



DATE: June 27, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 12-18

Authorizing a contract with the City of Portland for approximately \$2.1 million for the purpose of operating and administering the Economic Opportunity Initiative Program during Fiscal Year 2012-13

BOARD ACTION REQUESTED

Adopt Resolution No. 6954

ACTION DESCRIPTION

Authorizes the Executive Director to sign the FY 2012-13 Subrecipient Contract between the Portland Housing Bureau (PHB) and the Portland Development Commission (PDC) for the implementation of the Economic Opportunity Initiative (Initiative) by PDC. The Initiative has three components: Adult Workforce Development, Youth Workforce Development and Microenterprise Development. The contract continues operational and administrative responsibility for the Initiative at PDC and will provide approximately \$2.1 million in federal Community Development Block Grant (CDBG) funds to PDC for this purpose. An additional \$1.57 million in General Funds will be provided by the Office of Management and Finance (OMF) through a separate agreement that will be considered by the PDC Board of Commissioners (PDC Board) in July 2012. The PDC Board authorization is needed for the Executive Director to sign contracts exceeding \$500,000.

The Initiative became a part of the Urban Development Department's Neighborhood Division on July 1, 2009, and is managed under the Neighborhood Economic Development section. The people-based program offered by the Initiative provides economic development tools to assist low-income residents and business owners. PDC will implement the Adult Workforce Development and Microenterprise Development components of the Initiative principally through the subgrant of funds to non-profits specializing in workforce and/or microenterprise development which actually deliver or coordinate the delivery of the assistance to low-income residents and business owners. For the first time this year, PDC will implement the Youth Workforce Development component of the Initiative through a subgrant of funds to Worksystems, Inc. (WSI), which will implement the component, in coordination with WSI's other workforce services, primarily through the subgrant of funds to non-profits specializing in youth workforce development.

The Subrecipient Contract requires PDC to administer the Initiative by ensuring that appropriate target populations are served, monitoring the performance of the non-profit providers, tracking individual outcomes, ensuring that the federal funds are spent appropriately, and submitting billings and quarterly reports to PHB.

BACKGROUND AND CONTEXT

The Initiative was first implemented in FY 2004-05 by the former Bureau of Housing and Community Development (BHCD), now known as the Portland Housing Bureau, and was transferred to PDC in FY 2009-10. This people-based program is aimed at increasing economic vitality of those living in poverty and focusing on target populations most in need of assistance to achieve economic stability. It provides adult and youth workforce training and microenterprise development support for low-income, multi-barriered people. The goal of the Initiative is to raise individual participant incomes and assets. Participants enrolled in the Initiative receive long term support; best practice research indicates that this multi-year commitment is critical to making a real difference in the ability of participants to earn and maintain a living wage.

The budget for the Initiative in FY 2012-13 is approximately \$3.69 million, with 57 percent coming from the CDBG funds, 43 percent in City General Funds. PDC will directly contract with non-profit providers for the Adult Workforce Development and Microenterprise Development components of the program. The PDC Board recently approved a subrecipient contract with WSI for the administration and implementation of the Youth Workforce Development of the program. There are currently 24 projects in the Initiative expecting to serve approximately 1400 participants, with approximately 75 percent of participants pursuing training and advancement in career track jobs, while 25 percent of participants are low-income micro-entrepreneurs.

PDC issued a new RFP for youth workforce and microenterprise program services this year and providers have been notified of PDC's intent to award. The agency intends to issue a new RFP for the adult workforce component of the program in FY 2012-13.

COMMUNITY AND PUBLIC BENEFIT

The Initiative promotes achievement of PDC's Social Equity goal by targeting workforce and microenterprise development services to low-income individuals; more than half of those served through the program are persons of color. The Initiative also supports implementation of the Neighborhood Economic Development Strategy. Most workforce project participants enroll with zero income, and some with as much as a five-year gap in work history or as little as none. The average adult graduating wage is \$15.57/hour; for youth (18-25 years) it is \$10.65/hour. The total annualized revenue increase from enrollment for the most recent group of microenterprise completers is \$2.1 million, an average increase of \$21,672 in gross sales after three years.

PUBLIC PARTICIPATION AND FEEDBACK

The Initiative was originally created by the Bureau of Housing and Community Development to respond to public input encouraging the City of Portland to target limited economic development resources toward populations who were in most need of assistance to achieve economic stability. The Initiative was developed based on a survey of national best practices. While there has not been public outreach regarding the specific contract that is the subject of this action, the Initiative itself was well supported by testimony and program stakeholders at the May 2012 budget hearings held by the City Council.

BUDGET AND FINANCIAL INFORMATION

The FY 2012-13 Approved Budget includes \$2,114,907 in CDBG funding and \$1,574,382 in General Funds for the Initiative for a total program budget of \$3,689,289. The CDBG funds will be provided to PDC through the Subrecipient Contract with PHB; the General Funds will be included in the overall intergovernmental agreement with the Office of Management and Finance that will be considered by the Board in July 2012. The overall budget for the Initiative with both funding sources is shown in Table A. Both contracts are on a reimbursement invoicing basis with the respective City bureau. Services are delivered to participants through grant contracts and technical assistance agreements with non-profit service providers specializing in microenterprise development and workforce development, and, for the youth workforce development component, through a subrecipient contract with WSI.

Since the Initiative was transferred to PDC in July 2009, funding for the program has declined by \$1.15 million. This decline is primarily due to a reduction in CDBG funds of approximately \$890,000; General Fund allocations have declined by approximately \$258,000.

Table A – Economic Opportunity Initiative Budget

	<i>General Fund</i>	<i>CDBG</i>	<i>Total</i>
Total Resources	\$1,574,382	\$2,114,907	\$3,689,289
Estimated Expenditures			
Program Delivery			
Microenterprise Development Services	\$0	\$629,640	\$629,640
Adult Workforce Development Services	\$333,340	\$906,676	\$1,240,016
Youth Workforce Development Services	\$1046,813	\$300,000	\$1,346,890
Personal Services	\$80,563	\$143,921	\$224,484
Materials and Services	\$10,000	\$0	\$10,000
Indirect	\$103,664	\$134,670	\$238,334
Estimated Total Expenditures	\$1,574,457	\$2,114,907	\$3,689,364

RISK ASSESSMENT

Risks are small. This is a long-standing program of the City and has been consistently administered since FY 2004-05. Provider performance is monitored quarterly and program staff are in close communication with providers to identify issues early. Quarterly meetings of providers are held to identify issues in common, provide one another feedback and support, and to seek input on the program and to make adjustments as needed.

ALTERNATIVE ACTIONS

The PDC Board could decline to authorize the contract; however, an alternative plan for delivering microenterprise and workforce development services and support for the target population does not exist. City Council would need to either determine another city entity to operate the Initiative, or dissolve it.

ATTACHMENTS

None