

DATE: June 10, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-34

Authorizing a Contract with the City of Portland for the Purpose of Operating and Administering the Economic Opportunity Initiative Program During Fiscal Year 2015-16; Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Youth Workforce Development Services During Fiscal Year 2015-16; Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Adult Workforce Development Services During Fiscal Year 2015-16

BOARD ACTION REQUESTED

Adopt Resolution Nos. 7119 – 7121

ACTION DESCRIPTION

This action will authorize the Portland Development Commission (PDC) Executive Director to sign three contracts for purposes of administering and implementing the Economic Opportunity Initiative (EOI) in fiscal year (FY) 2015-16. The first contract is with the Portland Housing Bureau (PHB) for the overall administration of EOI by PDC. The contract continues operational and administrative responsibility for EOI at PDC and will provide approximately \$2,141,840 in federal Community Development Block Grant (CDBG) funds to PDC for this purpose.

The other two contracts are with Worksystems, Inc. (WSI), for the purpose of implementing and managing the EOI youth and adult workforce development programs during FY 2015-16. This action will support the continuation of services to youth and adults including vocational case management, work experience opportunities, on-the-job training, and occupational training. Approximately \$1,403,954 will be provided for youth workforce development and \$1,294,462 for adult workforce development. Funding will come from CDBG funds and from City of Portland (City) general funds allocated to PDC.

PDC Board of Commissioners (Board) authorization is required for the Executive Director to sign contracts exceeding \$500,000.

BACKGROUND AND CONTEXT

EOI was first implemented in FY 2004-05 by the former Bureau of Housing and Community Development (now PHB) and was transferred to PDC in FY 2009-10. The program is managed by PDC's Community Economic Development team in the Urban Development Department. The people-based EOI program has three components (youth workforce development, adult workforce development, and micro and small business development), is aimed at increasing economic vitality of low-income individuals, and focuses on target populations most in need of assistance to achieve economic stability. Participants enrolled in EOI receive up to three years of support.

In addition to the \$2,141,840 in CDBG funds, it is anticipated that \$2,200,547 in general funds will be provided by the City Budget Office (CBO) through a separate agreement that will be considered by the PDC Board later in June 2015. Total City funding for EOI is anticipated to be \$4,739,837 and includes \$397,450 in other funds (see the Budget and Financial Information section of this report for additional detail).

PDC will implement the youth and adult workforce development programs primarily through grants to WSI, which will implement the two programs in coordination with its other workforce services. WSI will, in turn, provide sub-grants to non-profits specializing in youth and adult workforce development. Youth workforce development providers were selected through a request for proposals (RFP) issued by WSI in the spring of 2012. Adult workforce development providers were selected through an RFP issued by WSI in the spring of 2013. PDC was involved in the issuance of both RFPs and in the selection of providers. It is anticipated that a limited number of additional contracts for youth and adult workforce development services will be managed directly by PDC (see Attachment A for a complete list of providers).

PDC will implement the micro and small business development program principally through grants to non-profits specializing in micro and small business development, which deliver or coordinate the delivery of assistance to low-income residents and business owners. In 2012, the PDC Board approved EOI guidelines for micro and small business development programs, outlining the administrative process for awarding these annual grant contracts. Since the PDC micro and small business grants will be in conformance with the previous PDC Board-approved guidelines, these grants do not require further PDC Board approval.

COMMUNITY AND PUBLIC BENEFIT

EOI promotes achievement of PDC's Strategic Plan goals for wealth creation, access to high quality jobs, and 21st century networks/partnerships. As of March 31, 2015, more than 1,800 individuals have been served through micro and small business development or workforce development programs in FY 2014-15. Of those served, approximately 73 percent are people of color.

Leverage:

PDC's investments in youth and adult workforce leverage significant investment by WSI. For the youth system, WSI anticipates spending an additional \$2,000,000 in Multnomah and Washington counties. In addition to these investments in intensive 1:1 workforce development services, WSI also contracts with a work experience intermediary to develop and match youth to appropriate work experience opportunities and provide coaching to the youth and the employer to achieve successful placements. Work experiences are essential in learning the demands and expectations of the work environment and exploring careers of interest in a safe and supportive context. In FY 2015-16, WSI anticipates investing approximately \$850,000 in the work experience system.

For adult participants, WSI anticipates providing an additional \$1,000,000 in workforce preparation, training, and employment services through Worksource Portland Metro (WSPM). WSPM services are set aside for low-income individuals with barriers to employment in Multnomah County. Services are available to address different skill levels, work histories, and career goals and can be accessed by EOI participants to support their career plans.

PUBLIC PARTICIPATION AND FEEDBACK

As mentioned above, PDC and WSI, in coordination with PHB, issued RFPs for the selection of service providers for the business, youth, and adult workforce development programs. The process of selecting

new providers was done in an open and transparent manner and involved significant outreach and input from existing providers and other entities interested in EOI.

BUDGET AND FINANCIAL INFORMATION

The latest FY 2015-16 EOI budget includes \$2,141,840 in CDBG funding and \$2,200,547 in general funds for total City funding of \$4,342,387. PDC also anticipates using funds from the following other sources for EOI activities: \$175,000 in Enterprise Zone (E-Zone) Community Contribution funds, \$163,333 in Northwest Area Foundation (NWAf), and \$59,117 in Multnomah County funds. The total EOI program budget therefore is \$4,739,837. 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 (IGA) with CBO that will be considered by the PDC Board later in June 2015. The overall budget for EOI with all funding sources is shown in Table 1. Funds from both the PHB contract and IGA with CBO will be provided on a reimbursement invoicing basis with the respective City bureau.

Table 1 – Estimated EOI Budget¹

	<i>General Fund</i>	<i>CDBG</i>	<i>Ezone</i>	<i>NWAF</i>	<i>Mult Co</i>	<i>Total</i>
Total Resources	2,200,547	2,141,840	175,000	163,333	59,117	4,739,837
Program Delivery						
Micro and Small Business Development Program	\$942,357	\$503,173	\$175,000			\$1,620,530
Adult Workforce Development	\$339,834	\$792,349		\$163,333		\$1,295,516
Youth Workforce Development	\$308,170	\$846,318			\$59,117	\$1,213,605
Personnel Services	\$289,404					\$289,404
Materials and Services	\$19,600					\$19,600
Indirect	\$301,182					\$301,182
Estimated Total Expenditures	\$2,200,547	\$2,141,840	\$175,000	\$163,333	\$59,117	\$4,739,837

Of the total EOI budget, \$1,403,954 (composed of CDBG, general funds, and Multnomah County funds) is anticipated to be provided to WSI for youth workforce development, and \$1,294,935 (composed of CDBG and general funds) is anticipated to be provided to WSI for adult workforce development.

It is possible that the actual CDBG funds provided to PDC may be greater than the budget estimates in Table 1 by up to \$500,000. Therefore, Resolution No. 7119 authorizes the Executive Director to increase the amount of CDBG funds received from PHB up to \$2,641,840 if additional funds become available. Further, Resolution Nos. 7120 and 7121 authorize the Executive Director to increase funding to WSI by up to \$500,000 through the youth and/or adult workforce development contracts.

RISK ASSESSMENT

There are few risks to authorizing these contracts. EOI is a long-standing City program and has been consistently administered since FY 2004-05. CDBG funds flow to the City from the federal Department of Housing and Urban Development (HUD). In FY 2012-13, HUD conducted a monitoring of the EOI program. HUD’s monitoring report recommended changes that have improved the administration and oversight of subrecipients and have resulted in a stronger understanding by PDC of issues related to administration of CDBG funds. The WSI contracts will further require WSI to adhere to federal regulations regarding the use of CDBG funds, to report to PDC quarterly about system accomplishments, challenges and outcomes, and to regularly involve PDC in policy discussions about the youth and adult workforce development system.

¹ Staffing and indirect includes both PDC and WSI staffing and indirect costs.

ALTERNATIVE ACTIONS

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

If PDC were not to enter into the two WSI agreements, PDC would issue an RFP in the summer of 2015 to select providers. This action would not offer the benefits cited earlier.

ATTACHMENTS

- A. List of FY 2015-16 Economic Opportunity Initiative Providers

List of FY 2015-16 Economic Opportunity Initiative Providers

Subcontractor	Adult Workforce	Youth Workforce	Microenterprise
Central City Concern	X		
Hacienda CDC			X
Hispanic Metropolitan Chamber			X
Human Solutions / Self Enhancement, Inc.	X		
Immigrant and Refugee Community Organization	X	X	X
Microenterprise Services of Oregon			X
Native American Youth and Family Center		X	X
Neighborhood House – Childcare Improvement Project			X
Metropolitan Family Services (Credit Repair)			X
New Avenues for Youth		X	
Oregon Tradeswomen / Constructing Hope	X		
Portland Opportunities Industrialization Center		X	
Portland Youth Builders		X	
PSU Business Outreach Program			X
SE Works	X		
Small Business Development Center (PCC)			X
Small Business Legal Center			X
Worksystems, Inc.	X	X	

Additional workforce contracts managed directly by PDC (approximately \$250,000):

- SE Works:
 - Youth Workforce Program at the request of City Council
 - In Focus Adult Workforce Pilot at the Rosewood Neighborhood Prosperity Initiative
- Human Solutions Inc.
 - Pathways Out of Poverty Adult Workforce – at the request of NW Area Foundation
- Portland Community College
 - Workforce Navigator Pilot Project in the Cully Neighborhood