

Budget Review 2022-23

Prosper Portland



INTRODUCTION & BACKGROUND



Prosper Portland is the City of Portland's economic development and redevelopment agency and is responsible for achieving the city's key place-making, job creation, and economic opportunity objectives.

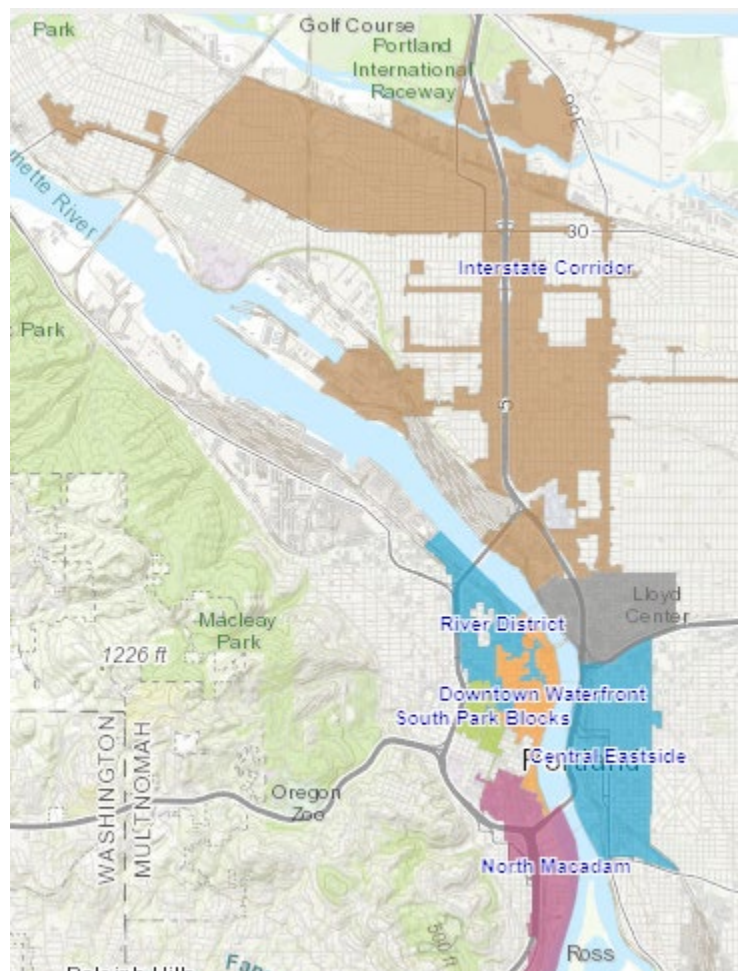
Prosper Portland is governed by a five member, non-salaried commission appointed by the Mayor and approved by City Council. Though Prosper Portland is independent of the city, it works closely with the city to execute the city's economic development plans.

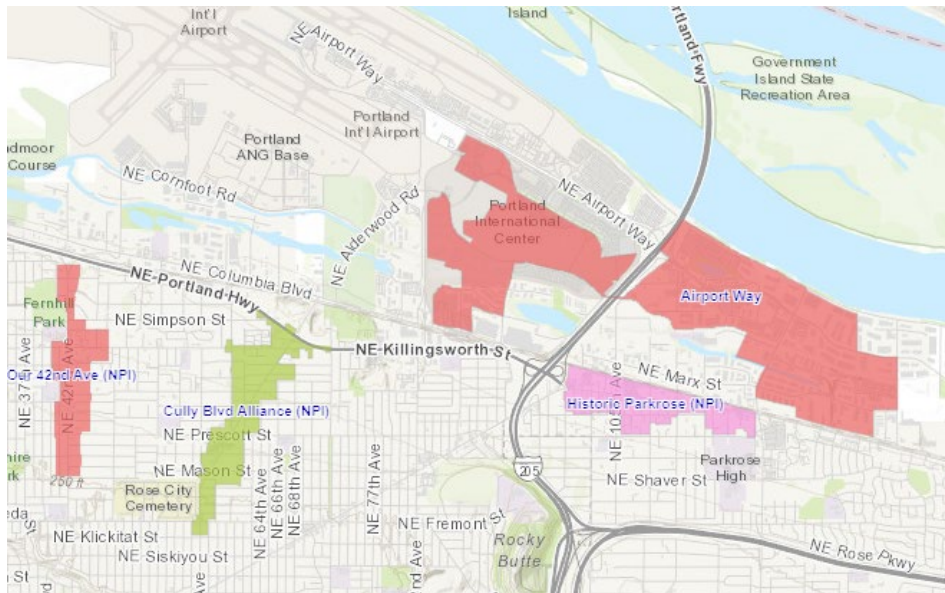
Prosper Portland was created by Portland voters in 1958 after the 1957 State Legislature authorized cities and counties to create to receive federal urban renewal funds and to collect property taxes using tax increment financing. Currently Prosper Portland manages 17 plan areas, 11 are urban renewal areas and six are neighborhood prosperity initiative (NPI) areas.

Six plan areas are located near downtown or close-in on the east side.

- River District
- Downtown Waterfront
- South Park Blocks
- North Macadam
- Oregon Convention Center
- Central Eastside
- Willamette Industrial

Two of these plan areas – Downtown Waterfront, and South Park Blocks – have reached their maximum indebtedness. They can no longer issue debt but will continue to collect tax increment revenues until the outstanding debt has been paid off. They continue to spend remaining project funds and new program revenues on activities and projects.





Five plan areas are on the north side of Portland.

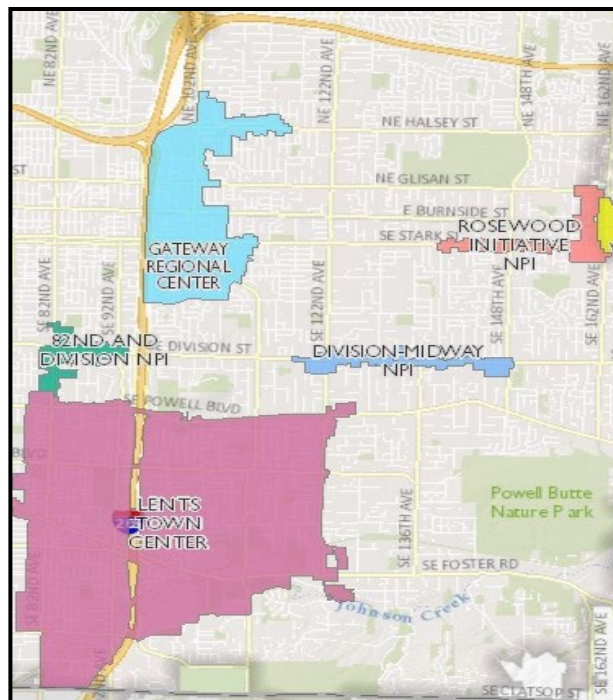
- Interstate Corridor
- 42nd Ave NPI
- Cully Blvd Alliance NPI
- Historic Parkrose NPI
- Airport Way

Interstate Corridor area has reached its maximum indebtedness. The three NPI (Neighborhood Prosperity Initiative) districts are discussed below.

Five areas are in the southeast portion of the City.

- Lents Town Center
- Gateway Regional Center
- 82nd and Division NPI
- Division Midway NPI
- Rosewood Initiative NPI

Of the 17 current plan areas, six are small Neighborhood Prosperity Initiative (NPI) areas. These areas are geographically and financially small. They are designed for small scale economic development activities on the east side of Portland.



Five southeast plan areas

In addition to tax increment financing, four of the oldest active plan areas (Downtown Waterfront, Convention Center, Airport Way, and South Park Blocks) can impose a special levy over all property within the City of Portland’s boundaries. The city has limited the special levy to \$15,000,000, but the amounts allocated to each plan area change from year to year. The most recent rate for the special levy (2019-20) was \$.2108 per \$1,000 of assessed value.

Prosper Portland	2018-19	2019-20	2020-21	2021-22
Base Frozen Value in Billions	\$4.775	\$4.776	\$4.776	\$4.776
Excess Value Used in Billions	\$7.575	\$7.858	\$8.206	\$6.715
Excess Value Not Used in Billions	\$3.377	\$4.088	\$5.659	\$5.907
Total Value All Plan Areas in Billions	\$15.699	\$16.721	\$17.641	\$17.323
Special Levy Tax Rate	\$0.2203	\$0.2108	\$0.2018	\$0.1961
Number of Plan Areas	17	17	17	17
Measure 5 Loss	\$-7,967,395	\$-8,502,806	\$-9,639,795	\$-7,367,312
Number of Employees (FTE's)	86	91	88	87

Debt proceeds are the district’s primary revenue source. That debt is issued by the City of Portland and the proceeds are provided to Prosper Portland. The City of Portland then levies and collects a property tax to pay the debt service. Neither the property tax nor the debt service is in the Prosper Portland budget, only the debt proceeds and the uses it is put towards in the district (infrastructure improvements and economic development).

The property tax levied by the city is tax increment financing, a means of capturing property taxes generated by increased assessed value on properties in an urban renewal district. Each district is assigned a maximum indebtedness when created by the City Council. The following chart shows the remaining maximum indebtedness of each district and whether further bond sales are anticipated (source: City of Portland).

Urban Renewal Area	Remaining Maximum Indebtedness	Max. Indebt. Reached (FYE)	Final Bond Sale Anticipated?	Approx. Amount Of Final Bond Sale
Airport Way	\$0	2004	Completed	
Central Eastside	\$2,206,528	2021	No	
Downtown Waterfront	\$0	2008	Completed	
South Park Blocks	\$31,584,000	No	Completed	
Oregon Convention Center	\$1,000	No	Completed	
River District	\$11,091,527	2021	No	
Lents Town Center	\$47,237,074	2024	No	
North Macadam	\$94,155,518	2025	2025	\$23 million
Interstate Corridor	\$42,834,869	2022	No	
Gateway	\$97,193,038	No	2022	\$50 million

*Willamette Industrial is not included on this chart but reached maximum indebtedness in 2016.

STRATEGIC PLAN / PERFORMANCE OBJECTIVES

The district is updating its strategic plan. In her budget message, Executive Director Kimberly Branam explains it this way:

“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. Prosper Portland is working to update the Financial Sustainability Plan alongside the Inclusive Economic Development Strategy and will be providing an updated proposal to City Council this Fall.”

In addition, the district has an Economic Development plan, which is also being updated in the context of pandemic-wrought changes.

“The past two years, with public health and economic crises underscored by heightened calls for racial justice, demanded a shift in attention toward immediate relief and recovery. While the agency works with public, private and community partners to develop a new three-to-five-year Inclusive Economic Development Strategy for Portland, the budget continues to reflect the need to address pressing relief and recovery challenges.

Within that context, Prosper Portland’s key objectives are:

1. Increase access to quality jobs (with an emphasis on middle-wage jobs) for Portland residents, particularly those from lower-income communities and under- represented populations;
2. Create healthy, complete neighborhoods throughout Portland through community-identified investments and direct redevelopment and place-making activities;
3. Foster wealth creation within communities of color and low-income neighborhoods by supporting stability and expansion of local businesses with diverse founders; reducing barriers to property ownership and development and through agency construction and contracting business practices; and
4. Support partnerships that build capacity for community-centered approaches to local business growth and access to employment and form partnerships that address neighborhood affordability issues and provide community and climate resiliency benefits.”

The Big Transition

Prosper Portland’s mission is divided into two major activities. One is to utilize Tax Increment Financing funds to improve the physical environment in blighted areas. The other mission is to use revenues transferred from the City of Portland and revenues generated through enterprise activities for economic development activities (supporting employers and businesses in a variety of ways).

The City of Portland is closing down several urban renewal districts and returning the associated urban renewal property tax allocations to the other local districts in the area. This change is significant, and the essence of the change is captured in the Requested Budget document:

“The FY 2022-23 Requested Budget includes 87 positions, down from 90 positions in the current year due to expiration of limited term positions. *Funding for positions*

declines to approximately 30 positions by year five of the Five-Year Forecast due to the spend-down of existing tax increment financing districts and no additional, new resources being incorporated in the forecast at this time.

Prosper Portland has primarily requested that 25% of the property tax revenue allocated back to the City be reallocated to Prosper Portland to enhance its economic development activities. That request is not addressed in the FY 23 budget, but the planning for it, “Financial Sustainability Plan 2.0” will be developed in time for the FY 24 budget.

In the bigger picture, all the taxing districts that have geographic area in a City of Portland urban renewal district will benefit from the closing of urban renewal districts.

In FY 22, the total assessed value (AV) used by Portland’s urban renewal areas was \$6.7 billion, about 7% of the total county AV of \$92 billion.

The 7% AV return does not apply equally to all local taxing districts in the county. Small districts only have area in some urban renewal districts. For example, Parkrose school district has area in only four urban renewal districts: Gateway, Parkrose, Rosewood, and Airport Way. Large districts, such as Multnomah County and Metro have area in all the Portland urban renewal districts. In their FY 23 budgets, two districts gave indications of the impact of this change.

- The City of Portland estimates that in FY 23, \$2.3 billion in AV will be returned from the urban renewal districts, creating to a \$10.7 million increase in tax revenue. In five years, the annual increases will be \$8.2 billion in AV and \$37.6 million in tax revenue.
- In its proposed budget, Multnomah County stated that, “Starting in FY 2023, several large Urban Renewal Areas (URA) in the City of Portland will end, returning Assessed Value (AV) above their frozen base back to the tax roll. In FY 2023 and FY 2025, when two of the largest URAs return to the tax roll, AV growth is expected to be double what it is in a typical year.” *(Reviewer’s note: recent annual AV increases have been between 3% and 5%).*

BUDGET OVERVIEW

Prosper Portland’s FY23 Approved Budget is \$414.6 million, \$54 million less (-11%) than the current year budget. This is the second consecutive year that the district has reduced its budget.

Resources

Total resources balance to total requirements. Debt proceeds are the primary source of new revenue. The district has a comparatively large fund balance that is primarily composed of TIF debt proceeds that are earmarked for future projects.

Total Budget Resources					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Beginning Fund Balance	293.6	285.3	318.8	284.9	-11%
Intergovernmental Revenue	11.2	26.2	19.7	35.5	81%
Fees and Charges	1.6	2.9	2.4	1.0	-58%
Other Income	17.5	13.4	18.8	11.7	-38%
Debt Proceeds	81.0	87.8	93.8	66.2	-29%
Transfers In	14.8	154.4	15.1	15.3	2%
TOTAL RESOURCES	419.7	569.9	468.5	414.6	-11%

Prosper Portland does not levy property taxes. The City of Portland does on its behalf. Those taxes do not hit Prosper Portland’s budget. In the Prosper Portland budget, those taxes are reflected as debt proceeds.

In a complex arrangement, the city issues debt that is used to fund Prosper Portland urban renewal projects. It then levies the urban renewal taxes to cover the cost of that debt service (referred to as tax increment financing or “TIF”). The urban renewal taxes and the debt service remain in the city budget. Only the debt proceeds are in Prosper Portland’s budget.

In addition, the city transfers funding to Prosper Portland for economic development work. Since April 2020, that transfer has been supplemented by a city transfer of federal pandemic funding for specific purposes.

Revenue from these sources is used in three ways.

1. Tax increment revenues are used only for projects to eliminate blight in urban renewal areas.
2. Loan collections, property income, and some intergovernmental revenues are discretionary, but must be used within the umbrella of economic development.
3. State and federal grants are restricted to the purpose of the grant.

REQUIREMENTS

Only about half of the FY 23 approved budget of \$414.6 million is for expenditures. The other half consists of interfund transfers and fund balance (contingency).

Summary of Budget By Object Code					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Personnel Services	14.2	14.1	16.7	17.9	7%
Materials & Services	81.7	69.1	120.0	110.3	-8%
Capital Outlay	23.7	13.6	58.8	76.0	29%
Subtotal Expenditures	119.7	96.7	195.5	204.2	4%
Fund Transfers	14.8	154.4	15.1	15.3	2%
Contingencies	-	-	257.9	195.1	-24%
Ending Fund Balance	285.3	318.8	-	-	0%
TOTAL REQUIREMENTS	419.7	569.9	468.5	414.6	-11%

Expenditures

Total expenditures – the core of the budget - are \$204 million, just \$9 million higher than the current year. Expenditures for FY 22 and FY 23 are higher than previous years due to the infusion of pandemic related funding. The City of Portland has channeled the funding it is receiving from the state and the federal governments to Prosper Portland for economic support of for profit and not for profit organizations during the pandemic. This shows as “Economic Development” in the district charts and graphs.

Requirements by Object Code

Personnel Services:

The FY 23 budget includes 93 positions: 81 are regular full-time positions and 12 are limited duration positions. Total staffing positions do not change from current year.

Prosper Portland					
Approved Budget Personnel Services Expenditures (\$ Thousands)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Saleries and Wages	6,065	8,950	10,340	11,107	7.4%
Benefits and Taxes	5,115	5,159	6,332	6,773	7.0%
Totals	11,180	14,109	16,672	17,880	7.2%

Department	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
	Actual	Actual	Revised	Proposed
Development and Investment	24.0	27.0	27.0	27.0
Economic Development	21.0	17.0	18.0	18.0
Executive	2.0	2.0	2.0	2.0
Equity, Policy & Communications	10.0	10.0	10.0	10.0
Legal	5.0	5.0	5.0	5.0
Human Resources	2.0	2.0	2.0	3.0
Finance & Business Operations	18.7	18.0	17.0	16.0
Total	82.7	81.0	81.0	81.0

FTE Position Changes – The following describes changes in FTE positions by fiscal year:

FY 2020-21 – Actual positions were slightly lower than FY 2019-20 with a net change in Economic Development and Development staff of one position.

FY 2021-22 – Positions budgeted for FY 2021-22 remained at 81 FTE, with one less position in Finance and Business Operations (accounting/procurement) and one more position in Economic Development (transition of the Film Office LTE to a FTE position).

FY 2022-23 – Positions Budgeted for FY 2022-23 remain at 81 FTE, with one less position in Finance and Business Operations (IT), and one more position in HR (transition of HR Consultant from LTE to FTE).

Materials and Services:

Materials and services are decreasing from \$120 million this year to \$110 million in FY 23.

Capital Outlay:

Capital project expenditures for FY 23 are \$72 million. Major projects are as follows:

- USPS Site Project - \$19M
 - Ongoing predevelopment of the USPS site. Most of the budget is for clearing the site. Infrastructure funding is in future years.
- Old Town Action Plan projects - \$25M
 - Predevelopment on projects at 4th and Burnside and Blocks 24 and 25. There are not specific allocations from these resources yet but will be identified likely over the next year.
- ODOT Blocks (also known as Workshop Blocks) - \$1.3M
 - Predevelopment to support future development partnership
- Inn at Convention Center - \$2.7M
 - Improvements to the Inn (which Prosper owns); remodeling interior and exterior. This project was on hold until a new operator was on board (new operator in place now).
- Nick Fish Commercial Tenant Improvements - \$2M
 - Tenant improvements for ground floor commercial at the Nick Fish housing project which was completed last year (next to Gateway Discovery Park). Leased space will support both market rate and affordable commercial tenants.
- University Place - \$9.5M.
 - This has been in the budget as part of a multi-year IGA with PSU for a number of years, with dollars reserved to support mixed-use redevelopment of PSU's University Place property (formerly the Red Lion before PSU ownership). Project is not underway by PSU yet. Also of note: \$3.75M of transportation infrastructure reserved for transportation / street improvements in the South Portal area/Bond Avenue.

In addition, most TIF districts support tenants or property owners with loan programs for business/property redevelopment (\$10M). Also, each district continues to have PIP (prosperity investment program) and CLG (community livability grants) - the former supports storefront and other small business improvements and the latter supports investments in non-profit or other community facilities/assets.

Contingencies, Transfers, Unappropriated:

Prosper Portland budgets all funds that are not to be expended as contingency. It does not budget ending fund balance. This allows Prosper Portland to be nimble enough to respond to new opportunities as they emerge. Contingencies in the budget are decreasing from \$210 million this year to \$195 million in FY 23. Prosper Portland's contingency fluctuates annually due to cash inflows from debt issues and outflows spent on projects.

Interfund Transfers balance. There is no ending fund balance budgeted.

Expenditures by Function

Total Requirements By Function					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Administrative Services	14.0	12.9	14.9	14.5	-2%
Housing	42.5	26.9	55.9	47.4	-15%
Community Development	6.8	5.0	4.0	7.6	88%
Economic Development	56.4	52.1	120.6	134.7	12%
Transfers Out	14.8	154.4	15.1	15.3	2%
Contingencies	-	-	257.9	195.1	-24%
Ending Fund Balance	285.3	318.6	-	-	0%
TOTAL REQUIREMENTS	419.7	569.9	468.5	414.6	-11%

Total expenditures are budgeted in the five program areas detailed in the following extract from the Proposed Budget. Please note: Our categorization of combines economic development and property redevelopment into one line item. They are segregated in the descriptions below.

Economic Development – The economic development program budget is \$134.7 million, an increase of \$14 million from the FY 22 Revised Budget, due in large part to the receipt of one-time ARPA funding. This category includes programs funded by City of Portland General Fund, Enterprise Zone, Community Development Block Grant funds, Recreational Cannabis Tax (RCT) funds, and one-time federal grant funds:

- business lending,
- community economic development,
- traded sector business development, and
- entrepreneurship.

Total spending within these categories have been adjusted from FY 2021-22 based on mayoral directives, including ongoing funding of \$125 thousand for a cannabis business advisor, one-time funding of \$3.1 million and carry over of \$1.1 million. One-time General Funds amount to \$2.4 million and include maintaining service levels for the Neighborhood Prosperity Network, Old Town Chinatown and Film Office, scaling BIPOC technology businesses, adding a capital access advisor for the Inclusive Business Resource Network (IBRN) and funding to establish an events office.

When the Portland City Council approved its budget, it included an additional general fund transfer of \$5.1 million to Prosper Portland, detailed as follows

Changes to Resources

- City General Fund: Increases \$5,100,000 to incorporate increases in intergovernmental reimbursements for projects and programs added as part of the City of Portland FY 2022-23 Approved Budget (East Portland Investment Strategy, Small Business Repair Grants, Broadway Corridor).

Changes to Requirements

- Economic Development: Increases \$1,000,000 to include funding for the East Portland Investment Strategy that was added in the City of Portland's FY 2022-23 Approved Budget to be implemented by Prosper Portland.

- Property Redevelopment: Increases \$4,100,000 to include funding for Small Business Repair Grants (\$600,000) and Broadway Corridor / USPS demolition (\$3,500,000) that was included in the City of Portland's FY 2022-23 Approved Budget.

Housing – The housing program budget is \$47.4 million, a decrease from FY 2021-22 Revised Budget of \$8.5 million based primarily on timing of the projects being implemented by the Portland Housing

Bureau (PHB). These expenditures occur through an intergovernmental agreement with PHB and incorporate amendments to the Housing Set Aside policy adopted by city council in 2015 that dedicates 45% of all new TIF debt proceeds to affordable housing.

Infrastructure – The infrastructure program budget is \$7.6 million, an increase of \$3.5 million from the previous fiscal year. This category includes all projects and programs that are public infrastructure improvements including parks, public facilities, and transportation. Projects include North Macadam transportation improvements and street improvements in Gateway and Central Eastside districts.

Property Redevelopment – The property redevelopment program budget is \$95 million. This category includes projects and programs that relate to property redevelopment. It is comprised of:

- commercial property redevelopment,
- commercial real estate lending,
- property management activities, and
- community redevelopment grants.

Amounts budgeted increase by a net of \$780 thousand from FY 2021-22. Projects include demolition and other predevelopment costs for the former US Post Office site and Broadway Corridor, multiple smaller projects across districts, ongoing property management costs across 45 Prosper Portland held properties, and commercial lending and grants that support small businesses across most districts.

Administration – The administration program budget is \$14.5 million. This represents a decrease of \$360 thousand from FY 2021-22. The variance is largely due to net changes in planned personnel and administrative materials and services costs. Personnel costs for FY 2022-23 increased from FY 2021-22 due to cost of living and step increases, as well as other increases to health plan benefit premiums. Administrative materials and services decreased from FY 2021-22 by a total of \$400 thousand, largely based on the completion of one-time system upgrade costs.

GENERAL FUND

The total General Fund budget for FY 23 is \$33.8 million, a 27% increase.

General Fund Resources					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Beginning Fund Balance	1.4	1.2	1.3	1.2	-13%
Federal Revenue	-	0.0	0.0	-	-100%
State Revenue	-	0.1	0.0	0.2	704%
Local Revenue	8.2	7.0	10.4	16.8	62%
Fees and Charges	0.0	0.1	0.2	0.2	0%
Other Income	0.1	0.2	0.1	-	-100%
Transfers In	13.8	13.3	14.5	15.3	6%
TOTAL RESOURCES	23.5	22.0	26.7	33.8	27%

General Fund resources balance to requirements. The General Fund receives a City of Portland allocation for economic development activities from the city's general fund. The FY 23 budget for this is \$16.8 million. Aside from the grant, almost all General Fund revenue comes as Transfers In from the URA funds. These are interfund charges as the agency budgets its personnel services costs in the General Fund and charges the URA funds for their portions of the personnel services costs. The district's FY 23 Transfers In to the General Fund total of \$15.3 million.

General Fund Requirements					
(\$ Millions)					
	2019-20	2020-21	2021-22	2022-23	Budget
	Actual	Actual	Rev Bud	App Bud	% Change
Administrative Services	13.1	12.2	13.7	14.3	5%
Community Development	-	-	0.1	-	-100%
Economic Development	8.9	8.2	11.9	17.8	49%
Transfers Out	0.3	0.2	0.3	0.4	32%
Contingencies	-	-	0.7	1.2	78%
Ending Fund Balance	1.2	1.3	-	-	0%
TOTAL FUND REQUIREMENTS	23.5	22.0	26.7	33.8	27%

OTHER FUNDS

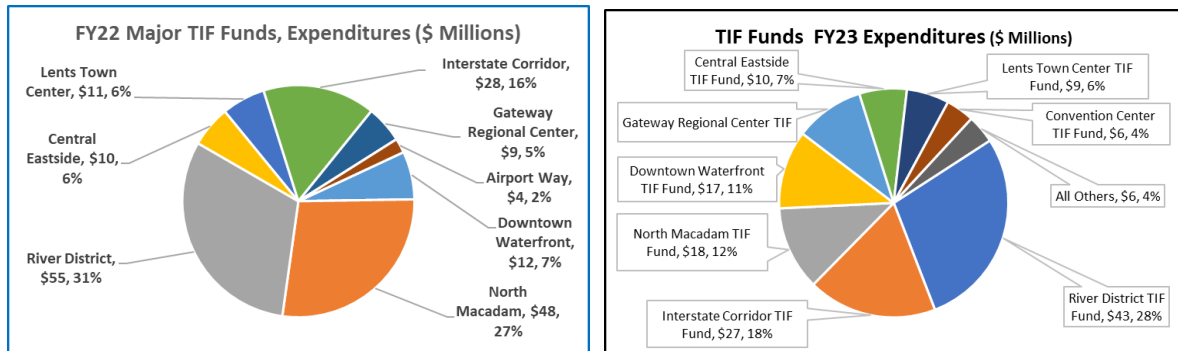
The remainder of the agency's 24 funds are of two types: urban renewal area funds and economic development funds.

Urban Renewal (TIF) Funds

Except for the six NPI districts, which are in one fund, each urban renewal area has its own fund. The fund budgets are shown in the following chart.

Prosper Portland FY23 Approved Budget				
Tax Increment Financing Funds (\$ Thousands)				
	Beginning Fund			
	Balance	Revenues	Expenses	Contingencies
NPI TIF Fund	1,093	62	657	419
Downtown Waterfront TIF Fund	36,869	266	16,741	18,635
North Macadam TIF Fund	34,871	17,247	17,865	32,713
River District TIF Fund	50,306	3,222	42,643	6,712
South Park Blocks TIF Fund	2,528	5	412	1,848
Convention Center TIF Fund	2,666	4,202	6,011	299
Central Eastside TIF Fund	36,321	603	10,098	24,894
Lents Town Center TIF Fund	29,684	14,723	9,050	34,195
Interstate Corridor TIF Fund	47,422	27,992	27,465	45,939
Gateway Regional Center TIF Fund	12,943	8,418	14,747	6,082
Airport Way TIF Fund	5,208	187	3,055	1,983
Willamette Industrial TIF Fund	4,271	32	1,501	2,803
Totals	264,181	76,958	150,245	176,523

The following two charts compare year to year spending in these districts. Expenditures in most districts are decreasing.



Economic Development Funds

Aside from the General Fund and TIF Funds, Prosper Portland has ten funds, six are dedicated to specific economic development activities using non-TIF resources. Combined FY23 budget total for these 10 funds is \$40 million. Expenditures are \$22 million, a small change from prior years. The funds have \$17.4 million in fund balance (budgeted as contingency).

Prosper Portland FY23 Approved Budget					
Economic Development Funds (\$ Millions)					
	Beginning Fund				Total Budget
	Balance	Revenues	Expenses	Contingencies	
Housing & Comm Dev. Contract Fund	-	2,413	2,413	-	2,413
Comm Op & Enhancements Fund	-	215	215	-	215
Affordable Comm Tenanting Fund	3	-	-	3	3
American Rescue Plan Act Fund	-	16,028	15,970	-	16,028
Other Federal Grants Fund	1,371	189	386	1,173	1,560
Enterprise Zone Fund	3,865	819	1,421	3,197	4,683
Ambassador Program Fund	5	-	4	1	5
Enterprise Loans Fund	3,780	134	1,188	2,705	3,914
Business Management Fund	10,390	390	196	10,160	10,780
Internal Service Fund	139	-	-	139	139
Totals	19,552	20,187	21,793	17,377	39,739

Prosper Portland classifies all the ending fund balance in these funds as contingency

The district’s proposed budget document highlights the activities in these funds as follows.

FY 2022-23 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 most impacted by the COVID-19 crisis.

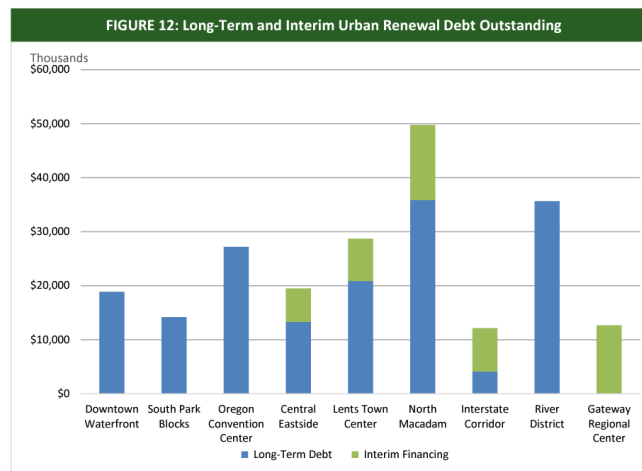
Prosper Portland submitted one-time funding add packages for General Fund, Cannabis Fund and American Rescue Plan funding as part of the Requested Budget submitted in January to further economic stabilization and recovery efforts. The Proposed Budget aligns to the Mayor’s Proposed Budget by including the following programming:

- Enhanced services for the inclusive business resource network – service expansion to BIPOC entrepreneurs.

- Support capacity of Neighborhood Prosperity Network, Old Town Community Association, and Venture Portland – support for equitable job creation, retail viability, and livability.
- Workforce Development – paid work opportunities for persons impacted by the pandemic
- Business and neighborhood stabilization – collaboration with community and business groups to offset the impact of the pandemic and general environmental disadvantages.

DEBT STATUS

As noted above, debt backed by tax increment financing revenue is issued by the City of Portland. The following extract from the City’s Annual Debt Report presents the status of the urban renewal debt (as of June 30, 2021).



BUDGET/STRATEGIC PLAN ALIGNMENT

Prosper Portland’s FY 23 budget continues the district’s effort to support “household, business and community-partners” adversely impacted by the pandemic. The City is funneling much of the federal support for this effort to Prosper Portland to take advantage of the District’s existing economic development and community support infrastructure. In addition, the work ties in with Prosper Portland’s mission to support marginalized communities, especially in light of the district’s involvement in the systematic elimination of “blight” (Black neighborhoods) in decades past. The district is performing this work on top of the district’s usual urban renewal functions, without additional staffing.

The goals and specific projects mentioned in the Director’s Budget Message are throughout the budget.

The district maintains a set of performance measures. The performance measure report that accompanied the requested budget is attached to this review.

The district is working on a “Financial Sustainability Plan 2.0” to map out a long-term funding strategy.

HIGHLIGHTS

- Prosper Portland’s FY 23 Approved Budget is \$414.6 million, \$54 million less (-11%) than the current year budget.
- Total expenditures – the core of the budget - are \$204 million, just \$9 million higher than the current year.
- The total General Fund budget for FY23 is \$33.8 million, a 27% increase.
- Capital project expenditures for FY23 are \$72 million. Major projects are demolition of the post office site (\$19 million) and projects (as yet undetermined) implementing the Old Town/China Town action plan (\$25 million for predevelopment and demolition).
- The district is budgeting \$22 million for economic development activities and pandemic relief actions, funded by a combination of federal pandemic funds and City of Portland general fund grants.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did district meet publication requirements?
X		Do resources equal requirements in every fund?
N/A		Does the G.O. Debt Service Fund show only principle and interest payments?
X		Are contingencies shown only in operating funds?
X		Did budget committee approve the budget?
N/A		Did budget committee set the levy?
X		Does audit show the district was in compliance with budget law?

LOCAL BUDGET LAW COMPLIANCE

The 2022-23 Budget is in substantial compliance with local budget law. TSCC staff judged that the district’s budget estimates were reasonable for the purposes shown.

The FY 2020-21 audit states that all expenditures were within budget appropriations.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district’s FY 2022-23 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

Prosper Portland

Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Total Property Taxes	0	0	0	0	0%
Resources:					
Beginning Fund Balance	293,639,160	285,268,159	318,773,154	284,901,238	-11%
Intergovernmental Revenue	11,215,871	26,207,858	19,673,347	35,519,842	81%
Fees and Charges	1,622,746	2,857,907	2,368,945	989,206	-58%
Other Income	17,469,570	13,392,188	18,808,830	11,727,471	-38%
Debt Proceeds	80,975,700	87,768,443	93,793,427	66,166,398	-29%
Transfers In	14,775,910	154,421,373	15,058,081	15,334,478	2%
TOTAL RESOURCES	419,698,957	569,915,928	468,475,784	414,637,633	-11%
Requirements by Function:					
Administrative Services	13,994,406	12,925,388	14,885,810	14,526,127	-2%
Housing	42,533,501	26,866,333	55,922,320	47,388,708	-15%
Community Development	6,776,301	5,024,096	4,033,490	7,579,702	88%
Economic Development	56,360,679	52,114,045	120,635,246	134,723,098	12%
Transfers Out	14,775,911	154,421,373	15,057,884	15,334,478	2%
Contingencies	0	0	257,941,034	195,085,520	-24%
Ending Fund Balance	285,268,159	318,574,693	0	0	0%
TOTAL REQUIREMENTS	419,698,957	569,915,928	468,475,784	414,637,633	-11%
Requirements by Object:					
Personnel Services	14,209,486	14,109,146	16,671,320	17,879,312	7%
Materials & Services	81,712,310	69,053,177	120,003,472	110,334,090	-8%
Capital Outlay	23,733,091	13,569,078	58,802,074	76,004,233	29%
Fund Transfers	14,775,910	154,421,373	15,057,884	15,334,478	2%
Contingencies	0	0	257,941,034	195,085,520	-24%
Ending Fund Balance	285,268,160	318,773,154	0	0	0%
TOTAL REQUIREMENTS	419,698,957	569,915,928	468,475,784	414,637,633	-11%
SUMMARY OF BUDGET - BY FUND					
General Fund	23,539,010	21,989,641	26,668,763	33,758,908	27%
Housing & Comm Dev. Contract Fund	3,092,675	2,913,826	3,843,532	2,412,894	-37%
Comm Op & Enhancements Fund	107,650	1,025,245	1,367,042	215,000	-84%
Affordable Comm Tenanting Fund	0	490,168	491,513	2,579	-99%
CARES Act Fund	0	15,002,727	1,304	0	-100%
American Rescue Plan Act Fund	0	0	4,395,931	16,028,002	265%
Other Federal Grants Fund	2,075,919	2,612,685	3,275,084	1,559,793	-52%
Enterprise Zone Fund	5,461,293	4,986,709	5,363,397	4,883,315	-13%
Ambassador Program Fund	15,611	12,935	12,970	4,954	-62%
NPI TIF Fund	3,013,117	2,882,007	2,345,469	1,154,657	-51%
Downtown Waterfront TIF Fund	44,714,296	40,278,950	40,255,563	37,136,183	-8%
North Macadam TIF Fund	34,415,110	52,830,973	55,470,583	52,117,587	-6%
River District TIF Fund	85,975,588	156,941,308	76,035,503	53,527,720	-30%
South Park Blocks TIF Fund	8,960,906	5,426,118	5,702,151	2,533,708	-56%
Convention Center TIF Fund	17,835,819	9,699,137	7,528,030	6,867,921	-9%
Central Eastside TIF Fund	40,873,581	42,522,855	41,847,557	38,923,345	-12%
Lents Town Center TIF Fund	22,303,912	28,557,991	36,792,258	44,406,533	21%
Interstate Corridor TIF Fund	76,252,110	68,945,687	82,421,346	75,413,617	-9%
Gateway Regional Center TIF Fund	25,749,827	16,187,867	48,403,823	21,360,822	-56%
Airport Way TIF Fund	6,149,776	5,950,492	5,955,245	5,394,668	-9%
Willamette Industrial TIF Fund	4,365,275	4,382,133	4,395,891	4,303,512	-2%
Enterprise Loans Fund	5,154,200	5,445,744	5,002,363	3,914,140	-22%
Business Management Fund	9,504,405	80,690,509	10,769,968	10,780,106	0%
Internal Service Fund	138,877	140,221	140,498	138,669	-1%
GRAND TOTAL ALL FUNDS	419,698,957	569,915,928	468,475,784	414,637,633	-11%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	1,371,883	1,225,521	1,336,514	1,167,834	-13%
Federal Revenue	0	15,912	6,325	0	-100%
State Revenue	0	60,088	25,000	201,000	704%
Local Revenue	8,209,582	7,042,629	10,385,611	16,817,156	62%
Fees and Charges	15,334	122,273	238,440	238,440	0%
Other Income	124,301	208,658	147,792	0	-100%
Transfers In	13,817,910	13,316,660	14,529,081	15,334,478	6%
TOTAL FUND RESOURCES	23,539,010	21,989,641	26,668,763	33,758,908	27%
Requirements:					
Administrative Services	13,144,420	12,220,115	13,699,600	14,340,030	5%
Community Development	0	0	56,366	0	-100%
Economic Development	8,863,451	8,183,754	11,946,081	17,839,514	49%
Transfers Out	305,618	249,260	298,987	393,739	32%
Contingencies	0	0	667,729	1,185,625	78%
Ending Fund Balance	1,225,521	1,336,512	0	0	0%
TOTAL FUND REQUIREMENTS	23,539,010	21,989,641	26,668,763	33,758,908	27%