



DATE: June 4, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-22

Authorizing a Contract with the City of Portland for the Purpose of Operating and Administering the Economic Opportunity Initiative Program During Fiscal Year 2014-15; Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Youth Workforce Development Services During Fiscal Year 2014-15; Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Adult Workforce Development Services During Fiscal Year 2014-15

BOARD ACTION REQUESTED

Adopt Resolution Nos. 7055 – 7057

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) 2014-15. 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 \$2,180,000 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 2014-15. 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 \$1,450,000 will be provided for youth workforce development and \$1,290,000 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 microenterprise development) and 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 \$2,180,000 in CDBG funds, it is anticipated that \$1,480,000 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 2014. Total City funding for EOI is anticipated to be \$3,660,000 (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 a 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 microenterprise development program principally through grants to non-profits specializing in microenterprise development, which deliver or coordinate the delivery of assistance to low-income residents and business owners. In 2012, the PDC Board approved EOI Microenterprise Program Guidelines, outlining the administrative process for awarding these annual grant contracts. Since the PDC microenterprise grants will be in conformance with the previous Board-approved guidelines, these grants do not require further Board approval.

COMMUNITY AND PUBLIC BENEFIT

EOI promotes achievement of PDC's Social Equity goal by targeting workforce and microenterprise development services to low-income individuals. Additionally, more than half of those served through the programs are people of color. EOI also supports implementation of the Neighborhood Economic Development Strategy. As of March 31, 2014, more than 1,300 individuals have been served through microenterprise or workforce development programs in FY 2013-14. Of those served, 67 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 \$2,500,000 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 2014-15, WSI anticipates investing approximately \$830,000 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 plan.

PUBLIC PARTICIPATION AND FEEDBACK

As mentioned above, PDC and WSI, in coordination with PHB, issued RFPs for the selection of service providers for the microenterprise, 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 2014-15 EOI budget includes \$2,180,000 in CDBG funding and \$1,480,000 in General Funds for a total of City funding of \$3,660,000. PDC also anticipates receiving \$100,000 from the Northwest Area Foundation (NWAFF) and \$57,844 from Multnomah County, for a total EOI program budget of \$3,817,266. 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 2014. 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 Budget

	<i>General Fund</i>	<i>CDBG</i>	<i>NWAFF</i>	<i>Mult Co</i>	<i>Total</i>
Total Resources	\$1,478,322	\$2,181,100	\$100,000	\$57,844	\$3,817,266
Estimated Expenditures:					
Program Delivery					
Microenterprise Development Services	\$251,544	\$503,174			\$754,718
Adult Workforce Development	\$281,027	\$834,200	\$100,000		\$1,215,227
Youth Workforce Development	\$308,208	\$843,726		\$57,844	\$1,209,778
Personnel Services	\$287,957				\$287,957
Materials and Services	\$19,600				\$19,600
Indirect	\$329,986				\$329,986
Estimated Total Expenditures	\$1,478,322	\$2,181,100	\$100,000	\$57,844	\$3,817,266

Of the total EOI budget, \$1,445,313 (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. 7055 authorizes the Executive Director to increase the amount of CDBG funds received from PHB up to \$2,680,000 if additional funds become available. Further, Resolution Nos. 7056 and 7057 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 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 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.

ALTERNATIVE ACTIONS

The PDC Board could decline to authorize the PHB 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 to dissolve it.

If PDC were not to enter into the two WSI agreements, PDC would issue an RFP in the summer of 2014 to select providers. This action would not offer the benefits cited earlier.

ATTACHMENTS

- A. List of FY 2014-15 Economic Opportunity Initiative Providers

List of FY 2014-15 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
New Avenues for Youth		X	
Open Meadow Alternative School		X	
Oregon Tradeswomen / Constructing Hope	X		
Portland Opportunities Industrialization Center		X	
Portland Youth Build		X	
PSU Business Outreach Program			X
SE Works	X	X	
Worksystems, Inc.	X	X	