

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7395

AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PORTLAND OFFICE OF MANAGEMENT AND FINANCE TO DEPLOY BUSINESS RELIEF GRANTS WITH FEDERAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT FUNDS AND ADOPTING REVISED PORTLAND SMALL BUSINESS RELIEF FUND PROGRAM GUIDELINES

WHEREAS, on July 22, 2020, Portland City Council passed Ordinance No. 190057 which appropriated \$221,401,261 in Coronavirus Aid, Relief, and Economic Security (“CARES”) Act funds and delegated authority to City of Portland (“City”) Bureau Directors to execute contracts and agreements funded under the program;

WHEREAS, Ordinance No. 190057 appropriated \$15,000,000 to small business relief;

WHEREAS, Prosper Portland is charged by the City Charter with implementing the vision and goals of the City as adopted by the City Council relating to economic development;

WHEREAS, the Office of Management and Finance (“OMF”) is directed by City Council to deploy and provide oversight of CARES Act funds, including the development of intergovernmental agreements with partner agencies;

WHEREAS, Prosper Portland and OMF desire enter into an intergovernmental agreement that identifies the scope, equity requirements, payment procedures, and reporting requirements necessary to deploy the business relief funds;

WHEREAS, due to the urgent and immediate need of deploying the business relief funds, Prosper Portland and OMF will be finalizing an intergovernmental agreement (“IGA”) in partnership with Prosper Portland that is in substantial alignment with the terms and conditions included as Exhibit A;

WHEREAS, on March 26, 2020, through Resolution No. 7363 (“Original Resolution”), the Prosper Portland Board of Commissioners (“Board”) authorized the creation of the Portland Small Business Relief Fund (“Business Relief Fund”) in response to the coronavirus pandemic, utilizing \$1,000,000 in City of Portland General fund resources and \$1,000,000 in Prosper Portland Enterprise Zone resources;

WHEREAS, on April 8, 2020, through Resolution No. 7364, the Prosper Portland Board authorized revised Portland Small Business Relief Fund Guidelines, which revised guidelines are currently in effect (“Existing Guidelines”); and

WHEREAS, in light of recent federal legislative developments and additional input from stakeholders, Prosper Portland staff recommends revisions to the Existing Guidelines, which revised guidelines are attached hereto as Exhibit B (“Revised Guidelines”).

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board hereby authorizes the Executive Director to enter into an IGA with OMF in a form substantially in accordance with the terms and conditions in attached Exhibit A, to implement the deployment of the Small Business Relief Fund and Small Business Block Grants;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes or amendments to the IGA prior to and subsequent to execution, if such changes, in the opinion of the Executive Director and General Counsel, do not materially increase Prosper Portland’s obligations or risks;

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to take all actions deemed appropriate in the judgment of the Executive Director, in consultation with the General Counsel, to provide up to the full amount of funding provided under the IGA from OMF to Portland businesses affected by the coronavirus pandemic, either directly or through subrecipient organizations, disbursing partners, or block grant partners, as deemed appropriate by the Executive Director, but in all cases subject to the Revised Guidelines attached to this Resolution as Exhibit B;

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to modify or authorize exceptions to the Revised Guidelines so long as the modifications or exceptions are non-material in nature, as determined in consultation with the General Counsel;

BE IT FURTHER RESOLVED, that the Executive Director is directed to provide written updates to the Prosper Portland Board promptly following any such modifications of the Revised Guidelines; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Prosper Portland Commission on

August 12, 2020



Pam Feigenbutz, Recording Secretary

TERM SHEET

Resolution

Authorizing Execution of Intergovernmental Agreement with the City of Portland Office of Management and Finance to Deploy Business Relief Grants with Federal Coronavirus Aid, Relief, and Economic Security Act Funds and Adopting Revised Portland Small Business Relief Fund Program Guidelines

Summary of Proposed Intergovernmental Agreement (IGA)

Prosper Portland will enter into an intergovernmental agreement (IGA) with City of Portland Office of Management and Finance (OMF) to deploy business relief grants with Coronavirus Aid, Relief and Economic Security Act funds (PDX-CARES). The IGA will further outline the scope of work, equity requirements, and reporting requirements. Prosper Portland anticipates receiving \$15,000,000 of critical federal resources for Portland businesses affected by the COVID-19 pandemic.

PDX-CARES business relief programs shall be used to assist Portland’s most vulnerable populations and to the maximum extent possible, priority shall be given to Black, Indigenous and People of Color (BIPOC) owned businesses.

Prosper Portland will execute contracts and agreements with subrecipients to disburse funds to Small Business Relief Fund applicants and to administer Small Business Block Grants. Block Grants will be administered by cultural and industry-specific business serving organizations. Due to the urgent and immediate need to begin disbursing relief funds, City Council found that it is reasonable and appropriate under these circumstances to forgo any competitive process for awarding subrecipient grants.

Budget and Financial Information

	Small Business Relief Fund	Small Business Block Grants
Allocation	\$12,000,000	\$3,000,000
Subrecipient admin	7.5%	10%

Overview

The Portland Small Business Relief Fund provides grants and low or no interest loans to support Portland small businesses experiencing hardships due to new public health requirements to contain the spread of COVID-19. The goal of the fund is to provide interim relief to businesses and enable them to retain their business.

Using priority and vulnerability criteria, Prosper Portland will manage the application and selection process for these emergency relief grants. In order to simplify and accelerate the disbursement process for applicants, Community Development Financial Institutions (CDFI), community-based nonprofits, and other banking institutions will process grant payments once applicants are selected. Small Business Block Grants will be administered by cultural and industry-specific business serving organizations.

Equity at Forefront of Guiding Principles

The City of Portland is committed to centering racial equity in our collective responses to COVID-19. Recognizing that Black, Indigenous and People of Color, individuals with disabilities, and individuals experiencing poverty are often disproportionately affected, the City of Portland is dedicating resources and creating support systems to ensure this crisis does not exacerbate existing inequities. We also acknowledge that the Asian Pacific Islander community has been particularly impacted by increased racism and xenophobia since this crisis began.

Three guiding principles inform the development of the Portland Small Business Relief Fund as well as consideration of further near-term efforts to support economic stability:

1. Prioritize support to the most vulnerable, applying a racial equity lens;
2. Act quickly. Leverage existing networks and assets; and
3. Make a difference through action, partnership and advocacy.

The Portland Small Business Relief Fund provides support to small businesses in sectors that have been directly impacted by the necessary COVID-19 public health requirements and prioritizes businesses owned by Black, Indigenous, Asian Pacific Islander and People of Color and/or women and employees. The median white family has 41 times more wealth than the median African American or Native American household and 22 times more wealth than the median Latino family. Systemic racism and gender bias further constrict access to capital; the average size loan for women-owned business was 31 percent less than for male-owned businesses. In times of economic growth, the wealth gap and constrained access to capital creates barriers to starting or growing a business; it can come at a devastating financial cost to business owners and their employees in economic downturns.ⁱ

This program incorporates the input of existing equity-centered networks and advisory bodies, leaders from other cities, and financial partners. Partners from the Inclusive Business Resource Network, Neighborhood Prosperity Network, multicultural chambers, CDFIs, Economic Recovery Task Force, City Council, and businesses from industry and cultural-specific listening sessions informed eligibility requirements, urgent business needs, program terms, and organizational capacity. As a result of this input, the proposal presents a framework grounded in racial equity priorities that leverages the trusted and nimble deployment infrastructure of our community-based partners.

The Small Business Relief Fund seeks to leverage the respective strengths among Prosper Portland and its partnership networks. Prosper Portland will pair its expertise in grant program development with its partners' trusted infrastructure to disburse funds rapidly. Learnings from previous grant cycles and other major cities show that high application volume will drastically outweigh available funds. Knowing that demand will surpass resources, staff will engage with a selection committee that includes members from the Council for Economic and Racial Equity, Community Cultural Business Chambers, and other community representatives to further refine prioritization criteria as well as additional criteria identified by the selection committee.

Small Business Relief Fund - Grant

Prosper Portland administers the grant application and recipient selection process. Disbursement partners are responsible for processing payments to grant recipients. Grant amounts will range from \$10,000-\$25,000 per applicant.

Block Grants

Community-based partners administer the grant application, recipient selection and disbursement process. Grant amounts from these community-based partners using block grant funds will range from \$5,000-\$20,000 per applicant.

Equity & Vulnerability Priorities

- Organizations that have experienced a decline in revenue as a result of COVID-19
- Organizations owned by Black, Indigenous, Asian Pacific Islander and People of Color and/or women (or eligible nonprofits primarily serving these communities)
- Organizations for whom resources will help them remain operational
- Organizations that did not receive enough federal funds
- Childcare-focused organizations (businesses as well as non-profits)
- Use of funds focused on helping operations shift, pivot, or adapt to the new COVID-19 environment

Selection and Disbursement Process

- Simple online application process managed by Prosper Portland.
- Prosper Portland will use established and vetted criteria to rank qualified applications in order of priority

Eligibility

Requirements:

- Organization has experienced a decline in revenue since February 1, 2020
- Organization is primary source of income for business owner(s) (unless organization is an eligible nonprofit)
- Organizations must have \$5 million or less in annual gross revenue
- Organization must have 50 or fewer employees
- Principal place of business must be located within the City of Portland (<https://www.portlandmaps.com/>)
- Organization must have been in operation and in compliance with the State of Oregon registration requirements on or prior to December 31, 2019. (Sole proprietors operating under the owner's name are not required to register with the State of Oregon).
- If an organization is a nonprofit, it must either be a social enterprise (meaning for the purposes of these guidelines that 90% or more of its activities are funded by payment for goods or services provided by the organization) or an organization whose primary activity is the provision of childcare

Loan Detail (up to \$50,000)

Additional Loan Eligibility Requirements

- Organization must be registered with the City of Portland on or prior to December 31, 2019
- Organizations must have \$5 million or less in annual gross revenue
- Organization must provide owner with primary source of income (more than 50% of monthly income should come from the business)

Loan Priorities (in addition to general priorities above)

- Job preservation, particularly for POC, women, low income individuals and individuals in priority geographies
- Organizations located in industrial districts
- Organizations that pay employees \$15/hour or more and will use resources to maintain level of employment

Loan Terms

- 4- or 6-year term, 0% interest rate
- Payments deferred for 12 months (this is included in the term above; e.g., 1 year of deferred payments then 3- or 5- year repayment term for a total of 4- or 6-year loan term)
- Note: a loan term of 6 years will be provided to businesses that retain employees and/or continue to pay for health care premiums
- Loan balance is due at the end of the term. If it not, interest could accrue at 8% until balance is paid off.

Selection and Disbursement Process

- Simple online application process managed by Prosper Portland.
- Prosper Portland will use established and vetted criteria to rank applications in order of priority.

Prohibited uses

Resources from both grant and loan funds may not be used for personal uses or those prohibited by federal (except legal cannabis), state, or local law or regulation.

ⁱ <https://inequality.org/facts/wealth-inequality/#racial-wealth-divide>
<https://www.cnbc.com/2019/03/07/the-lending-gap-narrows-for-women-business-owners-nationwide.html>



**PROSPER
PORTLAND**
Building an Equitable Economy

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RESOLUTION TITLE:

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Adopted by the Prosper Portland Commission on August 12, 2020

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Francesca Gambetti	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Peter Platt	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Serena Stoudamire Wesley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: August 18, 2020
Pam Feigenbutz, Recording Secretary	