



Legislation Text

File #: 12-0200, Version: 1

Public hearing on the State Community Development Block Grant (CDBG) Enterprise Fund application; Consider adopting a resolution approving the proposed application for \$400,000 in CDBG Economic Assistance funds for a Microenterprise Assistance Program and Business Assistance Program for the non-entitled cities of Benicia, Dixon, Rio Vista and Suisun City and unincorporated Solano County; Approving a sub-recipient agreement with the Solano College Small Business Development Center, if funded, for \$183,382 for the period of September 1, 2012 through December 31, 2015 to administer the program; and Authorizing the County Administrator to sign the agreement and any future documents required for the administration of the agreement

Published Notice Required? Yes X No
Public Hearing Required? Yes X No

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board:

- 1) Conduct a Public Hearing on the proposed State Community Development Block Grant (CDBG) Enterprise Fund application.
- 2) Adopt a resolution approving the proposed application for \$400,000 in CDBG Economic Assistance funds for a Microenterprise Assistance Program and Business Assistance Program for the non-entitled cities of Benicia, Dixon, Rio Vista and Suisun City and unincorporated Solano County.
- 3) Approve a sub-recipient agreement with the Solano College Small Business Development Center, if funded, for \$183,382 for the period of September 1, 2012 through December 31, 2015 to administer the program.
- 4) Authorize the County Administrator to sign the agreement and any future documents required for the administration of the agreement

SUMMARY:

One of the objectives coming out of the Board-sponsored Economic Summits in 2007 was to seek Community Development Block Grant (CDBG) funds to provide additional resources to expand and attract small businesses in the non-entitled communities of Solano County. The County was successful in obtaining \$300,000 in grant funding in 2009 to develop a Microenterprise Technical Assistance Program and a Microenterprise Loan Program in conjunction with the Solano College Small Business Development Center (SBDC). The 2012 grant application continues that effort to stimulate economic activity in the non-entitled cities of Benicia, Dixon, Suisun City and Rio Vista and in the unincorporated areas of Solano County. The 2012 grant also seeks to add a Business Assistance Loan Program.

The conditional approval of the sub-recipient agreement with the Solano College SBDC to administer the microenterprise technical assistance program is not required for the CDBG grant application; however, having such an agreement in place enhances the scoring of the grant.

An initial public hearing was held on February 27, 2012 to provide residents the opportunity to provide comments on potential activities the County should apply for under the State CDBG program. The public

hearing today provides the public an opportunity to comment on the proposed CDBG application.

The completed application must be submitted no later than 5 p.m. on April 6, 2012. It is anticipated a decision on the award of grants will be made by July 2012 and grant contracts will be in place by September 2012.

FINANCIAL IMPACT:

There is no direct cost associated with submitting this \$400,000 grant application. The application requests \$277,500 for microenterprise technical assistance services and microenterprise loan fund, and \$92,500 for business assistance loan program. The CDBG program provides \$30,000 in general administration funds to offset the cost of County staff time to implement and monitor the program.

	Program Funds	Activity Delivery	General Administration
Business Assistance Loans	\$78,625	\$13,875	\$7,500
Microenterprise Loans	\$80,000	\$14,118	\$7,650
Microenterprise Technical Assistance Services	\$155,875	\$27,507	\$14,850
Total	\$314,500	\$55,500	\$30,000

The sub-recipient agreement with Solano College SBDC of \$183,382 includes the program funding and activity delivery for microenterprise technical assistance services.

DISCUSSION:

Background: Following the successful award of \$300,000 in Community Development Block Grant (CDBG) Economic Assistance funds in 2009, the County established a Microenterprise Business Support and Technical Assistance Program and a Microenterprise Loan Program for businesses in the non-entitlement communities of Benicia, Dixon, Rio Vista and Suisun City and the unincorporated areas of Solano County. The Small Business Development Center was established as the sub-recipient to deliver the services on behalf of the County.

The micro-enterprise business support and technical assistance services included business startup basics, business planning, financing, marketing, basic bookkeeping, hiring employees, and other small business topics necessary for current and prospective business owners to succeed and grow their businesses. With the funding from this grant, the program served 31 clients in the target income group over a two-year grant period. The program successfully awarded one \$50,000 microenterprise loan to Chepo's Tamales and Groceries in Elmira to enable the business to meet U.S. Department of Agriculture requirements to expand its wholesale tamales sales. A more detailed accounting of the accomplishments of the program is discussed in a separate item on today's agenda.

2012 Application: The proposed CDBG Economic Assistance application includes a continuation of the Microenterprise Business Support and Technical Assistance Program as administered by the sub-recipient Solano College Small Business Development Center. Over the three years of the grant period, the SBDC proposes to provide 60 clients microenterprise training and counseling in the areas of business planning, financing, accounting, and marketing to businesses located in the non-entitlement communities of Benicia, Dixon, Rio Vista and Suisun City and the unincorporated areas of Solano County.

The application includes a continuation the Microenterprise Loan Program and the addition of a Business Assistance Loan Program. Both loan programs will serve businesses located in the non-entitlement

communities of Benicia, Dixon, Rio Vista and Suisun City and the unincorporated areas of Solano County. The application anticipates completing two successful microenterprise loans and one business assistance loan.

There are two main distinctions between the loan programs - number of employees and a job creation requirement. Microenterprise loans target businesses that have five and fewer employees (including the owner) and has no job creation requirement. The owner must be in the targeted income group, which is less than 80% of the median household income for the county. Business assistance loans have a job creation requirement of one job for every \$35,000 borrowed.

The 2012 CDBG grant, if approved, would provide \$80,000 for microenterprise loans and \$78,625 for business assistance loans. Program income from the 2009 CDBG Microenterprise Loan Program will be added to the funds available for microenterprise loans.

Sub-recipient Agreement: The application identifies that the Solano SDBC as the sub-recipient of the grant. As part of the scoring of the application to determine which jurisdictions are awarded grant funds, the experience and readiness of the jurisdiction to execute the programs are considered. The Solano SDBC has demonstrated its ability to deliver the programs during the 2009 grant. Having a conditional agreement in place will demonstrate the County's readiness. The contract will be considered by the Solano College Board of Trustees on April 4, 2012.

ALTERNATIVES:

The Board could choose not to submit this grant application; however, it would not be consistent with its efforts to expand and attract economic activity throughout Solano County. The Board could choose to not approve the sub-recipient agreement at this time. This may reduce the possible points the application receives and affect the eventual award of CDBG grant funds, depending on the competitiveness of the application pool.

OTHER AGENCY INVOLVEMENT:

The Small Business Development Center and the non-entitlement cities of Benicia, Dixon, Rio Vista and Suisun City assisted in the development of this grant application.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION