PORTLAND DEVELOPMENT CORPORATION
Board Meeting

DATE: Thursday, April 23, 2020
TIME: 4:00 PM
LOCATION:

On Thursday, April 23, 2020, at 4:00 p.m., the Portland Development Corporation (PDC) Board of Directors will conduct a virtual meeting using emergency legislation approved by LD 2167, 1 MRS 403-A, that authorizes cities and towns to conduct meetings online.

The Portland Development Corporation Board meeting is not required to take public comment, and this will continue during remote meetings.

You are invited to a Zoom webinar.
When: Apr 23, 2020 04:00 PM Eastern Time (US and Canada)
Topic: Remote PDC

Please click the link below to join the webinar:
https://zoom.us/j/95783858454

Or iPhone one-tap :
US: +13126266799,,95783858454# or +16465588656,,95783858454#
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
US: +1 312 626 6799 or +1 646 558 8656 or +1 346 248 7799 or +1 669 900 9128 or +1 253 215 8782 or +1 301 715 8592
Webinar ID: 957 8385 8454

AGENDA

1. President's comments

2. Review and vote on revised proposed guidelines/criteria for the Rapid Response Micro Loan Program, revised staff recommendations on COVID-19 BAP guideline amendments, and revised staff proposed Microenterprise Grant program for possible recommendations to the City Council for approval in response to the COVID-19 Pandemic.

    a. See revised Memorandum and backup.

3. Review and discuss interest rates for the PDC existing loan programs.

    a. See attached Memo.

4. Other Items to be discussed/brought up by Board Directors

5. Next Regular Meeting Date: May 21, 2020

CITY OF PORTLAND
Economic Development
Gregory A. Mitchell, Director

MEMORANDUM

TO:	President Julie Viola and PDC Board Members
FROM:	Nelle Hanig, Business Programs Manager
CC:	Greg Mitchell, Economic Development Director
DATE:	April 22, 2020
RE:	**Proposed COVID-19 PDC Business Assistance Programs for Potential CDBG Funding**

Proposed Staff Revisions Relative to Last Week

Please note that the three proposed COVID-19 programs, including the Rapid Response Micro Loan Program, COVID-19 Business Assistance Program and COVID-19 Microenterprise Assistance Program need to work in concert with each other. Given the PDC's requested modifications to the Rapid Response Micro Loan Program last week, staff needed to rework some of the particulars in each of the programs so that the grant amounts and job re-hiring numbers were consistent and equitable. This is reflected in the program summaries in this memo and, of course, in the attached guidelines, including the revised Rapid Response Micro Loan Program Guidelines.

Overview

The COVID-19 crisis has presented numerous challenges for businesses. In response to COVID-19, city staff is proposing modifications to the Business Assistance Program for Job Creation (BAP) to support job rehiring and the establishment of a new Microenterprise Grant Program (MGP) to assist very small businesses with stabilization. These programs are designed to complement and not substitute for available federal and state emergency assistance programs.

Programs are designed to assist businesses during and after Stay at Home Orders with emphasis upon the following:

- Job Rehiring for Essential Businesses During Stay at Home Orders. While stay at home rules are in place, providing funds to help with rehiring furloughed employees in order to operate an essential business;

- Job Rehiring Once Stay at Home Orders are Lifted. Once non-essential businesses are permitted to reopen and essential businesses that may have closed or operated at a limited capacity are ready to ramp back up, providing funds for hiring back furloughed employees and getting the businesses operating again at limited or full capacity.

- Stabilizing Microenterprises During and After Stay at Home Orders are Lifted. While the U.S. Department of Housing and Urban Development (USHUD) defines a microenterprise as a business owned by a low/moderate income person with five or few employees, for the proposed Microenterprise Grant Program, the definition would be more restrictive, that is, for those with no more than one employee as well as the low/moderate income owner.

With these objectives in mind, staff is proposing modifications to the BAP and establishment of a new Microenterprise Grant Program. It is hoped that Community Development Block Grant (CDBG) funds will capitalize programs. To date, none of the funding anticipated by the City of Portland from USHUD is yet committed to specific programs. Nonetheless, staff felt it was prudent to seek PDC review and approval of potential programs so the Economic Development Department could present them to the City Council for funding consideration.

BUSINESS ASSISTANCE PROGRAM FOR JOB CREATION

PDC Committee's PROPOSED MODIFICATIONS TO BAP PRIOR TO COVID-19

Well before the pandemic, a PDC Committee (Tae Chong, Jeffrey Hicklin and Steve Lovejoy) met and agreed to propose certain modifications to the BAP guidelines. The committee was formed because a number of board members felt the program needed to be strengthened. The Committee's proposed modifications to BAP are included in an attached redlined document.

In summary, the most substantive modification to the program is providing greater incentive for the creation of higher paying jobs. This is done on a tiered basis, providing grants up to $30,000 for the highest paying jobs, down to $20,000 and $10,000 grants for jobs that pay less. In addition, Training is added to Eligible Funding Activities and added to the Criteria/Preferences section are two subsets - Business Sector: Growing/trending up in Portland; and Community: Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

PROPOSED COVID-19 BUSINESS ASSISTANCE PROGRAM (Staff Recommendation)

In light of the COVID-19 crisis, given that the BAP is for the creation of net new jobs, it would not be helpful for most small businesses. It is fortunate that the U.S. Department of Housing and Urban Development (USHUD) has modified its regulations in response to the crisis. Now they are permitting the use of CDBG economic development funds to be used for rehiring (that is reestablishing jobs that had been in place prior to the pandemic), rather than just for creating net new jobs. See attached Draft COVID-19 BAP Guidelines to provide grants to business for rehiring previous workers or re-creating jobs (for low moderate income individuals) that were on the payroll on Feb. 1, 2020.

PDC Board Policy Considerations for Discussion

There are several issues to consider. First, should these be dollar-for-dollar matching grants as they have been in past. There will likely be many businesses that don't have enough of their own cash for the match. While the current guidelines require at least 50% of the business' own funds for the match, they can use loans and grants for the other 50%. Perhaps the guidelines could allow a business to use 100% of other loans and grants as match or BAP might require no match at all. Staff recommends the latter.

Another issue is based on the PDC Committee's proposed tiered modifications. In the current environment, is a grant of $30,000 to a business for one rehired job the preferred approach? There will be numerous businesses reaching out for BAP grants, many more than in past. In order to assist as many as possible, staff recommends decreasing these grants to $5,000/business for rehiring or re-creating two full-time equivalent (FTE) jobs. Two part-time jobs equal one FTE.

PROPOSED COVID-19 MICROENTERPRISE GRANT PROGRAM (Staff's Recommendation)

Staff is proposing a COVID-19 Microenterprise Grant Program that would provide $2,500 grants to businesses with no more than one full-time equivalent employee as well as the owner(s) who must be low/moderate income (per HUD's income table attached). Full time equivalent is 1full-time or 2 part-time individuals.

Such assistance would help owners of very small businesses that don't have resources to weather the COVID-19 environment. For those that have had to close, the grant would help to cover the cost of rent and utilities to maintain the work space in order to get back in business within some months of receiving the grant. For example, this may include artist-owned businesses, hair salons, yoga studios, small retailers, fisherman and others that operate their businesses in leased space (including leased berthing space) with no more than one full-time equivalent (FTE) employee. Proposed guidelines for this program are attached.

ATTACHMENTS

Revised Staff Recommended Rapid Response Micro Loan Guidelines
Pre-COVID-19 PDC Committee Recommended Guideline Modifications to BAP
Revised COVID-19 Staff Recommended Guideline Modifications to BAP
Revised COVID-19 Staff Recommended Guidelines for Microenterprise Grant Program

City of Portland Business Financing						
Program	**Funding Source**	**Funding Type & $**	**Forgivable Loan**	**Match**	**# of Employees**	**Status of Business**
Proposed Pre COVID-19 Crisis						
BAP with Committee Recommendations	CDBG	Grant up to $30,000		1 to 1	1 or more	Startup and Existing
Proposed Due to COVID-19 Crisis						
COVID-19 BAP	CDBG	Grant of $5,000		None	2 FTE or more rehires	Existing
Rapid Response Micro Loan Program	CIP & UDAG	Loan up to $15,000	$5,000 if rehire 2 FTE	None	2 -8 FTE	Existing
COVID -19 Microenterprise Grant	CDBG	Grant up to $5,000		None	0 to 1 FTE (not including owner)	Existing
Existing						
BAP - Current	CDBG	Grant up to $20,000		1 to 1	1 or more	Startup and Existing
Standard City Loans	REDRLP/CIP/UDAG	Loans up to $200,000		Equity	N/A	Startup and Existing

Full-Time Equivalent (FTE): 1 full time job (at least 34 hours/week) equals 2 part-time jobs (at least 17 hours/week each)

DRAFT

Portland Rapid Response Micro Loan Program

Program Purpose: To provide financial assistance to Portland businesses most impacted by COVID-19, which are in danger of closing, have laid off workers, or have had to close temporarily**.** Funds available are not intended to substitute for available COVID-19 federal and/or state commercial financing if a business is able to access one or both.

Program Funds: $400,000 from Unrestricted CIP and UDAG funds, capped at $250,000 for the first round of the program.

Uses of Loan Funds: Rent, utilities, inventory~~,~~ and payroll~~. For example, three months of working capital or essentially startup working capital to ramp back up for those businesses that had to close for a temporary period of time.~~

Loans ~~of $5,000~~ up to $15,000 per business: No application fee; Commitment fee: 0.5% (reduced from 1%).

Employee Retention or Rehiring: $5,000 forgivable within nine (9) months of signing a grant agreement (after being approved) or six (6) months after the Stay at Home Order has been lifted, whichever is less. ~~one year of~~ ~~loan closing if at that time~~ IF at least two full-time equivalent (FTE) employees or jobs that were on the payroll on February 1, 2020 are back on the payroll or remained on the payroll.~~either of the following scenarios are met:~~ Two part-time employees (at least 17 hours/week) may equal one full-time employee (at least 34 hours/week).*

- ~~Same number of full- and part-time employees are hired back that worked at the company on February 1, 2020; or~~
- ~~Current number of full- and part-time jobs at the company on February 1, 2020 were maintained.~~

Interest Rate and Term: 0% interest rate with a ~~if paid back within two years; 1% on remaining balance after~~ 2 year term for repayment~~s; maximum term of 5 years~~. Loan payments begin 6 months after closing the loan.

Eligibility

- Business is located in Portland;
- Sales < $1,000,000;
- On February 1, 2020, had on the payroll at least 2 full-time up to 8 full-time equivalent positions ~~Employed at least 4 people~~, not including the business owner. (1 full-time job of at least 34 hours/week equals 2 part-time jobs of at least 17 hours/week). ~~on February 1, 2020~~;
-
- Demonstrate that other available federal and state emergency loan program assistance is not available to assist the company.

Criteria

The PDC will weigh the following criteria, but has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);
- Business has been substantially impacted by COVID- 19
- Personal credit score of at least 600
- A good community partner;

For business established before 2019

- Growth trend up from 2018 to 2019;
- Does not have excessive reliance on debt pre COVID-19;

For businesses established in 2019

- Projections from business plan are consistent with actual 2019 revenues.

Required Submittals

- City of Portland Rapid Response Micro Loan Program Application;
- Personal financial statement - from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- Balance Sheet for 2019;
- Profit and Loss for 2019;
- Payroll from early February showing number of full and part-time employees;
- Demonstrated unsuccessful efforts to ~~Rejection (email or letter)~~ access Federal and State resources (e.g., ~~from~~ SBA Economic Impact Disaster ~~mergency~~ Loan Program, Paycheck Protection Program and~~/o~~r FAME COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs.

Security for Approved Loan

- Unlimited personal guarantees from all with ownership of 20% or greater;
- UCC-1 on all business assets (ABA) regardless of lien position relative to other lien holders, if any;
- ~~Collateral requirements will be determined on a case-by-case basis.~~

Schedule and Process:

If approved by the City Council on May 4, 2020, the first round of the program will be launched to the public on May 5th. Applications will be due May 21, 2020.

Expedited loan closings will be provided after completed loan application packages are ~~is~~ received by staff and requests are~~is~~ approved by the PDC Board.

Program Sunset:

This program has a termination date of December 31, 2020.

* Per the Maine Department of Economic and Community Development, the definition of a full-time job is at least 1,750 hours/year (34 hours/week) and for part-time at least 875 hours per year (17 hours/week) but less than 1,750 per year ;

Portland Business Assistance Program for Job Creation

PDC Committee Recommendations

Program Description

The City of Portland's Business Assistance Program for Job Creation (BAP) provides grants up to $30,000 ~~$20,000~~ to new and expanding Portland businesses for the creation of net new, permanent full-time jobs for low/moderate income individuals.

Program Objectives

- Job creation for low/moderate income 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/Eligibility

- Create one (1) full-time job (at least 1,750 hours/year *) for every $10,000 - $30,000 of grant funding, relative to the hourly wage offered;
- Applicant business location 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 job(s) created with the help of the grant is marketed to low/moderate income** individuals, resulting in at least 51% of these jobs going to this population. (For example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income individuals);
- Job(s) is created within nine (9) months of signing a grant agreement;
- Wage paid to new hire(s) exceeds Portland's minimum wage.

Financing Terms:

- Maximum grant: ~~$20,000~~ up to $30,000 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 Criteria/Preferences:

Criteria/Preferences (listed in no particular order):

- Career Potential
  - Job training for new hire(s) in a marketable skill;
  - Potential for job advancement within the company or elsewhere.

- Employer
  - Demonstrated need for grant funds to create job(s);
  - Private match exceeds grant amount requested;
  - Number of net new jobs exceeds program requirement. ~~one (1) per $10,000 of grant funding~~.

- Compensation and Benefits
  - Quality of compensation and benefits package (for example, wages, health, vacation, sick leave).
- Business Sector
  - Growing/trending up in Portland.
- Community
  - Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

~~o~~

Tiered Grants

Toward the objective of targeting grants for the creation of high wage jobs, the following is a tiered scale of grant size relative to the hourly wage for creating a planned net new job. The PDC has the option to make exceptions where it deems appropriate.

Hourly Rate	Maximum Grant Size
$13.00 - $17.00	$10,000 for one full-time job;
$18.00 - $22.00	$20,000 for one full-time job;
$23.00 and above	$30,000 for one full-time job.

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Eligible Funding Activities:

1. Equipment and machinery;
2. Permanent working capital, (e.g., inventory, furniture and fixtures, relocation expense);
3. Working capital expenses (e.g., rent, utilities, salaries, insurance);
4. ~~Up to $1,000 for B~~Business consulting services (e.g., accounting, marketing, ~~software training~~, legal assistance);
5. ~~4.~~Training;
6. ~~5.~~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:

a. Refinance existing debt;
b. Down payment for other financing;
c. 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 analyzed 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. An extension of three (3) months may be granted with strong evidence that the required number of jobs will be created by the end of that period.

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 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.

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.

~~De~~finitions

*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.

SECOND DRAFT

COVID-19 Portland Business Assistance Program for Job Creation

Program Description

The City of Portland's COVID-19 Business Assistance Program for Job Creation (C19 BAP) provides grants up to $~~20~~ 5,000 to ~~new and expanding~~ existing Portland businesses for the re-creation (rehiring) of ~~net new,~~ permanent full-time jobs for low/moderate income individuals that existed as of February 1, 2020.

Program Objectives

- ~~Job~~ Re-create jobs ~~on~~ for low/moderate income individuals;
- ~~New business formation and~~ Stabilize and strengthen existing businesses ~~expansion~~ impacted by the COVID-19 crisis;
- ~~Leverage private investment to support business growth;~~
- ~~Help new and expanding businesses establish credit;~~
- Stabilize and strengthen ~~Enhance the health and vitality of~~ the Portland economy.

Program Requirements/Eligibility

- Re-c~~C~~reate two full-time equivalent (FTE) jobs, that is (two ~~o~~o~~ne~~ (2~~1~~) full-time job~~s (at least 1,750 hours/year~~ *~~)~~ four part-time jobs ** or a combination thereof for every $~~10~~5,000 of grant funding ;
- Applicant business location 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;
- Re-created ~~Net new~~ job(s) ~~created~~ with the help of the grant are~~is~~ marketed to low/moderate income*** individuals, ~~resulting in at least 51% of these jobs going to this population. (For example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income individuals);~~
- Job(s) are~~is~~ re-created or employees rehired within nine (9) months of signing a grant agreement;
- Wages paid to ~~new hire(s)~~rehired employees/re-created jobs exceed~~s~~ Portland's minimum wage.

Financing Terms:

- Maximum grant: $~~20~~ 5,000 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 Criteria~~/Preferences:~~

~~Criteria/Preferences (listed in no particular order):~~

- Career Potential
  - Job training for new hire(s) or rehired employees in a marketable skill;
  - Potential for job advancement within the company or elsewhere.

- Employer
  - Completeness of application package (all required submittals);
  - Personal credit score of at least 600
  - Demonstrated need for grant funds to re-~~-~~create job(s)/rehire employee(s), that is, has been substantially impacted by COVID-19 crisis;
  - ~~Private match exceeds grant amount requested;~~
  - Number of ~~net new~~ jobs to be re-created ~~jobs~~ exceeds ~~one~~ two (2~~1~~) FTE per $~~10~~5,000 of grant funding.

- Business Sector
  - Growing/Trending up in Portland.
- Compensation and Benefits
  - Quality of compensation and benefits package (for example, wages, health, vacation, sick leave).
- Community
  - Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

For business established before 2019

- Growth trend up from 2018 to 2019;
- Does not have excessive reliance on debt pre COVID-19;

For businesses established in 2019

- Projections from business plan are consistent with actual 2019 revenues.

Eligible Funding Activities:

~~1. Equipment and machinery;~~
~~2.~~1. Permanent working capital, (e.g., inventory, ~~furniture and fixtures~~, relocation expense);
~~3.~~2. Working capital expenses (e.g., rent, utilities, ~~salaries~~ payroll, insurance);
3. ~~Up to $1,000 for B~~business consulting services (e.g., accounting, marketing, software ~~training~~, legal assistance);
4. Training

5. ~~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:

a. Refinance existing debt;
b. Down payment for other financing;
c. 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 COVID-19 Business Assistance Program for Job Creation, with guidance from the Housing and Community Development Division. Eligible applications are analyzed 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 re-~~-~~created/rehired~~-~~within nine (9) months of signing a grant agreement after being approved for a grant or six (6) months after the Stay at Home Order has been lifted, whichever is less. Grant recipients will be required to provide quarterly reports until all re-created/ re~~-~~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 or six (6) months after the Stay at Home Order has been lifted, (whichever is less), if a grantee business has been unable to re-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 2 FTE rehired/re-created~~tain the required job(s)~~ for one year from the time the job(s) were~~as~~ initially re-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 re-create the required number of jobs within nine (9) months of signing the grant agreement or six (6) months after the Stay at Home Order has been lifted, or to retain the job(s) one year from the time the jobs ~~job(s)~~ were ~~as~~ re-created/rehired:

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 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 re-creation of at least one part-time job~~s~~, other than the job that was created for the low/moderate income business owner.

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 C19 BAP grantee business that has not yet met its job requirements, per these guidelines.

Sunset Provision: This program has a termination date of December 31, 2020.

Definitions

*Definition of a full-time job, per the Maine Department of Economic and Community Development~~;~~ is at least 1,750 hours/year.

** Definition of a part-time job, per the Maine Department of Economic and Community Development is at least 875 hours per year but less than 1,750 per year ; ~~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;~~ 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

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

SECOND DRAFT

COVID 19 - Portland Microenterprise Grant Program (MGP)

Program Description

The City of Portland's Microenterprise Grant Program (MGP) provides grants of up to $~~5,000~~2,500 to - existing Portland microenterprises that have been impacted by the COVID 19 crisis.

The definition of a microenterprise* for the purposes of this program, is a business that has no more than one full-time equivalent employee (FTE), which is 1 full-time or 2 part-time employees, as well as the business owner(s) who is a low/moderate income individual **.~~that has three or fewer employees, one or more of whom own the business. The owners must be low/moderate income individuals**.~~ The employee(s) must also be low/moderate income.

Program Objective

The stabilization of Portland microenterprises that lease commercial space, whether the business is open or temporarily closed.

Program Requirements/Eligibility

- Continues to keep the business open~~ but with fewer or no employees~~;
- Temporarily closed the business but needs to pay rent and utilities in order to maintain the lease and reopen after the COVID 19 crisis has subsided;
- ~~Employs or employed at least one person other than the owner(s)~~
- Owner must be a low/moderate income employee of the business.
- Business was in existence as of December 31, 2019;

Financing Terms:

- Maximum grant: $~~5,000~~ 2,500 per business.

Application Review Criteria~~/Preferences:~~

Must provide evidence of one of the following: ~~Criteria/Preferences (listed in no particular order)~~:

- Demonstrated need for grant funds to keep business open and operating~~ at a reduced capacity~~;
- Demonstrated need for grant funds to maintain business' leased space until business reopens once the COVID 19 crisis has subsided;
- ~~Quality of compensation and benefits package on February 1, 2020 (for example, wages, health, vacation, sick leave).~~

Other Criteria

The PDC will weigh the following but has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);

For business established before 2019

- Growth trend up from 2018 to 2019;
- Does not have excessive reliance on debt pre COVID-19;

For businesses established in 2019

- Projections from business plan are consistent with actual 2019 revenues.

Eligible Funding Activities:

1. Rent, ~~and~~ utilities and payroll ((only if retained employee(s) other than owner)).

Ineligible Activities:

a. Refinance existing debt;
b. Down payment for other financing;
c. Use of grant funds for activities other than those that are noted as eligible

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;
- Owner is a low/moderate income employee of the business;
- Owner is unable to finance the activity on their own
- Other sources of funding are not available.

Required Submittals

- City of Portland program application;
- Personal financial statement - from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- If taxes for 2019 are not available, a Balance Sheet and a Profit and Loss for 2019; ;
- Payroll from early February showing number of full and part-time employees;
- Demonstrated unsuccessful efforts to access Federal and State resources (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program andr FAME

COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs.

Application and Approval Process

The City's Economic Development Department is responsible for administration of the COVID-19 Microenterprise Grant Program, with guidance from the Housing and Community Development Division. Eligible applications are analyzed by an underwriter and 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)

If business is still operating, within six months of the COVID 19 State of Emergency being lifted the payroll will be at the same capacity it was on February 1, 2020. If business is temporarily closed it will be operating within six months of the COVID 19 State of Emergency being lifted. The six month timeframe can be adjusted based on how the COVID 19 restrictions are lifted (i.e. gathering restrictions being a slow roll out).

Sunset Provision: This program has a termination date of December 31, 2020.

Definitions:

*For the purposes of this Program, a microenterprise business is defined as a commercial enterprise that has no more than one full-time equivalent (FTE) employee as well as the business owner(s). ~~three or fewer employees, one or more of whom owns the business~~. The owner(s) must be low/moderate income.

**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

CITY OF PORTLAND
Economic Development
Gregory A. Mitchell, Director

MEMORANDUM

TO: President Julie Viola and PDC Board Members
FROM: Nelle Hanig, Business Programs Manager
CC: Greg Mitchell, Economic Development Director
DATE: April 14, 2020
RE: PDC Loan Fund Interest Rates

The purpose of this memo is to bring to the PDC's attention that there may be a need to substantially reduce interest rates on PDC loans requested during the COVID-19 crisis and subsequently while rebuilding the Portland economy. Generally, PDC loans have carried interest rates in the range of 5-7.5%, usually a point or so above the banks, plus consideration for the level of risk. (The exception is Brownfields loans which are much lower.)

Certainly, the preference will be for businesses to utilize COVID-19 federal and state loan and grant programs as well as bank loans and lines of credit. PDC loan funds may be a valuable option if these other sources of financing are not available to a business whether due to being turned down or determined to not be helpful because of particular restrictions on use and timeframe.