



**PROSPER
PORTLAND**
Building an Equitable Economy

DATE: September 12, 2018
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 18-36
Authorizing Execution of Fiscal Year 2018/19 Intergovernmental Service Level Agreement with the City of Portland for General Fund Special Appropriations of \$6,540,663 for Economic Development Activities

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7285

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 \$6,540,663 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 in the fiscal year (FY) 2018/19 Adopted Prosper Portland Budget.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This IGA, which has been authorized each of the past nine 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 URAs or are not TIF-eligible and cannot be funded with TIF resources.

This IGA represents an overall increase in funding of \$408,753 from the FY 2017-18 total. The increase is largely related to higher one-time and new ongoing funding that was 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.

EQUITY IMPACT

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:

- Economic Opportunity Initiative and workforce development
- Inclusive Business Resource Network (including entrepreneurship funding)
- My People's Market
- Neighborhood Prosperity Network (NPN)
- Venture Portland

Traded Sector Job Creation and Retention includes:

- Brownfield Property Tax Exemption Program
- Cluster Development
- International
- Portland Film Office (one-year funding)
- Traded Sector Inclusive Business Growth

COMMUNITY PARTICIPATION AND FEEDBACK

Staff conducted public participation as part of the FY 2018-19 budget process, primarily during discussions with Prosper Portland's Budget Advisory Committee. Staff also provided testimony to City Council, acting as Prosper Portland's Budget Committee, on May 10, 2018.

BUDGET AND FINANCIAL INFORMATION

This action will allow Prosper Portland to receive \$6,540,663 in City General Funds to implement the following economic development activities:

- Entrepreneurship and community economic development - \$4,961,897
- Traded sector job creation and retention - \$1,578,766

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, including three add packages, that resulted in a six percent increase in ongoing funding. City Council awarded an additional \$526,240 in one-time funding for the following initiatives:

- \$25,500 for Alberta Main Street's final year of receiving assistance through Prosper Portland;
- \$100,000 to support the expansion of the Mercatus online web portal and hold two My People's Markets;
- \$108,000 for Traded Sector Inclusive Business Growth, a program dedicated to increasing the number of women and people of color in traded sector companies;
- \$142,240 for the Portland Film Office; and
- \$150,000 to administer the Brownfield Property Tax Exemption Program.

The budget for neighborhood commercial corridors also includes the City's portion of revenue sharing of \$299,339 from the six NPN 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 NPN revenue back to the NPN districts. These funds have been budgeted to each NPN district according to the amount of estimated tax increment revenue sharing that will occur for each district in the FY 2018/19 Budget. A similar agreement that is separate from this IGA exists with Multnomah County for its share of NPN revenue.

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 2018/19 Adopted Budget.

ATTACHMENTS

None.