

Order 277-14/15

Passage: 8-0 (Marshall absent) on 6/15/2015

MICHAEL F. BRENNAN (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
EDWARD J. SUSLOVIC (3)
JUSTIN COSTA (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

Effective 6/25/2015

DAVID H. BRENERMAN (5)
JILL C. DUSON (A/L)
JON HINCK (A/L)
NICHOLAS M. MAVODONES, JR (A/L)

**ORDER AMENDING THE PORTLAND DEVELOPMENT CORPORATION'S
("PDC") BUSINESS ASSISTANCE
GRANT PROGRAM 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 Grant Program, to be renamed the Business Assistance Program for Job Creation, in the substantially the form attached hereto.

DRAFT

Portland Business Assistance ~~Grant~~ Program for Job Creation

Program Description

The City of Portland's ~~Economic Development Division, in partnership with the Downtown Portland Corporation, is proposing to establish a new Portland Business Assistance Grant Program for job creation provides. The Program would offer 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 to grow the City's business sector and create new jobs. An application was submitted in November 2009 seeking a \$100,000 grant from the City's CDBG Entitlement Funds to capitalize this new program.~~

Program Objectives

- Job creation for low/moderate income Portlanders(at least 51% for low/mod income people);
- 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 ~~Criteria~~

- ~~Must~~ create one (1) full-time job (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: ~~is in a low income area of the City; is within walking distance to one or more of these areas; or, is easily accessible from these areas via public transportation;~~
- ~~All~~ Net new jobs created with the help of the grant are marketed to low/moderate income**~~should be made available to~~ Portland residents, resulting in at least 51% of these jobs going to this population. ~~As (as an example, if two jobs are created to meet grant requirements, then both must be filled by low/moderate income Portland residents) for low/mod income persons;~~
- Job(s) are created within one (1) year of grant approval~~award~~, ~~with required reporting at 4-month intervals until required number of jobs is achieved.~~

Financing Terms

- Maximum grant: ~~is~~ \$20,000 per business.
- Required Private Match: Grant must be matched with an ~~e~~Equal to or greater than grant amount~~amount of private investment.~~
- Private Match Sources: The ~~p~~Private investment match ~~should~~includes at least 50% private equity. The remaining 50% may be a bank loan or a loan from the City's

~~Commercial Loan Program, Micro Business Loan Fund~~ 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: given to applications that include the following:

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

- ~~Job training: -Teaching meaningful, that is, teaching a new~~ skill(s) to new hires low/mod income persons as an initial component of job creation;
- ~~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 must exceed the State of Maine minimum wage.~~
- ~~Business location is in an HCD-eligible area or easily accessible by public transportation.~~

Eligible Funding Activities

- ~~Renovation, improvement, reconstruction, or restoration of vacant, under-utilized, or deteriorated space; building modifications to enhance accessibility to elderly or handicapped persons;~~
- ~~Equipment and machinery financing;~~
- ~~Leasehold improvements;~~
- ~~Permanent working capital, (e.g., including relocation expense, inventory, furniture and fixtures, relocation expense);~~
- ~~Working capital expenses (e.g., rent, utilities, salaries, insurance);~~
- ~~Up to \$1,000 of project funds may be used 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;
- Activities commenced or completed prior to program funding approval.

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~~Division is responsible for administration of the Business Assistance Program for Job Creation~~program~~, with guidance from the Housing and Community Development~~Neighborhood Services~~ Division. ~~Administration will include program marketing, screening, and qualifying applications, presenting e~~Eligible project applications are reviewed by an underwriter and then presented to the Downtown Portland Development Corporation (PDC) for its review. The PDC has, and monitoring grantee job creation.

~~The Downtown Portland Corporation will review eligible applications and have~~ final decision-making authority in approving applicants for grant awards.

~~Up to 15% of the CDBG Grant award will be reserved for program administration.~~

Reporting and Tracking (after grant approval)

- Jobs: Jobs must be created within one year of 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.

*Definition of a full-time job, per the U.S. Department of Housing and Urban Development.

**Low-moderate income is defined as 80% of median household income. A chart showing qualified income levels can be found at the City's website at the following link: <http://www.portlandmaine.gov/DocumentCenter/Home/View/8939>

**With a turndown letter from a bank, an applicant may seek financing for a maximum of 50% of the required private match from the City of Portland's Micro Business Loan Fund (interest rate determined by the Downtown Portland Corporation).

(12/10/09)(5/29/2015)