

City of Burlington / CDBG 2011 Application Form

Eligibility _____ National Objective _____ NRSA _____
(Office Use)

Project # **D7**
(Office Use)

Project Name: *Burlington Financing and Technical Assistance*

Project Location/Address: *Room 32, City Hall*

Organization: *Community and Economic Development Office (CEDO)*

Mailing Address: *149 Church Street, Burlington, VT 05401*

Contact: *Ed Antczak*

Title: *Econ. Dev. Spec.*

Phone #: *802-865-7587*

Web Address: www.cedoburlington.org

Fax #: *865-7024*

E-mail *eantczak@ci.burlington.vt.us*

I. CDBG Funding Request:

\$108,500

II. Project Summary: With a focus on Burlington's Renewal Community*, this program provides entrepreneurs, small businesses, and non-profits with free, experienced, comprehensive, one-on-one assistance with starting, expanding, and maintaining their businesses. Assistance includes, but is not limited to, business and financial plan development, space location, hands-on permitting assistance, financing, using internet resources, referrals, mediation, and a variety of other services designed to enhance the viability and understanding of the commercial value of a business or business idea. * Legislation is pending before Congress to extend Burlington's Renewal Community designation through 2011.

III. Description of Organization: The Community and Economic Development Office is a department of the City of Burlington. We work with the community to: foster economic vitality; preserve and enhance neighborhoods, quality of life and the environment; and promote equity and opportunity for all residents of Burlington. In support of its mission, CEDO works in partnership with citizens, the public and private sector, and other city departments to: strengthen the quality of life in Burlington's neighborhoods; preserve and develop decent, safe and affordable housing opportunities; maintain and improve the vitality of Downtown, the Pine Street area and neighborhood business districts; encourage a thriving small business sector; foster job growth and employment opportunities; increase civic engagement and citizen participation; support the delivery of human services; and revitalize Burlington's waterfront.

CEDO is funded through Federal and State grants, and through the Housing Trust Fund. CEDO has four divisions: Housing, Economic Development, Community Development and the Community Justice Center. In addition, CEDO has administrative and special projects staff. CEDO's Economic Development staff works closely with other divisions on a variety of development activities throughout the City. CEDO uses a variety of tools in supporting development. The City's Brownfield program, Tax Increment Financing, Renewal Community tax credits, the Burlington Community Development Corporation, the Downtown Program, and transportation funding are all utilized. Major redevelopment projects such as new housing, public facilities, offices, hotels, retail and industrial expansion are all supported.

Neighborhood Revitalization activities are a direct extension of CEDO's efforts to increase economic opportunities, revitalize neighborhoods, implement the Neighborhood Revitalization Strategy and Renewal Community and build upon other City and regional planning efforts.

CEDO's Economic Development division has operated successfully since 1983. It has provided assistance to over one thousand small businesses, created over 4,255 jobs for Burlington residents and added over \$3,340,000 in new local taxes annually. Economic development is critical to all of CEDO's main goals. It has leveraged over \$360 million dollars over the past 27 years to support a variety of projects designed to help low and moderate-income residents. CDBG is the sole revenue source for this work.

IV. Project Description:

a. Describe specific activities to be carried out by your project with CDBG dollars:

Specific Service / Activity:	CDBG will pay for:	Unduplicated Total # of Households / Persons to be Served in this Service / Activity:	Unduplicated Total # of Burlington Households / Persons to be Served:	Outcome(s) to be Achieved:
Revolving Loan Fund	Loan Fund Capitalization and Administration	2 Loans Made	2 Loans Made	10 new businesses; 6 new jobs, 4,000Sq. Ft. of Leased Space
Business Technical Assistance	Staff Salaries, Training, Travel, and Publications	250 People Served	200 People	50 FT Jobs Created/Retained, 10 New Businesses, 3 Businesses Expanded/Relocated, 25 Existing Businesses Assisted

b. If you plan to pay for staff with CDBG funding, describe what they do in relation to the specific service(s) / activity(ies) described above. All staff that appear in the salary / benefits line items in your budget (Section XV) must be described below. Add rows if necessary.

Specific Service / Activity	Position/Title	Work Related to CDBG-Funded Activity	# of Hours per Week spent on this Specific Service / Activity	% of Hours per Week spent on this Specific Service / Activity to be paid with CDBG
Business Technical Assistance and Revolving Loan Program	Economic Development Specialist	Business Technical Assistance, Information and Referrals, Revolving Loan Program	16 (See BSEDSP proposal for remaining 24 hours of work time)	100%
Business Technical Assistance	Economic Development Specialist	Business Technical Assistance and Information and Referrals	40	100%
Program Support	Finance Director Finance Assistant	Quarterly Loan Reporting & Admin	4 2	100% 100%

V. Beneficiary Information

a. For each service / activity you identified in Section IV, please project how the Burlington residents will break out into the following income categories.

Service / Activity:	Unduplicated Total # of Burlington Households / Persons to be Served:	# Extremely Low-Income	# Low-Income	# Moderate-Income	# Above Moderate-Income
Revolving Loan Program	2	0	1	1	0
Business Technical Assistance	250	50	80	50	70

b. Please provide a single unduplicated total beneficiary count below:

Unduplicated Total # of Burlington Households / Persons to be Served:	# Extremely Low-Income	# Low-Income	# Moderate-Income	# Above Moderate-Income
250	50	80	50	70

How will/do you document beneficiary income levels? Recipients of our business loan program are required to report on the jobs they create or retain. Those receiving information and technical assistance are asked to fill out an intake form that documents income and/or other demographic information. Additionally, residents of the Neighborhood Revitalization Strategy Area are presumed to be low-moderate income by HUD.

VI. Problem Statement

a. **What particular problem or need will this project address?** This project addresses the ongoing need to 1.) provide access to capital, information, and technical assistance for low-income entrepreneurs, 2.) increase access to secure, livable wage jobs, 3.) support locally owned businesses, 4.) promote economic independence for Burlington's refugee population, 5.) assist in bringing needed businesses to targeted neighborhoods.

b. **How was this need identified?** All of the above listed needs are identified as major goals in Burlington's 2008 Consolidated Plan and are noted as high priority in the 2010 Action Plan for Housing and Community Development. These needs have also been addressed in the 2010 Framework for Economic Development Priorities and Strategies. Further evidence is provided by the level of services requested by residents and businesses of Burlington. The number of clients assisted continues at near record levels. Adequate loan capitalization remains an area of concern. Available loan funds were depleted in 2009 and no new loans were made through the Burlington Revolving Loan Fund. However, two loans were made this year through the availability of one-time CDBG-R (Recovery) funds.

c. **Why is this a funding priority for Burlington?** Without CEDO's small business assistance and loan program, low-to-moderate income citizens would not have access to critical business development information, gap financing, planning tools, and experienced guidance. This counseling, in combination with the tools and resources we have developed, provide an invaluable, irreplaceable resource for local entrepreneurs. Without the assistance, the City would suffer from a less diverse economy, less local ownership, and ultimately a deterioration of its reputation. Additionally, since most low-income entrepreneurs lack the assets and/or experience that banks require to loan them money, their access to capital is significantly limited. Credit card debt, a treacherous and expensive source of funds, is often their only option. Also, banks cannot offer citizens a path toward establishing their own capital investments in buildings, equipment, and inventory that would not have been possible otherwise due to lack of equity or collateral in the business.

Funding this project has enabled hundreds of Burlington residents and businesses, including those at low and moderate-income levels, to receive needed technical assistance and information that would otherwise be difficult to access. Reasons for this continuing high demand include area lay-offs, as well as increased outreach to inform those individuals about our services. CEDO supports business ownership as an alternate path to economic self-sufficiency for residents because it gives people independence and the flexibility to address work and family needs, capitalizes on individual strengths and skills, creates needed new jobs, and diversifies the economic base. In today's economy, CEDO's role as a provider of information, development assistance, and loan capital continues to be critical in serving the unemployed, underemployed, and individuals looking to start, expand, or relocate their business.

VII. Program Goals: How will this project reduce the number of people living in poverty? Will it help people move out of poverty? Prevent people from entering poverty? Address basic needs of people living in poverty? The program's focus is three-fold: The program helps people move out of poverty, is preventative, and addresses economic independence through self-employment.

- 1.) The program directly helps new and expanding businesses that offer their owners potential to achieve economic success and create employment opportunities. The program offers free technical assistance to residents who have been blocked from business ownership because they need extensive support to develop their business plans.

This program also provides specialized assistance for refugee residents and those with limited English proficiency, including hands-on help navigating City, State, and Federal regulatory processes for starting a business. We provide critical project analysis, payment of workshop fees, and preliminary marketing assistance. This is crucial since most refugees arrive here as low-income residents.

- 2.) To create livable wage employment opportunities for low and moderate-income residents. The program directly helps new and expanding businesses that offer their owners potential to achieve economic independence and create employment opportunities. The program offers affordable loans and technical assistance to residents who have been blocked from business ownership because they are unable to secure conventional financing or who need extensive support to develop their business plans. Our loans require the recipients to use their best efforts to hire low-to-moderate income residents. Historically, over 2/3 of the jobs made available through our efforts go to low-to-moderate income residents. We support livable wage jobs by promoting the Livable Wage Toolkit developed by Vermont Businesses for Social Responsibility. This toolkit provides superb resources and information that educates employers about the practice and benefits of creating livable wage jobs. Additionally, new and expanding businesses assisted by CEDO sustain and create local employment through their subcontracting arrangements and purchase supplies and services which in turn support and sustain employment by neighboring businesses.
- 3.) To provide ongoing assistance to entrepreneurs, business owners, and commercial property owners in the Renewal Community* where there is a deficit of services for low-income residents. *Extension of Burlington's Renewal Community designation, through 2011, is currently pending before Congress.
 - a. **Are you targeting any specific disadvantaged population/group of people? If so, who are they? (i.e., people with disabilities, minorities, women with children living in poverty, people with limited English proficiency, at-risk youth, etc.)** Yes. Please see above (*Section VII*)

VIII. Equal Opportunity/Accessibility: How do you make sure your programs are accessible to all and culturally appropriate? What equal opportunity efforts do you make in hiring and, if applicable, Board recruitment?

The City has a long-standing equal opportunity personnel policy. The City has completed an equal opportunity workforce analysis, which it uses to shape ongoing hiring, retention and promotion efforts. The City continues to expand its recruitment and job posting sources to encourage continuing diversity in its workforce. CEDO advertises nationally for certain professional positions to increase the diversity of its recruitment pool. Many CEDO staff members have participated in diversity/racism trainings. CEDO staff will have a mandatory staff retreat scheduled for February 1 on cultural competency. An EO statement is included in our outreach materials. CEDO's offices are accessible. Program information is available in French, Vietnamese and Serbo-Croatian in hard copy and online (with a link to an online translation site for additional languages/information). We will arrange for interpretation services with advance notice, and indicate that on our outreach materials.

CEDO's offices are accessible. Additionally, our Business Revolving Loan Fund provides for 0% interest loans for accessibility improvements to commercial property. This has been utilized in a number of projects and resulted in increased access to otherwise prohibitive entrance ways. As mentioned in our Program Goals (*Section VII*) we offer specialized technical assistance to those with limited English proficiency as well as those who, for a variety of reasons, have traditionally been at a disadvantage for business ownership.

CEDO does not have a Board.

IX. Impact and Evaluation:

- a. **How do you define success? How do you measure it? How many of your beneficiaries achieve it?**

Success is defined by accomplishing our stated goals and objectives through the competent and effective delivery of services that make up the core of our program.

1. Provide access to capital, information, and technical assistance for low-income entrepreneurs: To insure that we are providing high quality customer service, we solicit direct feedback (via survey) from the customers who receive financing and technical assistance, and from those who use the development tools we have created (such as the Guide to Doing Business in Burlington and services such as the Commercial Space Database).
2. Increase locally owned businesses: As a condition of lending, our loans will include a livable wage agreement that requires recipients to provide livable wages as negotiated by CEDO. Our loans also include a jobs agreement in which the recipient must use their best efforts to hire low to moderate-income residents. We track wages and jobs annually for compliance.

3. Support locally owned businesses: Our focus here is improvement along the commercial corridors of the Renewal Community. We strive to bring vibrancy and commercial services into neighborhoods of need. This program, centered on North Street and North Winooski Avenue, aims to target commercial vacancies and facades for redevelopment. By pro-actively assisting property owners in finding prospective commercial tenants we can then offer our services and resources to those prospective businesses, ultimately bringing new business development to the area.
4. Promote economic independence for Burlington's growing refugee population: The task of transferring careers and employment skills to a new culture is a challenge for refugees and immigrants. Given the barriers to educational opportunity and the tendency towards occupying low-wage jobs, refugees and immigrants often show a strong interest in self-employment. Burlington hosts nearly two dozen refugee and immigrant owned businesses and we hope to encourage additional new business development through programs like our ONE World Market, an outdoor market showcasing refugee, immigrant, and local Vermont based products.

Success is measured quantitatively through a number of indicators, such as full time and part time jobs created/retained, new businesses started, businesses expanded/retained, businesses relocated, low-mod clients served, total clients served, total Burlington residents served, refugee clients served, Renewal Community businesses assisted, businesses started in the Renewal Community, total commercial square footage leased, private dollars leveraged, etc., that are tracked daily and incorporated into our Consolidated Annual Performance Evaluation and Review (CAPER) which is posted on the CEDO web site. Success is also measured qualitatively through customer surveys that rate the client's experience in accessing CEDO's services.

b. If this is an existing project:

1. **What were your projected accomplishments for your most recent completed funding period or fiscal year?** 250 people served, 1 business loan, 10 new businesses, 3 businesses expanded/relocated/retained, 25 existing businesses assisted, 59 FTE jobs created/retained, 51-60% low-mod assisted
2. **What were your actual accomplishments for that period? If you did not meet projections, please explain (i) why and (ii) how you will overcome that issue in the future.** 256 people served, 2 business loans (CDBG-R), 15 new businesses, 6 businesses expanded/relocated/retained, 65 existing businesses assisted, 77 FTE jobs created/retained, 61% low-mod assisted

X. Community Participation & Partners

- a. **How are the community and/or program participants involved in decision-making and in identifying the program need, design and/or evaluation?**

This program grew out of the community's expressed need to access technical assistance. Customer requests for information, financing, and technical assistance remain consistently high year after year. The program's technical assistance and loan packaging is tailored to meet the needs of individuals entrepreneurs. As a flexible lender, CEDO has the capability to structure financing packages to help local ventures succeed.

Door-to-door visits to Old North End businesses yield significant information about the needs and concerns of the area's small business owners. As a result of these visits, we are able to keep owners informed of opportunities and listen to concerns and suggestions they have. Customer service surveys are sent out annually to gauge needs and evaluate our response.

Neighborhood Planning Assemblies and Neighborhood Improvement Nights provide regular feedback from the community and serve as an informal, albeit invaluable, evaluation of our work.

In the course of making and receiving referrals and loans, CEDO economic development staff routinely network with business trainers, other technical assistance providers, and lenders in the community. CEDO staff regularly seeks the review and advice of business and community leaders when preparing information and presentations. CEDO's Economic Development staff also participates in the MicroBusiness Alliance, a local group with regular meetings for information exchange and identification of resources for existing, new, and potential businesses owners.

b. What other agencies or sectors (i.e., government, private) do you work with on this project/program? We work closely with many partners to provide the comprehensive assistance and advocacy many low-income clients need to overcome obstacles in dealing with permitting, financing, and business planning. We regularly collaborate with the MicroBusiness Development Program (MBDP), Small Business Development Center, Small Business Administration, Women's Small Business Program, as well as with "alternative" lenders such as the Vermont Economic Development Authority (VEDA), Vermont Job Start, Community Capital of Vermont, and Vermont Community Loan Fund (VCLF). UVM, commercial realtors, and area trade associations (BBA, SEABA, GBIC) also contribute to our ability to create our web of assistance. We embrace and rely on these partnerships to accomplish our goals of helping those in need. Our BE3 Project partners include Burlington Electric Department, Vermont Gas Systems, Chittenden Solid Waste District, All-Cycle, and Green Technologies. Our ONE World Market partners include MBDP, Department of Parks & Recreation, and the Association of Africans Living in Vermont.

XI. Sustainability

a. How will this project have a long-term benefit to the City of Burlington?

This Project:

1. Encourages local ownership that diversifies and strengthens the local economy, created jobs, and adds to the local tax base.
2. Assists small business development in Burlington's Renewal Community.
3. Assists with the rehabilitation of commercial space in Burlington's Renewal Community.
4. Leverages and recycles scarce public funds through loan packaging and re-use of loan funds as they are repaid.
5. Removes barriers between residents of Burlington and City Government.
6. Provides private non-profits access to capital so they, in turn, can provide more complete services to the community.
7. Business Loans at 0% interest can be used to provide permanent accessibility improvements to commercial spaces.
8. Our BE3 project focuses on helping targeted businesses to reduce energy consumption, reduce the solid waste stream, divert organic waste to compost, suggest less toxic alternatives to consumable products and cleaning supplies, convert waste fry oil to biodiesel fuel, and save businesses money in the process.
9. Through our ONE World Market, help to lower the barriers to entrepreneurship for refugees and immigrants interested in starting a business in Burlington.
10. Focuses on issues surrounding youth entrepreneurship.
11. Provides targeted support for low-mod home-based daycare businesses.

b. If the project ends, will that benefit continue? No

c. If CDBG funding ends, will the project be sustainable (i.e., able to continue)? CDBG and/or other grant funding will always be needed to fund business technical assistance and loan financing and administration. Without CDBG funding, this project would end.

XII. Consistency

a. What Consolidated Plan objective does this project support?

This project is consistent with the 6 General Community and Economic Development Principles stated in Chapter 2 of the Plan. The specific objectives that this project supports include: Create/retain Jobs and Businesses Through Technical Assistance, Information, Training, and Loans; Enhance Commercial Infrastructure to Increase Business Opportunities and the City's Tax Base; Reduce Barriers to Economic Opportunity.

b. What other City plans, if any, does this project support or complement?

In addition to the Consolidated Plan, this project is consistent with, and works toward meeting, many of the priorities outlined in the City's 2005 Economic Development Plan, the City's Municipal Plan, the Neighborhood Revitalization Plan, the City's Legacy Plan, and the City's Climate Action Plan.

XIII. Readiness to Proceed

a. Is the project ready to begin July 1, 2011 and be completed by June 30, 2012? Yes

- b. If not, what are the expected start and completion dates? N/A
- c. Are there any other conditions that may affect your ability to begin or complete this project? No

XIV. Financial Narrative

- a. Why should CDBG resources, as opposed to other sources of funding, be used for this project?

CDBG has been the sole source of funding for this project since its inception. This project receives zero dollars from the City's General Fund. Without CDBG funding, this project would end.

- b. Describe your use of community resources. For example, will your project be matched or leveraged with other funding sources or resources (such as volunteers) that don't appear in the budget summary below? The Business Loan and Technical Assistance Program relies entirely on CDBG

funding and program income generated by the Loan Program. We provide needed business services for City residents that are not duplicated by other local business service providers.

The Business Loan and Technical Assistance Program also relies on its ability to leverage outside sources for funds and assistance for our clients. We work closely with other lenders to piece together loan capital for projects. Banks, the Vermont Community Loan Fund, Opportunities Credit Union, Community Capital of Vermont, and others all contribute significantly to our ability to assist small business development. Additionally, we work very closely with all other area technical assistance providers. Last year this program leveraged \$558,900 in private investment creating/retaining 77 jobs.

- c. Has your organization had any significant changes in funding levels over the last year? If so, please describe. Our organization utilized stimulus and economic development initiative carryover during FY 11. That funding will be fully expended by the end of FY 11.

- d. What percent of Agency funds are used for administration vs. program costs? The percentage of agency funds that are used for general administration is 13%. Of this request, 100% of funds will be spent on direct program costs.

XV. Budget

a. Summary

	Project		Agency	
	Current	Projected	Current	Projected
CDBG	\$77,500	\$ 108,500	\$ 964,858	\$964,858
State			\$601,850	\$321,100
Federal			\$2,436,181	\$2,099,868
United Way				
Private				
Program Income	\$32,000	\$20,000	\$64,800	\$64,000
Other			\$993,733	\$862,188
Total	\$ 109,500	\$128,500 **	\$ 5,061,422	\$4,312,014

* Must match your CDBG request amount on Page 1.

** Must match in all three boxes on Pages 7 and 8.

b. Proposed Project Budget Sources

CDBG	\$ 108,500 *
Other Federal – please specify funder and program (i.e., HUD – Emergency Shelter Grant, etc.)	
	\$
	\$
	\$
	\$
State – please specify funder and program (i.e., Department of Health – AIDS Prevention, etc.)	
	\$
	\$
	\$
	\$
United Way of Chittenden County	\$
Private – please specify (i.e., individual donations, foundations, faith-based organizations, etc.)	
	\$
	\$
	\$
Other – please specify (i.e., fee-for-service, etc.)	
	\$
Principal and interest payments from Burlington Revolving Loan Fund	\$ 20,000
TOTAL	\$128,500 **

c. Proposed Budget Uses

<u>Line Item</u>	<u>CDBG</u>	<u>Other</u>	<u>Total</u>
Salaries – Program Management 1.4 FT positions	\$ 67,000	\$	\$67,000
Salaries – Program Support	\$4,500	\$	\$ 4,500
Benefits	\$37,000	\$	\$37,000
Loan Capitalization – Program Income	\$ 0	\$20,000	\$20,000
Training	\$ 0	\$	\$ 0
Printing	\$0	\$	\$ 0
Travel	\$0	\$	\$ 0
TOTAL	\$108,500 *	\$ 20,000	\$128,500 **

* Must match your CDBG request amount on Page 1.

** Must match in all three boxes on Pages 7 and 8.