

Order 137-20/21
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CITY OF PORTLAND
IN THE CITY COUNCIL

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**ORDER AMENDING PORTLAND DEVELOPMENT CORPORATION
COVID-19 LOAN AND GRANT GUIDELINES FOR THREE PROGRAMS**

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 Business Assistance Program for Job Creation (Rehiring) Grant

Description

The City of Portland's COVID-19 Business Assistance Program for Job Creation (BAP-Rehire) Grant provides up to \$10,000 in grant funding to small businesses for rehiring four full-time employees or jobs that were on the payroll just before the COVID-19 crisis. 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 COVID-19 financing.

This program may not duplicate benefits received from COVID-19 Federal, State or County grants. Specifically, COVID-19 City grants can only be used to pay for items not already paid for by other governmental grants.

Program Objectives

- Create (rehire) jobs for 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 \$10,000 per business for the rehiring of four (4) full time equivalent (FTE) employees (\$2,500/FTE job rehired); Grants of \$2,500, \$5,000 or \$7,500 can be applied for if a business rehires one, two or three FTE employees; **One (1) Full Time Equivalent (FTE) job is equal to at least 34 hours/week or 2 part-time jobs, each at least 17 hours/week).**
- Grant is provided on a reimbursement basis for eligible expenses or through direct payment of eligible expenses once employees have been rehired. Half of the grant may be accessed once half of the employees are rehired and are back on the payroll.

Program Requirements/Eligibility

- Create (rehire) at least one (1) FTE job. Two part-time jobs can be substituted for one full-time job.
- 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 March 15, 2020;
- 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
 - Demonstrated need for grant funds to create (rehire) jobs, that is, has been substantially impacted by COVID-19 crisis;
 - How quickly jobs will be created again or employees rehired;
 - Number of jobs to be created;
 - 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 Housing and Economic Development Department is responsible for administration of the COVID-19 Business Assistance Program for Job Creation (Rehiring),. 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 business tax returns;
- Current Balance Sheet;

- Profit and Loss for 2019;
- Business plan if business was established in 2019 or 2020;
- One year of monthly projections;
- Payroll from just before the COVID-19 crisis showing number of full and part-time employees;

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.

Sunset Provision

This program has a termination date of December 31, 202~~10~~11 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>

COVID-19 Portland Microenterprise Grant Program (MGP)

Program Description

The City of Portland's Microenterprise Grant Program (MGP) provides grants of up to \$5,000 for existing Portland businesses that operate out of leased commercial space and \$2,500 to other Portland microenterprises,* including home based businesses, that have been impacted by the COVID 19 crisis.

The **definition of a Microenterprise*** for the purposes of this program is a business owned by a low/moderate income individual** that has 0 to one (1) Full Time Equivalent (FTE) employee. One FTE =1 full-time job that is at least 34 hours/week or 2 part-time jobs that are each at least 17 hours/week), plus the business owner(s). Funding through this Program cannot be combined with any other City of Portland COVID-19 financing.

This program may not duplicate benefits received from COVID-19 Federal, State or County grants. Specifically, COVID-19 City grants can only be used to pay for items not already paid for by other governmental grants.

Program Objective

The stabilization of Portland microenterprises, whether the business is open or temporarily closed.

Funding Source

Community Development Block Grant.

Financing

Maximum grant of \$5,000 per microenterprise that operates out of leased commercial space.
Maximum grant of \$2,500 per microenterprise that does not operate out of leased commercial space (e.g., is home based or provides services elsewhere).

Program Requirements/Eligibility

- Business is open or temporarily closed;
- 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, plus the owner;
- Business must be located within the City of Portland;
- Owner is unable to finance business expenses on his/her own;
- 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:

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;
- 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:
- 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 ;
- If business had employees, company profile of employee wages and benefits;
- Health of business just before the COVID-19 crisis,
- Personal credit score

Required Submittals

- City of Portland Microenterprise Program Application;
- Commercial lease, if business is in a leased space, 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 business tax returns;
- A Current Balance Sheet
- Profit and Loss for 2019;
- One year of monthly projections;
- If had employees, payroll showing number of full and part-time employees just before the COVID-19 crisis ;

Application and Approval Process

The City’s Housing and Economic Development Department is responsible for administration of the COVID-19 Microenterprise Grant Program,. 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. 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, 202~~1~~⁰ 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 one (1) Full-Time Equivalent (FTE) employee. **One (1) FTE job is equal to at least 34 hours/week or 2 part-time jobs, each at least 17 hours/week** plus the business owner(s). The owner(s) must be low/moderate income.**

** 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 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 fifteen (15) employees before the COVID-19 crisis. 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 City of Portland COVID-19 financing.

This program may not duplicate benefits received from COVID-19 Federal, State or County grants. Specifically, COVID-19 City grants can only be used to pay for items not already paid for by other governmental grants.

Funding Source

\$133,500 from unrestricted City loan funds.

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 fifteen (15) full time equivalent (FTE)* employees on its payroll just before the COVID-19 crisis. (One (1) Full Time Equivalent (FTE) job = one full-time job of at least 34 hours/week or two part time jobs of at least 17 hours/week each.)
- Sales < \$1,000,000;
- Business began operating no later than March 15, 2020

Eligible Use of Funds

Rent, utilities, inventory, payroll and any other expenses needed to maintain business operations or restart business.

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 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 that existed just before the COVID-19 crisis have not been retained;
- Quality of employee compensation and benefits package (for example, wages, health, vacation, sick leave);
- Personal credit score;
- 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 business tax returns;
- Current Balance Sheet;
- Profit and Loss for 2019;
- One year of monthly projections;
- Business plan for those businesses that were established in 2019 or 2020;
- Payroll from just before the COVID-19 crisis showing number of full and part-time employees;

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, 202~~1~~⁰ or when funds run out, whichever comes first.