



DATE: March 17, 2022

TO: Mayor Ted Wheeler
Commissioner Jo Ann Hardesty
Commissioner Mingus Mapps
Commissioner Carmen Rubio
Commissioner Dan Ryan

FROM: Kimberly Branam, Prosper Portland Executive Director

SUBJECT: FY 2021-22 Spring Budget Monitoring Report

Gustavo J. Cruz, Jr.
Chair

William Myers
Commissioner

Peter Platt
Commissioner

Serena Stoudamire
Wesley
Commissioner

Ted Wheeler
Mayor

Kimberly Branam
Executive Director

Prosper Portland is pleased to submit its Spring Budget Monitoring (BMP) report. Included in this report are carry over requests totaling \$1,108,000 to move from fiscal year (FY) 2021-22 to FY 2022-23, as well as additional funding requested for Small Business Repair Grants and an American Rescue Plan Act (ARPA) project totaling \$2,400,000.

FY 2021-22 Budget Amendments:

Carry Over

Market Study and Strategy – Central City and Neighborhood Districts carry over of \$300,000 – Of the \$400,000 allocated to Prosper Portland as one-time funding in the Fall BMP, it is estimated that \$300,000 will be spent in FY 2022-23 and thus would need to be carried over. Currently, Prosper Portland is contracting with EcoNW to work through the study and strategy piece. The community outreach portion of this work is still being scoped. Additional time is needed for qualitative analysis and engagement.

Inclusive Economic Development Strategy (IEDS) carry over of \$525,000 – Of the \$750,000 allocated to Prosper Portland as one-time funding in the Fall BMP, it is estimated that \$525,000 will be spent in FY 2022-23. Prosper Portland staff and external stakeholders are currently evaluating proposals submitted from consulting teams for the development of the strategy. The Steering Committee, formed by Mayor Wheeler, will kick off in early April and meet over the following six to nine months. Roundtables and focus groups, as well as communications outreach, will occur throughout this process. Staff anticipates a final draft to go in front of City Council for consideration in October.

Equitable Development Outside of TIF Districts carry over of \$183,000 – Of the \$200,000 allocated to Prosper Portland as one-time funding in the Fall BMP, it is estimated that \$183,000 will be spent in FY 2022-23 and thus would need to be carried over. Prosper Portland will have these funds fully contracted by June and one month of the contract spent out by year end.

Childcare Provider Relief carry over of \$100,000 – Prosper Portland received \$100,000 as one-time funding in the Fall BMP that is unlikely to be spent this year and is therefore

prosperportland.us

220 NW Second Ave.,
Suite 200, Portland, OR
97209-3943

503-823-3200 Main
503-823-3368 Fax
503-823-3366 TTY

requested to be carried over to FY 2022-23. There are currently discussions taking place with the County on how to move this project forward.

Adds

Small Business Repair Grants General Fund add of \$500,000 – As of March, all funding has been encumbered for business repair grants. For FY 2021-22, Prosper Portland has provided 184 small businesses with repair grants, of which approximately 50% awarded to businesses owners that identify as Black, Indigenous, or Person of Color. These additional funds will be encumbered in FY 2021-22 and allow us to respond to the 45 businesses currently on the wait list and address additional business needs between now and June 2022 based on our recent application intake rate per month.

ARPA Fairfield Retail add of \$1,900,000 – The Fairfield Retail Revitalization project will restore 3,000 square feet of much needed retail space in the heart of the West End and Pride Plaza along SW Harvey Milk Street. The space is unique, co-located inside a federally subsidized extremely low-income housing building owned by the Portland Housing Bureau. Home Forward is under contract to make major renovations and much needed seismic upgrades. Without this funding, the ground floor will convert to housing and related services functions, reducing ground floor small business presence along a critical retail street. Funding is requested from Round 1 ARPA contingency to support the project recognizing the importance of preserving ground floor commercial space for small businesses to contribute to the overall health of the community.

Status Reporting Requirements

Current Year Projections – If the above carryover adjustments are approved, Prosper Portland projects that its share of General Fund and the Recreational Marijuana Tax Fund will spend out entirely. These activities include Inclusive Business Resource Network, Neighborhood Prosperity Network, Venture Portland business district assistance, Adult and Youth Workforce Development and Traded Sector inclusive job growth. Also completed this year is one-time funding that went toward the second round of Small Business Repair Grants, Ankeny West Cart Blocks and the Allen Temple Church Grant.

ZD - Prosper Portland

DP Type

New GF Request

Request Name: 13461 -Small Business Relief Repair Grants

Package Description

Many Portland businesses have experienced an unprecedented level of stress and anxiety as a result of recent economic shocks. A General Fund allocation to the Local Small Business Repair Grants would be available throughout the city to support businesses with immediate physical repair needs and provide an urgent intervention for our neighborhoods and commercial corridors.

Service Impacts

Prosper Portland has provided more than 184 small businesses relief grants through General Fund in FY 2021-22 and currently has 45 small businesses wait-listed. These additional funds would serve approximately 100 more businesses.

Equity Impacts

Of the 184 businesses served this year, 50% identified as BIPOC. In FY 20-21 41% identified as BIPOC. Prosper Portland will continue to administer these funds with an equity lens.

| Account Name | | 2021-22 SPRING Requested Adj |
|----------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | 500,000 |
| Expense | Sum: | 500,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|----------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | 500,000 |
| Revenue | Sum: | 500,000 |

ZD - Prosper Portland

DP Type

GF Program Carryover

Request Name: 13462 -Childcare Relief - Carryover

Package Description

Prosper Portland received these funds in the Fall BMP as one-time funding. There have since been ongoing discussions led by SVP and the County on navigator and project management functions, as well as funding needed to move this work forward and the feasibility of Prosper Portland's role in this work other than contract manager.

Service Impacts

Equity Impacts

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -100,000 |
| Expense | Sum: | -100,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | -100,000 |
| Revenue | Sum: | -100,000 |

ZD - Prosper Portland

DP Type

GF Program Carryover

Request Name: 13463 -Equitable Development - Carryover

Package Description

Prosper Portland will encumber these funds prior to yearend and spend out a month's worth of the contract. This funding focuses on equity, affordability, and sustainability goals. It creates needed capacity within Prosper Portland to work with all bureaus to engage with large-scale public/private real estate projects outside of established TIF Districts.

Service Impacts

Equity Impacts

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -183,000 |
| Expense | Sum: | -183,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | -183,000 |
| Revenue | Sum: | -183,000 |

ZD - Prosper Portland

DP Type

GF Program Carryover

Request Name: 13464 -Future of Central City - Carryover

Package Description

Undertake full market, industry, building, and residential opportunity analysis to identify impactful strategies for an inclusive and vibrant Central City within the evolving paradigm of living and working in a post-pandemic world.

The work is just starting up under contract with EcoNW for an initial amount of \$91,000 for the study/strategy piece(s). We have yet to scope the community outreach portion and therefore don't have an estimate of cost at this time.

Service Impacts

Equity Impacts

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -150,000 |
| Expense | Sum: | -150,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | -150,000 |
| Revenue | Sum: | -150,000 |

ZD - Prosper Portland

DP Type

GF Program Carryover

Request Name: 13466 -Neighborhood District - Carryover

Package Description

Identify actionable insights for commercial corridors and business districts with a market survey of the needs and opportunities to identify city-wide strategies for equitable and sustainable commercial corridor and business district development.

The work is just starting up under contract with EcoNW for an initial amount of \$91,000 for the study/strategy piece(s). We have yet to scope the community outreach portion and therefore don't have an estimate of cost at this time.

Service Impacts

Equity Impacts

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -150,000 |
| Expense | Sum: | -150,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | -150,000 |
| Revenue | Sum: | -150,000 |

ZD - Prosper Portland

DP Type

Other Adjustments

Request Name: 13502 -ARPA Technical Adjustments

Package Description

This represents the transfer of budgeted American Rescue Plan Act resources to Special Appropriations to align where the actual spending will occur.

Service Impacts

Equity Impacts

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -1,395,931 |
| Expense | Sum: | -1,395,931 |

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|-------------------|------------------------------|
| Revenue | Intergovernmental | -1,395,931 |
| Revenue | Sum: | -1,395,931 |

ZD - Prosper Portland

DP Type

GF Program Carryover

Request Name: 13529 -Inclusive Economic Development - Carryover

Package Description

Of the \$750,000 allocated to Prosper Portland as one-time funding in the Fall BMP, it is estimated that \$525,000 will be spent in FY 2022-23. Prosper Portland staff and external stakeholders are currently evaluating proposals submitted from consulting teams for the development of the strategy. The Steering Committee, formed by Mayor Wheeler, will kick off in early April and meet over the following six to nine months. Roundtables and focus groups, as well as communications outreach, will occur throughout this process. Staff anticipates a final draft to go in front of City Council for consideration in October.

Service Impacts

Equity Impacts

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | -525,000 |
| Expense | Sum: | -525,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|--------------|----------------------------|------------------------------|
| Revenue | General Fund Discretionary | -525,000 |
| Revenue | Sum: | -525,000 |

ZD - Prosper Portland

DP Type

New Revenue

Request Name: 13531 -ARPA Fairfield Retail

Package Description

The Fairfield Retail Revitalization project will restore 3,000 sf of much needed retail space in the heart of the West End and Pride Plaza along SW Harvey Milk St. The space is unique, co-located inside a federally subsidized extremely low income housing building - the Fairfield Apartment. The four-story brick building was built in 1911 and has, for many years, contained 82-unit single room occupancy (SRO) units. The Portland Housing Bureau (PHB) has operated the building since 2010, but the aging building has needed major renovations and seismic upgrades for much longer. PHB has partnered with Home Forward to lead and manage the work and Home Forward has successfully assembled funding for housing-related components of the building, but those cannot, by law, cover the commercial spaces. Recognizing the importance of the ground floor space to the overall health of the business district, Portland City Council asked Prosper Portland to lead a development and operations strategy for it. Prosper has been tasked with identifying funding sufficient to cover the currently estimated \$2.5M development cost. Prosper has determined it is able to provide up to \$600,000 from River District TIF funds, leaving a financing gap for the development of approximately \$1.9M. This request would cover that gap.

Service Impacts

ARPA funds will produce ready-to-occupy fully-rehabilitated spaces approximately two years from now. Outcomes that will be collected include: occupancy rates for the retail space above 80% on an annual basis; demographics of businesses supported; and availability of retail to the community will be a measure of success.

Without this funding the ground floor will convert to housing and related services functions, reducing ground floor small business presence along a critical retail street.

Equity Impacts

The benefit of the retail restoration project will be to small business tenants and the diverse community members that live in this district, which contains many businesses who actively support the LGBTQ community.

Portland's retail sector has been severely impacted by COVID-19, forcing many closures and pushing vacancy rates up, particularly in the downtown core due to significantly increased office vacancies.

In tenanting, Prosper Portland prioritizes locally serving small businesses and particularly those owned by people of color who have been disproportionately impacted by the pandemic. Prosper Portland connects business owners with resources to start, grow, and stabilize their businesses, including through new commercial space opportunities.

| Account Name | | 2021-22 SPRING Requested Adj |
|----------------|---------------------------------|------------------------------|
| Expense | External Materials and Services | 1,900,000 |
| Expense | Sum: | 1,900,000 |

| Account Name | | 2021-22 SPRING Requested Adj |
|----------------|-------------------|------------------------------|
| Revenue | Intergovernmental | 1,900,000 |
| Revenue | Sum: | 1,900,000 |

Business Area Projection Report

Prosper Portland - Fund 100

| Major Object | 2021-22 SPRING Requested Total | 2021-22 February Actuals YTD | 2021-22 SPRING Projection | % Projected Actuals to Requested Total |
|---------------------------------|--------------------------------|------------------------------|---------------------------|--|
| External Materials and Services | \$8,625,118 | \$3,581,290 | \$8,625,118 | 100% |
| Sum: | \$8,625,118 | \$3,581,290 | \$8,625,118 | 100% |

| Major Object | 2021-22 SPRING Requested Total | 2021-22 February Actuals YTD | 2021-22 SPRING Projection | % Projected Actuals to Requested Total |
|----------------------------|--------------------------------|------------------------------|---------------------------|--|
| General Fund Discretionary | \$8,625,118 | \$0 | \$8,625,118 | 100% |
| Sum: | \$8,625,118 | \$0 | \$8,625,118 | 100% |

Revenue Discussion

Prosper Portland is reimbursed by the City of Portland. Prosper Portland is projecting that it will spend out all of its allocated General Fund if the requested carry over packages are approved.

Revenue Risks

The City of Portland reimburses Prosper Portland for its expenditures based on an intergovernmental agreement. This limits the risk associated with revenue collection.

Expenditure Discussion

Prosper Portland is projecting that it will spend out all of its allocated General Fund if the requested carry over packages are approved.

Expenditure Risks

About half of these funds have been spent to date. Nearly all of the funds have been encumbered or are estimated to be encumbered by yearend. Risks to expenditures would include contracts not spending out as projected and funds needing to be carried over.

Other Notes

Business Area Projection Report

Prosper Portland - Fund 227

| Major Object | 2021-22 SPRING Requested Total | 2021-22 February Actuals YTD | 2021-22 SPRING Projection | % Projected Actuals to Requested Total |
|---------------------------------|--------------------------------|------------------------------|---------------------------|--|
| External Materials and Services | \$1,221,593 | \$543,621 | \$1,221,593 | 100% |
| Sum: | \$1,221,593 | \$543,621 | \$1,221,593 | 100% |

| Major Object | 2021-22 SPRING Requested Total | 2021-22 February Actuals YTD | 2021-22 SPRING Projection | % Projected Actuals to Requested Total |
|-------------------------------|--------------------------------|------------------------------|---------------------------|--|
| Miscellaneous Fund Allocation | \$1,221,593 | \$0 | \$1,221,593 | 100% |
| Sum: | \$1,221,593 | \$0 | \$1,221,593 | 100% |

Revenue Discussion

Prosper Portland is reimbursed by the City of Portland. At this time, Prosper Portland is projecting that it will spend its entire allocation of the Recreational Marijuana Tax Fund.

Revenue Risks

The City of Portland reimburses Prosper Portland for its expenditures based on an intergovernmental agreement. This limits the risk associated with revenue collection.

Expenditure Discussion

Prosper Portland is projecting that it will spend out its entire allocation of the Recreational Marijuana Tax Fund.

Expenditure Risks

Approximately half of these funds have been spent to date. Nearly all of the funds have been encumbered or are estimated to be encumbered by yearend. Risks to expenditures would include contracts not spending out as projected and funds needing to be carried over.

Other Notes

FY 2021-22 Budget Note Update

Prosper Portland

Date of Budget Note: July 1, 2021 in the FY 2021-22 Adopted Budget

Budget Note Title: One-time Funding for the Old Town Community Development Director

Budget Note Language: In 2019, City Council approved a five-year action extension to the Old Town Chinatown Action Plan, which indicated a commitment from the Old Town Community Association to support the District manager position from FY 2021-22 through FY 2024-25. However, due to the economic impacts of the COVID-19 pandemic, these businesses cannot support the director in FY 2021-22, and the City is providing \$60,000 as bridge funding for the year. The funds are allocated with the understanding that the funding commitment is for one year only and the Old Town Community Association shall be responsible for fully supporting the position in future years as indicated in the Old Town Chinatown Action Plan.

Summary Status: Underway

Budget Note Update: March 25th, 2022

The economic and social impact of the COVID-19 crisis is lasting longer than expected. Old Town has been hit especially hard by business and office vacancies and lost revenue for those business owners who have remained. Continued additional funds are necessary from general fund for FY 2022-23 to address the extraordinary crisis in Old Town by recruiting new businesses, especially BIPOC-owned businesses, and helping to maintain what is left by activation of the streets. It's estimated that this will be complete by the end of FY 2022-23.

FY 2021-22 Budget Note Update

Prosper Portland

Date of Budget Note: July 1, 2021 in the FY 2021-22 Adopted Budget

Budget Note Title: Expiring Tax Increment Finance Districts and Returning Property Tax Revenue

Budget Note Language: The anticipated completion of 13 current Tax Increment Finance (TIF) Districts will result in increased resources returning to the assessment rolls and the City's General Fund, beginning in FY 2021-22. The City Economist has begun assuming these resources as part of the balanced five-year forecast. The City Economist and Debt Management are directed to provide an updated forecast of anticipated revenues over the next ten years and the relationship of those resources to projected expenditures under current service levels and General Fund commitments. The City Budget Office and the Chief Administrative Officer are directed to provide this information to Council Offices and subsequently lead a work session to discuss potential investment options for any anticipated excess available resource.

Summary Status: Underway, first Council Work Session complete.

Budget Note Update: March 25th, 2022

Council work session convened led by OMF and CBO on Monday, March 14, 2022. CBO and OMF are working to create an updated budget note to include in FY 2022-23 Adopted Budget on whether to reserve available returning property tax revenue and not include as part of available ongoing resources in the General Fund forecast. CBO, OMF, Prosper Portland, and the Portland Housing Bureau will also be creating updated funding scenarios for Council to consider as potential funding packages in future years.