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CITY OF PORTLAND
IN THE CITY COUNCIL

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**ORDER AMENDING THE PORTLAND DEVELOPMENT CORPORATION
COVID-19 BUSINESS ASSISTANCE GRANT PROGRAM FOR JOB RE-HIRE,
THE MICROENTERPRISE GRANT PROGRAM, AND THE RAPID RESPONSE
MICROLOAN PROGRAM**

ORDERED, that the amendments to the Portland Development Corporation COVID-19 Business Assistance Program for Job Re-Hire are hereby approved substantially in the form attached hereto; and

BE IT FURTHER ORDERED, the amendments to the Portland Development Corporation COVID-19 Microenterprise Grant Program are hereby approved substantially in the form attached hereto; and

BE IT FURTHER ORDERED, the amendments to the Portland Development Corporation COVID-19 Rapid Response Microloan Program are hereby approved substantially in the form attached hereto; and

BE IT FURTHER ORDERED, the City Manager or his or her designee is authorized to execute any and all documents necessary to implement this program and otherwise carry out the intent of this Order.

COVID-19 Portland Microenterprise Grant Program (MGP)

Program Description

The City of Portland's Microenterprise Grant Program (MGP) provides grants of up to \$2,500 to existing Portland microenterprises*, including home based businesses, that have been impacted by the COVID 19 crisis. is targeted to very small businesses with less than two (2) full-time equivalent (FTE) employees. The MGP provides grants of up to \$2,500 to existing Portland Microenterprises that have been impacted by the COVID 19 crisis.

The **definition of a Mmicroenterprise*** for the purposes of this program, is a business owned by a low/moderate income individual** that has ~~no more than 0 to no more than~~ one (1) Full Time Equivalent employee (which is 1 full-time at least 34 hours/week or 2 part-time, employees each at least 17 hours/week), as well as plus the business owner(s), ~~who must be a low/moderate income individual.~~ **Funding through this Program cannot be combined with any other ~~PDC City of Portland~~ COVID-19 financing Program.

This program is not intended to substitute for available COVID-19 Federal and/or State commercial financing if a business is able to access them or has already received such assistance. However, if a business received no more than \$1,000 per employee and no more than \$10,000 in total in COVID-19 Federal or State assistance in assistance, it is eligible to apply for City of Portland COVID-19 financing.

Program Objective

The stabilization of Portland microenterprises ~~that lease commercial space,~~ whether the business is open or temporarily closed.

Funding Source

Community Development Block Grant.

Financing

Maximum grant of \$2,500 per microenterprise.

Program Requirements/Eligibility

- Business is open or temporarily closed; ~~Need for grant funds to keep business open and operating;~~
- ~~Business is temporarily closed: Need for grant funds to maintain business' leased space and reopen business as soon as possible;~~
- Owner(s) must be low/moderate income**;
- If the business has employees, at least 51% must be low/moderate income**;
- Business began operating no later than March 15, 2020;
- Business can have no more than 1 FTE employee, as well as plus the owner;
- Business must be located within the City of Portland;
- Owner is unable to finance business expenses on his/her own;
- Other sources of government funding are not available;

- Applicant does not owe outstanding property taxes, fees, or judgments to the City and property must be free of all City liens and encumbrances.

Eligible Funding Activities:

~~Expenses that are needed to keep the business open or maintain the business' leased space if the business is partially or fully closed and to reopen as soon as possible.~~

Rent, utilities, inventory, insurance, payroll (not including owner) and other working capital needs; the portion of a residential mortgage that covers the square footage used by a home based businesses.

Ineligible Activities:

- Wages for business owner(s) and family members of the business owner(s);
- Refinance existing debt;
- Down payment for other financing;
- ~~Wages for business owner(s) and family members of the business owner(s);~~
- Use of grant funds for activities other than those that are noted as eligible.

Application Review Criteria

The Portland Development Corporation (PDC), the City's lending and granting board, will weigh the following criteria, but has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);
- Business has been substantially impacted by COVID-19 crisis:
 - Demonstrated need for grant funds if business is open;
 - Demonstrated need for grant funds to maintain leased space if business is closed;
- If closed, timing when business will reopen;
- If business had employees, timing when business will hire back furloughed employee(s) or re-create job(s) that existed just before the COVID-19 crisis, on January 31, 2020;
- If business had employees, company profile of employee wages and benefits;
- Health of business just before the COVID-19 crisis, on January 31, 2020
- Personal credit score of at least 600

Required Submittals

- City of Portland Microenterprise Program Application;
- Commercial Lease noting monthly or annual rate, and CAM charges for NNN leases; Personal financial statement - from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- If taxes for 2019 are not available, a Balance Sheet and a Profit and Loss for 2019;
- If had employees, payroll showing number of full and part-time employees just before the COVID-19 crisis on January 31, 2020, payroll showing number of full and part time employees;
- Demonstrated efforts to access Federal and State financial resources that were unsuccessful other than \$1,000 per employee and no more than \$10,000 in total (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME

COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs. ~~Maximum grant awards will be capped at the beneficiaries total need amount to prevent duplication of benefits.~~

Application and Approval Process

The City's Economic Development Department is responsible for administration of the COVID-19 Microenterprise Grant Program, with guidance from the Housing and Community Development Division. Applications are submitted to staff for eligibility review and may be analyzed by an underwriter. Eligible applications are presented to the Portland Development Corporation (PDC) for its review and approval. The PDC has the authority to establish application deadlines.

Reporting and Tracking (after grant approval)

If business is still operating, within six months after applicable Stay at Home or other COVID-19 emergency orders have been lifted for the grantee's type of business, the payroll will be at the same capacity it was just before it was impacted by the COVID-19 crisis on January 31, 2020. If business is temporarily closed it will be operating within six months after applicable State at Home or other City COVID-19 emergency orders have been lifted for the grantee's type of business. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted.

Sunset Provision

Program has a termination date of December 31, 2020 or when the funds run out, whichever comes first.

Definitions

*For the purposes of this Program, a microenterprise business is defined as a commercial enterprise that has 0 to no more than 1 no more than one Full-Time Equivalent Employee (one full-time at least 34 hours per week) or two part-time employees (each at least 17 hours/week) as well as plus the business owner(s). The owner(s) must be low/moderate income.**

**~~For the purposes of this Program, Low/moderate income~~ is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link:

<http://www.portlandmaine.gov/DocumentCenter/Home/View/8939>

COVID-19 Portland Business Assistance Program for Job Creation (Rehiring)

Description

The City of Portland's COVID-19 Business Assistance Program for Job Creation (BAP-Rehire) provides \$5,000 in grant funding to small businesses for **rehiring** two or more full-time employees or jobs that were on the payroll ~~as of just before the COVID-19 crisis. January 31, 2020.~~ The jobs, which must be filled by low/moderate income individuals,* could include previous employees or new employees. Funding through this Program cannot be combined with any other City of Portland PDC COVID-19 financing Program.

This program is not intended to substitute for available COVID-19 ~~F~~ederal and/or ~~S~~tate commercial financing programs if a business is able to access them or has already received such assistance. ~~Funding through this Program cannot be combined with any other PDC COVID-19 Program.~~ However, if a business received no more than \$1,000 per employee and no more than \$10,000 in total in COVID-19 Federal or State assistance, it is eligible to apply for City of Portland COVID-19 financing.

Program Objectives

- Create (rehire) jobs for two or more low/moderate income individuals;
- Stabilize and strengthen existing businesses impacted by the COVID-19 crisis;
- Stabilize and strengthen the Portland economy.

Funding Source

Community Development Block Grant Funds.

Financing Terms

- Maximum grant of \$5,000 per business;
- Grant is provided on a reimbursement basis for eligible expenses or through direct payment of ~~eligible~~ expenses once two (2) full time equivalent (FTE) jobs are back on the payroll. Half of the grant may be accessed once one (1) FTE is back on the payroll.

Program Requirements/Eligibility

- Create (rehire) at least two (2) full-time equivalent (FTE) jobs. ~~Two part-time jobs can be substituted for one full-time job. FTE = two Part-Time jobs.~~ (See definitions below ~~on required hours~~ for full-time** and part-time***)
- Created (rehired) jobs with the help of the grant are marketed to and filled by low/moderate income individuals;*
- Wages will exceed Portland's minimum wage;
- Business began operating no later than was in existence on January 31, 2020 March 15, 2020;
- Demonstrates that other available federal and state emergency assistance is not available to the company other than \$1,000 per employee and up to \$10,000 in total.
- Business must be located within the City of Portland;

- Applicant cannot owe outstanding property taxes, fees, or judgments to the City and property must be free of all City liens and encumbrances.

Eligible Funding Activities

- Working capital expenses (e.g., rent, utilities, payroll, insurance, inventory);
- Business consulting services (e.g., accounting, marketing, software, legal assistance);
- Employee training.

Ineligible Activities

- Refinance existing debt;
- Down payment for other financing;
- If business is closed, funds cannot be used to pay owner;
- Use of grant funds for activities, commenced or completed prior to program funding approval and prior to signing a grant agreement.

Application Review Criteria

- Career Potential
 - Job training in a marketable skill;
 - Potential for job advancement within the company or elsewhere.
- Employer
 - Completeness of application package (all required submittals);
 - Personal credit score of at least 600
 - Demonstrated need for grant funds to create (rehire) jobs, that is, has been substantially impacted by COVID-19 crisis;
 - How quickly will jobs be created again or employees rehired;
 - Number of jobs to be created again exceeds two (2) FTE;
 - Health of business prior to COVID-19 crisis;
- Business Sector: Growing/Trending up in Portland
- Compensation and Benefits: Quality of compensation and benefits package (for example, wages, health, vacation, sick leave);
- Community: Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

Application and Approval Process

The City's Economic Development Department is responsible for administration of the COVID-19 Business Assistance Program for Job Creation (Rehiring), with guidance from the Housing and Community Development Division. Eligible applications are submitted to staff, analyzed by an underwriter and then presented to the Portland Development Corporation (PDC) for its review and approval. The PDC has the authority to establish application deadlines.

Required Submittals

- City of Portland Program Application;
- Commercial Lease noting monthly or annual rate, including CAM charges for NNN leases.

- Personal financial statement - from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- Balance Sheet for 2019;
- Profit and Loss for 2019;
- Business plan if business was established in 2019;
- Payroll ~~from from~~ January 31, 2020 just before the COVID-19 crisis -showing number of full and part-time employees;
- Demonstrated efforts to access Federal and State resources that were unsuccessful other than \$1,000 per employee and no more than \$10,000 in total (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs. Maximum grant awards will be capped at the beneficiary's total needed amount to prevent duplication of benefits.

Reporting and Tracking Requirements (after grant approval)

Jobs must be created again within nine (9) months of signing a grant agreement (after being approved) or six (6) months after the applicable Stay at Home or other COVID-19 emergency orders have been lifted with respect to grantee's type of business, whichever is sooner. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted. Grant awardees will be required to provide quarterly payroll reports until two (2) FTE jobs are back on the payroll and then an annual report one year from rehiring date.

Sunset Provision

This program has a termination date of December 31, 2020 or when funds run out, whichever comes first.

Definitions

* For the purposes of this Program, low/moderate income is defined by the U.S. Department of Housing and Urban Development as 80% of median household income. A chart showing qualified income levels can be found on the City's website at the following link: <http://www.portlandmaine.gov/DocumentCenter/Home/View/8939>

** Definition of a full-time job, per the Maine Department of Economic and Community Development, is at least 1,750 hours/year.

*** Definition of a part-time job, per the Maine Department of Economic and Community Development, is at least 875 hours per year but less than 1,750 per year.

COVID-19 Portland Rapid Response Micro Loan Program

Description

The City of Portland Rapid Response Micro Loan Program (RRMP) is targeted to small businesses that had two (2) to ~~eight- fifteen~~ (815) employees before the COVID-19 crisis on January 31, 2020. The RRMP provides loans up to \$10,000 to Portland businesses most impacted by COVID-19 that are in danger of closing, have laid off workers, or have had to close temporarily. Funding through this Program cannot be combined with any other PDC City of Portland COVID-19 financing Program.

This program is not intended to substitute for available COVID-19 Federal and/or State commercial financing if a business is able to access them or has already received such assistance. However, if a business received no more than \$1,000 per employee and no more than \$10,000 in total in COVID-19 Federal or State assistance, it is eligible to apply for City of Portland COVID-19 financing.
~~if a business is able to access one or both. Funding through this Program cannot be combined with any other PDC COVID-19 Program.~~

Funding Source

\$400,000 from unrestricted City loan funds, capped at \$250,000 for the first round of the program.

Program Financing Terms

- Loans up to \$10,000 per business with \$5,000 forgivable if meet requirement (see Employee Retention or Rehiring Section below);
- No application fee;
- Commitment fee of 0.5% of loan amount (e.g., \$50 on a \$10,000 loan);
- 0% interest rate with a 2 year term for repayment;
- Loan payments begin 6 months after loan closing.

Program Eligibility

- Business is located in Portland;
- Business had two (2) to ~~eight- fifteen~~ (815) full time equivalent (FTE)* employees on its payroll just before the COVID-19 crisis on January 31, 2020. The required number of hours for a full and part-time jobs** is noted below under Definitions.
- Sales < \$1,000,000;
- Business began operating was no later than in-existence March 15, 2020 on January 31, 2020

Demonstrates that other available federal and state emergency loan programs are not available to assist the company: other than \$1,000 per employee and up to \$10,000 in total.

Eligible Use of Funds

Rent, utilities, inventory, payroll and any other expenses needed to maintain business operations or restart business. ~~If business is closed, funds cannot be used to pay owner.~~

Ineligible Use of Funds:

- If business is closed, funds cannot be used to pay owner;
- Refinance existing debt;
- Down payment for other financing;
- Use of grant funds for activities other than those that are noted as eligible.

Employee Retention or Rehiring: \$5,000 of loan is forgivable if at least 50% of full-time equivalent (FTE)* employees or jobs that were on the payroll just before the COVID-19 crisis on January 31, 2020 are back on the payroll or remain on the payroll by the following timeframe:

- Within nine (9) months of signing a loan agreement or six (6) months after the applicable Stay at Home or other COVID-19 emergency orders have been lifted with respect to the borrower's type of business, whichever comes first. The six month timeframe can be adjusted based on how the COVID-19 restrictions are lifted.

Review Criteria

The following criteria will be weighed, but the Portland Development Corporation (PDC), the City's lending board, has the discretion to base its approval on other considerations as well:

- Completeness of application package (all required submittals);
- Business has been substantially impacted by COVID- 19;
- If closed, timing when business will reopen;
- How quickly jobs will be re-created or employees rehired if all employees as that existed just before the COVID-19 crisis of January 31, 2020 have not been retained;
- Quality of employee compensation and benefits package (for example, wages, health, vacation, sick leave);
- Personal credit score of at least 600;
- Health of business prior to COVID-19 crisis;
- Social benefit of business' service(s) and/or product(s) or its level of giving back to the community.

Required Submittals

- City of Portland Rapid Response Micro Loan Program Application;
- Commercial Lease noting monthly or annual rate, including CAM charges for NNN leases.
- Personal financial statement from all owners of the business with 20% ownership or greater;
- 2018 and 2019 (if available) business tax returns;
- Balance Sheet for 2019;
- Profit and Loss for 2019;

- Business plan for those businesses that were established in 2019;
- Payroll from just before the COVID-19 crisis January 31, 2020 showing number of full and part-time employees;
- Demonstrated efforts to access Federal and State resources that were unsuccessful other than \$1,000 per employee and up to \$10,000 in total (e.g., SBA Economic Impact Disaster Loan Program, Paycheck Protection Program and FAME COVID-19 Relief Business Direct Loan Program) or an email acceptable to staff explaining the reasons for not utilizing any of these programs.

Security for Approved Loan

- Unlimited personal guarantees from all with ownership of 20% or greater;
- UCC-1 on all business assets (ABA) regardless of lien position relative to other lien holders, if any.

Application Schedule and Process:

The Portland Development Corporation (PDC) has the authority to establish application deadlines. Expedited loan closings will be provided after completed loan application packages are received by staff and reviewed for eligibility, analyzed by an underwriter and presented to the PDC for review and approval.

Program Sunset

This program has a termination date of December 31, 2020 or when funds run out, whichever comes first.

Definitions

* Full Time Equivalent (FTE): One full-time job equals two part time jobs.

**Per the Maine Department of Economic and Community Development, the definition of a full-time job is at least 1,750 hours/year (34 hours/week) and for a part-time job at least 875 hours per year (17 hours/week) but less than 1,750 per year.