



DATE: November 13, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-42
 Authorizing a Contract Amendment with the City of Portland for the Purpose of Operating and Administering the Economic Opportunity Initiative Program During Fiscal Year 2013-14

BOARD ACTION REQUESTED

Adopt Resolution No. 7029

ACTION DESCRIPTION

This proposed action would authorize the Portland Development Commission (PDC) Executive Director to sign an amendment to the Fiscal Year (FY) 2013-14 subrecipient contract (Subrecipient Contract) with the Portland Housing Bureau (PHB) for implementation of the Economic Opportunity Initiative (EOI) program, which provides workforce development and microenterprise development services to low-income Portland residents. This program is funded primarily with federal Community Development Block Grant (CDBG) funds from PHB and with General Funds from the City of Portland (City) Budget Office (CBO).

On June 12, 2013, the PDC Board of Commissioners (Board) passed resolution no. 7006 which authorized the Executive Director to enter into a Subrecipient Contract with PHB for up to \$2,400,000 for implementation of the EOI program. Based on that authorization, the Executive Director signed an agreement with PHB that provides PDC up to \$2,240,000 in CDBG funds for program implementation. This amendment to the Subrecipient Contract will provide an additional \$447,300 in CDBG funds and increase the total Subrecipient Contract with PHB for the EOI programs to \$2,690,000. Table A below explains the reason for the increase in CDBG funds.

Table A – Summary of Budget Increase

Amount	Reason/Use
\$247,300	These are carryover funds from FY 2012-13 and will be used for increased microenterprise and workforce development services.
\$200,000	PHB requested to provide \$200,000 in CDBG to PDC for staffing and indirect costs of the EOI program so that the General Funds that were to be used for this activity could instead be re-budgeted by the CBO and allocated to PHB to carry out a program to assist women facing homelessness.

With these additional funds, the contract with PHB exceeds the \$2,400,000 the Board authorized through resolution no. 7006; therefore, additional Board action is needed for the Executive Director to sign the amendment.

BACKGROUND AND CONTEXT

The EOI program, which was first implemented in FY 2004-05 by the former Bureau of Housing and Community Development (BHCD) (now known as PHB), was transferred to PDC in FY 2009-10, and is currently managed by PDC's Urban Development Department Neighborhood Team. This people-based program is aimed at increasing economic vitality of those living in poverty and focuses 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 EOI is to raise individual participant incomes and assets. Participants enrolled in EOI 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.

Funding for EOI comes primarily from the City. In FY 2013-14 PDC anticipates \$3,960,000 in City funds, with \$2,690,000 (68 percent) coming from PHB CDBG funds and \$1,280,000 (32 percent) from City General Funds. In FY 2013-14 PDC will also use \$36,449 from the Northwest Area Foundation (NWAFF) for adult workforce development, and \$56,960 from Multnomah County for youth workforce development.

PDC will implement the microenterprise development component of EOI principally through the subgrant of funds to non-profits specializing in microenterprise development which deliver or coordinate the delivery of assistance to low-income residents and business owners. PDC will implement the adult and youth workforce development components of EOI through a subgrant of funds to Worksystems, Inc. (WSI), which will implement the components, in coordination with WSI's other workforce services, primarily through the subgrant of funds to non-profits specializing in adult and youth workforce development.

The Subrecipient Contract requires PDC to administer EOI 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.

COMMUNITY AND PUBLIC BENEFIT

EOI 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. EOI also supports implementation of the Neighborhood Economic Development Strategy. In the graduating class of 2011-12, there were 735 enrollees in microenterprise or workforce development projects. Of those, 408 participants graduated after three years with a 25 percent increase in income. Fifty-two percent of all enrollees were people of color; 53 percent of graduates were people of color. Authorization to accept additional CDBG funds will allow for increased workforce development and microenterprise services, and the ability to cover personnel and indirect costs in administering the program.

PUBLIC PARTICIPATION AND FEEDBACK

EOI was originally created by BHCD to respond to public input encouraging the City to target limited economic development resources toward people who were in most need of assistance to achieve economic stability; EOI is based on national best practices. Over the last two years, PDC has worked to ensure that new providers were selected for microenterprise development, youth workforce development, and adult workforce development. This process of procuring new providers was done in an open and transparent manner and involved significant outreach and input from existing providers and other entities interested in the Initiative, particularly around the decision to have WSI administer workforce development programs.

BUDGET AND FINANCIAL INFORMATION

The FY 2013-14 PDC Revised Budget is expected to include \$2,688,889 in CDBG funding and \$1,278,272 in General Funds. PDC will also use \$93,409 in funds from NWAFF and Multnomah County, for a total program budget of \$4,060,571. The CDBG funds will be provided to PDC through the Subrecipient Contract with PHB; the General Funds are included in the overall intergovernmental agreement with CBO that was approved by the Board through resolution no. 7006 on June 12, 2013. The overall budget for EOI with all funding sources is shown in Table B. Both contracts are on a reimbursement invoicing basis with the respective City bureau. Services are delivered to participants through grant contracts with non-profit service providers specializing in microenterprise development, and, for the adult and youth workforce development components, through subrecipient contracts with WSI.

Table B – EOI Budget

	General Fund	CDBG	NWAFF	Multnomah County	Total
Total Resources	<u>\$1,278,272</u>	<u>\$2,688,890</u>	<u>\$36,449</u>	<u>\$56,960</u>	<u>\$4,060,571</u>
<u>Estimated Expenditures</u>					
Program Delivery					
MicroEnterprise Growth	204,278	620,794	0	0	825,072
Adult Workforce Development	313,651	988,100	36,449	0	1,338,200
Youth Workforce Development	<u>301,600</u>	<u>879,996</u>	<u>0</u>	<u>56,960</u>	<u>1,238,556</u>
Program Sub-Total	819,529	2,488,890	36,449	56,960	3,401,828
Personnel Services	238,675	91,675	0	0	330,350
Materials and Services	19,600	0	0	0	19,600
Indirect	200,468	108,325	0	0	308,793
<u>Estimated Total Expenditures</u>	<u>\$1,278,272</u>	<u>\$2,688,890</u>	<u>\$36,449</u>	<u>\$56,960</u>	<u>\$4,060,571</u>

RISK ASSESSMENT

There are few risks to authorizing this contract amendment. This is a long-standing program of the City 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 monitored the EOI program and recommended changes that are improving the administration and oversight of subrecipients and have resulted in a stronger understanding by PDC of issues related to administration of CDBG funds.

ALTERNATIVE ACTIONS

The PDC Board could decline to authorize the contract amendment; however, these additional funds will provide additional resources and services to populations in need of this support and will address the inability to cover staffing and indirect costs associated with administration of the program.

ATTACHMENTS

None