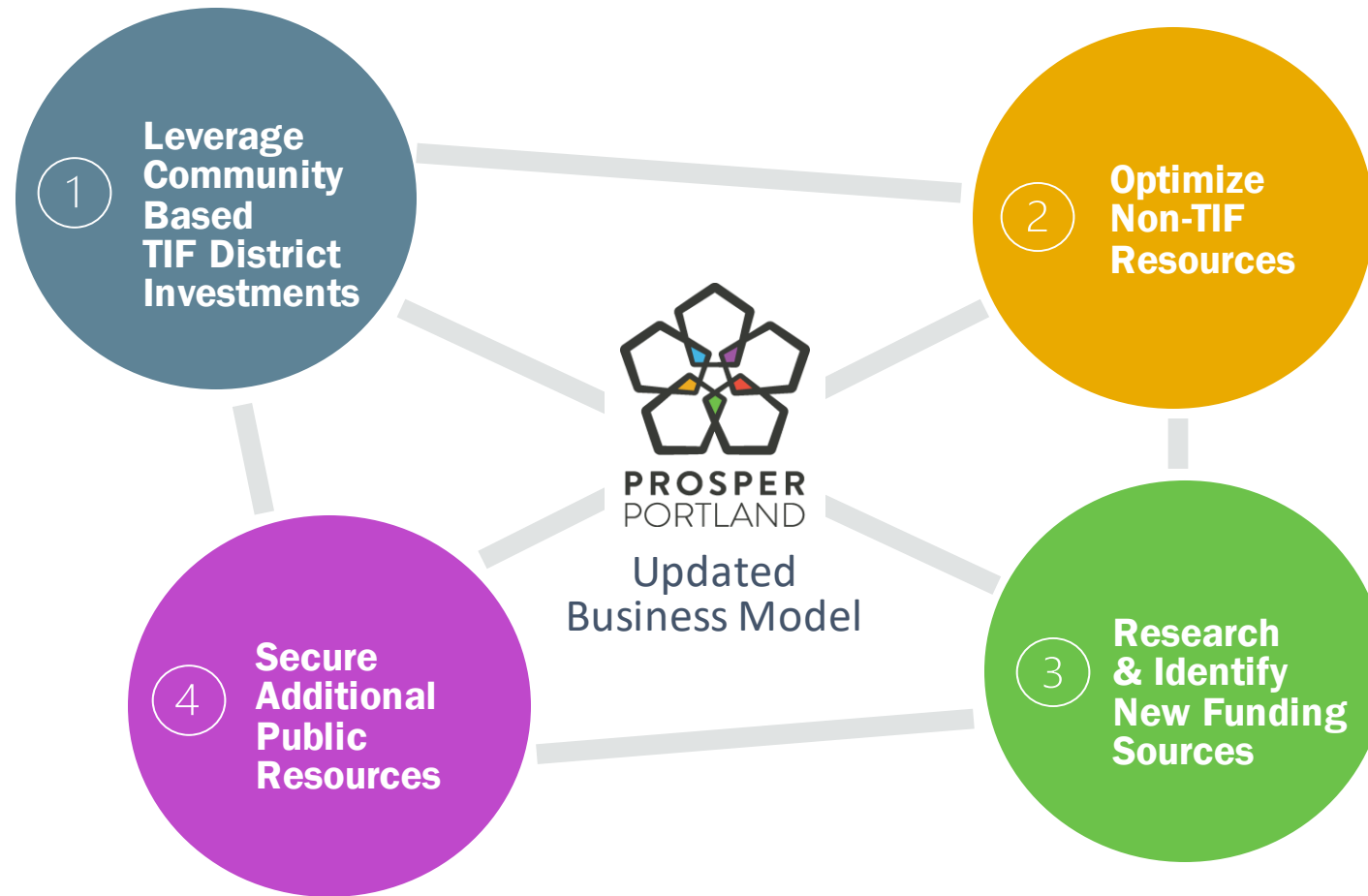
Prosper Portland Business Lines

						
Inclusive Business Development	Small Business Support Programs	Workforce Development	Community-Led	Access to Capital	Equitable Development	Small Business Leasing & Asset Management
Portland Means Progress	Mercatus & My People's Market	Work Systems Inc. Partnership	Neighborhood Prosperity Network	Business Finance Loans	Land Acquisition & Disposition	Affordable Commercial Tenanting
Enterprise Zone Tax Abatement	Inclusive Business Resource Network			Commercial Property Loans	Infrastructure Investments	Property Management
Traded Sector Initiatives & Film Navigation	Events Navigation and Activations			Prosperity Investment Program Grant		
Regional Economic Development Partnerships				Community Livability Grant		
						
STAFF ALLOCATIONS						

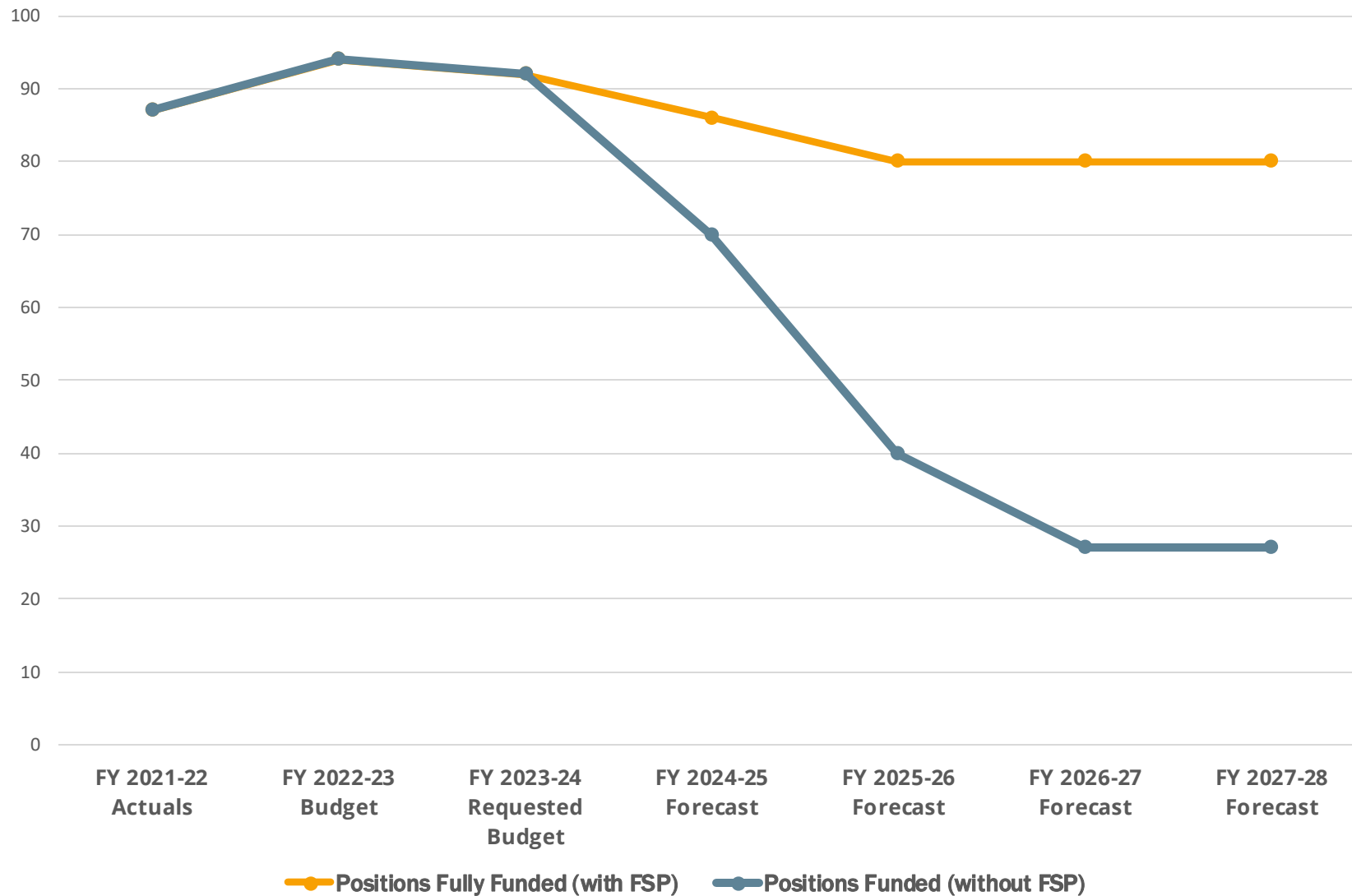
Operations and Capital: 3-year Average Funding



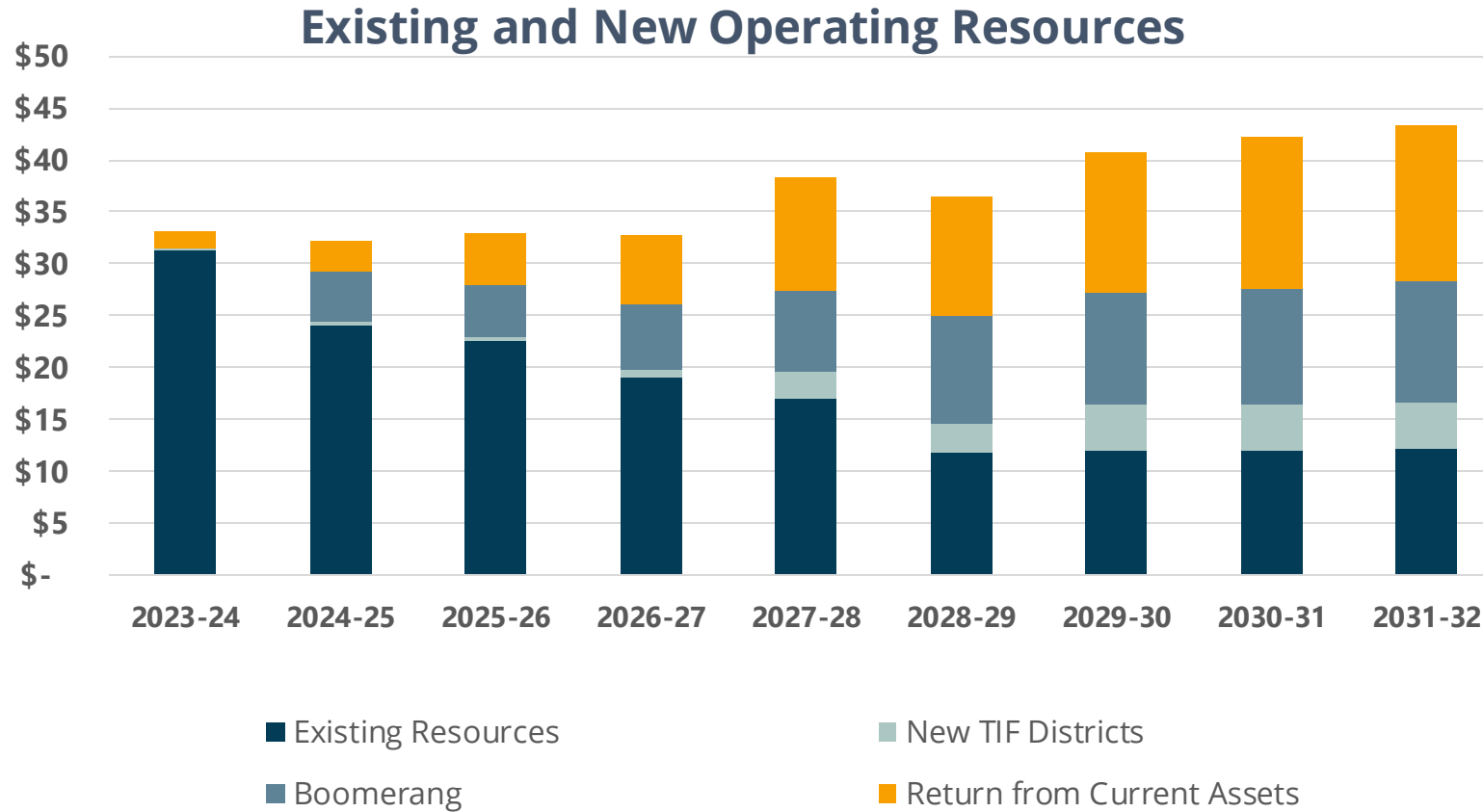
Updated Financial Sustainability Plan



Staffing Levels – Dependent on New Revenues (FSP)



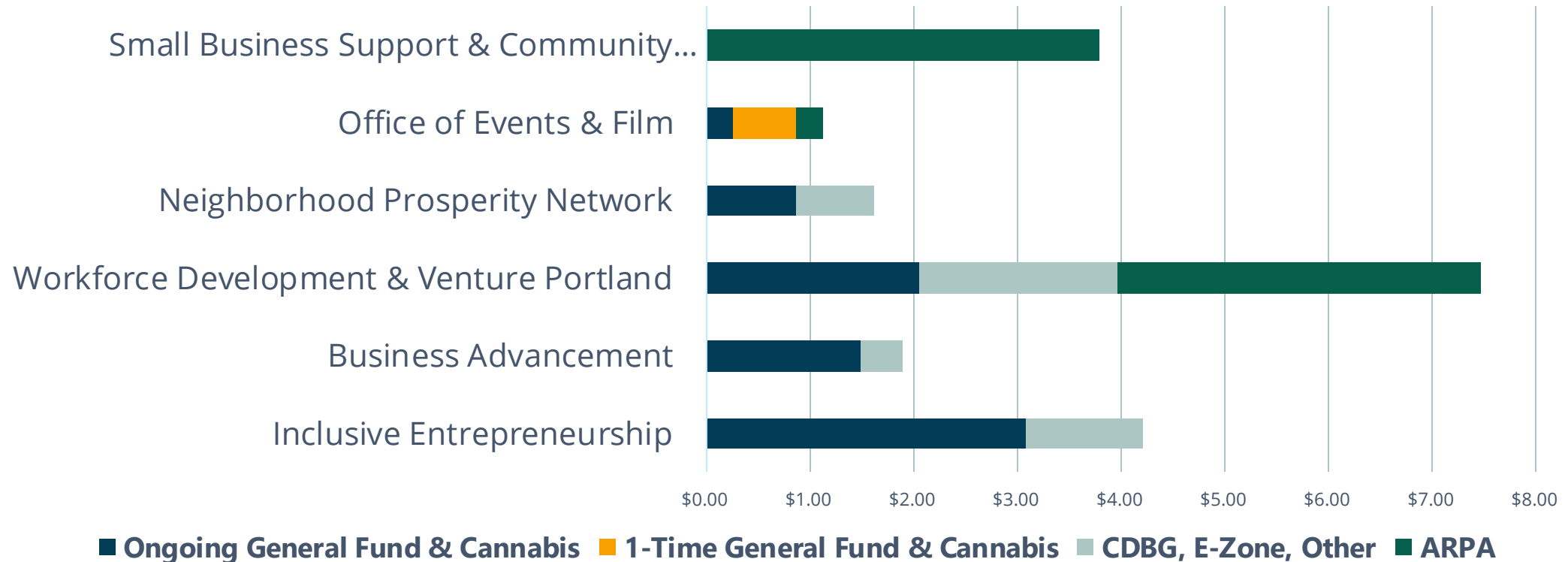
Financial Sustainability – Funding Operations



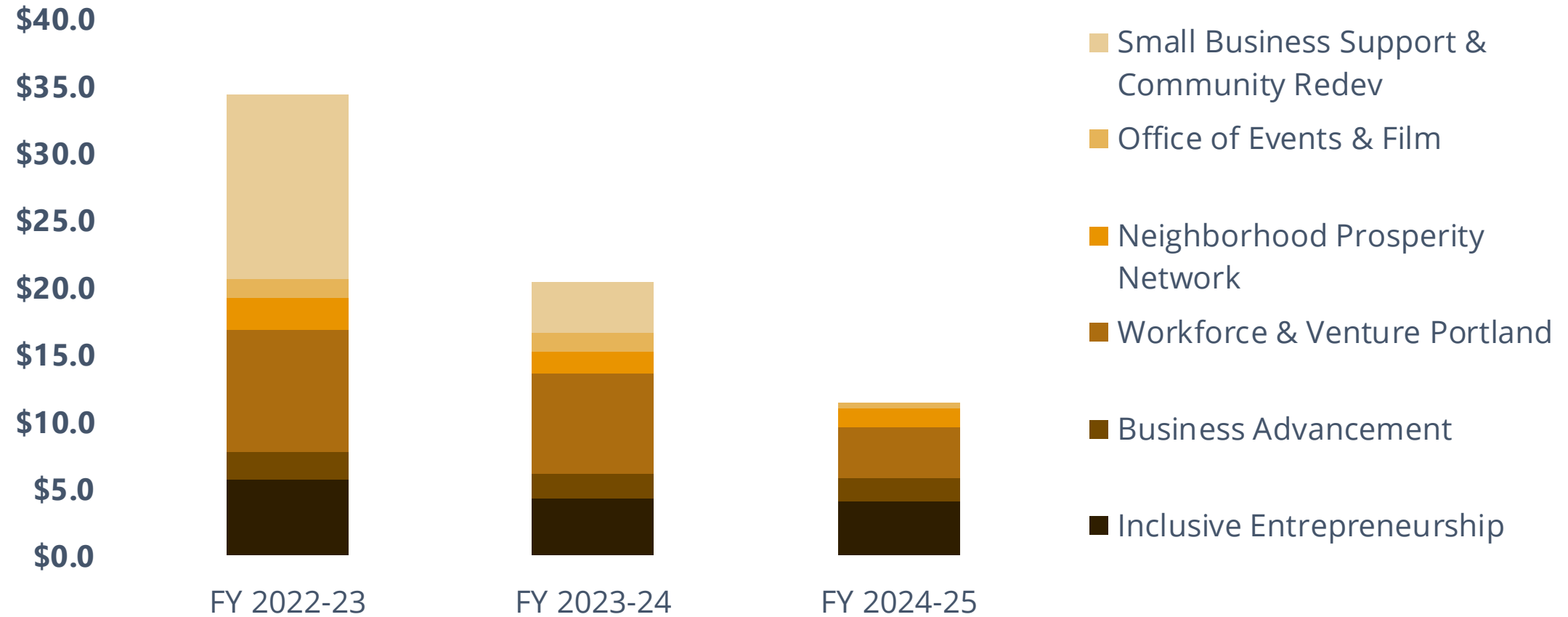
Year 5 of Forecast:

- **\$11M** in Income from Assets
- **\$3M** from New TIF Districts
- **\$8M** from Boomerang
- **\$17M** from Existing Resources

FY 23-24 Program Investments: Economic Vitality



Expiring One-Time Resources



Inclusive Entrepreneurship

Key Performance Measures

500+ businesses served

75% BIPOC-owned

1,300+ members in Mercatus

One-time funding projected impact:

- A la carte: **175 businesses**
- Capital advisor: **25 businesses**
- Digital Marketing: **90 businesses**



Community & Workforce Development

Neighborhood Prosperity Network

Decline in TIF & one-time GF (doesn't include Cully)

Key Performance Metrics

4,320 volunteer hours

\$2.4M private funds leveraged

One-time impacts:

6 major events; **\$750k** private funds leveraged, **10,000** volunteer hours



Workforce Development & Venture Portland Partnerships

Decline in COEP

Key Performance Metrics

1650 workforce participants

67% People of Color

4,570 hours in technical assistance and training for business districts

One-time impacts:

250 internships; **250** small businesses supported; **250** rapid re-careering services



Business Advancement

Business Advancement Team

Key Performance Metrics:

1,727 Jobs resulting from Traded Sector company relocations and expansions (FY20-21 to FY21-22)

306 traded sector businesses received technical assistance for growth or inclusion

147 companies participated in public benefits agreements

\$400M spent at local, BIPOC-owned businesses by Portland Means Progress participants since 2019

\$92M spent at local businesses by Enterprise Zone companies



One-time impacts:
20 BIPOC tech founders and **5** organizations
one year of intensive support

Office of Events & Film

Key Performance Metrics:

\$1B+ spent locally by the film industry since FY15-16

300+ film, media and commercial productions assisted by the Portland Film Office

390 applications for the Community Events Grant
(closed March 3) - funding 100

Provided technical assistance for Formula E, Shamrock Run, Winter Lights, Music Portland, Rose Festival, Women's Final Four

One-time funding impact:

- **100** community event grants
- **2.5** positions facilitating events
- higher capacity film recruitment (**10** out of state productions):



Small Business Support & Community Development

- Chamber Support (ARPA & General Fund)
- Small Business Hub and Grant Assistance (ARPA)
- Repair & Small Business Stabilization Grants (ARPA)
- Inclusive Economic Development Strategy, inc. Central City & Corridors
- Broadway Corridor & Fairfield Affordable Commercial
- East Portland Investment Strategy

Key Performance Metrics

(all impacts related to one-time funding):

7 Chambers supported

175 – 350 Repair Grants (\$5-\$10k/grant)

65 – 100 Stabilization Grants (\$15k-\$25k/grant)

Launched and maintain new Small Business Hub platform

Demolition of USPS Main Facility to unlock future development of **~200+** affordable housing units at Broadway Corridor

Design & renovate **~3,000** sq ft ground floor affordable ground floor retail space at The Fairfield



**11,000 sq. ft.
ground floor
retail space
owned by
Prosper
Portland**

**Space leased to
local businesses
through
Affordable
Commercial
Tenanting
Program**

**New HQ for Our
Just Future**

**75 units mixed-
income housing**

Prosper Portland Role in the Nick Fish Project

Acquisition & Site Prep:

- Jointly purchased contaminated site in 2008
- Awarded EPA clean-up grant; conducted remediation, secured NFA from DEQ
- Engaged public and obtained City Council park master plan approval

Funding

- \$5.9 M loan for workforce housing
- \$3.6 M for build out of ground floor retail





Thank you

Prosper Portland