

**Summary of Proposal for
2018 Community Development Block Grant (CDBG)
Micro Enterprise Assistance**

Project Name

Micro Enterprise Development Program to Assist Low & Moderate-Income Families in the Mid-Willamette Valley

Milestone Dates

July 10:	public hearing at City of Independence city council meeting
July 24:	minutes approved, included in CDBG application to Business Oregon
July 31:	application submitted to Business Oregon (July 31 is final deadline)
Aug/Sept:	awards announced
Jan – Dec 2019:	grant period
1 st quarter 2020:	public hearing to review results

Project Summary

MERIT (Micro Enterprise Resources, Initiatives & Training) and the City of Independence are proposing a one-year project to offer microenterprise services to the non-entitlement areas of Marion County, Polk County and Yamhill County. Four municipalities (the City of Independence, Marion County, Polk County & Yamhill County) comprise the regional microenterprise assistance program as defined in this agreement. The City of Independence has been designated by the regional assistance program as lead applicant, and is applying to the Infrastructure Finance Authority for 2018 Microenterprise Assistance funds.

The City of Independence is preparing an application for a 2018 Community Development Block Grant from the Oregon Business Development Department – Infrastructure Finance Authority for a Micro Enterprise Development to Assist Low & Moderate-Income Families in the Mid-Willamette Valley project. The amount to be requested that will meet the National Objective of benefit to low-and-moderate income persons is \$97,500.

If funded, a microenterprise training program encompassing areas of Marion, Polk & Yamhill counties outside of the Salem City limits will be implemented. The proposed project will benefit people who are either starting or growing small businesses meeting the definition of a microenterprise. Microenterprises are defined as small businesses employing 1 to 5 people (including the owner) that typically require \$50,000 or less to start. At least 51% of the participants will be low or moderate-income households in order to meet a national objective of the funding source. It is proposed that MERIT, a local microenterprise support organization will be contracted to provide training and technical assistance to deliver the purposes of the grant. The funding will be used to train and support emerging or expanding small businesses in Marion, Polk and Yamhill counties meeting the definition of a microenterprise. It is estimated that between January and December of 2019 MERIT will work with 39 residents of the 3 counties, that are developing small businesses. The proposed project is an allowable use of the funds under the guidelines issued. Permanent involuntary displacement of persons or businesses is not anticipated as a result from the proposed project. The number of individuals to be served is a conservative number as indicated by current business start-up and expansion activity in the region.

B.O. 18-267

Based upon previous performance MERIT has a high degree of confidence that the project will be administratively closed within one year of contract signing.

Budget Statement

The budget does not include cash or in-kind match which is not a requirement for microenterprise assistance applications.

Sub-Grantee Agreement

The City of Independence will enter into an agreement with Microenterprise Resources, Initiatives & Training (MERIT), a local non-profit microenterprise support organization, to develop and carry out a regional microenterprise program in Marion, Polk & Yamhill Counties. A copy of the proposed agreement is provided.

SAMPLE:

ATTACHMENT G

DRAFT - SUB-RECIPIENT AGREEMENT FOR ACTIVITIES AUTHORIZED BY THE OREGON DEPARTMENT OF COMMUNITY DEVELOPMENT'S 2018 MICROENTERPRISE ASSISTANCE GRANTS

(Modifications to this Agreement must be approved by both parties prior to full execution)

THIS AGREEMENT is entered into this ___ day of _____, 2018 by and between the **City of Independence**, State of Oregon (hereinafter referred to as the "Recipient"), by and through its **City Manager**, and Microenterprise Resources, Initiatives & Training (**MERIT**), a local Microenterprise Support Organization (hereinafter referred to as the "Sub-recipient"),

WHEREAS, the Recipient has applied for a 2018 Microenterprise Assistance Grant under Title I of the Housing and Community Development Act of 1974, as amended, from the Oregon Business Development Department (OBDD) Infrastructure Finance Authority using federal Community Development Block Grant ("CDBG") funds allocated by the United States Department of Housing and Urban Development, ("HUD"); and,

WHEREAS, pursuant to this CDBG grant the Recipient has recognized the need for and offered support for economic development through microenterprise assistance throughout its jurisdiction; and

WHEREAS, the Recipient has entered into agreement with the **Marion County, Polk County, Yamhill County and the City of Independence** to form a regional microenterprise assistance program; and,

WHEREAS, OBDD has required the Recipient to enter into an agreement with the Sub-recipient as allowed under 24 CRF Part 570.489(e)(2)(ii) in order to carry out the activities of the regional microenterprise assistance program as identified in the grant application and the grant announcement; and,

WHEREAS, Microenterprise Resources Initiatives & Training (MERIT) is qualified as a local microenterprise support organization as defined by the grant announcement, and by virtue of its activities qualifies to receive CDBG funds as allowed by Section 105(a)(15), and Subpart I, 570.482(c) of the Housing and Community Development Act of 1974 as amended;

NOW, THEREFORE, the Recipient and the Sub-recipient do mutually agree as follows:

1. DEFINITIONS: As used in this Agreement:

- A. "Sub-recipient" means Microenterprise Resources Initiatives & Training (MERIT), a local Microenterprise Support Organization who serves as an intermediary between the Oregon Business Development Department, the Regional Microenterprise Assistance Program and the local Microenterprise Support Organization and who has the credentials and responsibility for administering the regional microenterprise assistance program.
- B. "Regional Microenterprise Assistance Program" means a self-defined regional program created by a minimum of three municipalities (cities and/or counties) that by formal agreement amongst themselves agree to form a regional microenterprise assistance program to facilitate economic development through microenterprise assistance services.
- C. "Local Microenterprise Support Organization" means a community development corporation, a nonprofit development organization, a nonprofit social services organization, or another locally operated nonprofit entity that provides services to disadvantaged microentrepreneurs.
- D. "Microenterprise" means a commercial enterprise that has five (5) or fewer employees, one (1) of whom owns the enterprise, and which requires less than \$35,000 in startup capital.
- E. "Microenterprise Assistance" means services and support offered to persons who are owners of microenterprises or persons developing microenterprises. These activities consist of general

classroom training and support to microenterprises as allowed under Section 105(a)(8) of the Housing and Community Development Act of 1974, as amended.

F. "OBDD" means the Oregon Business Development Department.

G. "CDBG" means Community Development Block Grant.

2. STATEMENT OF WORK: The Sub-recipient shall perform or contract to have performed all services according to the Statement of Work attached as Appendix I and made part of this Agreement.

3. TERM OF AGREEMENT: This Agreement shall commence on the day of award, and end one year from the date of execution of a contract between the OBDD and recipient. The term of this Agreement may be extended by mutual consent of the Recipient and Sub-recipient, subject to termination provisions set forth herein and the expiration date of the Recipient's CDBG grant from the OBDD.

4. AMENDMENTS: Any revision to this Agreement, including Appendices, shall only be made by written amendment to this Agreement.

5. COMPLIANCE WITH APPROVED AGREEMENT: All activities authorized by this Agreement shall be performed in accordance with the approved Statement of Work, the approved Budget, the Grant Conditions, and the relevant Department of Housing and Urban Development regulations, as set forth in the initial grant agreement between the OBDD and the Recipient.

6. CDBG PROGRAM INCOME: Any gross income directly generated from the use of the CDBG grant funds shall be used only for those activities for which the grant was awarded. Disposition of CDBG Program Income received by the Sub-recipient or the Contractor shall be governed by the requirements outlined in the Scope of Work and in compliance with 24 CFR 570.504 (b) and (c).

7. FISCAL AND ADMINISTRATIVE RESPONSIBILITIES: The Sub-recipient agrees to comply with the provisions of 24 CFR 570.502 (b), Application of Uniform Administrative Requirements and all requirements and standards set forth in the grant award.

8. TERMINATION OF AGREEMENT: In accordance with 24 CFR 85.43, suspension or termination of this agreement may occur if the Sub-recipient materially fails to comply with any terms of the award, and furthermore, the award may be terminated for convenience in accordance with 24 CFR 84.44.

9. REVERSION OF ASSETS: Upon the expiration of this grant, the Sub-recipient shall transfer to the Recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds.

10. OTHER PROGRAM REQUIREMENTS: The Sub-recipient agrees to carry out each activity authorized by this agreement and the grant award in compliance with all State laws applicable to CDBG activities and all Federal laws and regulations described in Subpart K of the Housing and Community Development Act of 1974 as amended.

11. INDEMNIFICATION: The Sub-recipient will indemnify, hold harmless, and defend the Recipient against any and all claims, demands, damages, costs, expenses, or liability arising out of the Sub-recipient's performance of duties and obligations under this Agreement except for liability arising out of the concurrent or sole negligence of the Recipient or its officers, agents, or employees.

12. COMMENCEMENT OF ACTIVITIES UPON AWARD: It is expressly understood that all of the activities outlined in this agreement and authorized by the Grant Announcement shall be undertaken by the Recipient and the Sub-recipient only upon award of the CDBG funded Microenterprise Assistance Grant.

The Recipient and the Sub-recipient have executed this Agreement on the last date indicated below:

NAME OF SUB-RECIPIENT: **Microenterprise Resources, Initiatives & Training (MERIT)**

BY: Scott Sadler, President

SIGNATURE: _____

DATE: _____

NAME OF RECIPIENT: **City of Independence, Oregon**

BY: David Clyne, City Manager

SIGNATURE: _____

DATE: _____

**Micro Enterprise Development to Assist Low & Moderate-Income Families in the
Mid-Willamette Valley - 2018
MEMORANDUM OF UNDERSTANDING**

**Between the City of Independence,
Marion County, Polk County, Yamhill County**

The City of Independence, Marion County, Polk County and Yamhill County hereby agree to:

- Support the development of microenterprise businesses commonly defined as a business with fewer than five employees and with capital needs of under \$50,000.
- Support the establishment of a regional microenterprise program to foster economic development in Marion, Polk and Yamhill Counties through microenterprise services provided by Microenterprise Resources, Initiatives & Training (MERIT), for residents of all municipalities and unincorporated areas in all three counties, with the exception of incorporated areas of the City of Salem within Polk and Marion Counties.
- Submit an application for a Community Development Block Grant for Microenterprise Assistance to Business Oregon, with the City of Independence acting on behalf of the regional microenterprise assistance program as lead applicant.
- Support the project proposal prepared by Microenterprise Resources, Initiatives & Training (MERIT).

Signature 3 of 4

Yamhill County:


Signature

Deputy County Administrator 7/19/18
Title Date

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Accepted by Yamhill County
Board of Commissioners on
7/19/18 by Board Order
18-267

SAMPLE:

ATTACHMENT G

APPENDIX I - SCOPE OF WORK TO BE PERFORMED BY SUB-RECIPIENT [24 CFR 570.503(b) (1)]:

SUB-RECIPIENT AGREEMENT

FOR ACTIVITIES AUTHORIZED BY

THE OREGON DEPARTMENT OF COMMUNITY DEVELOPMENT'S

2018 MICROENTERPRISE ASSISTANCE GRANTS

Introduction

MicroEnterprise Resources, Initiatives & Training (MERIT), the local microenterprise support organization and Sub-recipient as defined in this application and Sub-recipient Agreement proposes to contract for local microenterprise services with the City of Independence.

MERIT and the City of Independence are proposing a one-year project to offer microenterprise services to the non-entitlement areas of Marion County, Polk County and Yamhill County. Four municipalities (the City of Independence, Marion County, Polk County & Yamhill County) comprise the regional microenterprise assistance program as defined in this agreement. The City of Independence has been designated by the regional assistance program as lead applicant, and is applying to the Infrastructure Finance Authority for 2018 Microenterprise Assistance funds.

The project will serve 39 entrepreneurs over a period of one year; of whom a minimum of 20 (51%) will be low-moderate income (defined as 80% of the median income for Polk County or Marion County by family size; Section 102(a) 20) of the Housing and Community Development Act of 1974 as amended).

Objectives

The core goal of this project is microenterprise training/education. Classes will be taught in English and in Spanish (depending upon demand). The project will meet the Community Development Block Grant National Objective of benefitting to Low and Moderate Income persons. The project will meet the following objectives:

1. Assist a minimum of 39 pre-venture, start-up, or existing microenterprises owned by low/mod income persons within the proposed regional microenterprise assistance program area.

2. Collect data to monitor progress of participants and evaluate results.
3. Provide local access to services that would not exist without the program.

Description of Work

General Classroom Training – The process will start with participant recruitment and screening to evaluate readiness and determine degree of business feasibility. The MERIT microenterprise basics class (Rural Business Springboard) will be offered to groups of entrepreneurs at locations within the City of Independence, City of Woodburn and the City of McMinnville. The core training will consist of 12-hours of microenterprise basics classes. MERIT will provide training to a minimum of 39 individuals in these core training classes. The core training helps participants evaluate personal readiness, learn business basics, while assessing the feasibility of his or her business idea, and developing a plan for success. Referrals will be made to key strategic partners like the Polk Community Development Corporation for individuals identified as needing training in financial education. Participants completing the core training and continuing to develop their business concept toward start-up will also have the opportunity to attend advanced classroom training focused on business launch. These advanced classes will consist of 24-hours of classroom training. Topics such as developing a business plan, planning for good financial records, access to markets, access to financing and goal setting will be covered in these classes.

Service Area

Proposed work will be carried out within Polk County, Marion County & Yamhill County. Participants must be residents of Marion County, Polk County or Yamhill County (non-entitlement areas outside of the Salem city limits).

Project Completion Timeline

Project activities shall be accomplished by in accordance with the following schedule:

Activity	Timeframe	Expected Accomplishments
Outreach through WorkSource centers and referral partners	January 2019 through October 2019	39 qualified applicants enroll in business training
Deliver 12 hours of core business training to each entrepreneur (@ \$2500 per entrepreneur)	March 2019 through December 2019	39 entrepreneurs learn business basics, examine personal readiness and feasibility of their business

Activity	Timeframe	Expected Accomplishments
		concepts and begin to write business plans
Provide advanced training opportunities focused on finances, access to markets, access to capital and goal setting	May 2019 through December 2019	Entrepreneurs receive additional classroom training in financial projections, access to markets, access to capital and goal setting
Project close-out	December 2019	Documents for administrative close-out submitted to grant agency

Targeted Goals/Performance Measures

MERIT will assist at least one (1) microenterprise for every \$2,500 awarded.

Budget

CATEGORY	TOTAL
Contractual Services	\$ 97,500
Other	0
TOTAL	\$97,500