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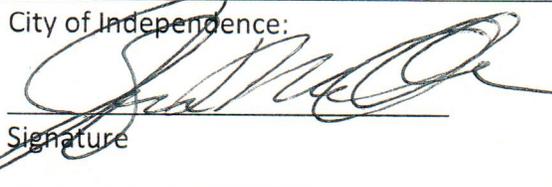
MICROENTERPRISE REGIONAL PROGRAM - 2014
MEMORANDUM OF UNDERSTANDING

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

The City of Independence, Polk County, Yamhill County and Marion 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 Polk, Yamhill and Marion Counties through microenterprise services, for residents of all municipalities and unincorporated areas in both 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, 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).

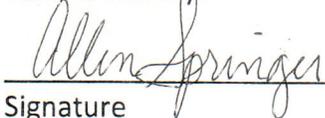
City of Independence:


 Signature Title Date
 _____ MAYOR _____ 9/23/14

Polk County:


 Signature Title Date
 _____ COMMISSIONER _____ July 29, 2014

Yamhill County:


 Signature Title Date
 _____ Chair Commissioner _____ 8-7-14

Marion County:


 Signature Title Date
 _____ Chair Commissioner _____ 8-27-14

Approved As To Form
 by 
 Christian Boenisch
 County Counsel
 Yamhill County

B.O. 14-458

Polk-Yamhill-Marion Regional Microenterprise Program

July 2014

Background

The City of Independence is preparing an application for a 2014 Community Development Block Grant from the Infrastructure Finance Authority (Oregon Business Development Department) for a Regional Polk-Yamhill-Marion Microenterprise Project. It is estimated that the proposed project will benefit at least 36 persons, of whom 51% will be low or moderate income. A public hearing for this proposal is being scheduled for August 2014 during a City of Independence Council Meeting.

The Project

The funding will be used to train and support emerging small businesses in Polk, Yamhill and Marion counties (areas outside of the City of Salem city limits). The City of Independence will be the lead applicant for a request of \$100,000 and MERIT will be contracted to provide training and technical assistance to deliver the purposes of the grant. It is estimated that between January and December of 2015; MERIT will work with 36 residents of the 3 counties that are developing small businesses. The grant will require that at least 51% of the participants be low to moderate income households in order to meet a National Objective of the CDBG funding. MERIT will conduct outreach for the classes through monthly workshops at WorkSource centers in Dallas, McMinnville and Woodburn. MERIT will also conduct outreach through a variety of community partners like the Polk Community Development Corporation, West Valley Housing Authority, the Housing Authority of Yamhill County, Farmworker Housing Development Corporation and Catholic Community Services so that a sufficient number of income eligible households are reached in order to meet the National Objective.

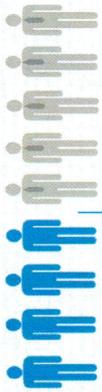
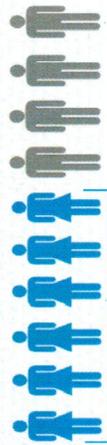
We expect that classes will be held in Independence, McMinnville and Woodburn during the year. The Rural Springboard model that MERIT piloted in 2012-2013 will be used to deliver training. The idea behind this concept is to create some of the connections that new businesses will need inside the classroom, by bringing in local businesses and resources. MERIT works with microbusinesses that employ 1 to 5 people and usually take under \$50,000 to start. An infographic that describes cumulative program impact is being provided.

Thank you for the support that we have received from the Board of Commissioners and staff. Your continued participation in supporting our work is appreciated.

"I am going to use [the] tools [learned in class] and get ready to launch! It is time to pick up my heart on paper and make it reality." – Client comment on the training *Explore and Define Your Business*

99% of clients would recommend MERIT to their friends and family

Who we serve*



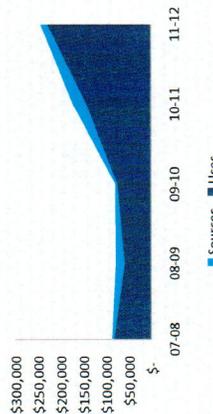
*Fiscal year 2011-2012 data



32% ethnic minority
56% low-moderate income

History

Catholic Community Services, West Valley Housing Authority, Salem Keizer Community Development Corporation, and Polk Community Development Corporation saw a need for a regional microenterprise development program to help underserved people increase income and build assets through self-employment. MERIT held its first classes in Marion and Polk counties in early 2004. The program has since obtained its 501(c)(3) status in 2008, and has added services in Yamhill County and in Spanish.



626 High Street NE, Suite 210, Salem, OR 97301
503.399.5088

www.merit-microenterprise.org

Twitter: @MERITmicrobiz

Facebook: facebook.com/MERITmicrobiz



Microenterprise Resources, Initiatives & Training (MERIT) is a microenterprise development organization that empowers economically, socially, and physically challenged individuals to increase self-sufficiency and build personal assets. Our mission is to help people explore, launch and grow successful small businesses through training and support in Marion, Polk and Yamhill counties.

Theory of Change



BUSINESS IMPACT :: creation of businesses, stable and growing revenues, cost control, expansion

COMMUNITY IMPACT :: jobs created and retained, living wages paid

HOUSEHOLD IMPACT :: increase income and wealth, increase savings, decrease dependence on public assistance, increase credit scores

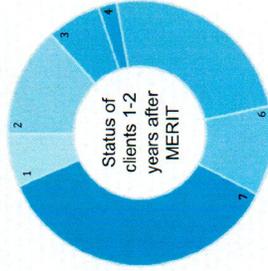
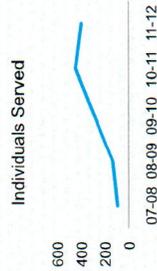
Programs & Services

WORKSHOPS :: one-hour workshops on characteristics of an entrepreneur, steps needed to start a business, and an overview of resources available

TRAININGS :: targeted business training programs for individuals deciding to pursue their business idea and for individuals actively taking steps to launch their business

SERVICES :: one-on-one advising, individual development accounts, market research, microloans, specialized workshops, pro-bono legal services

FOCUS AREAS :: financial education, rural communities, Native American community, Latino community



- 1 :: 7% Launched a business but quit or took a break
- 2 :: 13% Decided the timing was not right to pursue their business idea
- 3 :: 7% Decided to pursue further education
- 4 :: 24% Decided to find employment
- 5 :: 24% Business idea is still in formation
- 6 :: 11% Running a business for less than 1 year
- 7 :: 36% Running a business for more than 1 year

i Microenterprises or microbusinesses are small businesses that typically require less than \$35,000 to start and employ 5 or fewer employees.



MERIT Businesses and Success Stories

Our Impact

- 151+** active businesses to date
- \$60,643** average business revenue
- 67%** of MERIT businesses pay living wages (above minimum wage standards)
- 52%** decrease in MERIT business owners reliance on public assistance

Circles represent MERIT business locations and the size represents the number of MERIT businesses in that location.



1
M&S Resources Maintenance and Cleaning LLC
Salem, OR
Est. 2009



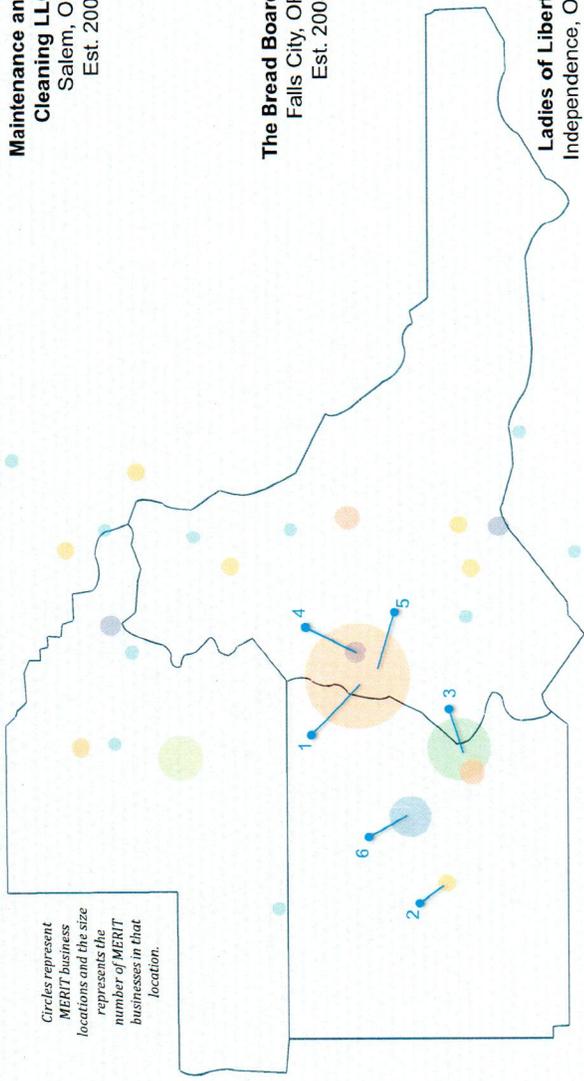
2
The Bread Board
Falls City, OR
Est. 2008



3
Ladies of Liberty
Independence, OR
Est. 2009



4
Campbell's Kids
Keizer, OR
Est. 1992



5 **New Creations Home Solutions :: Salem, OR :: Est. 2010**
Judy Klassen attended MERIT after being laid off from her job at Salem Hospital. Four months later, she launched New Creations Home Services. "Someone I was doing cleaning work for (to earn extra money) put the bug in my ear that I should start my own business," Klassen said. "I was going to the *Start Your Business* workshop at the Salem WorkSource Center and then getting into the MERIT program that helped it all fall into place. MERIT's resources were definitely a big help." While she isn't earning as much as she was at the Hospital, after being on unemployment for one year, Judy is now earning enough through her business to meet her financial needs.

6 **Alpha Dog Daycare & Grooming :: Dallas, OR :: Est. 2011**
Shawna Marquand was homeless five years ago. After receiving TANF for two months, she found a low-wage job working for a doggie day care and worked there for two years while receiving food stamps and day care assistance. After receiving training and one-on-one technical assistance from MERIT, she started her business. While she is still receives some public assistance, business is booming. Shawna is confident that she will soon be making enough money to end her reliance on public assistance. "I Furthermore, Shawna says her level of fulfillment has increased. "I am much happier doing this," she said. "It was a leap of faith, but owning my own business gives me more satisfaction and more confidence." MERIT helped Shawna think through the decision to start a business so that she was informed and prepared when she made that leap.



City of Independence, Oregon

RECEIVED

SEP 25 2014

YAMHILL COUNTY BOC

September 23, 2014

Yamhill County
Board of Commissioners
535 NE Fifth Street
McMinnville, OR 97128

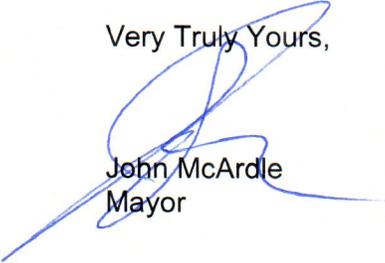
Dear Commissioners:

Thank you for your support of the Microenterprise Regional Program, 2014. This project has been very successful in the past, and we hope that it continues to grow and prosper in the years to come.

Our City Recorder has enclosed a certified copy of the Memorandum of Understanding, as well as a copy of the IFA application.

I look forward to a successful close of the application process, and working to provide our citizens with tools to become successful business entrepreneurs.

Very Truly Yours,


John McArdle
Mayor

JM/kj

Enclosures



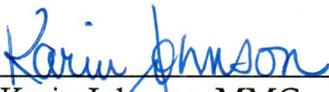
City of Independence, Oregon

Certification of Public Record of the City of Independence, Oregon

I, Karin Johnson, hereby certify that I am the duly appointed, qualified, and acting City Recorder of the City of Independence, Oregon, and

I further certify that the attached photocopy of "Microenterprise Regional Program – 2014 Memorandum of Understanding" is a true and correct copy of said MOU.

Witness my hand and the Seal of the City of Independence, Oregon, this 23rd day of September, 2014.


Karin Johnson, MMC
City Recorder



555 S. MAIN STREET, P.O. BOX 7, INDEPENDENCE, OR 97351
Phone: 503.838.1212 • 503.606.3282 • TTY: 800.735-2900
www.ci.independence.or.us

The City is an Equal Opportunity Provider



General Application

Applicant

City of Independence 93-602188
Name Federal Tax ID Number
555 South Main St. PO Box 7
Independence, Oregon 97351 Independence, Oregon 97351
Street Address Mailing Address

Organization Type:

City County Special District under ORS _____ Port District under ORS _____ Tribe

Karin Johnson City Recorder
Contact Name Title
(Person we should contact with project questions)

503-838-1212 503-606-3282 johnson.karin@ci.independence.or
Phone Number Fax Number Email Address
.us

Representation (Information may be found at www.leg.state.or.us/findlegsltr)

10 Jackie Winters
12 Brian Boquist
11 Peter Courtney
Senate District Number Senator's Name
20 Vicki Berger
23 Jim Thompson
24 Jim Weidner
22 Betty Komp
House District Number Representative's Name

Project Information

Polk, Yamhill, Marion Regional Microenterprise Program
Project Name: (e.g., Stayton Water System Improvements)

Opportunity/Problem

Briefly describe the opportunity or problem facing the applicant:

This project addresses needed improvements to economic opportunity by providing access to services that promote economic self-sufficiency of the participants.

As the regional economy weakened beginning in 2007 individuals who were working toward self-sufficiency before the economic downturn found it even more challenging to attain personal financial security as living-wage jobs became scarce and government programs were being reduced. The unemployment rate in the mid-Willamette Valley climbed from 5.4% at the start of 2007 to 9.7% at the beginning of 2012, a staggering increase that sent many to the Oregon WorkSource Centers who never dreamed that unemployment was a part of their future. Since then there have been employment gains that have decreased unemployment to the current level of 7.2%, which is still well above that of 2007. Since 2008, there are 16,174 fewer employed persons working in the Salem MSA (Marion-Polk counties). The percentage of Oregonians in the civilian labor force hit a historic low in February 2013, and fell even further in March 2013 to 62.2 %; the lowest point since the state started tracking the metric in 1976. (source: Issue Brief: Personal Income of Residents in Marion County prepared by Don Russo, Economic Development Manager, May 2013) This report concludes that residents are increasingly dependent on government sources for their personal income. In response an increased number of formerly employed (and self-sufficient) individuals are considering entrepreneurship as a way to support themselves and their families.

In 2013 the Aspen Institute released a report entitled, "Microenterprise Development as Job Creation". The report attempts to address where microenterprise fits in as a strategy for jobs growth. As part of the research, 1198 owners of microenterprises were surveyed. The report found that 37 percent of the 1,198 surveyed business owners were "patchers", individuals who reported both operating a business and being employed in a wage job, thereby creating a full-time job equivalent for themselves from the two sources. In many ways, these patchers looked like other microenterprise program clients. These results parallel MERIT's own experience in working with microenterprises and suggest that disadvantaged individuals use microenterprise development in a variety of ways to create jobs and income for themselves and their families. This may be in part a response to an environment where pre-recession employment levels have not returned.

Training and technical assistance for people starting microenterprises, especially for low-income clients, are key factors in the success of business start-ups. These resources are commonly found in Salem and Portland. They are harder to access in rural areas of Polk, Yamhill and Marion counties. This project addresses that problem.

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Response to Opportunity/Problem

Briefly describe the major alternatives considered to address this opportunity or problem:

There is a need for residents of Polk, Yamhill and Marion counties to have access to programs that offer solutions to their economic hardship. MERIT aims to do just that. The organization works to address the problems of poverty and unemployment by promoting economic development and self-sufficiency through self-employment that results in jobs creation and income generation. Microenterprise development is a relatively new phenomenon that has been around for two decades. The Polk, Yamhill, Marion regional microenterprise program provides training opportunities for people wanting to increase personal income and assets by developing a microenterprise business. Microenterprise means commercial enterprises that have five (5) or fewer employees, including one (1) or more who own the enterprise. Every new business represents a new job for its owner. According to the Small Business Administration between 2007 and 2010 microenterprises were the only size of businesses that had a net increase of jobs in Oregon (source: SBA Small Business Profile: Oregon published Feb. 2013). This project brings a proven microenterprise program (MERIT) to the region to provide business basics training. MERIT is an educational program with an economic impact.

The root causes of the lack of self-sufficiency depend on whether it is chronic or a relatively new experience in someone's life; MERIT addresses both causes. In cases where personal financial security has been a long-term issue, MERIT's training increases self-esteem, encourages the development of a strong personal network, and helps develop connections to the mainstream economy. In situations where an individual's personal financial situation has taken a catastrophic hit due to job loss, MERIT's training helps these individuals navigate through the change, learn new things about themselves, and learn new skills. In either case, MERIT instills leadership qualities as the program empowers individuals to become self-sufficient. MERIT has been successful in helping people start businesses and reach a level of self-sufficiency for over 10 years.

An emerging entrepreneur will have a much greater chance of success if given assistance and encouragement, which is why there is a need for a microenterprise program in Polk, Yamhill and Marion Counties. The MERIT program has operated since 2004, almost exclusively with low and moderate income individuals.

Detailed Project Description

Clearly describe the proposed project work to be accomplished:

The core goal of this project is microenterprise enterprise training/education. Classes will be taught in English and in Spanish (depending upon demand) in three locations; Independence, McMinnville and Woodburn.

The City of Independence will secure the services of MicroEnterprise Resources, Initiatives & Training (MERIT) a local microenterprise support organization to provide microenterprise assistance within the project area of rural Polk, Yamhill and Marion counties. The City of Independence is partnering with Polk County with Polk County, Yamhill and Marion County to offer these services regionally. The area to be served is restricted to rural (non-entitlement areas) and excludes areas located within the City of Salem. MERIT is housed at the Chemeketa Center for Business & Industry in Salem; however, the program will be delivered from 3 locations within the City of Independence, City of McMinnville and the City of Woodburn. MERIT is ready to proceed immediately with a microenterprise program that will provide general classroom training, and has the staff and instructors necessary to complete the project in the projected timeframe. The MERIT microenterprise basics class will be offered to small groups of entrepreneurs and will be tailored to the rural culture of the communities the participants will come from. Training is focused on helping each participant evaluate personal readiness, learn business basics, while assessing the feasibility of his or her own business idea, and develop a plan for success. The process starts with participant recruitment and screening to evaluate readiness and determine degree of business feasibility. The core training consists of 12-hours of microenterprise basics classes taught to small cohorts of entrepreneurs. MERIT will provide training to a minimum of 40 individuals in these core training classes entitled Rural Business Springboard. The core training is focused on examining and refining business feasibility and developing a strategy that will guide business emergence. 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 consist of an additional 18-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. It is anticipated that 30-40% of those finishing the core training will attend these more in-depth classes. This projection is based upon outcomes previously identified by MERIT. Follow-up survey and data collection will help track program participants, measure their progress and identify program outcomes.

The project meets a national objective by working with a minimum of 40 Polk, Yamhill and Marion County entrepreneurs of whom at least 51% will be low-moderate income residents of the County (living outside of the Salem city limits). MERIT estimates that this threshold will be exceeded and is projecting that about 75% of the participants will be low-moderate income.

Project Work Plan

List project activity milestones with estimated start and completion dates. Identify estimated date of first cash draw:

Activity	Estimated Date	
	Start	Completion
Recruit and screen participants/hold information sessions at WorkSource centers	Nov 1, 2014	Oct 31, 2015
Deliver 12 hours of core business training to each entrepreneur	Dec 1, 2014	Oct 31, 2015
Provide advanced business training opportunities	Feb 1, 2015	Oct 31, 2015
Project close out	Oct 1, 2015	Oct 31, 2015

Estimated First Draw Date: Jan 1, 2015

Project Budget

IF THIS APPLICATION IS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) OR SAFE DRINKING WATER REVOLVING LOAN FUND (SDWRLF) PROGRAM FUNDING, PLEASE SKIP THIS BUDGET TABLE AND COMPLETE THE PROJECT BUDGET INCLUDED IN THE PROGRAM-SPECIFIC APPLICATION SUPPLEMENT FORM.

List individual project budget line items with requested budgeted amounts by IFA and non-IFA funding sources. Change budget column labels to identify the specific requested IFA funding sources. Non-IFA sources are those funds other than those requested from IFA.

Budget Line Item <i>(Adjust budget items to suit the project) Below are general items most used</i>	IFA Funding		Non-IFA Funds	Total
	Source 1	Source 2		
Engineering/Architecture	\$0	\$0	\$0	\$0
Construction				0
Construction Contingency				0
Land Acquisition				0
Legal				0
Construction Management				0
Other (Specify)				0
Other (Specify)				0
Other (Specify)				0
Other (Specify)				0
Totals	0	0	0	0

Details of Non-IFA Funds

Source of Non-IFA Funds	Amount	Status: C-Committed, A-Application S-Submitted, AI-Application Invited, PS-Potential Source	Dates Required Funds will be Committed and Available
	\$0		
Totals	0		

If "Non-IFA funds" include USDA Rural Development funding that will require interim financing, please indicate the source of the interim financing.

General Certification

I certify to the best of my knowledge all information, contained in this document and any attached supplements, is valid and accurate. I further certify that, to the best of my knowledge:

1. The application has been approved by the governing body or is otherwise being submitted using the governing body's lawful process, and
2. Signature authority is verified.

Check one:

- Yes, I am the highest elected official. (e.g., Mayor, Chair or President)
- No, I am not the highest elected official so I have attached documentation that verifies my authority to sign on behalf of the applicant. (Document such as charter, resolution, ordinance or governing body meeting minutes must be attached.)

The department will only accept applications with proper signature authority documentation.



Signature
John McArdle

Printed Name

9/23/14

Date
Mayor

Printed Title

FOR IFA USE ONLY

Concept Number

Intake Approval Date

Project Type:

- Planning Construction Other:
 Design Design & Construction