



City of Seattle

Seattle City Council

MEMORANDUM

Date: August 15, 2011

To: Monica Martinez Simmons, City Clerk

HARD COPY: City Hall, Third Floor, Main Reception

ELECTRONIC COPY: clerkfiling@seattle.gov

From: Susana Serna, Council Central Staff
(Phyllis Shulman, Staff Analyst)

Re: Request to Create Clerk File – Response to 2011- 2012 Council Statement of Legislative Intent

Title of Clerk File: Office of Economic Development's (OED) Response to
2011 – 2012 Statement of Legislative Intent (SLI) No. 27-1-A-1:
OED – Business Services for Micro Businesses.

Please cross-reference: Resolution No. 31269 (2011-2012 SLI Adoption Resolution)
Ordinance No. 123442 (2011-2012 Budget Adoption Ordinance)
Clerk File No. 311072
(City Council Changes to the 2011-2012 Proposed Budget and
the 2011-2016 Proposed Capital Improvement Program)

Please create a Clerk File for the OED response, and related documents, to 2011-2012 Council
SLI No. 27-1-A-1.

I am attaching hard and electronic copies of all materials related to this SLI.

Clerk File Table of Contents:

Item	Title	File Name
1	SLI 27-1-A-1 OED-Business Services for Micro Businesses.	SLI 27-1-A-1 Response Memo.pdf
2	2011-2012 Statement of Legislative Intent 27-1-A-1.	SLI 27-1-A-1.pdf



City of Seattle
Office of Economic Development

Date: August 15, 2011

To: Seattle City Councilmembers

From: Steve Johnson, Office of Economic Development
Tina Vlasaty, Office of Economic Development
Andres Mantilla, Office of Economic Development

CC: Ben Noble, Council Central Staff
Traci Ratzliff, Council Central Staff
Kristi Beattie, City Budget Office
Greg Shiring, City Budget Office

Subject: SLI 27-1-A-1: OED-Business Services for Micro Businesses

In SLI 27-1-A-1, Council requested that the Office of Economic Development (OED) provide a review of the business support services provided to micro-businesses in Seattle, with a particular focus on how these services are promoted and communicated to micro-businesses. Micro-businesses are defined as companies with 5 or fewer employees. In addition, OED was requested to:

- 1) Identify collaborative efforts with community partners
- 2) Identify efforts being made promote City and community services to new micro-business.
- 3) Identify opportunities for improving current services, including ideas for better communication with micro businesses about services that are available.

Background

Microenterprises provide job creation, innovation, and wealth creation opportunities. In 2007, OED commissioned a study that found that small and micro businesses represented 71,382 jobs in Seattle and that this number was growing¹. This growth mirrored the trend statewide where, as of 2009, microenterprises were providing 17.4% of all employment². The number of immigrant-owned microenterprises has also increased as our region has become more diverse. National data shows that immigrants are 30% more likely than native born Americans to start a small business and represent 17% of new businesses each year.³ Our continued interaction with microenterprise is crucial as the City continues to engage small immigrant and low-income business owners as a way to ensure shared prosperity.

Review of Business Support Services

The Office of Economic Development supports micro-enterprises in a variety of ways:

¹ Small Business Activity in Seattle, OED, 2007

² Washington State Microenterprise Association, 2009

³ United States State Dept, 2007

Advocacy – OED provides support to micro-enterprises in navigating government services, including permitting, land use, and infrastructure issues.

Business Retention and Expansion – OED provides services that help businesses to grow and compete.

- Financing – Our staff helps identify financial assistance and connects companies to both equity and debt financing critical for business expansion.
- Training – Our staff can connect businesses to the resources that they need to improve their skills and better position their companies for growth.
- Outreach – OED and its partners visit 500 businesses per year to identify issues and connect businesses with the services and resources that they need to grow.

In addition, we have both formal and informal partnerships and collaborations with community based technical assistance and lending organizations. See Exhibit A for an annotated inventory of micro-enterprise support organizations in Seattle.

Collaborative Efforts with Community Partners

The City of Seattle recognizes the importance of micro-enterprises as part of the economic well being of the City. Currently, OED has relationships with four community-based microenterprise business support organizations: (1) Rainier Valley Community Development Fund, (2) Washington CASH, (3) Community Capital Development's Washington Business Center and (4) Start Zone. The goal of these relationships is to ensure that micro-enterprises in Seattle have access to quality technical assistance and financing to provide for the needs of existing and startup businesses to spur economic activity.

Rainier Community Development Fund

The Rainier Valley CDF provides loan products designed to support local residents, businesses and developers expand and invest in the Rainier Valley. The program has been operating for over five years and has made 45 loans and 2 grants, investing \$15 million in businesses and real estate projects.

Washington Cash

Washington CASH works with low-income, women, and minority populations for whom traditional business services are out of reach. Washington CASH uses a nationally-recognized peer lending based microfinance model designed around an intensive hand-on education, support, and in-depth training curriculum.

For 2011, OED has a \$150,000 contract with Washington CASH to provide entrepreneurial training and business development with a focus on underserved immigrant communities. This contract is funded with Community Development Block Grant (CDBG) funds. This training is tailored and presented in a culturally appropriate and linguistically accessible way and focuses on building proficiency in navigating the regulatory environment and participating in the local economy. With these funds Washington CASH has developed a comprehensive curriculum designed to serve a minimum of 100 participants with the goal that 40% will start or expand their businesses. To date, 50 East African and Vietnamese-American entrepreneurs have completed the training program.

As a part of this contract, Washington CASH is also partnered with University of Washington's Business Entrepreneurial Development Center (BEDC) to develop a Phase II curriculum for

more advanced training. This would be available to entrepreneurs who complete the first course, and to businesses in need of more technical training.

Washington Business Center

Our office also works with The Washington Business Center (WBC), a program of Community Capital Development. WBC assists with the development and capacity building of small businesses through entrepreneur training and counseling, and by providing access to credit. OED has contracted with WBC to provide small business training and support for over ten years. In 2011, OED has a contract for \$92,000 to support the development of microenterprises with an emphasis on low-income communities and entrepreneurs. This contract is funded with Community Development Block Grant (CDBG) funds. We designed an outcome-based work plan concentrating on three areas of focus:

1. Provide information, training, and technical assistance to entrepreneurs to support business formation and business growth resulting in increased sales and jobs created by micro-enterprises. Counseling, training, and technical assistance will be provided to a minimum of 500 low-to-moderate-income owned micro-enterprises.
2. Provide access to credit for entrepreneurs through direct lending and referrals to other lenders. A minimum of 20 micro-enterprises will receive financing from CCD or other lenders.
3. Expand the Reba-Free (interest free) pilot program, thereby increasing access to credit for entrepreneurs whose religious beliefs provide special barriers to accessing conventional credit. At least 5 loans totaling \$75,000 or more will be made in the Reba-Free Lending program.

So far in 2011, WBC has supported over 400 small businesses. Among the nearly 80 workshops offered in Seattle so far this year, 18 of these were partnered with the Rainier Chamber of Commerce to increase the availability of business support services in Rainier Valley.

Start Zone (Highline Community College)

Highline Community College's StartZone helps small businesses achieve financial self-sufficiency by providing accessible and affordable training, consulting and other support for building small businesses that are bankable, profitable and sustainably connected to the local economy. OED has a \$15,000 contract with Start Zone to support 10 businesses participating in the Healthy Foods Here program to improve their financial record keeping systems. This project matches entrepreneurs with professionally supervised accounting student interns who will help design, install, and use simple business management systems.

Outreach and Promotion to Microenterprises

OED has a multi-faceted approach to promoting services to micro-enterprises and connecting them with resources. A portion of this outreach is led by OED and a portion is led by our community based partners. The highlights of outreach to micro-enterprises include the following:

Office of Economic Development

- OED provides business news highlights and promotes small business resources and events in its Daily Digest, which has distribution of over 10,000.
- The Department also connects small businesses to City departments, City council members, and other business owners through City Business Casual events. Over 1000

people have participated, with the majority of attendees being small businesses owners, many of them micro-enterprises.

- To date, OED staff members have participated in 8 trade shows in 2011 to promote our services and connect small businesses to resources. We expect to participate in a total of 15 for the year. In addition, OED staff members visit all of the city's neighborhood business district organizations annually to discuss our services and resources for small businesses.
- OED's growseattle.com web portal is an easily navigable site providing links to a variety of resources for small businesses to start, grow, and green their businesses. It serves as a one-stop resource center for small businesses looking to access both City and community based resources.

Partners

- The key to the success of our work with immigrant entrepreneurs through our Washington CASH contract has been the hiring of training staff from the ethnic communities that they are targeting to serve. Washington CASH hired Somali, Ethiopian, and Vietnamese trainers to provide guidance on curriculum adaptations, coordinate outreach, and deliver the training. In addition, Washington CASH created formal relationships with community based organizations to promote and market the training. These included: Horn of Africa Services, the African Center for Holistic Services, and the Vietnamese Friendship Association.
- Community Capital Development's (CCD) staff conducts outreach and attends local chamber and business networking opportunities to increase awareness of services offered. Loan officers and counselors present at a variety of organizations including Win With Washington (a local women's contracting network), and community banks to let potential referral sources know that CCD is able to serve those clients these other organizations are unable to help.

Opportunities for Improvement and Better Communication

National research suggests that the biggest challenges met by microenterprises are: accessing financing; accessing linguistically/culturally-appropriate resources and information; and navigating permitting systems. In 2010, OED hosted a series of meetings with immigrant business and small business groups to determine the major obstacles that their members face when engaging City government. They were unanimous in their answer. The top three obstacles were (1) Access to Capital; (2) Access to Information; and (3) Access to Technical Assistance. Furthermore there was a strong desire for a concise and easy-to-access hub where businesses could access information regarding all the permits that are needed to operate legally.

Recommendations

Given the City's current resource-constrained environment, we believe that our current collaborations, contracts, and communications with micro-entrepreneurs are an efficient and effective approach. Given the opportunity to expand and improve them, we would focus in the following areas:

1. **Expand and promote growseattle.com.** Continue to add content and better promote it as a one-stop shop for small business resources. Enhance links to other City websites both by increasing links to the services of other City departments, and by having

departments add the “Business Services Portal” button on their pages. In addition, OED is working to build out a new web page on growseattle.com that provides a regulatory checklist for mobile food businesses.

2. **Develop industry-sector specific checklists for permitting.** The Department of Finance and Administrative Services is responding to a SLI with an inventory of permits and licenses. This inventory could build on the approach that OED is taking with mobile food businesses with specific web pages for additional sectors, in particular restaurants and retail, which are commonly micro-enterprises. OED continues to explore the potential for an interactive permitting wizard, however the resources required would be significant.
3. **Continue funding for entrepreneurial training.** Our efforts to engage immigrant communities through the Washington CASH contract have been very successful, but were funded with one time CDBG surplus funds. Demand is very high for these services, especially in the East African community. OED plans to coordinate a series of trainings for mobile food vending businesses in the coming months.
4. **Provide façade improvement funding.** OED plans to make funding available for high-impact physical improvements in neighborhood commercial corridors. Using funding available through New Markets Tax Credit fees, OED will release an RFP to make businesses aware of the opportunity. It will be promoted through our communication channels as well as through our partners.

Exhibit A

Business Support Services for Micro-Enterprises in Seattle

Community Capital Development

1437 S Jackson
Seattle, WA 98144
206-324-4330

www.seattleccd.com

Primary financial products are term loans, or small business loans. Non-SBA term loans range from \$5,000 to \$100,000, while SBA guaranteed term loans can be up to \$250,000.

Community Capital Development's Lending Programs focus on providing capital for: Start up businesses (0-6 months), businesses under 2 years in operation, not yet bankable, and established businesses, in operation greater than 2 years, but facing new challenges

Enterprise Cascadia

401 Second Avenue South, Suite 301
Seattle, WA 98104
206-447-7226

www.sbpac.com

Enterprise Cascadia makes loans throughout Oregon and Washington. Through the Revolving Loan Fund, EC provides loans ranging in size from \$50,000 to \$750,000 to businesses. Enterprise Cascadia makes loans to people who are unable to access traditional sources of capital and who are looking to further new concepts and business practices.

Grow Seattle Fund

City of Seattle – Office of Economic Development (OED)
(206) 684-8378
ken.takahashi@seattle.gov

OED is partnering with CDFI Grow America Fund to establish the Grow Seattle Fund. The Grow Seattle Fund offers long-term SBA 7a financing to support a broad range of business needs including working capital; machinery and equipment purchases and installation; tenant improvements; real estate acquisition; and debt refinancing. Financing ranges from \$100,000 - \$2,000,000. It is most appropriate for businesses with a profitable operating history of at least two years, capacity to service the proposed debt and collateral.

Mercy Corps Northwest

Phone: (206)595-9496
Phone: (206)547-5212 ext. 203
Fax: (206)547-9928
www.mercycorpsnw.org
<http://www.mercycorpsnw.org/what-we-do/faq/>

Mercy Corps Northwest provides fixed term loans to low income entrepreneurs who are US citizens, permanent residents, or have asylum status and meet 100% or below median family income. Loans range from \$500-\$50,000 with a fixed rate of 12% for up to five years. Loans

can be used to fund start-up and expansion costs as well as acquisitions, but may not be used for debt consolidation.

Rainier Valley Community Development Fund

6951 Martin Luther King Jr. Way S., #225

Seattle, WA 98118

(206) 722-5280

www.rvcdf.org

The Rainier Valley CDF provides loan products designed to support local residents, businesses and developers expand and invest in the Rainier Valley. The fund can provide financing of up to \$250,000 for business loans. Loans are limited to businesses and properties located within their service area in South East Seattle.

Seattle SCORE

2401 Fourth Ave, Suite 450,

Seattle WA, 98121

(206) 553 7320

<http://www.seattlescore.org/>

SCORE works with start-up and existing businesses and provides FREE and confidential one-on-one business consulting for interested individuals. Seattle SCORE offers 8 different workshops to help you start your own successful business and has on-line tools and information to help you research, plan, and open a small business.

Small Business Development Centers

WSU West

520 Pike Street, Ste 1101

Seattle, WA 98101

Phone: (206) 428-3022

<http://www.wsbdc.org/>

Evergreen Business Capital

13925 Interurban Avenue S, Suite 100

Seattle, WA 98168

Phone: (206)246-4445

Small Business Development Centers promote economic vitality by providing advice, training and research to entrepreneurs and existing businesses statewide. SBDC's certified Business Advisors provide no-cost, confidential consulting on a variety of management topics to existing businesses.

Washington Business Center

1437 S. Jackson

Seattle, WA 98144

(206) 324-4330 X100

<http://www.washingtonbizcenter.com/>

Washington Business Center offers a wide variety of training programs ranging from multi-session, comprehensive classes to single workshops. Classes are affordable, and some are offered free of charge. They also provide free one-one-counseling to start-up and established businesses.

Washington CASH

2100 - 24th Avenue South, Suite 380

Seattle, WA 98144

Phone: (206) 352-1945

Phone: (360) 698-4088

Fax: (206) 352-1899

<http://www.washingtoncash.org/>

Access to capital can be a major barrier in starting or expanding a business. Washington CASH offers loans from \$1,000 – 5,000 for low-income entrepreneurs, they work with start-up and existing businesses. Loans can be used for any business purpose, including purchasing equipment, launching an e-commerce Web site, advertising, or obtaining raw materials.

Women's Network for Entrepreneurial Training

http://www.sba.gov/localresources/district/wa/WA_SEATTLE_SEAUNET.html

Sponsored by the U.S. Small Business Administration, WNET provides networking and focused interactive training sessions on a variety of small business management topics designed for small business owners. WNET also creates chances to connect with other business resources for additional training and counseling. Both men and women are invited. For a current schedule of workshops visit, web link.

2011 - 2012 Statement of Legislative Intent

Approved

Tab	Action	Option	Version
27	1	A	1

Budget Action Title: OED-Business Services for Micro Businesses

Councilmembers: Bagshaw; Conlin; Rasmussen

Staff Analyst: Phyllis Shulman

Budget Committee Vote:

Date	Result	SB	BH	SC	TR	JG	NL	RC	TB	MO
11/10/2010	Pass 8- 1-Absent	Y	Y	Y	Y	Y	Y	Y	-	Y

Statement of Legislative Intent:

The Council requests that by August 15, 2011 the Office of Economic Development (OED), provide, in writing, a review of the business support services provided to micro-businesses in Seattle, with a particular focus on how these services are promoted and communicated to micro-businesses. Micro-businesses are defined as companies with 5 or fewer employees. The report should identify collaborative efforts with community partners and efforts being made to let new micro-businesses know about City and community services tailored to their needs. The report should also identify opportunities for improving current services, and ideas for better communication with micro-businesses about the services that are available.

Responsible Council Committee(s): Regional Development & Sustainability

Date Due to Council: August 15, 2011