



DATE: June 28, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-26
Authorizing Execution of Fiscal Year 2017-18 Intergovernmental Service Level Agreement with the City Of Portland for General Fund Special Appropriations of \$6,021,909 for Economic Development Activities

BOARD ACTION REQUESTED

Adopt Resolution No. 7241

ACTION DESCRIPTION

This action by the Prosper Portland Board of Commissioners (Board) will authorize an intergovernmental agreement (IGA) with the City of Portland (City) through the City Budget Office (CBO) to transfer \$6,021,909 to Prosper Portland to fund certain economic development activities on a citywide basis, including community economic development and traded sector job creation and retention. These activities have been budgeted for in the fiscal year (FY) 2017-18 Adopted Prosper Portland Budget. This IGA, which has been authorized each of the past eight years, allows for the transfer of General Fund dollars that allow Prosper Portland to deliver on critical 2015-2020 Strategic Plan objectives, including increasing access to employment; creating healthy, complete neighborhoods; and fostering equitable wealth creation through entrepreneurship and small business programs, traded sector business development, and workforce development programs.

BACKGROUND AND CONTEXT

Prosper Portland has implemented economic development activities on behalf of the City for decades. However, both urban renewal area (URA) and tax increment financing (TIF) restrictions limit Prosper Portland's ability to fund and deliver community economic development and traded sector job creation and retention on a citywide basis. Prosper Portland has limited ability to support these activities without General Fund resources since service areas and activities are either outside URA's or are not TIF-eligible and cannot be funded with TIF resources.

This IGA represents an overall increase in funding of \$249,444 from the FY 2016-17 IGA total. The increase is largely related to higher one-time funding and Neighborhood Prosperity Initiative revenue sharing amounts that were included in this year's IGA. The General Fund Special Appropriations identified in the IGA are included in the Adopted Budget for both Prosper Portland and the City.

COMMUNITY AND PUBLIC BENEFIT

The IGA allows Prosper Portland to use its established expertise in economic development on a citywide basis. Without the contribution of the City's General Fund, Prosper Portland's ability to undertake economic development activities outside of URAs would be very limited.

The scope of services provides for implementation of critical neighborhood economic development and traded sector job creation and retention programs that grow family wage jobs, advance opportunities for prosperity, and build stronger partnerships.

Entrepreneurship and Community Economic Development includes:

- Neighborhood commercial corridors (NPI and Main Street)
- Venture Portland
- Small Business Technical Assistance Program (including entrepreneurship funding)
- Economic Opportunity Initiative and workforce development
- Small Business Working Capital Loan Fund (microloan program)

Traded Sector Job Creation and Retention includes:

- Cluster development
- International
- Film and Video Office (one-year funding)

PUBLIC PARTICIPATION AND FEEDBACK

Staff conducted public participation as part of the FY 2017-18 budget process, primarily during discussions with Prosper Portland's Budget Advisory Committee and the Neighborhood Economic Development Leadership Group. Testimony was also provided to City Council acting as Prosper Portland's Budget Committee on May 11, 2017.

BUDGET AND FINANCIAL INFORMATION

This action will allow Prosper Portland to receive \$6,021,909 in City General Funds to implement the following economic development activities:

- Entrepreneurship and community economic development - \$4,614,517
- Traded sector job creation and retention - \$1,407,392

There has been a slight decrease in ongoing funding due to the City's direction to reduce ongoing funds by five percent. While the initial Requested Budget identified a five percent reduction in ongoing funding, City Council approved a budget that resulted in reduction of 1.2 percent in ongoing funding and will allow Prosper Portland to begin implementation of the healthcare cluster. An additional \$583,240 was awarded in one-time funding for the following initiatives:

- \$166,000 for Venture Portland catalytic investments (north and east Portland business districts);
- \$70,000 in prior year carryover to support the second phase of the Mercatus online web portal;
- \$175,000 for the small business growth program;
- \$142,240 for Film and Video Office;
- \$30,000 in prior year carryover to support an operating loan to the Portland Economic Investment Corporation for ongoing management of the Inclusive Startup Fund.

The budget for neighborhood commercial corridors also includes the City's portion of revenue sharing of \$234,299 from the six NPI districts. Revenue sharing, based on Oregon Revised Statutes Chapter 457, is currently occurring with all six districts. In accordance with existing agreements, the City will provide its share of NPI revenue sharing back to the NPI districts. These funds have been budgeted to each NPI district according to the amount of estimated tax increment revenue sharing that will occur for each district in the FY 2017-18 Budget. A similar agreement that is separate from this IGA exists with Multnomah County for its share of NPI revenue sharing.

RISK ASSESSMENT

Should the Prosper Portland Board choose not to adopt the resolution, staff would not be able to proceed with General Fund programs outlined in the FY 2017-18 Approved Budget.

ALTERNATIVE ACTIONS

Prosper Portland does not have any other current sources of funding that could be diverted to these economic development activities. These are not TIF-eligible activities.

ATTACHMENTS

None.