Portland, Maine — Yes. Life's good here.

PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: September 28, 2017
TIME: 4:00 p.m.
LOCATION: Room 24, Basement Conference Room
Portland City Hall

A G E N D A

1. President's comments.

2. Review and accept Minutes of August 31, 2017 meeting.

3. Discussion and vote regarding Development Action Grant Program.

4. Review and vote to recommend to the City Council to amend the guidelines for the Business Assistance Grant Program for job creation.
   a) **Note:** Pursuant to 1 M.R.S.A. 405(6)(E), the Board may go into executive session to consult with its attorney concerning the legal rights and duties of the Board.

5. Review and vote to recommend to the City Council applying for and accepting additional Brownfields Assessment Grant Funds from the U.S. E.P.A.

6. Review and vote to approve staff applying for additional CDBG funds for the Business Assistance Grant Program for Job Creation

7. Treasurer's Report – August 2017 – Tim Agnew
   a) Monthly Administrative Budget Report
   b) Cash Management Report
   c) Schedule of Loans Receivable
   d) Listing of Grants approved through the BAP Program and PEDPIP for FY2017 and 2018
   e) Confidential Delinquency Report - **Note:** Pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119—A, the Board may go into executive session to discuss/monitor any of the loans listed on the Report.

8. Other items to be discussed/brought up by Board Directors.

9. Next Meeting Date: October 19, 2017.

Drew Swenson, Board President

Minutes

Portland Development Corporation

August 31, 2017

A meeting of the Board of Directors of the Portland Development Corporation was held on Thursday, August 31, 2017 at 4:00 p.m. in Room 24 of Portland City Hall. Present from the Board were Board President Drew Swenson and Directors Shelley Carvel, Jed Harris, Chip Martin, Heather Sanborn, and Mayor Ethan Strimling. Directors Tim Agnew, Jon Jennings, Ovid Santoro, Jere Shaw, and Barry Sheff were not able to attend. Present from the City staff were Associate Corporation Counsel Michael Goldman, Business Programs Manager Nelle Hanig, and Senior Executive Assistant Lori Paulette. Also present was PDC loan underwriter Vin DiCara.

Item #1: President's Comments

President Swenson then noted that the Annual Business Awards event is coming up, generally held in place of the Board's meeting in November and asked for volunteers to serve on the Awards sub-committee, which usually takes no more than two meetings to make a recommendation to the Board on award recipients. Directors Tim Agnew, Jed Harris, Chip Martin, and Mayor Strimling volunteered, and Ms. Hanig said she would be in touch to arrange the first meeting.

President Swenson then noted that three Board members are termed out as of 9/30/2017 but can serve until their replacements are appointed by the City Council. Those three are Jere Shaw, Barry Sheff, and himself. The City Clerk has received two applicants, and will re-advertise for the third position in November.

Item #2: Review and accept Minutes of July 20 2017 meeting.

On motion made and seconded, the Board voted 5-0-1 (Sanborn abstained) to accept the minutes as amended.

Item #3: Review and vote on new loan request from Ice It! LLC, at 502 Stevens Avenue. NOTE: The Board will go into executive session pursuant to 1 M.R.S.A. 405(6)(F) AND 5 M.R.S.A. 13119-A to discuss proprietary information.

Ms. Hanig introduced this item noting that Ice It! Bakery in North Yarmouth has been in operation since 2012. The owners, Alan Fried and Sharon Kuhrt, want to open a bakery/café in Portland at 502 Stevens Avenue in Deering Center. They are seeking a loan of $65,000 for fit-up and machinery and equipment. The building is currently being constructed and they would lease retail space on the first floor, with the upper floors having residences. This second location would grow the market for their existing product line, as well as offer lunch options and full-service coffee and espresso bar. All baked goods would be produced at the North Yarmouth location and delivered daily to the Portland location. The current facility will increase production by 50%, which is well within its production capacity according to the owners. She then introduced Alan Fried and Sharon Kuhrt.

Mr. Fried thanked the Board and said that for the past five years they have developing their strong brand of product line. Their wholesale business is strong, and the new location would create jobs in Portland, as well as in North Yarmouth, and would be an anchor tenant for the Portland location. Their mentors at ScaleUp and SCORE recommended an additional new location in a neighborhood setting. They have been looking for such a location for the past two years and this neighborhood location appears to be a good fit.

In response to Ms. Sanborn, Ms. Kuhrt said people can decorate their own products at the North Yarmouth location, and they host parties there but this is not a major revenue stream so was not included in projections. Mr. Fried added that decorating and parties is great for marketing purposes.

Ms. Carvel asked about their working full-time in this venture, and Mr. Fried indicated that he would be full-time with the business, and Ms. Kuhrt would keep her day job she has now as an RN, and would assist on weekends. He indicated that the Portland location would create 2 full-time and 3 part-time jobs.

Mayor Strimling asked about wages, and Mr. Fried indicated it to be $13 to $15/hour with limited benefits, but would be looking into this further for 401K and insurance.

Mr. Harris asked if there would be baking at the Portland location and what equipment would be needed. Mr. Fried indicated that all baking would be done at the North Yarmouth location, and equipment needed at the Portland location was refrigeration and espresso machines.

President Swenson asked if the employees would be training in production, and Mr. Fried said that ideally they would be cross-trained between the two locations.

A motion was then made and seconded to go into executive session at approximately 4:25 p.m. pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A to discuss proprietary information for this loan request.

Mayor Strimling asked if public comment would be taken before going into executive session, and President Swenson said that that has not been the case but can have staff look into it.

A vote was then taken on the motion and it passed unanimously. At approximately 5:07 the Board came out of executive session.

Mayor Strimling made a motion to extend a loan for $50,000 on the terms and conditions as recommended by the loan underwriter, noting the loan recipient can come back to the Board if it has updates or would like to revisit the loan request. Mr. Martin seconded the motion and it passed 5-1 (Harris opposed).

Item #4: Treasurer's Report – July 2017

A motion was then made and seconded to go into executive session at approximately 5:09 p.m. pursuant to 1 M.R.S.A. 405(6)(F) and 5 M.R.S.A. 13119-A to discuss the Delinquency report for loan monitoring purposes. (At approximately 5:15, Mayor Strimling had to leave the meeting.) At approximately 5:20, the Board came out of executive session.

Item #6: Other items to be discussed/brought up by Board Directors

President Swenson noted that there was no longer a quorum so no formal votes/actions can be taken.

President Swenson took this item out of order noting that staff was requesting to amend the Business Assistance Program for Job Creation guidelines to delete the reference for jobs created to be for Portland residents. This issue came up during the Economic Development Committee's review of the Mayor's proposed amendments to Portland's TIF Policy in that restricting jobs to Portland residents was unconstitutional. After limited discussion, the consensus of the Board Directors remaining was to take this up at the next meeting.

Item #5: Discussion regarding Development Action Grant Program

Ms. Hanig said that a Committee of the Board had previously considered modifications to this Grant program. Proposed modifications were to be presented at the June Board meeting, but the item got tabled due to a full agenda. This may have been for the best as a few days before that meeting, staff realized that $43,387 remains in the fund for infrastructure grants. Staff then emailed the Committee members about the funding challenge, i.e., whether to recommend to the PDC dissolving the grant programs once the reaming $43,387 is granted, or potentially approving use of PDC loan funds to recapitalize. The Committee consensus was to leave the Grant guidelines as they are until the money runs out. They were not in favor of a financial appropriation from the PDC loan funds to recapitalize the Grant program. Depending on the Board's vote, staff would draft a communication from the PDC regarding its position on this to be provided to the City Council.

Mr. Harris noted that the City Council could choose whether to recapitalize it as it had done many years ago through the Capital Improvement Program.

Noting consensus was agreement with the Committee's recommendation and that there was not a quorum to vote on this, President Swenson requested that this item be on the Board's next Agenda.

There being no further business, the meeting was then adjourned at approximately 5:45 p.m.

Respectfully, Lori Paulette

Economic Development Department
Gregory A. Mitchell, Director

To: President Drew Swenson and PDC Board Members
From: Nelle Hanig, Business Programs Manager
CC: Greg Mitchell, Economic Development Director
Date: September 21, 2017
RE: **Portland Development Action Grant (DAG) Funds**

PURPOSE

This memo provides information on the status of the Development Action Grant (DAG) funds and the PDC Committee's consensus on not wishing to provide further PDC funds to recapitalize it. Staff is seeking a vote from the PDC to establish a board position relative to providing further Development Action Grant funds. That position will be provided to the City Council for its consideration.

OVERVIEW

The Portland Development Action Program mainly provides grant assistance for public infrastructure known as the Development Action Grant (DAG). A list of all DAG recipients is attached to this memo. The other component of the Program is for loan assistance through project-specific bond issues to stimulate major development projects on the Peninsula. It has been used only once to assist the Maine College of Art with its acquisition of the Porteous Building on Congress Street. That loan has since been paid back in full.

A PDC Committee composed of volunteers board members Tim Agnew, Barry Sheff and Chip Martin met to consider modifications to the public infrastructure grants. After meeting and proposing some modifications to the Portland Development Action Program guidelines, these were to be presented at the PDC meeting in June. It turned out that time ran out on what was a packed agenda so this item was not addressed.

This may have been for the best as staff realized a few days before the meeting that just $43,387 remained in the fund for infrastructure grants. Staff emailed the PDC Committee members that were in town (Mr. Agnew and Mr. Sheff) with this information. Mr. Martin was away on vacation. As President of the Board, Drew Swenson was also included on this email. The email addressed the funding challenge, that is, whether to recommend to the PDC dissolving the grant component of the program once the remaining $43,387 is granted or potentially approving use of PDC's loan funds to recapitalize it.

HISTORY OF FUNDING SOURCES

The history of funding sources for the DAG was explained in that email as follows: When the program was created, the Council provided Capital Improvement Funds (CIP) for the infrastructure grants. Over time a total of $875,000 in CIP funds was used. When those funds ran out, the PDC provided $128,000 from its UDAG loan funds with the Council's approval. Then in 2014, an additional $56,000 in UDAG funds were moved (from the Unrestricted Fund) into the Program by the PDC. To date $184,000 of UDAG loan funds have been invested in the Program, with $43,387 remaining.

COMMITTEE CONSENSUS

The consensus from Mr. Agnew, Mr. Sheff and Mr. Swenson was to leave the DAG guidelines as they are until the money runs out. They were not in favor of a financial appropriation from the PDC loan funds to recapitalize the DAG. Following PDC Board discussion and vote, staff will draft a communication from the PDC to the City Council regarding its position on this matter.

Development Action Grants Approved from Inception to June 2017

Recipient	Date	DAG Amount	Infrastructure	Location
Jelin Industrial	Jan-94	$10,780	Sidewalks	27 Pearl Street
Joe Malone	May-95	$15,000	Sidewalks	Middle Street/Hampshire to India
Tracy-Causer	Apr-96	$14,000	Sidewalks, curbing, trees	Fore and Center Strets
City of Portland	Apr-96	$160,000	Sidewalks	Cumberland and Elm
City of Portland	Jun-96	$100,000	Sidewalks; lighting; landscaping	Cumberland and Elm
A&M Partners (WL Blake)	Nov-97	$13,450	Sidewalks and curbing	13 Franklin Street
Landfall, LLC (Shipwreck & Cargo)	May-98	$15,267	Sidealks and curbing	205-207 Commercial Street
Giclee	Nov-98	$13,350	Sidewalks	51-53 York Street
ARI	Nov-98	$14,600	Sidewalks	23-25 Middle Street
City/Coastal Bank	Jun-99	$150,000	Street Widing/Traffic Improvements	Doubletree Hotel/Congress Street
SALT Institute	Jul-99	$8,000	Sidewalks	Exchange Street
Amato's	Apr-00	$20,800	Sidewalks, curbing, drain	India Street
Peggy & Eric Cianchette	Jun-00	$50,000	Sidwalks, curbing	Commercial Street
Olympia Equity Investors	Oct-00	$49,276	Sidwalks, curbing	Commercial Street
Marginal Holdings	Apr-01	$9,000	Traffic Upgrades	87 Marginal Way
Portland Harbor Hotel	Sep-01	$34,000	Sidewalks	468 Fore Street
Atlantic Bayside	Jul-02	$25,000	Sidewalks	Marginal Way/Salt Shed
Olympia Equity Inc	Jul-02	$25,000	Sidewalks	Commercial and Franklin St.
75 York St, LLC	Oct-03	$6,326	Sidewalks	75 York Street
Cumberland YMCA	Feb-06	$16,100	Sidewalks	231 High Street
A & M Partners	May-05	$25,000	Sidewalks	59-75 Washington Avenue
Bayside Ventures	Feb-06	$21,400	Sidewalks, street lights	63 Marginal Way
Chestnut Street Lofts	Feb-06	$20,700	Sidewalks	Chestnut Street
Olympia Investors	Jul-06	$7,031	Sidewalks	300 Fore Street
Becky's Diner	Jun-07	$10,192	Sidewalks	Commercial Street
Atlantic Bayside Trust	Apr-08	$25,000	Sidewalks, street lights	Marginal Way
Maine Historical Society	Feb-09	$25,000	Sidewalks	Congress Street
Bayside Ventures (Ptld Hall)	Jul-09	$25,000	Sidewalks	Congress Street
Baxter Library LP	Oct-09	$25,000	Electrical lines/storm drainage pipes	Congress Street
Portland Bowl LLC	May-10	$25,000	Sidewalks, street lights	Alder Street
Salebaan Motors, Inc.	Aug-10	$4,550	Sidewalks	St. John Street
Random Orbit	Nov-10	$4,734	Sidewalks	Congress Street
Press Hotel	Oct-13	$25,000	Sidewalks, curbing	Exchange Street
Cow Plaza	Apr-14	$25,000	Sidewalks, curbing, street lights	Fore and Union Streets
HOME	Dec-14	$6,827	Water Line (serving all retail in garage)	Temple Street Garage
Total:		$1,018,556		

Economic Development Department
Gregory A. Mitchell, Director

TO: PDC President Drew Swenson and Board Members

FROM: Nelle Hanig, Business Programs Manager

DATE: September 22, 2017

RE: Approval and Recommendation to City Council to Modify Guidelines of Business Assistance Program for Job Creation (BAP)

OVERVIEW

Since the Business Assistance Program for Job Creation (BAP) was established in 2011, the guidelines have required that each job created, in exchange for receiving a grant, must be filled by a low/moderate income individual that is also a Portland resident. As set forth in the attached memo from the City Corporation Counsel's office, the BAP requirement that jobs be filled by Portland residents could be found to be unconstitutional.

For the new BAP round, the jobs must continue to be filled by low/moderate income individuals, as required by the U.S. Department of Housing and Community Development which funds BAP through the Community Development Block Grant (CDBG), but given the Corporation Counsel's memorandum, it is suggested that new hires should not be required to reside in Portland.

PROGRAM BENEFIT

The City remains a beneficiary of the CDBG funds through BAP because the grants are awarded to businesses located in Portland. Over the years, BAP has helped many new businesses to startup and existing businesses to grow.

RECOMMENDATION

Associate Corporation Counsel, Michael Goldman advises that the PDC remove from the BAP guidelines the requirement that jobs created must be filled by Portland residents.

ATTACHMENT

- Memo from Michael Goldman, Associate Corporation Counsel
- BAP Guidelines - Passed by City Council on August 1, 2016 – Redlined Version (residency removed)

MEMO

To: Members of the Portland Development Corporation Board of Directors

Cc: Greg Mitchell, Nelle Hanig

From: Michael Goldman, Associate Corporation Counsel

Date: September 22, 2017

Re: Local hire preference; BAP Guidelines.

The current version of the BAP Guidelines include, among other provisions, the requirement that grant recipients hire local residents for positions created with grant funds. As explained below, such provisions, are often challenged as unconstitutional under the Privileges and Immunities Clause of the United States Constitution, thus potentially making the City liable for attorney's fees and other expenses in the face of a successful claim.

Local Hire Preferences

As one commentator has explained, “[T]he biggest hurdle to the enforceability of a local hire preference is a Privileges and Immunities Clause challenge.” Jennifer D. Cantrell, Esq. et al., *Enforceability of Local Hire Preference Programs,* LEGAL RESEARCH DIGEST 59, April 2013 (hereinafter, “Cantrell”). The Privileges and Immunities Clause provides that "The citizens of each state shall be entitled to all privileges and immunities of citizens in several states." (U.S. Const. art. IV, § 2, cl. 1.). In *United Building & Construction Trades Council v Camden,* 465 U.S. 208 (1984), the U.S. Supreme Court made clear that a municipal local hire preference for public works projects triggered analysis under the Privileges and Immunities Clause because it affected the right of out-of-state residents to pursue employment. Under the circumstances, the Court explained that the City of Camden must establish that there is a “substantial reason” for treating residents and non-residents differently. In determining whether a substantial reason exists, “the inquiry in each case must be concerned with whether such reasons do exist and whether the degree of discrimination bears a close relation to them.” The Court further explained that Camden needed to show that nonresidents “constitute a peculiar source of the evil at which the [ordinance was] aimed.”

As Cantrell summarizes the issue, to justify a local hire preference, it is necessary for municipalities to show that (1) they have a substantial reason to discriminate against nonresidents, and (2) that the local hire preference is directed at remedying unemployment. Cantrell at 10. Before adopting such a policy, a municipality should have sufficient data (i.e. a study, investigative report, etc.) establishing, for example, that local unemployment is directly caused by the influx of nonresident labor and is not of the municipality’s own doing. Without this type of justification and evidence showing that nonresidents are the cause of local unemployment, a challenged local hire program and/or policy is unlikely to meet the burden of establishing a substantial reason to discriminate against nonresidents. The Court has not specifically indicated the type of data it would deem sufficient to support such preferences, but it has said that comparative statistics (i.e. on the difference between a municipality's high level of unemployment and unemployment levels in the state or county) are not sufficient without more. Courts have indicated that municipalities (or a third party) should conduct studies of the situation in the municipality as well as quantitative cost-benefit analysis in which the evidence of increased employment among residents is weighed against the costs associated with barring nonresident workers and contractors. As Cantrell warns, “Given that local unemployment can be attributed to a number of different variables besides the influx or presence of nonresidents, this has been a difficult evidentiary burden to meet.” Cantrell at 10.

Conclusion

As set forth in the case law and commentary summarized above, municipal hiring preferences that are based on residency are susceptible to constitutional challenges under the Privileges and Immunities Clause. The protections afforded by that clause is not absolute, but municipalities must gather evidence of discrimination before establishing such preferences, and they must demonstrate that the preferences are specifically targeted to address that discrimination. Although it is not clear exactly what evidence would justify the proposed preferences, it is clear that we would need to conduct a study to gather information on the labor market and local hiring practices that would support a discriminatory preference before adopting one. This memo contains a very brief overview of some of the constitutional issues that arise out of municipal hiring preferences. Please let me know if you have questions or if you would like me to conduct additional research on this matter.

Portland Business Assistance Program for Job Creation

Program Description

The City of Portland's Business Assistance Program for Job Creation provides grants up to $20,000 to new and expanding Portland businesses for the creation of net new, permanent full-time jobs for low/moderate income ~~Portland residents~~ individuals.

Program Objectives

- Job creation for low/moderate income ~~Portlanders~~individuals;
- New business formation and existing business expansion;
- Leverage private investment to support business growth;
- Help new and expanding businesses establish credit;
- Enhance the health and vitality of the Portland economy.

Program Requirements

- Create one (1) full-time job (at least 1,750 hours/year *) for every $10,000 of grant funding;
- Business location of applicant fits any of the following: In a low income area of the City; Within walking distance to one or more of these areas; or, Easily accessible from these areas via public transportation;
- Net new jobs created with the help of the grant are marketed to low/moderate income** individuals ~~Portland residents~~, resulting in at least 51% of these jobs going to this population. As an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income ~~Portland residents~~individuals;
- Job(s) are created within nine (9) months of signing a grant agreement.

Financing Terms

- Maximum grant: $20,000 per business.
- Required Private Match: Equal to or greater than grant amount.
- Private Match Sources: Private investment match includes at least 50% private equity. The remaining 50% may be a bank loan or a loan from the City's Commercial Loan Program, if conventional financing is not available. For existing businesses, the 50% equity can include private investment made within the past 12 months.

Application Review Preferences:

Preference is given to applications that include one or more of the following components (listed in no particular order):

- Job training: Teaching meaningful skill(s) to new hires;
- Private match exceeds the grant amount requested;

- Number of net new jobs exceeds one (1) per $10,000 of grant funding;
- Quality jobs are created offering wages that meet or exceed the minimum wage approved by the Portland City Council.

Eligible Funding Activities

- Equipment and machinery ;
- Permanent working capital, (e.g., inventory, furniture and fixtures, relocation expense);
- Working capital expenses (e.g., rent, utilities, salaries, insurance);
- Up to $1,000 for business consulting services (e.g., accounting, marketing, software training, legal assistance);
- Leasehold improvements, renovation, reconstruction, or restoration of vacant, under-utilized or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons. (Construction projects must comply with Davis Bacon federal labor standards.)

Ineligible Activities

- Refinance existing debt;
- Down payment for other financing;
- Use of grant funds for activities, (e.g., purchases of equipment and supplies), commenced or completed prior to program funding approval and prior to signing a grant agreement.

Basic Program Qualifications

- Business must be located within the City of Portland;
- Applicant cannot owe outstanding property taxes, fees, or judgments to the City, and property must be free of all City liens and encumbrances.

Application and Approval Process

The City's Economic Development Department is responsible for administration of the Business Assistance Program for Job Creation, with guidance from the Housing and Community Development Division. Eligible applications are reviewed by an underwriter and then presented to the Portland Development Corporation (PDC) for its review. The PDC has final decision-making authority in approving applicants for grant awards.

Reporting and Tracking (after grant approval)

Jobs: Jobs must be created within nine (9) months of signing a grant agreement after being approved for a grant. Grant recipients will be required to provide quarterly reports until all hires are made, and then for one year beyond that.

- Property: The City will retain an interest in property improved or equipment purchased (worth $5,000 or more) with grant funds for up to five (5) years. If such property improvements or equipment are transferred, or otherwise disposed of within the five (5) year period from the date the improvements are completed or equipment is purchased, respectively, the City may require partial repayment (on a pro rata basis) of the grant funds.

Program Actions if Grantee Business is Unable to Meet Job(s) Requirements

Nine (9) months from the date of signing the grant agreement, if a grantee business has been unable to create the required number of jobs, the PDC Board, at its discretion, may require that the grantee return all grant funds that it has drawn down. In the case of a grantee business that has been unable to retain the required job(s) for one year from the time the job(s) was initially created, the PDC Board, at its discretion, may require the partial repayment (on a pro-rata basis) of grant funds.

Alternatively, should the PDC Board determine, in its judgement, that the grantee has made a good faith effort to create the required number of jobs within nine (9) months of signing the grant agreement or to retain the job(s) one year from the time the job(s) was created:

A) The Board may approve the use of any of the following options it deems most appropriate:

- Allow the creation of two part-time jobs for low/moderate income individuals ~~Portland residents~~ in place of one full-time job to meet the job creation requirement per $10,000 in grant funds. A part-time job is defined as working at least 875 hours per year but less than 1,750 per year;***

- Qualify the business as a microenterprise if the business owner meets HUD's low/moderate income threshold (80% of median HH income) and the business has five or fewer employees**** This qualification would not require the creation of jobs, other than the job that was created for the low/moderate income business owner.

- ~~Waive the Portland residency requirement for the full-time job that was created or will be created.~~

And,

B) The Board will make a determination whether to release the balance of the approved grant funds to the grantee.

NOTE: These actions are retroactive and may be applied to any BAP grantee business that has not yet met its job requirements, per these guidelines.

Definitions

*Definition of a full-time job, per the Maine Department of Economic and Community Development;

**For the purposes of this Program, low/moderate income is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link: http://www.portlandmaine.gov/DocumentCenter/Home/View/8939

***Definition of a part-time job, per the Maine Department of Economic and Community Development;

****Two part definition of a microenterprise, per the U.S. Department of Housing and Urban Development.

Economic Development Department
Gregory A. Mitchell, Director

TO: PDC President Drew Swenson and Board Members

FROM: Nelle Hanig, Business Programs Manager

DATE: September 22, 2017

RE: PDC Approval to Apply to EPA for Brownfields Assessment Grant

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OVERVIEW

On behalf of the City of Portland, the Economic Development Department would like to apply to the U.S. Environmental Protection Agency (EPA) for a $200,000 community-wide Brownfields Assessment Grant. Assessment grants provide funding for a range of assessment activities, including developing inventories of brownfields, prioritizing sites, conducting community involvement activities, conducting Phase I and Phase II site assessments, and developing cleanup plans and reuse plans related to brownfield sites. While the assessment grant funds may not be used to conduct cleanups, the City already has an $800,000 grant for conducting cleanups.

Should the City's application be successful, as the grant recipient, the City/PDC could fund assessment activities on properties owned by for profit and non-profit entities that meet the EPA's eligibility requirements. Entities would apply to the PDC to fund particular assessment activites on particular sites. If it approves, the PDC would directly fund those assessment activities rather than provide grants to the applicants. This is the manner in which the EPA wants assessment funds administered.

Applications are due November 16, 2017. EPA anticipates notification to successful applicants by Spring 2018

NEED FOR ASSESSMENT FUNDS

At this time, the number of projects seeking brownfields cleanup funds exceeds the $800,000 in the Brownfields Cleanup Revolving Loan Fund and the $339,000 in the Brownfields Closeout Funds. In order for the City to be able to assist with Brownfiels assessments on properties in the future, additional funds will be needed.

RECOMMENDATION

Staff recommends PDC approval and recommendation to the City Council to submit an application for a $200,000 Assessment Grant from EPA.

Portland, Maine Yes. Life's good here.

Economic Development Department
Gregory A. Mitchell, Director

TO: PDC President Drew Swenson and Board Members

FROM: Nelle Hanig, Business Programs Manager

CC: Greg Mitchell, Economic Development Director

DATE: September 22, 2017

RE: Application for New BAP Funding from the Community Development Block Grant

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OVERVIEW

Applications seeking funds from Portland's Community Development Block Grant will be due November 13, 2017. The Economic Development Department staff are considering the odds for success were they to apply for $100,000 to capitalize a fifth round of the Business Assistance Program for Job Creation. If staff determine that the application could be successful, they would like to submit an application.

The fourth round grant funds ($108,543) became available July 1, 2017, however, the program couldn't be launched given concerns about the residency requirement for new hires. The program will be announced and applications accepted just as soon as the issue of whether to require that job recipients be Portland residents is resolved.

Fourteen businesses have expressed an interest in applying for BAP grants and are on an email list waiting to hear that applications are being accepted. Once the program is launched, staff anticipates that a large number of applications will come in immediately. It is likely that most, if not all, of the grant funds will be awarded by the Winter of 2018.

RECOMMENDATION

Staff recommends a vote to approve their applying for a $100,000 grant to capitalize BAP should it be determined that the application will have a good chance for success.

Portland Development Corporation
Preliminary Draft Operating
Report FY18
For Month Ending
8/31/2017

Operating transfer from EDF	**28,522**

Total Funds Available	**28,522**

FY18 Expenditures	**Budget**	**Current Month**	**Year to Date**	**Percent of Budget**	**Balance**
Administrative Services	575	0	0	0.0%	575
Postage	300	10	10	3.4%	290
Travel, Training, Meetings	4,000	14	14	0.3%	3,986
Contractual Services	10,500	0	0	0.0%	10,500
Operating Transfer to Fin.	9,647	0	0	0.0%	9,647
Advertising	2,000	0	0	0.0%	2,000
Auto Expense Reimb.	100	0	0	0.0%	100
Printing & Binding	650	15	15	2.3%	635
Office Supplies	750	120	120	16.0%	630
Total FY18 Expenditures	**28,522**	**159**	**159**	**0.6%**	**28,363**

Expenditures:	
Postage	General Courier Services
Travel, Training, Meetings	Meeting Refreshments
Printing and Binding	Replacement Nameplate
Office Supplies	Various

Downtown Portland Corporation
Schedule of Loans Receivable
For the Month Ending August 31, 2017

Cust #	Ln #	Account No. & Name	Date of Loan	Maturity Date	----Committed/Disbursed Funds----- Original Loan	Not Yet Disb.	Total Disb .	Outstanding Princ. Bal.
		Portland Business Fund 271 (UDAG/Unrestricted):						
7065	1545	Injac Properties, Inc.	6/10/2016	7/1/2021	122,500	$0	122,500	$77,725
7158	1561	Forefront Brick South, LLC	11/18/2016	12/1/2026	100,000	$0	100,000	$95,066
		Sub-Total PBF (UDAG)						**$172,791**
		Portland Business Fund 272 (Restricted - CIP):						
7124	1554	Creative Portland	10/11/2016	11/1/2023	25,000	$0	25,000	$22,183
6502	1436	Portland Food Cooperative	6/4/2014	10/1/2021	130,000	$0	130,000	$97,192
		Sub-Total PBF (Bonds/CIP Restricted)						**$119,375**
		Portland Micro Capital Fund 271 (UDAG/Unrestricted):						
5708	1438	Veranda Asian Market LLC	4/19/2012	8/1/2017	50,000	$0	50,000	$134
5837	1341	Back Bay Skate	9/10/2012	9/1/2017	12,500	$0	12,500	$1,967
6113	1379	EcoHome Studio, LLC	4/11/2013	4/1/2018	15,000	$0	15,000	$2,170
6120	1380	Portland Trading Co. LLC	4/26/2013	8/1/2018	15,000	$0	15,000	$12,451
6501	1435	Sur Lie Wine Bar, LLC	5/2/2014	9/1/2021	37,335	$0	37,335	$23,165
6635	1464	Damiak's Bakery, LLC	10/16/2014	11/1/2019	25,000	$0	25,000	$12,022
7092	1559	Vin Bar, LLC	7/26/2016	9/2/2021	50,000	$0	50,000	$42,179
		Sub-Total Micro Capital Fund						**$94,088**
		Portland Business Fund Fund 274 (CIP/Unrestricted):						
6597	1458	Back Cove School	8/29/2014	9/1/2019	55,000	$0	55,000	$36,527
6828	1505	Poplar & Co., LLC	6/5/2015	10/1/2022	37,500	$0	37,500	$29,268
6868	1512	Billdotcom, LLC	8/29/2015	9/1/2022	102,500	$0	102,500	$96,552
7091	1546	Skunk Ape, LLC	7/21/2016	8/1/2023	75,000	$0	75,000	$65,086
		Sub-Total PBF (Bonds/CIP Unrestricted)						**$227,433**
		Creative Economy Fund 271 (UDAG/Unrestricted):						
5615	1308	Studio Management Corp.	1/20/2012	2/1/2017	26,000	$0	26,000	$3,561
		Sub-Total Creative Economy Fund						**$3,561**
		FAME Fund 277:						
5862	1351	Peaks Island Fuel	10/1/2012	10/1/2017	61,000	$0	61,000	$50,048
6531	1450	North Atlantic, Inc.	6/23/2014	1/1/2020	75,000	$0	75,000	$34,589
6598	1459	Browne Trading CO.	9/3/2014	10/1/2019	83,333	$0	83,333	$39,644
6692	1475	Maine & Loire LLC	12/30/2014	1/1/2020	45,000	$0	45,000	$17,242
6784	1485	SB & LC Properties, LLC	4/6/2015	5/1/2020	101,200	$0	101,200	$95,018
6485	1429	Evo Rock & Fitness Portland	4/14/2014	11/1/2024	132,954	$0	132,954	$102,306
6973	1524	Auto-Care, LLC	2/5/2016	3/1/2021	32,500	$0	32,500	$29,161
7029	1533	BayCycle	5/13/2016	9/1/2023	20,000	$0	20,000	$17,369
7103	1548	Cakeworks, Inc.	8/5/2016	9/1/2022	62,500	$0	62,500	$57,056
7176	1565	Adele Masengo Designs, Inc.	1/6/2017	2/1/2022	15,000	$0	15,000	$14,352
7157	1560	Forefront Brick South, LLC	11/18/2016	12/1/2026	250,000	$0	250,000	$237,666
		747 Congress LLC	1/25/2017	7/1/2022	150,000	$150,000		$0
7276	1580	Union Bagel	6/20/2017	7/1/2020	46,000		46,000	$44,836
7293	1582	Wallace James	7/14/2017	8/1/2022	100,000		100,000	$98,567
		Sub-Total FAME Fund						**$837,855**
		FAME SSBCI 279:						
5748	1327	Fermentation & Distillation	4/25/2012	10/1/2017	165,000	$0	165,000	$11,562
6199	1390	Inn at Diamond Cove LLC	7/10/2013	7/1/2018	200,000	$0	200,000	$165,873
7233	1570	KODA, LLC	3/31/2017	4/1/2027	100,000	$0	100,000	$99,011
6867	1511	Billdotcom, LLC	8/19/2015	9/1/2022	92,500	$0	92,500	$87,225
		Sub-Total FAME SSBCI						**$363,671**
		Real Estate Investment Fund 271(UDAG/Unrestricted):						
6104	1378	McCuda, LLC	4/19/2013	4/1/2018	200,000	$0	200,000	$170,188
		Sub-Total RE Invest						**$170,188**
		Brownfields Loan Fund 278						
6555	1457	Forefront Partners, LP	7/30/2014	2/1/2020	200,000	$0	200,000	$153,374
		Sub-Total Brownfields						**$153,374**
		Grand Total Loans				**$150,000**	**2,860,322**	**$2,142,335**
		Allowance for uncollectable loans at 15%						$321,350
		Total with Allowance for uncollectable loans:						**$1,820,985**

Cash Management Report
8/31/2017

			UDAG	FAME	FAME	Brown-	Brown-		Year-to-Date						
	CIP		271		SSBCI	field 1	field 2		Principal/Interest						
	272	274	(Unrestricted)	277	279	278	280		CIP		UDAG				
	Restricted	Unrestricted	Loans/Grants					TOTAL	Restricted	Unrestricted	Unrestricted	FAME	SSBCI	Brnfld 1	Brnfld 2
Cash Bal. Beginning of Reporting Mo.	**268,113**	**131,416**	**476,886**	**282,269**	**561,630**	**339,065**	**2,784**	**2,062,163**							
Plus:															
Principal payments received	1,321	1,870	4,007	9,626	124,571	1,478			2,828	3,546	18,104	14,368	131,580	1,478	0
Interest payments received from loans	314	884	1,665	2,785	1,318	500			761	1,819	3,784	6,540	3,461	500	0
Interest Income					495	289							495	289	0
Other Income/Adjustments		-158	30												0
Pass Through From FAME/SSCBI				24,000											
Sub-Total Cash Available	**269,748**	**134,012**	**482,588**	**318,679**	**688,014**	**341,331**	**2,784**	**2,237,156**	**3,589**	**5,365**	**21,888**	**20,907**	**135,536**		**0**
Less:															
FAME Annual Admin. Fee; Invoices						-883									
Disbursements - Loans/PDAP Grants			(9,902)												
Sub-Total Cash Available:	**269,748**	**134,012**	**472,686**	**318,679**	**688,014**	**340,448**	**2,784**	**2,226,371**							
Less Reserves for:															
Beautification Program (EC0301)			(72,000)												
PEDPIP Fund Commitments thru FY16			(51,033)												
PEDPIP Fund FY17 Commitments			(33,676)												
PEDPIP Fund FY18 Commitment			(37,900)												
Portland Dev. Action Grant (EC0302)			(43,287)												
Transfers not yet recorded (UDAG Int)			(3,784)												
BAP Grants															
Used for Administration															
Total Ending Loan/Grant Cash Bal.	**269,748**	**134,012**	**231,006**	**318,679**	**688,014**	**340,448**	**2,784**	**1,984,692**							

Bal. of Unrestricted/Uncommitted Funds ao 7/1/17:		379,676
PEDPIP Cap for FY18 (ao 7/1/2017) at 10% of above:		37,900
PEDPIP Commitments for FY18 to date:	0	37,900

Portland Economic Development Implementation Program	
FY2018 Grant Funding Available:	**$37,900**
Current Round of Applications Due:	**9/29/2017 at 3:00 p.m.**

Portland Economic Development Implementation Program			
FY2017 Grant Funding Available:	**$48,331**		
Grantee Approved	**Grant Amount**	**Date Approved**	**Project**
Portland Downtown	$7,155	10/20/2016; Amt Amended 3-	Parking Study
ME Convention Center Collaborative	$10,000	10/20/2016	Convention Center Feas. Study
ME Center for Entrepreneurial Dev.	$7,500	10/20/2016	E*Next Pilot Project
Portland Buy Local	$2,500	10/20/2016	Community Forum to Strength Local Businesses
Portland Downtown	$2,500	10/20/2016	Walking Tour Guide
Maine College of Art	$3,676	5/25/2017	Campus Master Plan
GPCOG	$5,000	5/25/2017	Portland Food Launch & Festival
Women United Around the World	$10,000	5/25/2017	Vocational Training Program for Immigrant Women
Total Approved:	**$48,331**		
Balance of Funds Available:	**$0**		

Business Assistance Grant Program for Job Creation - FY2015/2016			
Prior Round Funds Available:	**$5,000**	**Admin:**	**$713**
FY2016 Grant Funding Available:	**$100,000**		
		Date	**Jobs**
Grantee/Grant Approved	**Grant Amount**	**Approved**	**Funded**
Forq Food Lab	$10,000	12/17/2015	1
Auto-Care LLC	$10,000	4/21/2016	1
Swallowtail Farm	$20,000	4/21/2016	2
Buoy Local	$10,000	5/19/2016	1
VinBar, LLC	$20,000	5/19/2016	2
Bella Maine, LLC	$20,000	5/19/2016	2
Cakeworks, Inc.	$10,000	6/16/2016 and 8/11/2016	1
Union Bagel Co.	$10,000	6/16/2016	1
Buoy Local - Not Using Grant	($10,000)		-1
Adele Masengo Designa, Inc.	$5,000	12/15/2016	1
Balance of Funds Available:	**$0**	**Total Jobs:**	**11**