
Budget Message from Kimberly Branam Executive Director

To the Members of the Prosper Portland Board of Commissioners (Board) and Portland City Council:

Portland currently faces what is expected to be the most significant economic downturn since the Great Depression. Unemployment claims in Multnomah County totaled more than 52,000 between March and April; many businesses in the city have permanently closed with more to follow. Wealth, income, and health inequities, stark before the pandemic, are exacerbated by the current crisis.

Prosper Portland's fiscal year (FY) 2020-21 Proposed Budget implements programs and projects that are critical to ensuring an equitable economic recovery in the years ahead. Recognizing racial, ethnic, gender, and geographic inequities, Prosper Portland is dedicating resources and strengthening partnerships to mitigate disparate impacts. The budget continues the Inclusive Business Resource Network, the Neighborhood Prosperity Network, Traded Sector business development, and community-based action plans in Tax Increment Financing districts toward economic stabilization, adaptation, and recovery.

FY 2020-21 BUDGET OVERVIEW & HIGHLIGHTS

The Proposed Budget includes total expenditures of \$210,086,756, 81 full time positions, and five limited term positions. The Proposed Budget includes estimates from the Portland Housing Bureau for expenditure of remaining Housing Set Aside resources totaling \$44,000,000 for FY 2020-21 and \$122,000,000 over the next five years.

The Proposed Budget is balanced using a variety of resources that are impacted differently by the economic shock of the COVID-19 crisis.

1. **Tax increment** debt proceeds are largely unchanged based on the financial capacity of each TIF District. The budget includes \$82 million in new tax increment debt resources to fund TIF District Action Plans and the affordable housing set aside in each district.
2. The Mayor's Proposed **General Fund** decisions include a 5 percent reduction in ongoing resources for economic development programming with new one-time funding of \$2,300,000 in **Cannabis Fund** and **Community Development Block Grant (CDBG)** resources largely dedicated to support vulnerable businesses through the Small Business Relief Fund.
3. COVID-19 has had a significant impact on Prosper Portland's **operating revenues**. The FY 2020-21 Proposed Budget assumes a decline of more than \$6,000,000 in income from reduced repayment of loans and revenue from properties Prosper Portland manages when compared to the FY 2019-20 Adopted Budget.

In total, Prosper Portland's Proposed Budget includes a net \$6,000,000 reduction to ongoing operating resources, \$1,500,000 increase in one-time operating resources, and no change to the capital budget. The collective impact on operational funding necessitates reductions in operating expenditures. Anticipating potentially larger impacts in the fall, Prosper Portland is budgeting a 7.5 percent reduction in General Fund ongoing programming. And Prosper Portland and AFSCME Local 75 have tentatively agreed to a plan that will reduce operating expenditures by \$1,200,000 through a combination of 12 furlough days to be taken by represented and non-management staff, a 7.5 percent reduction in pay for management, not filling all open positions, and reducing administrative materials and services.

The decreased operating revenues in the near-term result in an immediate and enduring effect on Prosper Portland's Ten-Year Financial Sustainability Plan. The scale of impacts to the longer-term plan will be dependent on the performance of future TIF District investments included in the budget, the pace of economic recovery, and the availability of General Fund and other public resources that may be available. Prosper Portland will regularly update the FSP forecast as a primary tool to assist the agency and the City plan how to best achieve shared economic development goals for Portland.

Prosper Portland's General Fund, Cannabis Fund, Community Development Block Grant, and Enterprise-Zone Fund supported programs focus on dedicating **household, business, and community-partner** stabilization and recovery efforts to those impacted by the COVID-19 crisis. Priorities and impacts of budget adjustments are detailed below:

- **Inclusive Business Resource Network:** Increase provision of light-touch business technical assistance and physical-distancing-related adaptation services with approximately 25 fewer businesses served given \$33,503 cut; shift Mercatus to provide online business promotion and procurement support; continue support for cannabis businesses.
- **Neighborhood Prosper Network (NPN) & Venture Portland:** Continue activities and capacity building to community and business districts through recovery with a funding reduction of \$27,565 for Venture Portland and a reduction of \$16,824 to NPN budget.
- **Traded Sector Development:** Engage industries and businesses to identify vulnerabilities and growth opportunities and roll out new programs to support reopening and recovery; reposition Portland Means Progress to a recession posture, including focusing on how employers can respond to COVID-19 with a strong equity framework and a strategy to maximize intentional purchasing from Mercatus businesses.
- **Workforce Development:** Provide light-touch workforce navigation services and connection to emergency resources for Portland residents with service to approximately 52 fewer people served through youth and adult workforce programs as a result of budget cuts. Prioritize and increase the capacity of partners while services are delivered virtually.
- **Small Business Relief Fund:** \$547,000 in Cannabis Fund and \$1,300,000 in Community Development Block Grant CARES Act resources will support approximately 300 additional grants for vulnerable small businesses
- One-time funding received in FY 2019-20 not included in FY 2020-21 will result in the elimination of the **Portland Film Office** and a 1 LTE reduction in staff on the Business & Industry Team.

A critical budget direction of Mayor Wheeler and component of the Requested Budget was to implement **community development mitigating displacement**. The FY 2020-21 Proposed Budget includes the implementation of strategies and plans to support community stabilization and recovery through **commercial and mixed-use development** in each TIF district through:

- **Small Business Support:** Provide loan and lease deferrals. Support necessary physical changes to offset impact of COVID-19 on physical space needs in Prosperity Investment Program grant considerations.
- **Anchor Nonprofit Support:** Support necessary physical changes to address impact of COVID-19 on physical space needs in Community Livability Grant considerations.
- **Commercial Corridors:** Continue inter-bureau coordination with the Bureau of Transportation, Portland Housing Bureau, and Bureau of Planning and Sustainability to increase safety while ensuring infrastructure doesn't further destabilize communities and businesses.

- **Commercial Stabilization:** Identify at-risk property owners, support property acquisitions, property owner improvements and stabilizing investments to support individuals and communities (e.g. affordable commercial).
- **Catalytic Commercial Mixed-Use Development:** Funding development and infrastructure projects to support projects like 106th & Halsey, ODOT Blocks, 92nd & Harold, and Broadway Corridor development and construction, MWESB/DBE businesses, retain employees, and create healthy, complete neighborhoods.

BUDGET PROCESS

The Prosper Portland FY 2020-21 Proposed Budget was informed by the Prosper Portland Strategic Plan and draft FY 2020-21 Agency-Wide Work Plan. Prosper Portland reviewed the FY 2020-21 Draft Budget with its approximately 20-member Community Budget Committee, which met seven times over the course of the budget cycle and whose members represent a diverse array of geographic, industry-sector and community stakeholders. The Prosper Portland Board held a work session on January 22, 2020 to review General Fund programming and TIF district spending plans that were incorporated into the Requested Budget. Staff also reviewed specific TIF district Requested Budgets with 11 community and neighborhood organizations to receive input.

Following Mayor Wheeler's declaration of emergency on March 12, the City of Portland formed a COVID-19 Economic Relief and Stabilization Framework and identified teams to guide the city's response to the economic impact of the pandemic through recommendations and collaboration. Prosper Portland has taken a lead role in this work, participating in the Economic Impact Action Committee with City leaders and organizational partners to set priorities, coordinate activities and deploy resources. And we are convening the Economic Recovery Task Force, a group of nearly 100 business, community, foundation, labor, public, and workforce leaders who, grounded by the fundamental priority of racial equity and serving the most vulnerable, are advising on collaborative economic stabilization and recovery interventions.

These partnerships and related programmatic adjustments have informed updates to the Proposed Budget and will continue to shape programmatic priorities in economic relief, recovery and resilience in fiscal year 2020-21.

Portland City Council – May 13, 2020, 2:00 p.m.

Item 372 – Council to convene as Prosper Portland Budget Committee to receive the Proposed Budget for FY 2020-21

Direct link to the document is: <https://prosperportland.us/wp-content/uploads/2020/05/Prosper-Portland-Proposed-Budget-FY20-21.pdf>

Please visit the webpage below for more details about Prosper Portland Budget

<https://prosperportland.us/budget/>

372
 Agenda No.
REPORT
 Title

Council to convene as Prosper Portland Budget Committee to receive the Proposed Budget for FY 2020-21 (Mayor convenes Council as Prosper Portland Budget Committee)

INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler	CLERK USE: DATE FILED <u>5/5/20</u>
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler	Digitally signed by Mustafa Washington Date: 2020.05.05 17:28:30 -0700 Mary Hull Caballero Auditor of the City of Portland
Position 1/Utilities - Fritz	Digitally signed by Karla Moore-Love Date: 2020.05.05 17:48:12 -0700 By: <u>Karla Moore-Love</u> Deputy
Position 2/Works - Vacant	
Position 3/Affairs - Hardesty	
Position 4/Safety - Eudaly	
BUREAU APPROVAL Bureau: <u>Prosper Portland</u> Bureau Head:	ACTION TAKEN: May 13, 2020 Placed on File
Prepared by: <u>Tony Barnes</u> Date Prepared: <u>5/5/20</u>	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan	
Council Meeting Date <u>5/13/20</u>	

AGENDA
TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>2PM</u> Total amount of time needed: <u>90min</u> (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz	
2. Vacant	2. Vacant	
3. Hardesty	3. Hardesty	
4. Eudaly	4. Eudaly	
Wheeler	Wheeler	

No
Vote
Taken