



**City
Budget
Office**

Prosper Portland

Analysis by Yung Ouyang

SUMMARY

Required General Fund Reduction

Prosper Portland's one-time \$56,000 reduction was applied to its Adult and Youth Workforce Program. It was determined that Worksystems, Inc. (WSI), who receives most of those funds, would offset the loss through federal Workforce Innovation and Opportunity Act funds that would normally assist WSI with program administration. Prosper notes that ongoing reductions in General Fund resources to the program would result in cuts to program service delivery.

Key Decisions for Council

1. Aside from the reduction in General Fund resources, Prosper's only other significant request in this Fall BMP is a carryover of General Fund resources for shared revenue for the Neighborhood Prosperity Network (NPN) districts.
 - Prosper is requesting \$161,058 in General Fund one-time resources for FY 2019-20 shared revenues for the six NPN districts to support community-based development projects in North, Northeast, and East Portland. These funds were not requested in FY 2019-20 during the Spring BMP and therefore are being requested as part of the Fall BMP. The requested amount trues-up the estimate that was included in Prosper's FY 2019-20 Adopted Budget.
 - CBO recommends this request because the funding is a contractual obligation of the City that it agreed to with Prosper and Multnomah County to supplement these smaller districts' Tax Increment Financing (TIF) revenues to pay for operating expenses that are not TIF eligible.

Budget & Fiscal Monitoring: Loss of Program Revenues in FY 2019-20 Necessitated Spending Reductions in FY 2020-21

- While Prosper Portland's FY 2019-20 General Fund and Recreational Marijuana Tax revenues were not affected by the pandemic, the agency recognized a significant impact to program revenues, mainly:
 - Loan and lease revenue were impacted in part due to Prosper granting deferrals to impacted businesses. Compared to the FY 2019-20 pre-COVID budget, loan interest was below by approximately 10% or \$100,000 due to loan deferrals, while lease income was down \$900,000 or 25% compared to budget.
 - In addition, parking activity was substantially reduced, impacting program revenues to several garages owned by Prosper. Compared to the FY 2019-20 pre-COVID budget,

parking income was below by \$700,000 or 26% compared to budget.

- There were no major, immediate impacts in the FY 2019-20 budget as a result of enough reserves in most TIF Districts. However, the decline in revenue in FY 2019-20 combined with the forecasted reduction in FY 2020-21 required expenditure reductions in the FY 2020-21 budget. Using a revised forecast, staff rebalanced several TIF Districts that have concentrated amounts of program assets, reducing lending and grant programs in order to balance where necessary. The agency also implemented personnel services reductions through furlough days and a decrease to management pay to help offset the decrease in program revenues. These are in addition to the reduction measures in both personnel services and external materials and services that the agency had to implement as a result of reductions in its allocation of General Fund resources.
- Prosper included conservative assumptions in the FY 2020-21 Adopted Budget related to the loss of loan and property related income and City General Fund reduction targets. Staff are monitoring income-based revenue projections and will have a better understanding of the performance versus forecast at the end of the first quarter, after several months of actual revenues have been recorded. An initial review of revenue projections and Council’s General Fund budget direction suggests there will not need to be further reductions to forecasts or expenditures for FY 2020-21.

SUPPLEMENTAL BUDGET CHANGES TO ALL FUNDS

Prosper Portland’s budget in the General Fund consists of revenues from General Fund discretionary and the Recreational Marijuana Tax (Miscellaneous Fund Allocations in the table below).

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
General Fund Discretionary	\$ 6,145,662	\$ 105,058	\$ -	\$ 6,250,720
Miscellaneous Fund Allocations	\$ 858,440	\$ -	\$ -	\$ 858,440
Total Resources	\$7,004,102	\$105,058	\$0	\$7,109,160
Requirements				
External Materials and Services	\$ 7,004,102	\$ 105,058	\$ -	\$ 7,109,160
Total Requirements	\$7,004,102	\$105,058	\$0	\$7,109,160