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Ted Wheeler
Mayor

Kimberly Branam
Executive Director

DATE: March 27, 2019

TO: Mayor Ted Wheeler
Commissioner Chloe Eudaly
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Jo Ann Hardesty

FROM: Kimberly Branam, Prosper Portland Executive Director

SUBJECT: FY 2018-19 Spring Budget Monitoring Report

Prosper Portland is pleased to submit its spring budget monitoring report. Included in this report is the request to carryover \$123,000 in current year funding to FY 2019-20 for priorities that are underway and are not expected to fully be expended as of June 30, 2019.

Requested Carryover from FY 2018-19 to FY 2019-20:

Brownfield \$123,000 – Prosper Portland’s FY18-19 Adopted Budget includes \$150,000 to begin work as the Brownfield Property Tax Exemption program administrator. This package provides Prosper Portland with funding to evaluate the development of a Brownfield cleanup tax incentive authorized by HB 4084.

Currently, the program is working through the design phase and legislative fixes. The support of Multnomah County and Portland Public Schools is also necessary prior to implementing this program, as legislation requires 75% of the taxing jurisdictions to approve. Following these steps, likely late Spring, Prosper Portland will be able to implement the Brownfield Property Tax Exemption Program.

Status Reporting Requirements

Current Year Projections – Prosper Portland projects that its share of General Fund will spend out entirely, provided the requested modifications are made.

Current Year Decision Package Updates – This report describes the status of prior decision package-funded activities. The majority of Prosper Portland’s decision package report indicates that spending and outcomes are on track and as expected. See attached report for additional detail.

ZD - Prosper Portland

DP Type General Fund Program Carry

Request Name: 8104 -Brownfield Program Carry Over

Package Description

This request asks that funds are carried over for the Brownfield Property Tax Exemption Program, as further described below. The program is working through the design phase and is in need of some legislative fixes as well as approval from Multnomah County and Portland Public Schools. These steps are targeted for late Spring, after which Prosper Portland can begin to implement the program. Resolution 37307 passed by City Council on July 19, 2017, directed the Bureau of Environmental Services, Bureau of Planning and Sustainability and Prosper Portland to evaluate development of a Brownfields Cleanup Tax Incentive authorized by HB 4084 to support the remediation of contaminated property within the City. Work is underway now to identify the costs and benefits of a brownfields property tax exemption, draft the proposed code amendments and administrative rules and develop an implementation plan for City Council as directed in July 2018. Prosper Portland has been identified by the inter-bureau team as the likely administer of the program once it is designed and approved by City Council. This request supports 1 FTE at Prosper Portland to implement the program, conduct outreach to eligible property owners, process and approve application requests, monitor compliance with program requirements, produce periodic program reports and interface annually with the County Tax Assessor to certify tax exemptions to the tax rolls.

Service Impacts

- Return dormant land to the supply of developable land within the Urban Growth boundary. It is estimated that brownfield properties account for approximately 1/3 of the growth capacity (in estimated 910 acres.)
- Potentially generate \$240 million in economic activity, which could result in 31,000 new jobs and over \$40 million in additional annual Portland tax revenue.
- In the 2035 Comprehensive Plan in the section on Industrial and Employment Districts, it calls for new strategies to expand capacity for employment growth while also meeting environmental and other objectives and in particular new tools to accelerate brownfield redevelopment. Policy 6.45 calls to provide incentives, investments, technical assistance and other direct support to overcome financially-feasibility gaps to enable remediation and redevelopment of brownfields for industrial growth.

Equity Impacts

- The objectives of Prosper Portland’s Equity Policy are pursued by: 1) managing all investments, projects and programs in a manner which explicitly considers beneficiaries, addresses disparities and supports equitable outcomes, and 2) ensuring that significant Prosper Portland investments provide opportunities for living wage construction jobs, career advancement and business opportunities for historically disadvantaged populations.
- The program would be available citywide, with an added incentive available for projects in “vulnerable neighborhoods” as defined by BPS.

CBO Analysis

Budget Detail				
Fund				
Major Object Name	Expense	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
100000 External Materials and Services		-123,000	0	-123,000
	Sum:	-123,000	0	-123,000
Major Object Name	Revenue	2018-19 SPRING Adjust - DP Only	2018-19 SPRING CBO/ Council Adj	2018-19 SPRING Requested Total
100000 General Fund Discretionary		-123,000	0	-123,000
	Sum:	-123,000	0	-123,000

Business Area Projection Report

Prosper Portland

Fund	Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
100	External Materials and Services	6,777,103	2,659,320.75	6,777,103	100.00%
Sum:		6,777,103	2,659,320.75	6,777,103	

Fund	Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
	General Fund Discretionary	6,777,103	0	6,777,103	100.00%
Sum:		6,777,103	0	6,777,103	

Fund	Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
227	External Materials and Services	150,000	0	150,000	100.00%
Sum:		150,000	0	150,000	

Fund	Major Object	2018-19 SPRING Requested Total	2019 February Actuals YTD	2018-19 SPRING Projection	% of Projected Actuals to Revised Budget
	Miscellaneous Fund Allocation	150,000	0	150,000	100.00%
Sum:		150,000	0	150,000	

Revenue Discussion

Prosper Portland is requesting to carry over the majority of the Brownfield Program funds.

Revenue Risks

Expenditure Discussion

Prosper Portland is requesting to carry over the majority of the Brownfield Program funds.

Expenditure Risks

Service Area	Bureau Name	Decision Package Title	Package Description	Funded in	Year Funded:	Package Funding	Package FTE	Package Status	Package Update
Legislative, Administrative, and Support	Prosper Portland	Alberta Main Street	Prosper Portland partners with eight community-based organizations to drive economic development in those neighborhoods. Alberta Main Street is one of the districts in that network. The grant contract between Alberta Main Street and Prosper Portland states that FY 2017-18 would be the last fiscal year that Alberta Main Street will be included in the Neighborhood Prosperity Network. After eight years of funding and due to its economic success, this package cuts funding for Alberta Main Street. This decision package cuts the Alberta Main Street administrative and operating grant of \$30,000 and the promotional grant of \$3,000 which support a District Manager. The district will have to look to alternative sources of funds to support their District Manager or reduce the compensation for that role.	FY 2018-19 Adopted Budget	FY 2018-19	(33,000)			Complete. These cuts have been made. Alberta Main Street has not had to cut any programming as of yet, as it is one of the better funded non-profits due to the success of the Alberta Main Street Fair, a major fundraising opportunity for the organization.
Legislative, Administrative, and Support	Prosper Portland	Brownfield Propert Tax Exemption Program Admin	This package provides funding for Prosper Portland to evaluate the development of a Brownfields Cleanup Tax Incentive authorized by HB 4084 to support the remediation of contaminated property within the City. Work is underway now to identify the costs and benefits of a brownfields property tax exemption, draft the proposed code amendments and administrative rules and develop an implementation plan for City Council as directed in July 2017. Prosper Portland has been identified by the inter-bureau team as the likely administrator of the program once it is designed and approved by City Council. This funding request will support 1 FTE (including direct and indirect costs) at Prosper Portland to implement the program, conduct outreach to eligible property owners, process and approve application requests, monitor compliance with program requirements, produce periodic program reports and interface annually with the County Tax Assessor to certify tax exemptions to the tax rolls. The remediation of contaminated property within the City is expected to return dormant land to the supply of developable land within the Urban Growth boundary. Prosper Portland estimates that the value of this developable land will generate \$240 million in economic activity and potentially lead to 31,000 new jobs and over \$40 million in additional tax revenue for the City of Portland.	FY 2018-19 Adopted Budget	FY 2018-19	150,000	1.0		In progress. The program is still working through the design phase and legislative fixes are going to Salem this session. Another key part of the design is gaining agreement from the County and PPS to support the program. Legislation requires 75% of the taxing jurisdictions to agree to implement the program. The political process to gain that approval is in play now. Once/if they agree, Prosper Portland's work will start on this program. Those approvals are targeted for late Spring, so a majority of these funds will be requested to get carried over. Furthermore, Prosper Portland expects some savings and is requesting \$9,000 be moved from Brownfield to Neighborhood Prosperity Network for the Old Town China Town District Manager.
Legislative, Administrative, and Support	Prosper Portland	Expansion of Mercatus	Mercatus is a storytelling platform and directory initiative designed to elevate and connect entrepreneurs of color. The Mercatus Directory provides the opportunity for entrepreneurs of color to connect with new clients and gain new accounts. Businesses listed in the directory receive invitations to networking events, trade shows and connections to Prosper Portland industry clusters including athletic and outdoor, manufacturing, healthcare, technology, and green cities. The Mercatus Collective celebrates the determination, work and resiliency that go into running a business. It is a collective effort to reframe the business landscape of Portland to include entrepreneurs of color. This year's My People's Market featured more than 80 businesses, provided a launch pad for emerging businesses in the Mercatus collective and drew more than 1,000 people. This funding will allow Mercatus to continue to convene Portland entrepreneurs through six community storytelling events and two community driven marketplaces. In 2018-2019 Prosper Portland anticipates growing the Directory to 400 businesses and building out robust distribution channels for the Mercatus Mini Mag to further elevate entrepreneurs of color in Portland.	FY 2018-19 Adopted Budget	FY 2018-19	100,000			In progress. The first My People's Market event was held in November 2017, which had over 1,000 people in attendance, 80 businesses (100% owned by people of color). The fourth event is planned for May 31 and June 1. The market has expanded to become a two day event, day one is a trade show that will expand new business/procurement opportunities and day two is the public market. Attendance is estimated to be 6,000 and 100+ businesses (100% owned by people of color). Funds will be fully disbursed by fiscal year end. Half of these funds went to the market held in November 2018 and half are going to the market in May/June.
Legislative, Administrative, and Support	Prosper Portland	FY 2017-18 Carryover: Alberta Mn & Traded Sector	This package is a carryover from FY 2017-18 to fund the Alberta Main Street decision package (ZD_13) at \$25,500 and use the remaining \$44,500 toward the Traded Sector Inclusive Business Growth Fund (ZD_07), leaving a balance of \$64,000 for funding from FY 2018-19 General Fund Discretionary resources.0	FY 2018-19 Adopted Budget	FY 2018-19	70,000			In progress. Alberta Main Street continues to Operate as a "Main Street Program", consistent with the National Main Street Program. The \$25k will soon be disbursed (it recently provided financials, one of the conditions for disbursement), and the funding will go towards their Administration and Operations expenses. The disbursement will occur within the next week. In progress. Traded Sector Inspiring Diversity funds have not yet been spent, but companies have been selected and funds are expected to be spent by year end (see Traded Sector Inclusive Business Growth package).

Service Area	Bureau Name	Decision Package Title	Package Description	Funded in	Year Funded:	Package Funding	Package FTE	Package Status	Package Update
Legislative, Administrative, and Support	Prosper Portland	Portland Film Office	The Portland Film Office is a one FTE City entity supporting an industry that generated \$162M in economic activity FY16-17. The Film Office serves as the liaison between film productions working within the city - helping them navigate the requirements and relationships needed to conduct business here while minimizing the negative impact such work has on the residents and businesses. This economic activity increased Portland's national and international presence, specifically through shows on HBO, Netflix, IFC and NBC. The Film Office sets local policy, removes needless barriers and works to ensure film production increases economic and cultural benefits for our local workforce and businesses. It works to attract film production into our city and to represent Portland globally. In collaboration with the City Budget Office and in response to the FY17-18 Adopted Budget, Prosper Portland is extending the Film Office's General Fund request of \$71,120, which is half of last year's ask. Over FY18-19, Prosper Portland will work with permitting bureaus to develop a process for the successful long-term funding of the Portland Film Office. The package would maintain funding of the Film Office for half a year, while it centralizes all permitting functions and works on becoming self-sustainable. Other impacts include, increasing access to the industry for people of color and women. Equity Impacts: The Film Office supports various diversity initiatives in the city, such as the Talent Diversity Initiative, Portland Black Film Festival and Portland OR Women's Fest. The Office is implementing a grant program which will target underrepresented filmmakers. Also, the Office is working with the Arts Affordability Council, which will have an equity lens.	FY 2018-19 Adopted Budget	FY 2018-19	142,240	1.0		In progress. Staff is focused on the financial sustainability of the Film Office, working with city bureaus to come to an agreement for future funding. Staff is also acting as liaison between production companies, local businesses impacted by filming and city bureaus. Funds are expected to be spent this fiscal year, 57% have been spent to date.
Legislative, Administrative, and Support	Prosper Portland	Small Business Growth Program	This package would fund the Increase Project and Xxcelerate. Prosper Portland successfully piloted the Increase Project in 2016, supporting 10 business owners of color to create growth plans. In 2017, the PSU Business Outreach Program took over administration of the program. Xxcelerate was founded in 2017 by a group of female entrepreneurs to educate other female founders and help them access non-debt capital. Both programs include peer to peer learning, a curriculum focused on growth and connection to experts and mentors. Prosper Portland expect to serve 45-60 growth-oriented entrepreneurs through these programs, with a focus on business owners of color and women. Equity Impacts: Both programs have an equity focus. Xxcelerate's program was developed for women founders and 40-50% are women of color. The Increase Project focuses on supporting business owners of color. In 2017, half of the first cohort participants were people of color and it is anticipated that 75-100% of participants in the 2nd cohort will be people of color. These small business growth programs are a critical part of the Inclusive Business Resource Network in order for businesses to grow and scale. Without these programs, Prosper Portland's goals for wealth creation for underrepresented business owners will not be achieved.	FY 2018-19 Adopted Budget	FY 2018-19	275,000			In progress. 53 clients have participated in growth programs so far this fiscal year (Increase cohort 3, Xxcelerate cohorts 1 + 2). Funds are expected to be spent out this fiscal year. Increase cohort 4 and Xxcelerate cohort 3 are anticipated to begin in June 2019.
Legislative, Administrative, and Support	Prosper Portland	Small Business Technical Asst.-Tax & Fin. Suppt	The Inclusive Business Resource Network provides general business support and relies on supplemental service providers with expertise in financial & credit counseling, tax preparation, market research and bookkeeping to ensure their client's success. This program provides a suite of financial services for businesses in IBRN including professional tax preparation, one-on-one support for individuals with more complex tax situations, assistance with market research for business planning and accounting support year-round. Prosper Portland estimates that this funding will provide support for approximately 100 small businesses. Equity Impacts: Many of the clients supported by IBRN face additional barriers around taxes and bookkeeping including language barriers, limited understanding of business regulations and past due taxes. This funding package would support some of the more vulnerable clients who need one-on-one support.	FY 2018-19 Adopted Budget	FY 2018-19	100,000			In progress. 96 clients have received financial support services this fiscal year, in the form of market research, financial counseling, tax support and bookkeeping. The full amount will go out before the end of the fiscal year. MarketLink -21 MFS- 29 Tax - 12 Bookeeping-34
Legislative, Administrative, and Support	Prosper Portland	Small Business Working Capital Micro Loans	The Small Business Working Capital fund is utilized to increase access to capital for small businesses. The aim of the program is to promote wealth creation for small-scale, low-income, immigrant, and/or minority-owned firms who aim to grow their businesses. As such, resources are prioritized for businesses that have historically faced barriers to accessing financing from traditional lenders. Micro Enterprise Services (MESO) administers this loan program, which has been in place since April 2016. Prosper Portland will not be able to allot funding to Micro Enterprise Services Organization (MESO) to provide 26 new micro loans.	FY 2018-19 Adopted Budget	FY 2018-19	(52,838)			Completed. This project was not backfilled by Prosper Portland. However, Prosper works with MESO on the IBRN program and MESO still provides micro loans to its clients.

Service Area	Bureau Name	Decision Package Title	Package Description	Funded in	Year Funded:	Package Funding	Package FTE	Package Status	Package Update
Legislative, Administrative, and Support	Prosper Portland	Traded Sector Inclusive Business Growth	Prosper Portland proposed requests funding to initiative three pilot programs that can build capacity for inclusion within particularly small traded sector companies: 1. Annual Traded Sector Diversity & Inclusion Seminar - \$25,000: bring in nationally-recognized experts for a one-day, intensive seminar focused on concrete ways small businesses can diversify their labor pool and foster better retention and inclusiveness in their practices. Beyond the immediate learning and information-sharing opportunities, this event will serve as a pipeline generator for our more extensive individual inclusion and diversity training activities, particularly those associated with the TechTown initiative. 2. Traded Sector Inclusive Innovation Fund - \$50,000: grant program, modelled after community livability grants, in which small, traded-sector employers can obtain financing for growth initiatives (exporting, marketing, equipment) in exchange for Public Benefit Agreements (PBA). These PBAs will match the requirements for Enterprise Zone funding of similar size. If this pilot is successful, we envision expanding this initiative over time. 3. Traded Sector Inclusive Internship Fund - \$58,500: this grant program will fund part-time internships and full-time apprenticeships at small traded sector businesses for youth from underrepresented backgrounds. Small businesses are often unable to fund these types of positions on their own due to the risk involved in committing scarce cash resources to temporary, part-time labor. At the same time, underrepresented youth often lack the financial stability to take unpaid internship work, leaving them crucially short on relevant work experience for building a traded sector career. If this pilot is successful, we envision expanding this initiative over time. 1. Traded Sector Diversity & Inclusion Seminar: 75 companies in attendance, with 25 of these subsequently signing a diversity pledge and/or engaging in other inclusion and diversity training associated with Prosper Portland. 2. Traded Sector Innovation Fund: 5 grants awarded of \$10,000 each with signed Public Benefit Agreements. Efficacy of the PBAs will be tracked according to the same metrics we will employ for the Enterprise Zone Program. 3. Traded Sector Inclusive Internship Fund: 15 grants awarded at \$3,900 with a \$2,050 match per position, per employer (approx. 66%-34% split).	FY 2018-19 Adopted Budget	FY 2018-19	64,000			In progress. Inspiring Diversity Grants: https://prosperportland.us/portfolio-items/inspiring-diversity-grant/ The Inspiring Diversity Grant is a new pilot program for small, traded-sector employers located in the City of Portland. The program provides grant funding of up to \$10,000 to inspire creative equity-related best practices by employers around workforce, marketing and communications. Outcomes will create new community partnerships with populations that have been traditionally under-represented. 41 applications were received. We selected 9 projects to fund and are in the process of finalizing grant agreements with each of the grantees. Disbursements will go out before the end of the fiscal year. In progress. Inclusive Internship: 24% of funds have been distributed (\$14,500) resulting in 12 internships. The rest of the funds (\$43,500) are expected to be dispersed by the end of the fiscal year as companies initiate work with interns.
Legislative, Administrative, and Support	Prosper Portland	Venture Portland Catalytic Initiative	Venture Portland's innovative Catalytic Investment Initiative (CII) has a proven track-record of success providing high touch, personalized assistance to address disparities (historic and structural) and rapid evolution (including affordability and displacement) in 8 targeted business districts in East and North Portland (East: 82nd Ave, Foster, Gateway, Lents, Midway, Parkrose; North: Kenton, Williams). These districts, which collectively contain more than 6,000 businesses (33% of Portland neighborhood businesses), have higher percentages of immigrants, people of color and people living below Portland's median household income and more crime than the city as a whole. This Catalytic Investment Initiative is ongoing. Venture Portland and targeted districts achieve the following short-term outcomes short-term outcomes: <ul style="list-style-type: none"> Membership: 10-20% increase (year-over-year) in each targeted business association Leadership: 10-20% increase in volunteers (year-over-year); set/achieve diversity benchmarks; create leadership pipeline Revenue: 10-20% increase (year-over-year) in each targeted business association; host at least 2 revenue-generating events This Initiative also contributes to the following long-term goals: <ul style="list-style-type: none"> Business Resilience: expand support network for East and North Portland small businesses Cross-District Ties: strengthen relationships between East and North Portland businesses and business districts to address economic challenges Positive Identity/Placemaking: strengthen and promote positive identities for each targeted business district and East/North Quadrants 	FY 2018-19 Adopted Budget	FY 2018-19	200,000			In progress. This project is ongoing and is projected to spend out by the end of the fiscal year. Venture Portland has provided support to 7 of the 8 CII districts to date. Metrics reporting will be provided at the end of the fiscal year.
Legislative, Administrative, and Support	Prosper Portland	Hill Block Project Working Group	Prosper Portland requests \$100,000 to support the Hill Block Project Working Group (PWG). These funds would go toward ongoing Prosper Portland staffing on the project, while the PWG is requesting \$160,000 from Meyer Memorial Trust to fund the PWG's project development.	FY 2018-19 Fall BMP	FY 2018-19	100,000	1.0		In progress. This project is expected to spend out by the end of the fiscal year. Additional funds were requested for FY19-20, to oversee the Project Working Group's progress. \$91k has been spent on this project over the current fiscal year.

Service Area	Bureau Name	Decision Package Title	Package Description	Funded in	Year Funded:	Package Funding	Package FTE	Package Status	Package Update
Legislative, Administrative, and Support	Prosper Portland	Hill Block & FAR Study Carryover	Prosper Portland requests \$75,000 for program funds from their FY 2017-18 budget that were not expended by the end of the FY 2017-18. These funds will support encumbrances and commitments that will be expended in early FY 2018-19.	FY 2018-19 Fall BMP	FY 2018-19	75,000			<p>In progress. Hill Block: This project is expected to spend out by the end of the fiscal year. Additional funds were requested for FY19-20, to oversee the Project Working Group's progress. \$91k has been spent on this project over the current fiscal year.</p> <p>Complete. FAR: The purpose of the FAR study was to evaluate the feasibility of creating a standardized and centralized system to sell unused City-owned FAR to private developers in need of additional density. The study concluded that:</p> <ul style="list-style-type: none"> •The City has a significant supply of City-owned FAR (31.2 million sq/ft) with which to establish a FAR Bank. •The potential demand for FAR beyond base entitlements and base+3 is estimated at 5 million square feet through 2035. •Selling city-owned FAR to meet this demand could generate between \$750,000 – \$3.7 million per year. •A well-designed pricing strategy will be critical to the viability of the program and must ensure that there is adequate incentive for developers to use it. <p>With these conclusions, Prosper Portland and BPS will be engaging other bureaus and City Council to determine how/if to move the concept forward.</p>
Legislative, Administrative, and Support	Prosper Portland	FY 2017-18 Carryover Cannabis Grant Funds	Prosper Portland is requesting to add its FY 2017-18 Cannabis Tax revenue allocation to the agencies FY 2018-19 budget. The funds will allow Prosper Portland to administer grants in accordance with Council direction. This action will incorporate the funds as part of the FY 2018-19 Intergovernmental Agreement between the City of Portland and Prosper Portland. Cannabis funds align with the mission of the Inclusive Business resource Network program. Specifically, the grants will go toward providing technical assistance for small cannabis businesses owned by women and people of color. This may include assistance for taxes, accounting, business planning, etc.	FY 2018-19 Fall BMP	FY 2018-19	150,000			<p>In progress. These funds are projected to be spent out by the end of the fiscal year. Prosper Portland is working with Nu Leaf to provide technical assistance to businesses owned by women and people of color. \$127k has been distributed to date. Nu Leaf has provided 2 grants of \$30K to 2 businesses and has worked with 4 additional clients to deliver technical assistance and referral to resources.</p>