

**FY 2016 COMMUNITY DEVELOPMENT PROGRAM  
Staff Report**

<b>Project:</b> Entrepreneur Fund Growing Neighborhood Businesses				<b>Application Number:</b> 16-ED-02		
<b>Consolidated Plan Objective:</b> Provide training and technical assistance to businesses to increase assets and create jobs.						
<b>FY 2016 Goal:</b> 8 Businesses		<b>Amount Requested:</b> \$64,000		<b>Performance Indicator:</b> People (Owners)		
<b>Previous Awards and Spending Rates (as of 3/31/15 in the 2014 CAPER):</b>						
	<b>Award</b>	<b>Expended</b>	<b>Balance</b>	<b>Goal</b>	<b>Actual</b>	<b>(Verified) %LMI</b>
<b>2014</b>	\$64,000	\$48,000	\$16,000*	8	9	55%
<b>2013</b>	\$64,000	\$59,000	\$5,000*	8	9	55%
<b>2012</b>	\$64,000	\$58,800	\$5,200*	8	8	75%

\*Three-year contract, per D@W model

**1. Consolidated Plan Priority**

Con Plan Community Development Goals:

- Yes, this activity was identified in the 5-yr Consolidated Plan. It meets the Economic Development Goal "Provide training and technical assistance to businesses to increase assets and create jobs". This project will provide business assistance to 8 LMI owners.

Priority Community Development Needs:

- High Priority

**2. Project Readiness**

Timely Completion/Expenditure of Funds:

- Ready to start and will follow the model of providing support and tracking businesses over three years. This fits within the D@W model of providing ongoing support through establishing cohorts. The program is expected to expend the funds within this time period.

Additional Actions Needed:

- No additional actions anticipated, recruitment will begin in June and the cohort will commence in October, having all business plan development and training completed within the first year.

**3. Project Impact and Delivery**

Achievement of Expected Results:

- Application research indicates that small businesses in this region typically grow revenues at a .7% rate. The target rate for this program is 25% with a past median revenue growth rate of 18%, well above the region rate. (Cohorts 2009-2011)

Target Clientele:

- At least 51% (five) of the business owners will be LMI.
- Businesses are located in the target neighborhoods of Morgan Park, West Duluth, Lincoln Park, and the Hillside which all have a high percentage of low income residents and need

for jobs.

Outcome Measurements:

- *Committee scored applicant 8.7 points at June Public Hearing*

Number of Persons/Households to Benefit:

- Per capita cost is 8 participants at \$8,000 of CDBG funds per business assisted.

Business/Operations Plan Approach:

- GNB works for success through intentional business recruitment and the D@W cohort model.
- GNB participants also have access to other organizational expertise and business financing programs.

#### **4. Financial Considerations**

Sufficiency and Leveraging of Resources:

- Ratio of leveraging is 1-2:1 with \$65,500 funds already secured.

Fiscal Support and Viability:

- Payment requests have been accurate and on time.
- There were no issues identified by city finance staff.

Project Budget Detail/Use of Funds

- CDBG budget is comprised of staff salaries associated with business interaction.

#### **5. Applicant Attributes**

Project /Program Management Ability and Capacity:

- *Committee scored applicant 5.9 points at June Public Hearing*

Past Performance/Experience:

- *Committee scored applicant 4.3 points at June Public Hearing*

Quality of Application:

Application is logical, clear, well written, accurate and attentive to detail, concise with appropriate statistical information and supporting documentation provided to thoroughly support any conclusions provided.

#### **BONUS POINTS – 0 points**

No bonus points should be awarded for this project as there aren't documented cost savings from collaboration.