
Budget Message from Kimberly Branam Executive Director

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

The past year shook the foundation of Portland's economy in our collective effort to save lives. While the region's infection and death rates from COVID-19 have been among the lowest in the nation, thousands of Portlanders lost jobs at the recession's outset. BIPOC communities and women experienced higher levels of unemployment and greater financial insecurity. Business closures increased by 80 percent as retailers, restaurants, and tourism-related industries struggle to adapt. In the midst of unprecedented challenges, we've seen that business, community and government, working together, can make a meaningful impact not only in public health but also in providing tailored economic relief. Through partnerships more than 1,500 businesses received Small Business Relief Fund grants, nearly 700 small businesses received PPE, much of which was sourced from local providers, and a coordinated campaign and ShopSmallPDX website increased the profile of 1,400 local businesses.

Prosper Portland's fiscal year (FY) 2021-22 Proposed Budget implements programs and projects that are critical to ensuring an inclusive economic recovery for Portland. Ongoing racial, ethnic, gender, and geographic inequities demand focused attention as we work to stabilize households, businesses, community partners and Portland's neighborhoods. Through continued investments in the Inclusive Business Resource Network, the Neighborhood Prosperity Network, traded sector business development, and community-based action plans in Tax Increment Financing districts, the budget funds programs and partnerships aimed at economic stabilization, adaptation, and resilience.

FY 2021-22 BUDGET OVERVIEW

The Proposed Budget includes total expenditures of \$200 million, 79 full time positions, and 8 limited term positions. The Proposed Budget includes expenditure of Housing Set-Aside resources totaling \$52 million for FY 2021-22 and \$150 million over the next five years. The total Five-Year Forecast includes all remaining tax increment proceeds for existing Tax Increment (TIF) Districts and amounts to \$220 million. The Proposed Budget is balanced using a variety of revenue resources that have been impacted differently by the continuing economic effects of the COVID-19 crisis.

1. **Tax increment** debt proceeds are unchanged based on the financial capacity of each TIF District. The budget includes \$94 million in new tax increment debt resources to fund TIF District Action Plans and the affordable housing set-aside in each district. River District and all six Neighborhood Prosperity Initiative Districts will have reached maximum indebtedness in the next fiscal year.
2. The Mayor's Proposed **General Fund** allocations include a restoration of the 5 percent reductions for most programs and additional one-time General Fund and American Rescue Plan resources to support critical small business relief and recovery needs.
3. COVID-19 continues to have a significantly negative impact on Prosper Portland's **operating revenues**. While the FY 2021-22 Proposed Budget assumes growth in property income as activity returns, the portfolio overall is projected to experience a negative net operating income until FY 2022-23. Due to the impacts of COVID-19, for the next year what is normally a source of cash for the agency has been and will continue to be a use of cash.

4. **Enterprise Zone** resources were used to create an economic development programming reserve in the several years preceding the pandemic. Those limited funds will be used in the coming year to continue programming to maintain service levels into FY 2021-22.

The financial impacts of the COVID-19 pandemic on existing operating revenue and development projects resulted in an immediate and enduring effect on Prosper Portland's Ten-Year Financial Sustainability Plan. Our focus over the next year will be to complete an updated Financial Sustainability Plan and strategies that consider lessons learned over the first three years of the Plan. The challenge is to position the agency to sustain current levels of service for economic development and development services as TIF resources are depleted.

FY 2021-22 BUDGET HIGHLIGHTS

Prosper Portland's General Fund, Cannabis Fund, Community Development Block Grant, and Enterprise Zone Funds, along with new federal funds from the American Rescue Plan, provide the critical resources for **household, business, and community-partner** stabilization and recovery efforts to those impacted by the COVID-19 crisis.

Prosper Portland submitted five percent cut packages that proportionally reduced the five program areas and requested additional funds for the Film Office and small business repair grants. The Proposed Budget aligns to the Mayor's Proposed Budget by restoring cuts to four of the five programs and includes additional funding to support the Inclusive Business Resource Network, film and music programming, culturally-specific chambers of commerce, and Venture Portland. Priorities and impacts of budget adjustments are detailed below:

- **Inclusive Business Resource Network:** Technical assistance providers will help 900 diverse entrepreneurs navigate ongoing pandemic-related challenges, with increased focus on light-touch assistance and digital marketing. Mercatus will continue to celebrate local BIPOC-owned business and activate the central city with My People's Market this summer.
- **Neighborhood Prosperity Network (NPN):** Grants and technical assistance from Prosper Portland will enable seven district organizations to connect job-seekers and businesses to critical resources. The network will leverage approximately \$750,000 in private investment and 10,000 volunteer hours through engagement with their communities on district priorities and recovery.
- **Venture Portland:** Grants and 2700 hours of trainings and technical assistance from Venture Portland to business districts will enable shop local campaigns and key events while leveraging 8,000 volunteer hours. The Catalytic Investment Initiative will continue to enable high touch support to business districts in Foster, Lents, Gateway, Midway, St. Johns, and Williams.
- **Traded Sector Development:** Individual development, retention, and recruitment along with industry-level engagement will directly support 200 traded sector businesses, add 200 new middle-wage jobs, and support structured labor pathways from leisure and hospitality into growing industries. Portland Means Progress will help 100+ employers respond to COVID-19 with a strong equity framework. The five percent cut will reduce specific trade, capital access and DEI technical assistance and trainings.
- **Workforce Development:** Long-term and light-touch programs will serve approximately 2000 individuals. Community workforce navigators will connect 800 clients to workforce services, employment opportunities and emergency relief resources.
- **Portland Film Office (PFO):** Concierge permit services will support an estimated 70 feature length, commercial, and independent film productions. PFO will implement a Universal Film Permit and work directly with productions in Portland to support the local small business supply chain and encourage non-conventional locations, stabilizing hard hit industries and property owners.

The FY 2021-22 Proposed Budget includes the implementation of strategies and plans to invest in **business and neighborhood stabilization** in TIF districts, as well as citywide with General Fund and American Rescue Plan grant funds. Projects and programs include:

- **Community and Business Activations.** In partnership with Parks, PBOT and Travel Portland, Prosper Portland will engage residents, businesses, and visitors with unique outdoor experiences in key commercial areas – including the Portland Green Loop and Ankeny food cart pod -- prioritizing BIPOC-owned businesses and community-based organizations.
- **Small Business Repair Grants:** Provide approximately 100 businesses throughout the city with grants to offset the cost of repairing physical damage – such as broken windows or doors, graffiti, or sign damage.
- **Commercial Property and Business Stabilization:** Identify at-risk property owners and make stabilizing investments in businesses and communities. Prioritize tenanting of affordable commercial space at Lents Commons, 106th & Halsey and 10th & Yamhill to support BIPOC- and women-owned businesses offering community goods and services.
- **Catalytic Commercial Mixed-Use Development:** Support community-centered development and infrastructure projects, including ODOT Blocks, 92nd & Harold, and Broadway Corridor, through investments and partnership. Ensure projects provide opportunities for certified businesses, increase employment, and create healthy, complete neighborhoods.
- **Small Business Support:** Provide ongoing loan and lease deferrals to impacted businesses. Support necessary physical changes to offset impact of COVID-19 on physical space needs in Prosperity Investment Program grant considerations.

BUDGET PROCESS

Following Mayor Wheeler’s declaration of emergency in March 2020, Prosper Portland staffed the City of Portland in convening the Economic Recovery Task Force, a group of more than 60 business, community, foundation, labor, public, and workforce leaders who advise on collaborative relief and recovery interventions. The Task Force endorsed Portland’s Economic Relief & Stabilization Framework, which is grounded in the fundamental priority of racial equity and serving the most vulnerable.

The Prosper Portland FY 2021-22 Proposed Budget was informed by the Prosper Portland Strategic Plan, Portland Relief & Stabilization Framework, and annual work plan. Prosper Portland reviewed the FY 2021-22 Draft Budget with its 18-member Community Budget Committee (CBC), which met four 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 27, 2021 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 community and neighborhood organizations to receive input. The CBC letter and a summary of TIF district budget outreach is included in the Budget Process section of the Proposed Budget.

These partnerships will continue to shape programmatic priorities in economic relief, recovery, and resilience in fiscal year 2021-22.

316
Agenda No.
REPORT
Title

City Council to convene as Prosper Portland Budget Committee to receive the Prosper Portland FY 2021-22 Proposed Budget and to hold a hearing on the Proposed Budget (Report)

<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor:</p> <p style="text-align: center; font-size: 1.2em;">Mayor Wheeler</p>	<p>CLERK USE: DATE FILED <u>April 27, 2021</u></p>
<p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor—Finance & Administration - Wheeler <small>Digitally signed by Ted Wheeler Date: 2021.04.28 17:03:20 -07'00'</small></p> <p>Position 1/Utilities - Rubio</p> <p>Position 2/Works - Ryan</p> <p>Position 3/Affairs - Hardesty</p> <p>Position 4/Safety - Mapps</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p style="text-align: center;">Keelan McClymont <small>Digitally signed by Keelan McClymont Date: 2021.04.28 19:30:37 -07'00'</small></p> <p>By: _____ Deputy</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Kimberly Branam Bureau Head:</p> <p>Prepared by: Tony Barnes Date Prepared: 4/28/2021</p> <p>Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan</p> <p>Council Meeting Date May 6, 2021</p>	<p>ACTION TAKEN: May 6, 2021 Placed on File</p>

<p style="text-align: center;">AGENDA</p> <p>TIME CERTAIN <input checked="" type="checkbox"/> Start time: <u>2:30</u> Total amount of time needed: <u>90 min</u> (for presentation, testimony and discussion)</p> <p>CONSENT <input type="checkbox"/></p> <p>REGULAR <input type="checkbox"/> Total amount of time needed: _____ (for presentation, testimony and discussion)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 40%;">FOUR-FIFTHS AGENDA</th> <th colspan="2">COMMISSIONERS VOTED AS FOLLOWS:</th> </tr> <tr> <th></th> <th style="width: 20%;">YEAS</th> <th style="width: 20%;">NAYS</th> </tr> <tr> <td>1. Rubio</td> <td>1. Rubio</td> <td></td> </tr> <tr> <td>2. Ryan</td> <td>2. Ryan</td> <td></td> </tr> <tr> <td>3. Hardesty</td> <td>3. Hardesty</td> <td></td> </tr> <tr> <td>4. Mapps</td> <td>4. Mapps</td> <td></td> </tr> <tr> <td>Wheeler</td> <td>Wheeler</td> <td></td> </tr> </table>	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:			YEAS	NAYS	1. Rubio	1. Rubio		2. Ryan	2. Ryan		3. Hardesty	3. Hardesty		4. Mapps	4. Mapps		Wheeler	Wheeler	
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