

City of Burlington / 2013 CDBG Application Form

Project Name: Business Financing and Technical Assistance

Project Location / Address: City Hall Burlington, 149 Church St. Room 32 Burlington, VT 05401

Applicant Organization / Agency: City of Burlington Community & Economic Development Office

Mailing Address: 149 Church St. Room 32, Burlington, VT 05401

Physical Address: Same

Contact: Diana Colangelo Title: Economic Development Specialist Phone #: 802-865-7187

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EIN #: 03-6000410

DUNS #: 06-053-5606

| |
|---------------------------------------|
| CDBG Funding Request: \$85,000 |
|---------------------------------------|

1. Type of Organization

Local Government

For-Profit Organization

Faith-Based Organization

Non-Profit Organization (please provide copy of your IRS 501(c)(3) tax exemption letter)

Institution of Higher Education

2. **Conflict of Interest:** Please complete and sign attached form.

3. **List of Board of Directors:** Please attach.

Certification

To the best of my knowledge and belief, data in this proposal are true and correct.

I have been duly authorized to apply for this funding on behalf of this agency.

I understand that this grant funding is conditioned upon compliance with federal CDBG regulations.

I further certify that no contracts have been awarded, funds committed or construction begun on the proposed program, and that none will be prior to issuance of a Release of Funds by the Program Administrator.

Signature of Authorized Official

Name of Authorized Official

Title

Date

I. Demonstrated Need

1. Project Narrative: Provide a description of the project/program to be funded with CDBG. (Refer to NOFA for required information in this section.)

This program provides entrepreneurs, small businesses, and nonprofits with comprehensive, one-on-one assistance with starting, expanding, and maintaining a business. Assistance includes business and financial planning, identifying sources of capital, locating space, help with the permitting and licensing process, referrals, mediation, assistance with marketing plans, and other services customized to the needs of each business. The program also partners with other business assistance providers to share important resources and plan events such as business fairs and student entrepreneurship days. These events provide yet another means of support for entrepreneurs and business owners. Offering business startup workshops and assisting with business plan reviews for partner organizations are further examples of how the program extends its support to the business community. The majority of program participants are low or moderate income. By offering hands-on, comprehensive assistance throughout the process of starting and maintaining a business, the program helps individuals to remain economically self-sufficient. It prevents people from entering poverty, and in some cases, helps them move out of poverty into self-sufficiency.

During FY2012, 214 people were served by the program, not including people assisted during events such as business fairs, workshops, or business plan review sessions at partner organizations. Approximately 22 jobs were created or retained due to assistance from the program. Two businesses were expanded and one business was retained. Around 90 people inquired about commercial space available in Burlington, which speaks to the demand for space in which to run a business in the city. This project assists individuals in finding suitable commercial space.

2. Innovation

- a. What new programs and/or services will be provided as a result of CDBG assistance?**
- b. How will existing programs and/or services be expanded as a result of CDBG assistance? Use actual numbers to demonstrate expansion.**
- c. Are there other programs in the community that address similar issues? Yes No
If Yes, how is this proposal different?**

This proposal is different because other business assistance providers such as the Small Business Development Center and the Micro Business Development Program focus primarily on business planning assistance. While this program also focuses on business planning, it also assists entrepreneurs with things like permitting and licensing, finding space, and connecting with other City departments around issues of energy efficiency, Public Works permits, Planning & Zoning issues, fire safety, food safety plans for restaurants, Department of Health requirements, and other issues related to the logistics of starting up a business.

II. Proposed Outcomes

1. How will this project/program impact individuals and contribute to the City's anti-poverty strategy?

One facet of the City's anti-poverty strategy is to provide residents with opportunities for economic self-sufficiency. This program directly assists entrepreneurs and business owners in creating sustainable employment opportunities for themselves and others. The program offers planning and technical assistance primarily to low and moderate income individuals, resulting in livable wage jobs for these people. The program also works with immigrants and refugees, providing assistance in navigating the complexities of financing, permitting, and other business issues. The program offers affordable loans and assistance to people who have encountered obstacles to business ownership, whether they are unable to obtain traditional financing or need more support around business planning. Our loans require recipients to use their best efforts in hiring low and moderate income residents. CEDO also works closely with the Women's

Small Business Program and maintains a public database of minority- and women-owned businesses, so that organizations interested in contracting with these groups have easy access to a helpful resource. It is of great importance to CEDO to work with groups that have historically struggled to access resources that can improve their quality of life.

2. List your goals/objectives, activities to implement and expected outcomes (# of units, # of individuals, etc.)

The goal of this program is to provide targeted business assistance to at least 215 individuals over the next year, resulting in at least 25 jobs created or retained, 5 new business startups, and 2 businesses retained. By serving at least 80% low and moderate income people, we hope to increase economic self-sufficiency among the people we serve, decreasing poverty in Burlington and creating opportunities for livable wage jobs. Other goals of the program include continuing to offer workshops, business plan review sessions, and events. Events such as business fairs typically attract a couple hundred people, many of whom also take advantage of workshops offered as part of the event on specific topics of interest to businesses, such as securing capital and marketing. Offering business information to a wider audience complements our targeted business assistance efforts. It enables business owners to have immediate access to the resources they need when starting a business and fosters continued learning about what it takes to start and operate a business. Another program goal is to continue to work with area colleges and universities, helping students to learn how to pursue self-employment as a viable job opportunity.

III. Experience / Organizational Capacity

1. What is your agency's mission, and how do the proposed activities fit with your mission?

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 Development staff works closely with other divisions on a variety of development activities throughout the City but principally focuses in downtown, the Old North End, the waterfront, and the Enterprise Zone in the South End. 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.

The program's proposed activities fit directly with CEDO's mission. By promoting economic self-sufficiency, fostering the growth of livable wage jobs, and helping small businesses to grow and prosper, this program directly addresses the issues of economic vitality, quality of life, opportunity for all residents, and quality neighborhoods.

2. How long has your agency been in operation?

The Community and Economic Development Office was created in 1983 by City Council Resolution. The Economic Development division has provided assistance to over 1,200 small businesses and created over 4,280 jobs for Burlington residents. The program has added to the tax base by helping to create and grow businesses. Economic development is closely tied to CEDO's other goals. It is intimately linked to economic vitality, affordable housing, opportunities for Burlington residents, and quality of life.

3. What programs and services do you offer?

Under the city's Charter, CEDO is responsible for:

- Developing and implementing a comprehensive community and economic development strategy, as well as projects, for the city.
- Working on behalf of the city to stimulate investment, and to attract, retain, and encourage the development of both existing and new economic enterprises.
- Developing, coordinating, implementing, and administering a comprehensive program to address the city's housing needs.
- Developing, coordinating, implementing, and administering waterfront development activities other than those activities which the Planning Commission and the City Council must exercise under the Vermont Planning and Development Act.
- Recommending to the City Council, and to solicit on behalf of the City Council, grants-in-aid funds for the city.
- Administering Community Development Block Grants and Urban Development Action Grants.
- Coordinating and facilitating citizen participation in economic and community development with community organizations, city commissions, and the Neighborhood Planning Assemblies.

CEDO also has a Community Justice Center which works to repair relationships harmed by crime and conflict in the community. Additionally, the LEAD Program works to remediate the hazards of lead paint in residential housing.

4. If you plan to pay for staff with CDBG funding, describe what they do in relation to the specific service(s) / activity(ies) in your Project Narrative.

| 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 22 hours) | 100% |
| Business Technical Assistance | Economic Development Specialist | Business technical assistance, information and referrals | 38 | 100% |

5. Explain how your agency has the capacity to carry out the proposed activity (i.e., staff qualifications and years of experience related to this type of activity, etc.)

CEDO has twenty-nine years of experience successfully implementing complex community, housing and economic development projects and programs. The City administers several HUD and EPA programs, including the Community Development Block Grant, HOME Investment Partnership, Lead Hazard Reduction and Brownfields programs. CEDO has always met timely expenditure standards and has been recognized for several best practices.

Economic Development Specialists for this program have a variety of related experience. One Specialist has two years of experience helping small businesses in the exact capacity described in this proposal. She also has a Master's in Public Administration, as well as 3 years of direct service experience working with low-income individuals around issues of employment, housing, accessing public benefits and community resources, and other issues particular to each client. The second Economic Development Specialist has a B.A. and M.A. in Geography from the University of Vermont, 23 years experience as a business owner, and 10 years experience at CEDO.

6. Have you received Federal or State grant funds in the past three years? Yes No

7. Were the activities funded by these sources successfully completed? Yes No
 If No, please explain:

IV. Proposed Low & Moderate Income Beneficiaries / Commitment to Diversity

1. Will the program target any specific group of people? (check one below):

- Abused Children Elderly (62 years +) People with AIDS
 Battered Spouses Homeless Persons Illiterate Adults
 People with Severe Disabilities

2. For your proposed project, please estimate how the Burlington residents will break out into the following income categories. Use the Income Table at <http://www.burlingtonvt.gov/cedo/cdbq/2012-HUD-Income-Limits>.

| Service / Activity | Unduplicated Total # of Burlington HH / Persons to be Served | # Extremely Low-Income | # Low-Income | # Moderate-Income | # Above Moderate-Income |
|-------------------------------|--|------------------------|--------------|-------------------|-------------------------|
| Business Technical Assistance | 215 | 70 | 100 | 35 | 10 |

Note: Most of the businesses assisted are located in the HUD-approved Neighborhood Revitalization Strategy Area, which includes downtown, the Old North End, Riverside Ave, and the west side of Pine Street to Flynn Ave. All jobs in this area are considered to be low and moderate income, and parts of the area have the highest poverty rate in Vermont. Using the NRSA to determine income levels is approved by HUD specifically to stimulate job development in low income areas. Ethnicity data and job classifications will be collected from any clients receiving direct service from this program.

3. Explain how the target population is selected, qualified and monitored.

The program responds to the needs of the community. Thus, many people hear about the program’s business assistance resources through various means and either drop in or contact Economic Development staff to schedule an appointment. The program also engages in outreach by working closely with agencies such as the Women’s Small Business Program, Old North End Arts and Business Network, and other groups. Program staff also engage in business visits to discover the needs of business owners, network, and set up appointments as necessary. In terms of selection and qualification, CEDO does not discriminate on the basis of race, color, religion, sex, sexual orientation, age, disability, place of birth, or national origin, so if someone is requesting business assistance, this program will assist them. Monitoring is informal and takes the form of check-ins with individuals who have requested assistance in the past. Program staff also engage in outreach to identify businesses suitable for the City’s Minority- and Women-Owned Business Enterprise Registry. City charter demands that this registry must be maintained and updated and it also contributes to CEDO’s goal of creating opportunities for all residents.

4. How do you ensure that your programs are accessible to all, inclusive and culturally appropriate?

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; and has started using hiring panels for certain positions to ensure diversity of thought in the hiring process. Many CEDO staff members have participated in several diversity/racism trainings, including an all-staff meeting on January 9, 2013. We include an EO statement in our outreach materials. CEDO’s offices are accessible. Program information is available in French, Vietnamese and Serbo-Croatian

in hard copy and online (w/ 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.

5. What steps has your organization/board taken in the past year to become more culturally competent?

We have an eight member team who oversee our department’s efforts to be more culturally competent. The We All Belong committee completed a 3-part retreat process for the staff members which focused on our cultural competency and how it impacts the way we do our work and the way we relate to each other, the community and program participants. The three half-day retreats were led by consultants, with specific expertise in terms of the variety of ways in which organizations model diversity and inclusion, build strong staff relationships, and engage all members in difficult conversations.

In addition, in order to increase staff cohesion and build the foundation necessary for authentic change and increased cultural competence, the team has restructured our monthly staff meetings. Now the meetings allow for more group interaction, small core group work and on-going conversation on cultural competency. Staff members who interact with clients and program participants have expanded their outreach to include information and awareness gleaned from the retreats. Additionally staff has been involved with key community initiatives that address bias. In particular, a number of CEDO staff and contractors have been involved with/provided leadership to the Uncommon Alliance. On January 9, 2013, the CEDO staff meeting was a retreat at the ECHO Center, with a tour of an exhibit on Race, and facilitated discussions.

V. Budget / Financial Feasibility

1. Project Budget

| Line Item | CDBG Funds | Other | Total |
|--|-----------------|-----------------|------------------|
| Economic Development Specialist 1 | \$44,500 | | \$44,500 |
| Economic Development Specialist 2 | \$23,300 | | \$23,300 |
| Assistant Director of Economic Development | \$5,800 | | \$5,800 |
| Fringe benefits | \$9,400 | \$16,000 | \$25,400 |
| Travel and Training | \$2,000 | | \$2,000 |
| Total | \$85,000 | \$16,000 | \$101,000 |

2. Funding Sources

| | Project | | Agency | |
|-----------------|-----------|-----------|-----------|-----------|
| | Current | Projected | Current | Projected |
| CDBG | \$ 79,450 | \$85,000 | \$626,689 | \$576,554 |
| State (specify) | | | \$613,601 | \$613,601 |

| | | | | |
|-------------------|------------|-----------|-------------|-------------|
| Federal (specify) | | | \$1,201,710 | \$1,344,453 |
| United Way | | | | |
| Private (specify) | | | | |
| Program Income | \$29,000 | \$16,000 | \$64,000 | \$33,600 |
| Other (specify) | | | \$940,350 | \$842,350 |
| Total | \$ 108,450 | \$101,000 | \$3,446,350 | \$3,410,558 |

3. Of the total project cost, what percentage will be financed with CDBG?

$$\begin{array}{rclcl}
 \text{\$85,000} & \div & \text{\$101,000} & = & \text{84\%} \\
 \text{CDBG Funding} & & \text{Total Project Cost} & & \text{Percentage}
 \end{array}$$

4. Of the total project cost, what would be the total cost per person?

$$\begin{array}{rclcl}
 \text{\$85,000} & \div & \text{215} & = & \text{\$395} \\
 \text{CDBG Funding} & & \text{\# Proposed Beneficiaries} & & \text{Cost Per Person}
 \end{array}$$

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

CDBG has been the only source of funding for this project since its inception. This project does not receive any money from the City’s General Fund. While we are in the process of looking at alternate funding sources for this work, currently this program would end without CDBG support.

6. Describe your use of community resources. Include any resources not listed in your budget.

The Business Loan and Technical Assistance Program relies on its ability to leverage outside sources for funds and assistance for our clients. We work with lenders to secure capital for clients and projects. Banks, credit unions, Vermont Community Loan Fund, Community Capital of Vermont, and others all augment the assistance we provide to small businesses. We also work very closely with area business assistance providers, sharing resources, making referrals, and planning events that offer information and resources to business owners and entrepreneurs.

7. Has your organization experienced any significant changes in funding levels during the past year? Yes No

If Yes, please explain.

There has been a steady decline in award amounts from our Federal and State funders, approximately 40% over the last two years. There is an anticipated 8% reduction for FY14 in both CDBG and HOME. Declining revenue will seriously impact our ability to provide services.

8. What cost-cutting measures has your organization implemented?

In the past year, CEDO has eliminated a fulltime position in the Housing Division due to decreased CDBG and HOME funding. In addition, we have curtailed outside expenditures to the greatest extent possible. This includes sponsorships for events, travel to meetings and conferences, community outreach, attendance at workshops and webinars, and other expenses. We no longer have the funding to contribute to the cost of studies critical to the City’s community and economic development. Most of CEDO’s office equipment was obtained from the castaways of others. Some staff must use antiquated computers with upgrades only allowed when funding permits. Staff have also eliminated expenditures on professional development and training. While necessary to meet budgetary constraints, these cost-cutting measures have reduced CEDO’s capacity to serve the community, and limited both our ability to grow professionally and to network with colleagues in Vermont and nationally.

VI. Community Support / Participation

1. What other organizations or key individuals (if any) have given support to this project?

We work closely with a variety of partners to deliver quality services to clients. Partner organizations include the Micro Business Development Program, Small Business Development Center, Small Business Administration, Women’s Small Business Program, Lake Champlain Regional Chamber of Commerce, UVM, Champlain College, Community College of Vermont, Greater Burlington Industrial Corporation, Church Street Marketplace, realtors, Burlington Business Association, Old North End Arts and Business Network, South End Arts and Business Association, and Burlington Electric Department, to name a few.

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

This program sprung up out of the expressed need of the community for business technical assistance. We respond directly to the needs of entrepreneurs and business owners who walk through our door or contact us by phone or email. Our assistance is tailored to the needs of individuals who contact us for assistance. Our loan packaging is also tailored to meet the needs of individual business owners. CEDO is a flexible lender and can structure financing packages in a way that is most beneficial to entrepreneurs. Business visits also help program staff to identify the needs in the community. These visits allow staff to give business owners relevant information about the business climate while also listening to concerns and issues that are important.

VII. Readiness to Implement

1. Is the project ready to begin on July 1, 2013 and be completed by June 30, 2014?

Yes No

If not, what are the expected start and completion dates?

2. List any conditions (i.e., obtaining permits, availability of other funding, etc.) that may affect your ability to begin or complete this project.

N/A

VIII. Impact / Evaluation

1. Describe how this project will effectively measure outcomes.

Outcomes are measured through a number of indicators, such as full time and part time jobs created and retained, new businesses started, businesses retained or expanded, low and moderate income clients

served, refugee clients served, clients served, etc. This data is tracked on a daily basis and entered into our Consolidated Annual Performance Evaluation and Review (CAPER), which is posted on the CEDO website. We keep track of the loans we make to businesses, and we require a jobs agreement to be signed, which requires the loan recipient to hire low and moderate income residents. We track wages and jobs annually for compliance during the term of the loan.

2. What strategies will you implement to collect the data necessary to analyze your results?

In order to collect the data that is entered into the CAPER, the program has an intake form which is filled out by each client that program staff meet with. The form includes data about race, gender, household income, business status, refugee status, and other information. For clients who call or email rather than setting up an appointment, staff keep a log of information given and referrals made. Where possible, the program collects information from business startups related to employment, commercial space leased, etc.

3. How are clients better off as a result of your program?

As a result of our program, clients are able to achieve economic self-sufficiency. Some individuals face obstacles to business ownership and self-employment because of lack of knowledge, lack of skills and experience, and inability to obtain traditional financing. Our program empowers these individuals by giving them the skills and resources to make their dreams a reality. One program participant was receiving disability income and is proud of the fact that she will be able to wean herself off of it as her business grows. Even if a client decides not to pursue their business idea, the fact that we helped them to understand the realities of business ownership can help them to narrow down their focus and hone in on the work they want to do and are best suited for. Either way, clients walk away with more clarity about the direction they will pick.

IX. Sustainability

1. How will this project have a long-term benefit to the City of Burlington? If this project ends, will that benefit continue?

The project will benefit Burlington in the long term by fostering the growth of small, local businesses. When communities recruit large businesses that end up leaving the area, it weakens the economy and results in high rates of unemployment. Burlington has always understood that its strength lies in fostering the growth of small businesses, from small technology firms to home-based caterers. By helping residents to achieve economic self-sufficiency, we add to the tax base, help to create livable wage jobs, increase quality of life, contribute to the vibrancy of our neighborhoods, and make our communities good places to live and work. If this project ends, that benefit will not continue into the future. The work that has been done to date will hopefully continue to contribute to the vibrancy of the city in the short-term, but the loss of this resource will likely be felt in the long-term economic health of the city.

2. Provide evidence of long-term support for this project.

The City is committed to fighting poverty and improving the quality of life for all Burlington residents. Economic self-sufficiency and small business growth are key components of this anti-poverty strategy. While things like major development projects and creation of affordable housing are important elements in fighting poverty, having a program that responds to the needs of small businesses and potential business owners is critical. Entrepreneurs often do not know the steps they need to take to start a business in Burlington. The City must provide resources and targeted assistance for these people. This program also works closely with partner organizations and nonprofits, who support our work and rely on our collaboration.

3. If CDBG funding ends, will the project be able to continue?

With the program's current funding structure, the program will not be able to continue without CDBG funding. While we are exploring other funding possibilities for the future, these changes are not easy to implement quickly. Until such time as we can institutionalize funding changes, we are reliant on CDBG funding.