



DATE: October 10, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 12-37
Adopting Guidelines for Micro and Small Business Development Programs and Rescinding Prior Economic Opportunity Initiative Microenterprise Program Guidelines Adopted Through Resolution No. 6919

BOARD ACTION REQUESTED

Adopt Resolution No. 6975

ACTION DESCRIPTION

This action will adopt a single set of guidelines for two Portland Development Commission (PDC) business development programs: the Economic Opportunity Initiative Microenterprise Program (EOI-Micro) and the Small Business Development Program (SBDP). This unified set of guidelines is intended to replace the existing Economic Opportunity Initiative (EOI) Microenterprise Program Guidelines adopted by the PDC Board via Resolution No. 6919 on February 8, 2012, and to formalize the SBDP. The new guidelines will apply to both the EOI-Micro Program and the SBDP so that PDC will have one set of guidelines governing its business development programs.

PDC's Business Development Programs are More Alike than Different:

Program staff recommends the adoption of one set of guidelines for the EOI-Micro and the SBDP due to the many program similarities. Both programs:

- Are initiatives of PDC and the City of Portland (City) that aim to create, grow and strengthen micro and small businesses through technical assistance and training;
- Offer long term, individualized technical assistance and training to business owners;
- Aim to serve low- and moderate-income business owners with an emphasis on people of color, those with limited English proficiency, and those in priority neighborhoods;
- Offer businesses access to legal services, credit repair assistance and access to market research; and
- Track the same outcomes, outputs and demographics.

The EOI-Micro works in conjunction with the SBDP. Together, these two programs provide a continuum of business development services for low- to moderate-income micro and small businesses owners and serve 500 businesses per year throughout the city.

The primary differences between the programs lie within which businesses are eligible for each program; specifically:

- The EOI-Micro is intended to benefit businesses with five or fewer employees whose owners are at 80 percent or less of area median family income compared to the city of Portland. Businesses served may include: startup, existing and new businesses and home-based and commercial businesses located in the city of Portland.
- The SBDP is intended to benefit existing businesses with 50 or fewer employees whose owners are at 120 percent or less of area median family income compared to the city of Portland. Businesses served may include: existing businesses and home-based and commercial businesses located in the city of Portland.

PDC has separate grant agreements with each of the six EOI Microenterprise providers and two SBDP providers which articulate grant disbursements, approval processes, reporting obligations, and other program-specific issues.

BACKGROUND AND CONTEXT

Both EOI-Micro and SBDP are economic development programs intended to create, grow and strengthen micro and small businesses through technical assistance and training. Non-profit organizations deliver technical assistance and training to approximately 500 businesses each year. Businesses may also receive business legal services, credit repair assistance and access to market research.

The EOI-Micro has been a PDC program since July 2009, when it was transferred to the agency from the former Bureau of Housing and Community Development (BHCD). At the time of the transfer, PDC elected to continue contracts with EOI business development providers that were selected through a request for proposals (RFP) process administered by BHCD. In fiscal year (FY) 2011-2012, PDC developed a new RFP to select new business development providers, a process which began with the development of the EOI Microenterprise Program Guidelines which were approved by the PDC Board of Commissioners in February 2012. Based on the guidelines an RFP was issued in February 2012, grant recipients were chosen in May 2012, and contracts began in July 2012.

The SBDP is a newer business development program that grew out of the Neighborhood Economic Development (NED) Strategy. City General Funds were first provided to PDC for the program beginning in FY 2011-12. At its August 16, 2011, meeting, the Financial Investment Committee approved an RFP to solicit qualified non-profit organizations for the SBDP and recommended that the Executive Director enter into grants based on the recommendations of an evaluation committee. This approval was made with the recognition that the SBDP was a pilot program and that there was a need to solicit for providers and get assistance to businesses as quickly as possible. Now that the program is established and City General Funds have been provided for the program in FY 2012-13, formal program guidelines will allow for more efficient operation of the grant program.

Alignment with PDC's Economic and Neighborhood Economic Development Strategies

With the guidance of PDC's NED Strategy PDC has evaluated the EOI-Micro and SBDP and created the guidelines to reflect what the NED Strategy calls for in the following action items:

- II.C.2 "Provide support for organizations serving low-income microenterprise business owners to drive wealth and job creation among communities of color and within priority neighborhoods.** Key areas of focus include increasing availability of one-on-one, on-site business technical assistance available to owners and assisting successful small entrepreneurs in

growing/expanding their operations (such as from home-based to a permanent storefront, or from one store to multiple stores).”

II.C.3 “Support citywide small business technical assistance to fill gaps in available services.

Contracts with qualified non-profit business development organizations will focus on stabilizing and growing small businesses with modest incomes, businesses located in priority neighborhoods, and businesses whose owners may need services provided in languages other than English.”

COMMUNITY AND PUBLIC BENEFIT

Between July 2004 and June 2009, the EOI-Micro enrolled and assisted approximately 580 businesses, representing 42 percent business owners of color. Of those businesses enrolled, 320 businesses (54 percent) increased their business income by at least 25 percent after three years of service. As of July 1, 2012, 249 businesses are currently enrolled and receiving services.

The SBDP has completed one year of service with great results: 136 businesses served, 3265 hours of technical assistance, training, and legal services provided in the first three quarters. Outcomes and total year outputs will be reported later this month. Thus far, the SBDP has exceeded the NED Strategy goal of serving at least 50 percent business owners of color by serving 55 percent business owners of color. Additionally, 80 small businesses received business legal service. In a recent client satisfaction survey conducted by PDC program staff in July and August 2012, businesses reported being “very satisfied” with the service they received (71 percent); saw it as “a good value and worth the time they spent on it” (78 percent); and are “extremely likely to recommend this service to others (70 percent).”

Moving forward, both the EOI Microenterprise Program and the SBDP will be evaluated using the following methods:

- Review provider **outputs** against contract goals including service levels, number of businesses reached, type of service performed and hours spent providing assistance.
- Review **outcomes** of businesses receiving business development assistance which includes three years of tracking gross sales, gross payroll, owner’s draw, # of jobs created and retained, and ability to access capital. Additionally, the state of the business will be reviewed for three years (startup, ongoing, no longer in business, other path.)
- Conduct **client satisfaction** survey to address how clients feel about the service they’ve received.

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

By adopting the guidelines, PDC can continue to expand its assistance to Portland neighborhood businesses. Through technical assistance, training, education and other support, EOI-Micro and SBDP will bring a higher level of resources to neighborhood businesses than is typically available. The expected benefits of these resources are:

- Stronger, more successful existing neighborhood businesses;
- Increased number of new neighborhood businesses; and
- Job growth in Portland neighborhoods.

Another key benefit of EOI-Micro and SBDP is increased geographic and social equity in PDC's delivery of economic development assistance. Prior to 2010, PDC's portfolio of non-Central City revitalization and neighborhood economic development tools was limited to three urban renewal areas (Gateway Regional Center, Interstate Corridor, and Lents Town Center) plus a handful of limited-term Storefront target areas. The EOI-Micro and SBDP considerably expand PDC's geographic reach, including areas that have never before seen PDC assistance.

PUBLIC PARTICIPATION AND FEEDBACK

To develop the original EOI Microenterprise Program Guidelines staff worked with a nationally recognized expert in microenterprise development who consulted with the seven past EOI-Micro providers as well as community stakeholders through an online survey and phone interviews. Providers shared successes, challenges and thoughts about the program. In addition, ongoing feedback on both EOI-Micro and SBDP by current providers has occurred during a convening each quarter. Forty-seven businesses shared their thoughts about SBDP through a client satisfaction survey, administered by PDC in August. Their feedback also helped to shape these program guidelines.

BUDGET AND FINANCIAL INFORMATION

In FY 2012-2013, the EOI-Micro is 97 percent funded by Community Development Block Grant funding; in the current fiscal year there are contracts with six non-profit providers of microenterprise development services totaling \$650, 856. The SBDP is funded by the City General Fund and ongoing funds will be reviewed and allocated as part of the PDC's and the City's annual budget process. For FY 2012-13, SBDP's contracts with two non-profit providers and three joint service providers total \$377,000. The EOI-Micro and the SBDP are currently and will continue to be budgeted separately.

RISK ASSESSMENT

No significant risks identified.

ALTERNATIVE ACTIONS

An alternative to approving the guidelines would be to retain the existing EOI-Micro guidelines, and create new guidelines pertaining to SBDP only. While workable, this would preclude an opportunity to create greater efficiency in administering the programs.

ATTACHMENTS

- A. PDC's Micro and Small Business Development Programs Fact Sheet

PDC's Micro and Small Business Development Programs

The **Small Business Development Program (SBDP)** and the **Economic Opportunity Initiative Microenterprise Program (EOI-Micro)** are initiatives of the Portland Development Commission and the City of Portland that aim to create, grow and strengthen micro and small businesses through technical assistance and training. Non-profit organizations will deliver technical assistance and training to approximately 500 businesses each year. Businesses may also receive business legal services, credit repair assistance and access to market research.

Businesses eligible for services must live or operate within the City of Portland and:

EOI

- Have 5 or fewer employees (micro business) and
- Median Family Income (MFI) of 80% or below

SBDP

- Have 50 or fewer employees (small business) and
- MFI of 120% or below; or
- Owned by a person of color; or
- Owned by a person with limited English proficiency

Additionally, the programs will target outreach to businesses:

- Owned by a person of color;
- Owned by a person with limited English proficiency;
- [Located in targeted areas of North, Northeast, and East Portland](#)

The organizations selected through a competitive process to provide business development services are:

EOI

- Hacienda Community Development Corp.
- Immigrant and Refugee Community Organization (IRCO)
- Micro Enterprise Services of Oregon (MESO)
- Native American Youth and Family Center (NAYA)
- Neighborhood House – Childcare Improvement Project
- Portland State University's Business Outreach Program (BOP)

SBDP

- Hispanic Metropolitan Chamber of Commerce
- Portland Community College's Small Business Development Center (SBDC)



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Technical assistance & trainings will cover basic business skills including but not limited to:

- business review and assessment
- business and marketing plan preparation
- development of business income statements
- cash flow analysis
- bookkeeping and business management
- loan packaging
- marketing & merchandising basics
- business tax preparation
- sustainable business practices
- market research

Contact information for providers and a brief description of services is provided on the back of this page.

Services are limited. Priority outreach for service will be to areas in the **Neighborhood Prosperity Initiative and Main Streets**. Providers may screen applicants to ensure appropriate fit for service. Fees apply to some services. For more information please visit the [PDC website](#).

PDC's Business Development Programs – Service Providers

For information, or to determine appropriate provider for a client, please contact: Gina Bell, PDC Program Manager at: bellg@pdc.us or 503-823-3340.

Organization	Approach	Assistance Provided, Target Audience, Business Type, #s Available to Serve & Lead Priority Area	Contact Information
Hacienda CDC	<ul style="list-style-type: none"> Individualized 1:1 technical assistance and training. Some small group training and classes 	<ul style="list-style-type: none"> Basic business skills, financial literacy, licensing Spanish speaking immigrants, Latinos 50 micro businesses Lead for: 42nd Avenue and Cully 	5136 NE 42 nd Avenue 503.595.2111 nteske@haciendacdc.org www.haciendacdc.org
Hispanic Metropolitan Chamber of Commerce	<ul style="list-style-type: none"> Individualized 1:1 technical assistance and training. Some small group training. Business mentorship as needed. 	<ul style="list-style-type: none"> Assessment, analysis, marketing, certification, basic business skills, growth strategies, financial literacy, loan packaging and more. 151 micro or small businesses Lead for: Parkrose, St. John's and Rosewood 	333 SW 5 th Avenue, Suite 100 503.222.0280 info@hmccoregon.com www.hmccoregon.com
Immigrant & Refugee Community Organization (IRCO)	<ul style="list-style-type: none"> Individualized 1:1 technical assistance and training. Some small group training. Business mentorship as needed. 	<ul style="list-style-type: none"> Basic business skills, financial literacy, tax prep, and best practices for doing business in US for immigrants and refugees. 30 micro businesses Lead for: SE Division & 82nd & SE Division & 124th – 148th 	10301 NE Glisan 503.234.1541 tinad@irco.org www.irco.org
Micro Enterprise Services of Oregon (MESO)	<ul style="list-style-type: none"> Individualized 1:1 technical assistance and training. Some small group training. Business mentorship as needed. 	<ul style="list-style-type: none"> Assessment, analysis, marketing, certification, basic business skills, loan packaging and more. 70 micro businesses Lead for: Alberta and 42nd Avenue 	4008 NE MLK Jr. Blvd. 503.841.3351 nshah@mesopdx.org www.mesopdx.org
Native American Youth and Family Center (NAYA)	<ul style="list-style-type: none"> Individualized 1:1 technical assistance and training. Some small group training. Business mentorship as needed. 	<ul style="list-style-type: none"> Basic business skills, financial literacy, savings strategies, and assistance with tax preparation. Native-owned businesses 30 micro businesses Lead for: Cully 	5135 NE Columbia Blvd. 503.288.8177 cj@nayapdx.org www.nayapdx.org
Neighborhood House	<ul style="list-style-type: none"> Individualized 1:1 technical assistance Some small group training. Focus on Child Care Providers 	<ul style="list-style-type: none"> Basic business skills for childcare providers Licensing and early child education information 52 micro businesses 	7780 SW Capitol Highway 503.246.1663 x3105 mgritz@nhweb.org
Portland Community College - SBDC (\$200.00 fee)	<ul style="list-style-type: none"> Classroom style learning (10-session course) accompanied by 1:1 business coaching. 	<ul style="list-style-type: none"> Basic business skills and business fundamentals Best for classroom learners & experienced biz owners 54 micro or small businesses 	1626 SE Water Avenue 971.722.5080 sbdc@pcc.edu www.bizcenter.org
Portland State University-Business Outreach Program	<ul style="list-style-type: none"> Individualized 1:1 technical assistance Some small group & classroom training. Student coaching as needed. 	<ul style="list-style-type: none"> Assessment, analysis, marketing, certification, basic business skills, QuickBooks and more. 65 micro businesses Lead for: SE Division & 82nd & SE Division & 124th – 148th 	2828 SW Corbett Avenue 503.725.9820 lara@sba.pdx.edu www.pdx.edu