



Prosper Portland

Analysis by Yung Ouyang

| | 2020-21 Revised Budget | 2020-21 Actuals | Remaining Budget | Percent Remaining |
|---------------------------------|------------------------|--------------------|--------------------|-------------------|
| Expenses | \$7,438,310 | \$2,524,318 | \$4,913,992 | 66% |
| Operating Expenses | \$7,438,310 | \$2,524,318 | \$4,913,992 | 66% |
| External Materials and Services | \$7,438,310 | \$2,524,318 | \$4,913,992 | 66% |
| Revenue | \$7,438,310 | \$0 | \$7,438,310 | 100% |
| Internal Revenue | \$858,440 | \$0 | \$858,440 | 100% |
| Miscellaneous Fund Allocation | \$858,440 | \$0 | \$858,440 | 100% |
| General Fund Allocation | \$6,579,870 | \$0 | \$6,579,870 | 100% |
| General Fund Discretionary | \$6,579,870 | \$0 | \$6,579,870 | 100% |

Figure 1. This table shows Prosper Portland's budget in the General and Recreational Cannabis Tax Funds.

INTRODUCTION

Two-thirds through the fiscal year, Prosper Portland expended 33.9% of its budgeted expenses in the General and Recreational Cannabis Tax Funds. Most program revenue streams outside of those funds are tracking according to budget for the current year, while expenditures are staying more or less flat or trending as expected for most programs and operating costs.

KEY DECISIONS FOR COUNCIL

New General Fund Requests

- Prosper Portland's only request in this Spring BMP is a true-up of General Fund resources for shared revenue for the Neighborhood Prosperity Network (NPN) districts. Prosper is requesting \$4,150 in General Fund one-time resources for FY 2020-21 shared revenues for the six NPN districts to support community-based development projects in North, Northeast, and East Portland. The requested amount true-ups the estimate that was included in Prosper's FY 2020-21 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.**

CURRENT YEAR BUDGET MONITORING

Most Revenue Streams Tracking According to Budget

Prosper Portland staff anticipated a significant impact to resources when creating the FY 2020-21 budget. As a result, the FY 2020-21 budget incorporated decreases to operating revenues, and Prosper balanced the budget through a combination of reduced staffing costs, as well as reductions

to administrative materials and services.

Most revenue streams are tracking according to budget for the current year. Loan and property revenue combined are expected to be below the pre-pandemic budget by approximately 60%. Loan revenue this year has been trending at or above budget, while property management revenues, including parking revenues, are trending slightly below budget.

Prosper does not anticipate any major changes in budget assumptions in the FY 2020-21 Revised Budget or the FY 2021-22 Proposed Budget. The five-year forecast anticipates a three-year timeline for property revenues to return to pre-pandemic forecast levels, but each type of property includes its own specific risks. The most critical challenge is the overall decline of Tax Increment Financing which the agency will be focusing on through the development of the Financial Sustainability Plan 2.0. The plan is currently being developed by staff and will be presented to City Council between the Spring and Fall of 2021.

Expenditures Staying Flat or Trending as Expected for Most Programs and Operating Costs

In balancing to the expected decrease in revenues this year, Prosper made reductions to administrative services spending, including reduced budgets for training and some IT costs. Administrative expenditures are expected to end the year below budget.

Outside of the large increase in expenditures funded by relief and other emergency grants (General Fund, TIF and CARES Act), expenditures are staying more or less flat or trending to budget or as expected for most programs and operating costs. While some property management costs are variable (mainly around parking), many holding costs are not (like security) and have remained steady or increased in some areas. Some administrative overhead and staffing budgets funded largely by TIF may end the year below budget.

As in prior years, some capital budgets will end the year with a positive variance due to the timelines of the projects and when funds will actually be disbursed. The budgets for these projects next year will be adjusted either in the Proposed or Approved budget phases when there is certainty around project timing; otherwise, unspent, committed items will be adjusted in the first budget revision for FY 2021-22.

In addition, Economic Development programs and services have been in high demand over the past year due to the affects of COVID-19. This is particularly true for small business and workforce programs. The work has shifted from business growth and expansion to stabilization of businesses.

SPRING SUPPLEMENTAL BUDGET CHANGES

| | 2020-21 Spring Revised Base (A) | Spring Decision Package Total (B) | CBO Recommended Adjustments (C) | Total Recommended Budget (A+B+C) |
|---------------------------------|---------------------------------------|---|---------------------------------------|--|
| Expense | \$7,434,160 | \$4,150 | \$0 | \$7,438,310 |
| External Materials and Services | \$7,434,160 | \$4,150 | \$0 | \$7,438,310 |
| Revenue | \$7,434,160 | \$4,150 | \$0 | \$7,438,310 |
| General Fund Discretionary | \$6,575,720 | \$4,150 | \$0 | \$6,579,870 |
| Miscellaneous Fund Allocation | \$858,440 | \$0 | \$0 | \$858,440 |