



**Financial Impact:**

Up to \$300,000 in 2014 resources is available supplement the existing 2014 budget of \$250,000 to fund the various contracts by re-allocating CDBG funding currently allocated to the Great Streets Program. Additional contracts are subject to available funding.

**Community Impact:**

- An RFP (attached) soliciting proposals for technical assistance support was released to neighborhood organizations, community development corporations, business associations, and other community partners and posted on the City's website on September 15<sup>th</sup>, 2014. An informational meeting was hosted on September 22<sup>nd</sup>, 2014.
- City Goals: The Business Technical Assistance Program supports multiple City goals including: One Minneapolis and A Hub of Economic Activity and Innovation.
- Zoning Code: N.A.
- Living Wage/Business Subsidy Agreement Yes  No  Service providers with contracts over \$50,000 will need to comply with the City's Living Wage ordinance.
- The Program is not subject to the State Business Subsidy Act.
- Job Linkage Yes  No .

**Program Description:**

The City of Minneapolis Business Technical Assistance Program (B-TAP) provides business consulting services to support new business development, retention, and growth.

B-TAP allows the City to expand its capacity by contracting with local, non-profit, business development organizations that already have community organizing power, cultural competency and technical skills. B-TAP contracts are given annually. In 2013, the City of Minneapolis increased the number of nonprofits awarded B-TAP contracts from 6 to 11 nonprofit providers. Every year, the City invests up to \$550,000 in two-year contracts with service providers, selected through a competitive RFP process. In total, these contracts serve over 500 businesses and support more than 600 jobs per year.

The B-TAP program utilizes a combination of flexible City dollars and Community Development Block Grant (CDBG) dollars that are restricted to supporting microenterprises owned by low-income entrepreneurs. The flexible City dollars are directed toward contracts to support second stage business growth and program bonuses totaling \$75,000 for particular program targets. The CDBG dollars are directed toward contracts to serve low-income micro entrepreneurs – startup businesses and hourly business consulting services to stabilize existing small businesses that meet Federal eligibility and reporting requirements.

Contracts to support business startups and expansions are based on an outcomes model with payments of \$5,000 for demonstrated starts and growth (measured as revenue, real estate or jobs), regardless of the time invested. Contracts to support and stabilize existing businesses are paid on an hourly basis with a cap of 10 hours per business.

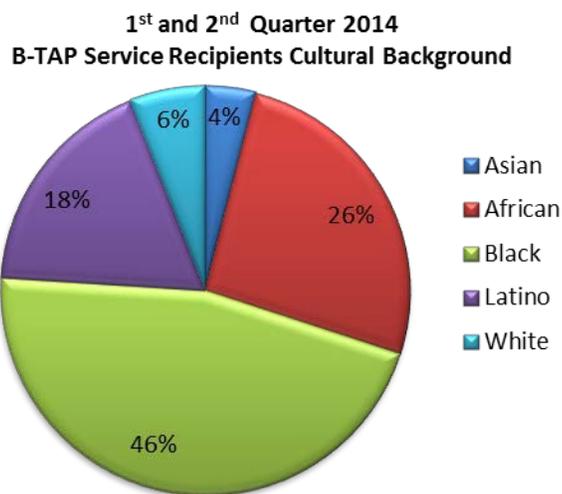
In addition to providing business consulting through B-TAP, City staff use business profiles created for program reporting to proactively identify business opportunities for B-TAP participants with government, institutions and other businesses.

## Program Performance

In previous years, the B-TAP program was crucial to assist businesses to remain in operation during the recession. With the economic recovery we are focused on growth, and we are challenged to integrate new disadvantaged businesses to benefit from that growth. In the current funding round, B-TAP allocated 80% of its resources to foster new business development and expansion and only 20% for business retention.

In 2013, B-TAP served a total of 502 clients, of which 186 were new businesses. The business consulting services supported the creation of 155 new jobs and retention of 673. In Q1 and Q2 of 2014, B-TAP resources capitalized the creation of 180 new jobs (120% of the total of 2013) and the program is projected to prepare more second stage businesses for growth.

B-TAP works primarily with low income entrepreneurs or with businesses that provide employment opportunities to individuals from socially and economically disadvantaged groups. The goals are to provide support to low income individuals in generating income and improving their quality of life. B-TAP service providers work with micro, small and medium sized businesses. Businesses assisted through the program in 2014 were owned by a diverse set of entrepreneurs: Asian (4%), African (26%), Black (46%), Latino (18%), and White (6%). In total, 56% of the businesses were female owned and 44% male owned.



B-TAP goals are set annually. The City's B-TAP team conducts an annual evaluation with service providers to assess their technical capacity and market opportunities for small businesses. This input is taken to a yearly program "Co-Design" session where an interdepartmental team along with community members evaluates program outcomes, assesses trends, and sets goals for next year.

## Excellence in Economic Development Award

The International Economic Development Council Excellence in Economic Development Awards recognize the world's best economic development programs and partnerships, marketing materials, and the year's most influential leaders. These awards honor organizations and individuals for their efforts in creating positive change in urban, suburban, and rural communities. The City of Minneapolis received an Excellence in Economic Development Award for its Business Technical Assistance Program (B-TAP) in the category of Entrepreneurship for communities with populations of 200,000 - 500,000, in October, 2014.

## **Service Providers**

The selected service providers will enter into outcomes-based contracts with the City to deliver specified services to Minneapolis businesses and entrepreneurs. Service providers will be required to track and report to the City, at minimum, the following: demographic information, types of businesses assisted, number of hours assisted and nature of the assistance, number of jobs created or retained and number of businesses established or expanded. All the report templates are provided by CPED Staff. Organizations are paid on a reimbursement basis after services have been provided and the deliverables have been received and reviewed by City staff.

For the 2014 funding round, B-TAP is seeking to achieve the following objectives:

- Provide financial and technical support to create new business in the City of Minneapolis.
- Support business growth, job creation and real estate acquisition for existing businesses conducting operations in the City of Minneapolis.
- Provide technical assistance tools to retain existing business in the City of Minneapolis.
- Incentivize strategic growth (bonus dollars) by supporting businesses that:
  - o are located in racially concentrated areas of poverty
  - o are manufacturing, food manufacturing and Technology,
  - o created at least 5 full time jobs employing residents of Minneapolis,
  - o processed and receive the Disadvantage Business Enterprise (DBE) certification

Based upon previous years of technical assistance support, we anticipate a wide range of results. From helping aspiring entrepreneurs develop a business plan, to helping existing businesses learn to cut expenses and increase revenues, we know there will be many benefits of the work supported through B-TAP. Small businesses create job opportunities, provide needed goods and services, fill vacant storefronts, create vibrant community gathering spaces, improve dilapidated buildings, pay taxes, support other neighborhood businesses and strengthen the local economy.

## **Request for Proposals**

A Request for Proposals from non-profit business consulting organizations was issued on September 15<sup>th</sup>, 2014 with responses due October 17<sup>th</sup>, 2014. The RFP defined the eligible activities as those that support the economic vitality of local small businesses through technical assistance. Suggested activities will support the creation, expansion and retention of businesses in Minneapolis, including activities like educational classes or one on one sessions regarding legal, regulatory, and tax issues, financial record keeping, marketing and merchandizing, financial management, business operations and business planning.

CPED received 12 proposals by the October 17<sup>th</sup> deadline requesting a total of \$857,000.00. The total amount available for B-TAP is up to \$550,000, (\$475,000 in contracts, and \$75,000 in bonuses to incentivize particular City targets for business growth) making the evaluation process very competitive.

All proposals were reviewed and evaluated by staff from CPED Economic Development, the City's Civil Rights Department, and representatives from the State of MN Department of Employment and Economic Development (DEED) and the Small Business Administration (SBA).

## Recommendations for Funding

The table below summarizes the 10 proposals recommended for full or partial funding. Staff is not recommending funding for 2 proposals. The rationale for the proposals recommended as well as not recommended for funding is below.

ORGANIZATION	SCOPE	AVERAGE RATING	REQUESTED AMOUNT	RECOMMENDED
<b>Neighborhood Development Center</b>	- 9 New Businesses - 6 Business Expansion	94.0	\$ 95,000	<b>\$ 75,000</b>
<b>Metropolitan Economic Development Association</b>	- 9 Business Expansion - 500 Hours of TA	93.6	\$ 75,000	<b>\$ 70,000</b>
<b>Metropolitan Consortium of Community Developers</b>	- 6 New Businesses - 5 Business Expansion - 300 Hours of TA	92.4	\$ 85,000	<b>\$ 70,000</b>
<b>Northside Economic Opportunity Network</b>	- 6 New Businesses - 5 Business Expansion - 200 Hours of TA	86.2	\$ 125,000	<b>\$ 65,000</b>
<i>new</i> <b>Small Business Development Center (St Thomas)</b>	- 5 New Businesses - 5 Business Expansion	81.8	\$ 100,000	<b>\$ 50,000</b>
<b>African Development Center</b>	- 5 New Businesses - 3 Business Expansion - 400 Hours of TA	80.0	\$ 100,000	<b>\$ 60,000</b>
<i>new</i> <b>African Economic Development Solutions</b>	- 2 New Businesses - 1 Business Expansion - 200 Hours of TA	71.3	\$ 35,000	<b>\$ 30,000</b>
<i>new</i> <b>West Bank Business Association</b>	- 2 New Business - 300 Hours of TA	63.1	\$ 60,000	<b>\$ 25,000</b>
<i>new</i> <b>Association of Women Contractors</b>	- 300 Hours of TA	62.7	\$ 20,000	<b>\$ 15,000</b>
<i>new</i> <b>Corcoran Neighborhood Association</b>	- 1 New Business - 1 Business Expansion - 100 Hours of TA	53.8	\$ 35,000	<b>\$ 15,000</b>

The evaluation team reviewed each proposal based on the criteria articulated in the RFP (Attachment A, pg. 6). The evaluation criteria include:

- (a) Leverage of other resources committed for technical assistance work (10pts);
- (b) Impact, visibility, and public impact (15pts);
- (c) Organizational capacity to perform the proposed work (30pts);
- (d) Feasibility and readiness (15pts);
- (e) Evaluation methodology, impact measurement and best practices (15pts);
- (f) Alignment with City goals (15pts)

To define the dollar allocations, the team combined the average score of each proposal, with the level of available and requested funds, the organization's area of expertise and historical performance in creating, expanding and retaining small businesses in Minneapolis, and the mix of immigrant and minority populations served. If the organization received a contract in the previous B-TAP funding round, the performance and level of completion was taken into a consideration.

**Recommendation for current B-TAP Service Providers:**

The Neighborhood Development Center (NDC), the Metropolitan Economic Development Association (MEDA), and the Metropolitan Consortium of Community Developers (MCCD) ranked the highest and presented a holistic approach to provide training and technical assistance to a diverse pool of clients. These organizations have a strong historical performance supporting new business development and expansion. MCCD has provided exceptional technical assistance to Minneapolis businesses for decades; their staff has particular expertise working with food sector businesses and startups, and the organization retains a stable of business consultants with more specialized expertise. NDC has expertise in translating training and technical assistance into jobs, training over 4200 entrepreneurs since 1993; 20% who are trained go on to start a new business. Last year MEDA connected with more than 1,800 clients through their services, impacting over 9,000 jobs, and helped companies secure over \$550 million in contracts, with 75% of these going to Minority owned businesses in Minneapolis.

The evaluation team also took into a consideration the core competencies of the organizations, including their cultural competency to work with specific ethnic groups and geographic target areas. The Northside Economic Opportunity Network (NEON) has expertise working with African American entrepreneurs in North Minneapolis. The African Development Center (ADC) serves economically disadvantaged businesses in the African community.

**Recommendation for new B-TAP Service Providers:**

Staff is recommending adding the following service providers to the B-TAP family, expanding the capacity from 11 to 16 service providers: The Small Business Development Center housed at St Thomas University (SBDC) has a strong model to support second stage businesses. African Economic Development Solutions (AEDS) will serve the Minneapolis African immigrant business community, with a particular focus on Oromo, Ethiopian and Eritrean business owners. The West Bank Business Association (WBBA) will provide support to the 100+ businesses located in the West Bank area, several struggling from years with access to the business district disrupted by development and road construction. The Association of Women Contractors (AWC) brings an expertise in DBE certification and procurement training to Women-owned construction businesses. Corcoran Neighborhood Association is working to recruit businesses to vacant

storefronts and a new development proposed at Lake and Hiawatha. While the review team had some concerns about Corcoran's limited experience providing business consulting services, reflected in the relatively low average score, the staff team is aware that the organization is working with consultants experienced with business recruitment on a few key properties.

***Rationale for Not Funding Recommendation***

The evaluation team did not recommend funding the following proposals for this funding round:

Latino Economic Development Center (LEDC): applied for \$40,000. Even though LEDC's proposal was strong and the organization has a good service model, the team decided to not allocate additional resources in the current funding round since LEDC has a remaining full balance of \$50,000 from the two-year contracts executed in early 2014, by the 3<sup>rd</sup> quarter reporting deadline of October 30<sup>th</sup>, 2014.

Seward Redesign: Applied for \$50,000 for business expansion and hourly business consulting. The team decided to not allocate resources in the current funding round since there is a remaining full balance of \$5,000 from the two-year contracts executed in early 2014, by the 3<sup>rd</sup> quarter reporting deadline of October 30<sup>th</sup>, 2014. Additionally the submitted proposal was incomplete, lacking the required proposed budget, and electronic and hard copies.

Attachments

- Exhibit A: Business Technical Assistance Program RFP
- Exhibit B: Business Technical Assistance Reports