

Order 20-16/17

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Effective 8/11/2016

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CITY OF PORTLAND
IN THE CITY COUNCIL

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**ORDER AMENDING THE PORTLAND DEVELOPMENT CORPORATION'S
("PDC") BUSINESS ASSISTANCE
PROGRAM FOR JOB CREATION GUIDELINES**

ORDERED, that the Portland City Council, acting in its capacity as sole Corporator of the PDC, hereby amends the guidelines for its Business Assistance Program for Job Creation in the substantially the form attached hereto.

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.

Program Objectives

- Job creation for low/moderate income Portlanders;
- 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 or 33.65 hours/week*) 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** 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;
- Job(s) are created within nine (9) months ~~one (1) of signing a grant agreement. year of grant approval.~~

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. ~~If there is no approved City minimum wage, then the wages exceed the State of Maine minimum wage.~~

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 aActivities, (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 ~~one year~~ 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. ~~If the jobs are not~~

~~maintained for at least one year the grant recipient may be required to repay the City a portion of the grant amount.~~

- 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 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 U.S. Department of Housing and Urban Development
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~~at 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.

(5/29/2015)