



DATE: June 9, 2021
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 21-13
Adopting the Annual Budget of Prosper Portland for the Fiscal Year Beginning July 1, 2021 and Ending June 30, 2022; and Making Appropriations

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7417

This action by the Prosper Portland Board of Commissioners (Board) will formally adopt Prosper Portland's fiscal year (FY) 2021-22 Recommended Budget, effective July 1, 2021. The Prosper Portland Board's adoption of the FY 2021-22 Recommended Budget represents the final phase of the FY 2021-22 budget process, which began in November 2020.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Upon adoption, the FY 2021-22 Recommended Budget will become Prosper Portland's FY 2021-22 Adopted Budget and allow staff to implement key programs, projects, and initiatives that deliver on the agency's Strategic Plan goal to build an equitable economy by growing quality jobs, advancing opportunities for prosperity, creating vibrant neighborhoods and communities, and collaborating with partners to create an equitable city.

BACKGROUND AND CONTEXT

The annual budget process for Prosper Portland began in November 2020. After multiple public hearings and input from stakeholders including the Prosper Portland Community Budget Committee (CBC), the Portland City Council, acting as Prosper Portland's Budget Committee, approved a budget on May 19, 2021, referred to as the FY 2021-22 Approved Budget. After City Council approves the Approved Budget, the Prosper Portland Executive Director submits a Recommended Budget to the Prosper Portland Board, which includes minor recommended changes to the City Council Approved Budget.

With this action, the Executive Director is proposing a total Recommended Budget of \$412,896,375 which is a decrease from the Approved Budget of \$413,241,369. The Recommended Budgeted increases budget expenditures from \$203,416,569 in the Approved Budget to \$203,450,075.

EQUITY IMPACT

The action to adopt the FY 2021-22 Recommended Budget will allow Prosper Portland to invest critical resources in objectives that deliver on the Strategic Plan through the lens of the Equity Policy.

COMMUNITY PARTICIPATION AND FEEDBACK

The FY 2021-22 budget process included public participation through the approximately 18-member CBC, which met five times during the drafting of the FY 2021-22 Requested Budget. A letter from the CBC support for the budget was previously shared with the Prosper Portland Board. Staff continued to update the CBC through May as budget and financial implications related to the COVID-19 crisis began to impact both the City of Portland and Prosper Portland’s financial outlook and budget decisions. City Council received testimony from the public on May 6, 2021 during its public hearing on the Proposed Budget. The public will have a final opportunity to testify on Prosper Portland’s budget during the June 9, 2021, Prosper Portland Board meeting.

BUDGET AND FINANCIAL INFORMATION

The FY 2021-22 recommended budget for adoption incorporates financial decisions that include a total recommended budget of \$413,241,369 in program and project expenditures, including ending fund balance and contingency. Excluding contingency and cash transfers, total project and program expenditures equal \$203,416,569.

The recommended budget for adoption includes changes incorporated in the Proposed Budget based on the Mayor’s Proposed Budget, and Approved Budget based on final changes made by City Council. Total changes approved by Council include the following changes approved by City Council, acting as the Prosper Portland Budget Committee on May 19, 2021.

Program / Add Packages	FY 2021-22 Requested	Mayor and Council Changes	FY 2021-22 Approved
Adult and Youth Workforce	\$1,326,042		\$1,326,042
Inclusive Entrepreneurship	\$1,705,843	\$200,000	\$1,905,843
Neighborhood Prosperity Network	\$794,286		\$794,286
Venture Portland	\$555,128		\$555,128
<i>Entrepreneurship & Community EcDev Subtotal</i>	<i>\$4,381,299</i>	<i>\$200,000</i>	<i>\$4,581,299</i>
Cluster Development/International	\$1,439,878	\$(71,995)	\$1,367,883
Portland Film Office	\$192,960	\$40,385	\$233,345
Music Portland Grants	\$-	\$100,000	\$100,000
<i>Traded Sector Economic Development Subtotal</i>	<i>\$1,632,838</i>	<i>\$68,390</i>	<i>\$1,701,228</i>
Ankeny Food Cart Pod Infrastructure	\$-	\$269,000	\$269,000
Old Town / Chinatown Director	\$-	\$60,000	\$60,000
Small Business Repair Grants	\$300,000	\$200,000	\$500,000
<i>Community Economic Development Subtotal</i>	<i>\$300,000</i>	<i>\$529,000</i>	<i>\$829,000</i>
<i>General Fund Subtotal</i>	<i>\$6,314,137</i>	<i>\$797,390</i>	<i>\$7,111,527</i>
Downtown Commercial Corridor	\$-	\$165,000	\$165,000
Culturally Specific Chambers of Commerce	\$-	\$700,000	\$700,000
Venture Portland Catalytic Investment	\$-	\$530,931	\$530,931
<i>ARPA Fund Subtotal</i>	<i>\$-</i>	<i>\$1,395,931</i>	<i>\$1,395,931</i>

Cannabis Fund			
Inclusive Entrepreneurship	\$348,593	\$-	\$348,593
BIPOC Cannabis Business Development	\$420,000	\$-	\$420,000
Mercutus/My People's Market/Digital Divide	\$453,000	\$-	\$453,000
Small Business Stability & Legal Support	\$500,000	\$(500,000)	\$-
<i>Cannabis Subtotal</i>	<i>\$1,721,593</i>	<i>\$(500,000)</i>	<i>\$1,221,593</i>
Total City of Portland Allocations	\$8,035,730	\$1,693,321	\$9,729,051

The recommended budget for adoption includes several additional changes from the Approved Budget for the General Fund and Tax Increment District budgets. Per Oregon Revised Statutes Chapter 294 (Local Budget Law), the Governing Body (Prosper Portland Board of Commissioners) may make changes to expenditures as long as they do not exceed ten percent of the expenditures approved by the Budget Committee (City Council) in any one fund. Recommended changes as show in Exhibit A include:

Changes to Resources (across all fund):

- Decrease of **beginning balances** by \$421,000 to reflect lower ending balance in FY 2020-21 based on year-end forecast recognized in the FY 2020-21 Revised 3 budget across the General Fund and several tax increment finance district funds.
- **Grants-HCD Contract** increases \$34,506 based on latest figures for federal Community Development Block Grant (CDBG) allocation to Prosper Portland.
- Increase of \$20,000 for **Local Grants** for grant from Travel Portland to support downtown activation.
- **Service Reimbursements** increase \$20,000 to recognize transfer of General Fund overhead to indirect fund for additional General Fund programming.
- **Transfers In** increase \$1,500 to reimburse the General fund for CARES Act transfer in FY 2020-21.

Changes to Requirements:

- **Economic Development** appropriations increase \$34,506 to appropriate additional CDBG resources to Inclusive Business Resource Network and Workforce Development programming.
- **Transfers** increase by \$20,000 to allocate funds from Portland Film Office indirect overhead to indirect fund.
- **Contingency** decreases by \$400,00 based on net changes in beginning fund balance and other resources.

RISK ASSESSMENT

There is a slight risk that due to project timing and/or final project budget, appropriation levels established through adoption of the FY 2021-22 Recommended Budget may be insufficient to enable Prosper Portland to comply with contractual obligations. Prosper Portland staff mitigates this risk by continually reviewing project estimates with respect to budget authority and by preparing budget amendments during the fiscal year to request additional appropriations if and when necessary.

The Prosper Portland Board could adopt the FY 2021-22 Recommended Budget with additional changes up to the ten percent allowable increase in expenditures for each fund. Any changes to the FY 2021-22 Recommended Budget directed by the Prosper Portland Board must be identified during adoption of the budget to include specific funding sources and appropriation categories. If the Prosper Portland Board

does not adopt a budget in accordance with local budget law on or before June 30, 2021, Prosper Portland will have no authority to incur expenses after that date.

ATTACHMENTS

None.