

Prosper Portland Cannabis Business Development Program

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Please complete this form with approval of your Commissioner in charge and submit to CBO electronically by February 27th. CBO will input the decision package into the budget system using this information, and the package may be discussed as part of the Cannabis work session on March 9th.

DESCRIPTION

In late 2017 and early 2018, the offices of Commissioner Eudaly and Commissioner Fritz led an effort to collect results of a community survey and recommendations from a stakeholder Cannabis Tax Steering Committee that included restorative justice experts, community partners, and minority cannabis business owners. The community articulated that while the legalization of cannabis presents new business opportunities, entrepreneurs of color face multiple obstacles resulting from previous cannabis prohibition. A primary challenge identified was access to capital.

Based on that feedback, a portion of cannabis tax revenue was set aside in FY18-19 for Prosper Portland to pilot a new program in the Inclusive Business Resource Network (IBRN) that would address the unique challenges for minority-owned cannabis businesses, specifically for entrepreneurs from communities that have been disproportionately, negatively impacted by the prohibition of cannabis. An RFP for the Cannabis Business Development Program was issued in the spring of 2018 and Nu Leaf Project was selected via competitive process. Components of that program include:

- Access to business technical support and navigation within IBRN, this includes mentoring, business basics, finance and legal support.
- Strategic grants to these businesses to help them become sustainable.

This program is an allowable use of Recreational Cannabis Tax resources in that it seeks to build wealth for entrepreneurs of color, specifically those who have been disproportionately affected by cannabis laws.

The program was funded with \$150,000 in one-time Recreational Cannabis Tax resources in FY18-19 and \$210,000 in FY19-20. Approximately 50% of funds each year go toward capital support for cannabis entrepreneurs of color and 50% of funds go to staff time and operations to provide technical assistance.

SERVICE IMPACTS

The goals and service impacts of the Cannabis Business Development Program are:

- Offer a first stop solution for cannabis entrepreneurs of color to find the right resources and to understand how to navigate the industry. Approximately 10-15

businesses get this support every year which entails 5 hours or less of direct service for each business.

- Provide strategic access to capital opportunities for existing cannabis businesses led by entrepreneurs of color to help them to scale their business or achieve sustainability. \$210,000 will assist 5-7 businesses to receive access to capital and 20 hours or more of technical assistance.

Nu Leaf tracks outcomes in the following ways:

- For the 5-7 businesses receiving capital, each business reports their return on investment for those dollars and works closely with Nu Leaf to get technical assistance and report outcomes. These outcomes are made available in a narrative provided annually.
- Nu Leaf also reports service hours, company data and other outcomes via the online tracking software and outcomes system used by IBRN. Nu Leaf clients access other services in IBRN and are thus part of the IBRN reporting platform. Businesses receiving more than 20 hours of technical assistance from Nu Leaf or from other IBRN providers in a fiscal year report on revenue, sales milestones, jobs added, new accounts, and more.

EQUITY IMPACTS

A 2015 study by the Oregon Criminal Justice Commission found that African Americans in Oregon were convicted of felony drug possession at more than double the rate of white offenders; Native Americans were convicted of drug possession at five times the rate of whites. For that reason, this program prioritizes African American and Native American owned cannabis businesses with strategic access to capital opportunities and offers business navigation support (5 hours or less a year) for all cannabis entrepreneurs of color.

Specific impacts to entrepreneurs from these communities are identified in the Service impacts section above.

BUDGET DATA

Major Objects	One-Time	Ongoing	Total
Resources			
Recreational Cannabis Tax Resource		210,000	210,000
Total Resources	\$0	210,000	210,000
Requirements			
Personnel Services			
External Materials and Services		210,000	210,000
Internal Materials and Services			
Capital Outlay			
Bond Expenses			
Fund Transfers - Expense			
Total Requirements	\$0	\$210,000	\$210,000

Prosper Portland Mercatus Support

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DESCRIPTION

Mercatus is a storytelling platform and directory initiative designed to elevate and connect entrepreneurs of color. The Mercatus Directory provides the opportunity for entrepreneurs of color to connect with new clients and gain new accounts. Businesses listed in the directory receive invitations to networking events, trade shows and connections to Prosper Portland industry clusters including athletic and outdoor, manufacturing, healthcare, technology, and green cities. The Mercatus Collective is a storytelling platform that celebrates the determination, work and resiliency that go into running a business. It is a collective effort to reframe the business landscape of Portland to include entrepreneurs of color.

My People's Market has successfully supported the growth of consumer products and packaged food businesses but there is a need to elevate and connect service orientated and B2B businesses with similar opportunities. This proposal builds on the success of My People's Market in connecting community and private sector companies with businesses owned by people of color. With additional funding, Mercatus will host two to three sector-specific business connection events.

SERVICE IMPACTS

In addition to the approximately \$50,000 in ongoing funds received in FY19-20, this will support the following metrics.

- 2 markets held for a total of 240 businesses
- Increase Mercatus membership from 750 businesses to 1,000 businesses
- Increase distribution of Mercatus Magazine from 5,000 to 7,000
- Host 6 BIPOC specific business events
- Hold 4 market connection events: professional service fair, catering fair, consumer products, and food and beverage procurement
- Marketing through Mercatus Magazine, access to professional services

including legal, bookkeeping, and digital marketing, growth workshops and industry networking events

EQUITY IMPACTS

Mercatus and My People's Market support business owners and entrepreneurs of color. 100% of the entrepreneurs are POC.

BUDGET DATA

Major Objects	One-Time	Ongoing	Total
Resources			
Recreational Cannabis Tax Resource		50,000	50,000
Total Resources	\$0	\$50,000	\$50,000
Requirements			
Personnel Services			
External Materials and Services		50,000	50,000
Internal Materials and Services			
Capital Outlay			
Bond Expenses			
Fund Transfers - Expense			
Total Requirements	\$0	\$50,000	\$50,000

Prosper Portland IBRN Legal Support

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DESCRIPTION

The Inclusive Business Resource Network (IBRN) provides general business support and relies on supplemental service providers with expertise in legal assistance to ensure their client's success. This program provides legal advising around entity selection and formation, contract drafting, employment, regulatory compliance, and intellectual property year-round.

54% of long-term clients currently being served through IBRN do not have legal foundations in place. This includes basic contracts and operating agreements.

Currently these services are funded at \$100,000 a year. Legal services typically reach capacity, and funds are exhausted prior to the end of the fiscal year leaving clients vulnerable. In FY19-20, funds were exhausted in February 2020, which results in clients not having access to cost effective and timely options for legal needs for four months

SERVICE IMPACTS

Funding would increase access to legal support from 100 clients to 150 clients. This program also supports the City's efforts to prevent commercial tenant displacement by offering early lease review.

EQUITY IMPACTS

As part of the IBRN program portfolio, this program aims to serve 75% POC and 65% women.

