



PROSPER
PORTLAND
Building an Equitable Economy

DATE: July 10, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-26
Authorizing Execution of Fiscal Year 2019-20 Intergovernmental Service Level Agreement with the City of Portland for General Fund Special Appropriations of \$7,609,120 for Economic Development Activities

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7317

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 \$7,609,120 in City General Fund resources and Cannabis Tax revenue 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 Prosper Portland’s fiscal year (FY) 2019-20 Adopted Budget.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This IGA, which has been authorized each of the past ten years, transfers General Fund dollars that allow Prosper Portland to deliver on critical Strategic Plan objectives, including increasing access to employment 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, tax increment financing (TIF) restrictions limit Prosper Portland’s ability to fund and deliver community economic development and traded sector job creation and retention citywide. Prosper Portland has limited ability to support these activities without General Fund resources since service areas and activities are either outside TIF districts or are not TIF-eligible and cannot be funded with TIF resources.

This IGA represents an increase in funding of more than \$1,000,000 from the FY 2018-19 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 citywide. Without the contribution of the City's General Fund, Prosper Portland's ability to undertake economic development activities outside of TIF districts would be 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 (IBRN)
- My People's Market and Mercatus
- Neighborhood Prosperity Network (NPN)
- Venture Portland

Traded Sector Job Creation and Retention includes:

- Cluster Development
- International
- Portland Means Progress
- Portland Film Office (one-year funding)

COMMUNITY PARTICIPATION AND FEEDBACK

Staff conducted public participation as part of the FY 2019-20 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 9, 2019.

BUDGET AND FINANCIAL INFORMATION

This action will allow Prosper Portland to receive \$7,399,120 in City General Funds and \$210,000 in Cannabis Tax Revenue to implement the following economic development activities:

- Entrepreneurship and community economic development - \$5,560,965
- Traded sector job creation and retention - \$1,650,155
- Redevelopment projects citywide - \$398,000

While the initial Requested Budget identified a one percent reduction per direction from the mayor, City Council approved a budget that includes nine directives to develop and resulted in a six percent increase in ongoing funding. City Council awarded an additional \$887,000 in one-time funding for the following initiatives:

- \$150,000 to support outreach and engagement in Cully and on the Hill Block project;
- \$50,000 for My People's Market;
- \$100,000 to support businesses in the Neighborhood Prosperity Network through long-term and light-touch support with IBRN;
- \$100,000 for Portland Means Progress, a program that promotes private sector investment in inclusive economic growth and job creation;
- \$142,000 for the Portland Film Office;
- \$30,000 for the Old Town/Chinatown District Manager;
- \$17,000 to administer the Venture Portland grant;

- \$75,000 to fund community engagement for the Albina Vision;
- \$100,000 in support of design and predevelopment work for the James Beard Market; and
- \$123,000 in carryover to administer the Brownfield Property Tax Exemption Program.

Also included in this IGA is the City's portion of revenue sharing, \$307,000 to fund all six NPN districts. Revenue sharing, based on Oregon Revised Statutes Chapter 457, is currently occurring with all six districts and, in accordance with existing agreements, the City will provide its share of NPN revenue back to the districts. These funds have been budgeted to each NPN district based on the amount of estimated tax increment revenue sharing for FY 2019-20. A similar agreement that is separate from this IGA exists with Multnomah County for its NPN revenue share.

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 2019-20 Adopted Budget.

ATTACHMENTS

None.