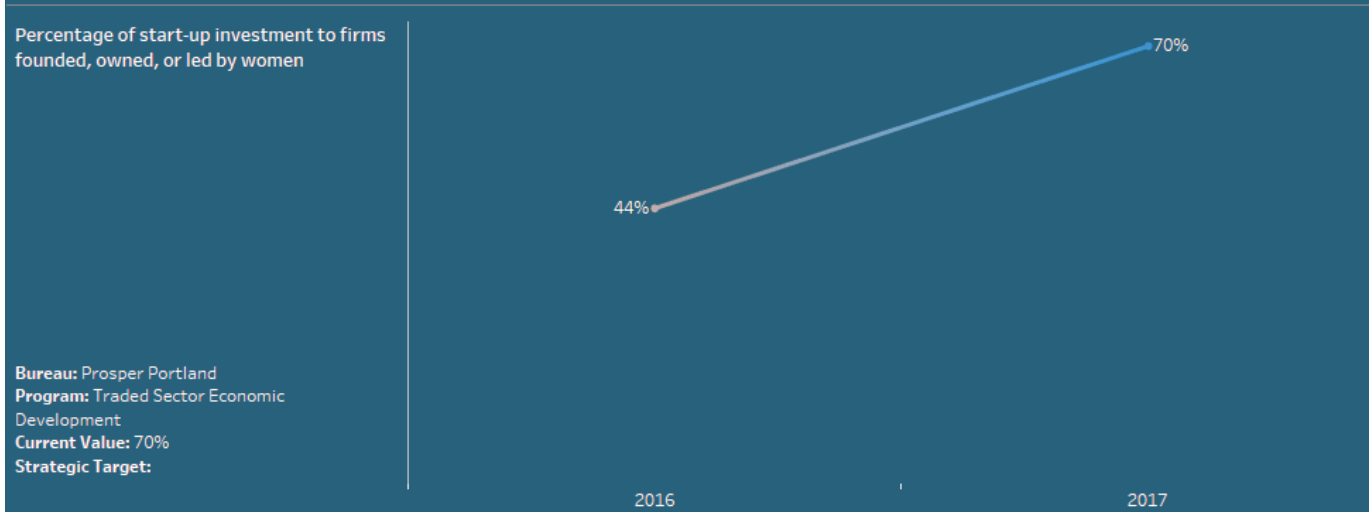


Prosper Portland

Analysis by Josh Harwood, Jess Eden, & Asha Bellduboset

Bureau Performance

Prosper Portland	Percentage of households at or above self-sufficiency	Not yet available
	Percentage of non-TIF resources for operating budget	76.0%
	Percentage of start-up investment to firms founded, owned, or led by people of color	56%
	Percentage of start-up investment to firms founded, owned, or led by women	70%
	Percentage of workforce in Multnomah County earning at least a middle wage	46.6%
	Ratio of private investment to PDC financial assistance	6.17



www.portlandoregon.gov/cbo/performance

Prosper Portland met or exceeded all key performance measure targets for FY 2016-17 except for one: percentage of Start-up investments to firms founded, owned, or led by people of color (cumulative) by Prosper Portland backed funds. The actual results (56%) were two percentage points lower than the estimated FY 2016-17 target (58%), and a decline from 72% in FY 2015-16. Conversely, the percentage of Start-up investments to firms founded, owned, or led by women by Prosper Portland backed funds climbed from 44% in FY 2015-16 to 70% in FY 2016-17 (shown above).

Overall, Prosper Portland’s *actual* performance relative to their *estimated* performance is good. However, one observation to note is that, half of the FY 2016-17 actuals for key performance metrics are lower than FY 2015-16 actuals. These metrics include: the percentage of workforce in Multnomah County earning at least a middle wage, the percentage of start-up investments to firms founded, owned, or led by people of color (cumulative) by Prosper Portland backed funds, and the ratio of Prosper Portland financial assistance to private investment.

The two latter measures are not exclusively tied to Prosper Portland activities. The percentage of Multnomah County earning at least a middle wage is largely informed by macroeconomic factors, not Prosper Portland's activity. The ratio of Prosper Portland financial assistance to private investment is volatile because it is dependent on which projects roll out in a given year.

Performance Measures

Prosper Portland has 34 performance measures, six of which are key performance measures. In general, economic development is difficult to measure and Prosper Portland may encounter challenges when trying to measure the outcomes of their work. When examining Prosper Portland's collection of measures, they range from specific and directly linked to single programs to broad measures which, at best, Prosper Portland may have an indirect effect on.

Prosper Portland's key performance metrics were originally selected following the adoption of the Prosper Portland Strategic Plan. The 2015-2020 Strategic Plan and the measures of success were developed by a stakeholder advisory committee and Prosper Portland believes they are key metrics related to their Economic Development work funded by General Fund resources. However, Prosper Portland is currently working to update and refine the key metrics so they include several new items that are more directly linked to Prosper Portland programming. The new performance measures will be initially presented to council October, 2017 as part of the Financial Sustainability Plan.

CBO recommends that Prosper Portland look for measures that closely align with outcomes. For example, workforce development falls squarely in the realm of economic development and is something that is clearly linked to Prosper Portland activity. In addition, while two of their key performance measures specifically address supporting businesses owned by people of color or women and are backed with Prosper Portland funds, access to capital (while critical) is only one way that Prosper Portland is supporting small businesses and providing technical assistance. We understand that Prosper Portland will also be including additional measures to illustrate the focus of this work in the draft Financial Sustainability Plan.

Current Key Performance Metrics include:

Percentage of Households at or above self-sufficiency & Percentage of Workforce in Multnomah County earning at least a middle wage

These metrics are largely informed by macroeconomic factors, but Prosper Portland indirectly impacts the percentage of households earning at least middle wage through their ECED programs. Moving forward, Prosper Portland intends to focus more on metrics that are tied to direct program activity and in turn tie that data back to high level indirect indicators such as self-sufficiency. This will help identify where more work is needed or what should change in terms of future programming.

Percentage of Start-up investments to firms founded, owned, or led, by women & Percentage of Start-up investments to firms founded, owned, or led, by people of color

Prosper Portland directly influences these metrics through their Startup PDX program, Increase Project, Inclusive Capital Fund and Small Biz/Entrepreneurship programming.

Percentage of non-TIF resources for operating budget

Higher General Fund and Community Development Block Grant funding will help continue and potentially expand direct economic development programs that Tax Increment Financing (TIF) cannot fund. Moving forward, Prosper Portland is looking to benchmark return on investment based on goals in the Financial Sustainability Plan and Investment Policy. While financial sustainability is extremely important as an agency metric, this may not ultimately be included as a key performance measure.

Ratio of Prosper Portland financial assistance to private investment

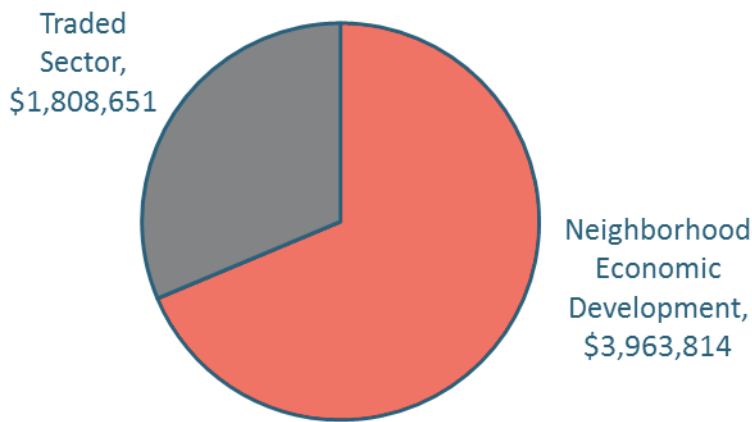
Historically, Prosper Portland dollars leveraged a fair amount of private and other resources into projects that support economic development. As a rule, they target a ratio of 6:1, but this fluctuates from year to year and is highly dependent on which projects get completed in certain years. Prosper Portland does not necessarily aim to invest more in this area and is likely to invest less depending on capital resources. Again, as part of the draft Financial Sustainability Plan, Prosper Portland is moving more toward a portfolio management approach regarding investing remaining TIF dollars.

Bureau Finances: Budget-to-Actuals and Key Issues

General Fund

General Fund		Revised Budget	Year-End Actuals	Variance	% of Budget
Resources	General Fund Discretionary & Overhead	5,772,465	5,530,837	241,628	96%
	Total Resources	\$5,772,465	\$5,530,838	\$241,627	96%
Requirements	Neighborhood Economic Development	\$3,963,814	\$3,846,814	\$117,000	97%
	Traded Sector	1,808,651	1,684,022	124,629	93%
	Total Requirements	\$5,772,465	\$5,530,836	\$241,629	96%

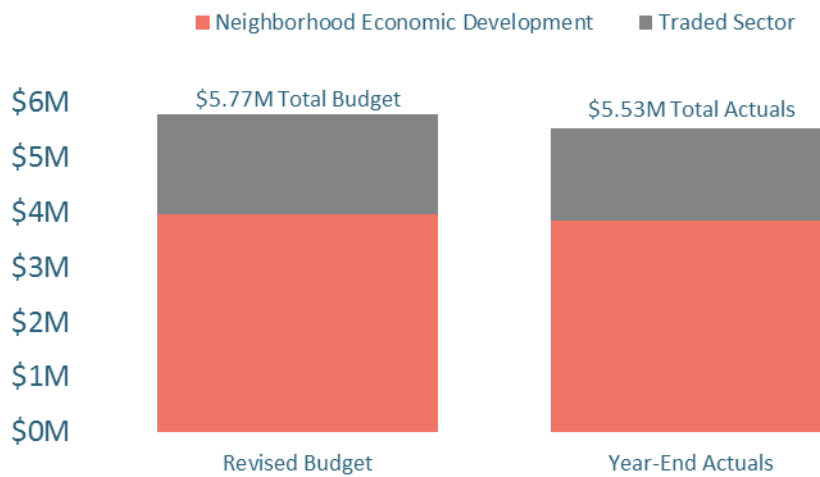
69% of Prosper Portland's General Fund resources are allocated to Neighborhood Economic Development



Prosper Portland receives General Fund resources via an intergovernmental agreement with the City of Portland. As such, their expenditures are not detailed by major object category.

Requirements are budgeted by program, with the majority of General Fund resources supporting Neighborhood Economic Development.

Prosper Portland FY 2016-17 Reconciliation



Of the \$5.77 million of General Fund resources appropriated in FY 2016-17, Prosper Portland spent 96%.

As previously discussed within the performance measures section of this review, Prosper Portland is working on a long term Financial Sustainability Plan. Many of the urban renewal areas that have been bringing in TIF resources will be sun-setting in the upcoming years. After the urban renewal areas expire, the financial resources generated from them will return to the taxing entities that have foregone revenue since their inception. It remains to be seen how much of the returning revenue the City will appropriate to Prosper Portland. Thus, Prosper Portland is working to identify what programming could be delivered more efficiently, how to manage their investment portfolio, and

leverage other resources. A draft of Prosper Portland's Financial Sustainability Plan will be presented to Council in October 2017.