



DATE: June 12, 2013
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 13-19
Authorizing a Contract 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. 7006

ACTION DESCRIPTION

This action authorizes the Portland Development Commission (PDC) Executive Director to sign the fiscal year (FY) 2013-14 subrecipient contract (Subrecipient Contract) with the Portland Housing Bureau (PHB) for the implementation of the Economic Opportunity Initiative (EOI) by PDC. EOI has three components: adult workforce development, youth workforce development, and microenterprise development. The contract continues operational and administrative responsibility for EOI at PDC and will provide approximately \$1.9 million in federal Community Development Block Grant (CDBG) funds to PDC for this purpose. An additional \$1.48 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 (Board) later in June 2013. Total City of Portland (City) funding for EOI is anticipated to be \$3.38 million; Board authorization is needed 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 (BHCD), now known as the Portland Housing Bureau, and was transferred to PDC in FY 2009-10. The program is managed within 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 receiving approximately \$3.38 million in City funds, with \$1.9 million (54 percent) coming from CDBG funds and \$1.48 million (42 percent) from City general funds. In FY 2013-14 PDC also anticipates receiving \$100,000 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.

PUBLIC PARTICIPATION AND FEEDBACK

EOI, which is based on national best practices, was originally created by BHCD to respond to public input encouraging the City to target limited economic development resources toward populations who were in most need of assistance to achieve economic stability. 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 Approved Budget includes \$1,903,417 in CDBG funding and \$1,478,272 in General Funds. PDC also anticipates receiving \$156,960 in funds from NWA and Multnomah County, for a total program budget of \$3,538,649. The CDBG funds will be provided to PDC through the Subrecipient Contract with PHB; the City general funds will be included in the overall intergovernmental agreement with OMF that will be considered by the Board later in June 2013. The overall budget for EOI with all 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 with non-profit service providers specializing in microenterprise development, and, for the adult and youth workforce development components, through subrecipient contracts with WSI.

Table A – Estimated Economic Opportunity Initiative Budget

	<i>General Fund</i>	<i>CDBG</i>	<i>NWAF</i>	<i>Mult. Co.</i>	<i>Total</i>
Total Resources	\$1,478,272	\$1,903,417	\$100,000	\$56,960	\$3,538,649
Estimated Expenditures					
Program Delivery					
Microenterprise Development Services	\$231,826	\$380,671			\$612,497
Adult Workforce Development Services	\$313,651	\$761,373	\$100,000		\$1,175,024
Youth Workforce Development Services	\$313,651	\$761,373		\$56,960	\$1,131,984
Personnel Services	\$290,750				\$290,750
Materials and Services	\$19,600				\$19,600
Indirect	\$308,793				\$308,793
Estimated Total Expenditures	\$1,478,271	\$1,903,417	\$100,000	\$56,960	\$3,538,648

It is possible that the actual CDBG funds provided to PDC for the EOI program may be greater than the budget estimates in Table 1 by up to \$500,000. The Board resolution authorizes the Executive Director to increase the amount of CDBG funds received up to \$2.4 million if additional funds become available.

RISK ASSESSMENT

There are few risks to authorizing this contract. 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 conducted a monitoring of the EOI program; HUD’s monitoring report 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.

The most significant risk is a loss of direct control by PDC over program design and administration of workforce development services. These risks will be mitigated by having annual agreements with WSI, the entity which will administer the funding. The WSI contracts, being considered by the PDC Board under a separate action, 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 adult and youth workforce development system.

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. Portland City Council would need to either determine another city entity to operate EOI, or dissolve it.

ATTACHMENTS

None