



TO: T.C. Broadnax, City Manager
FROM: Ricardo Noguera, Director, Community and Economic Development
Carey Jenkins, Housing Division Manager, Community and Economic Development
COPIES: City Council and City Clerk
SUBJECT: **Resolution – Request Authority to Hire Project Staff to Support New Minority Business Development Agency Grant – Request City Council Action July 12, 2016**
DATE: June 21, 2016

SUMMARY:

The purpose of this memo is to seek Council approval to hire two new full-time positions in support of the recently awarded U.S. Department of Commerce Minority Business Development Agency (MBDA) Business Center Program. Within the grant application the City proposed hiring two professional level, project staff positions to manage program activities. The positions would be funded directly through grant proceeds. Existing City staff within the Community and Economic Development Department would also support certain grant objectives and provide the in-kind contribution required of the federal application. Adoption of the resolution is being sought at this time in order to hire staff and implement the goals and objectives of the grant.

STRATEGIC POLICY PRIORITY:

The MBDA Program will foster the following city policy priority - foster a vibrant and diverse economy with good jobs for all Tacoma residents.

BACKGROUND:

On December 3, 2015, the city submitted an application to the U.S. Department of Commerce (Commerce) to serve as the regional office for the MBDA Business Center program. The program serves minority business owners nationally by providing a host of strategic business consulting services including, but is not limited to, marketing, export trade, business expansion, acquisition, financial services and succession planning. On May 4, 2016, the City was notified by Commerce of their decision to award Tacoma the grant. The grant award is for \$1,522,625 over five years (\$304,525 per year).

ISSUE:

The MBDA Program will provide an opportunity for the City of Tacoma and its partners to deliver technical assistance and business development services to the minority business enterprise (MBE) community within the City and the greater Puget Sound Region. In doing so it will facilitate economic growth by creating connections to resources geared towards helping local businesses thrive.

The MBDA Program will focus on securing domestic public and/or private contracts and financing transactions, exports, and job creation for eligible minority-owned businesses. The services are designed to assist MBE clients with achieving higher levels of growth and competitiveness. While Tacoma's program will serve all MBEs, target clients will generally fall into one of three general categories:

- 1) Firms with annual revenues of over \$1,000,000;
- 2) Firms involved in high-growth industries (e.g., green technology, clean energy, health care, IT, infrastructure and broadband technology, among others); and
- 3) Firms with rapid growth potential.

The core activities of the MBDA Program are: capacity building, and job creation/retention resulting from facilitating contracts and financing for medium-sized minority businesses. MBDA Centers provide



technical business services including, but not limited to, the development of a pool of contract and finance opportunities; direct matching of opportunities with qualified/vetted MBEs; relationship management and deal sourcing initiatives (e.g. industry clusters); facilitating MBE growth through exports (identifying global markets and financing); identifying, matching and securing alternative sources of capital and financing; educating MBEs on the benefits of strategic growth alternatives (e.g., mergers, acquisitions and/or joint ventures); MBE advocacy; and, providing service referrals to MBEs of all sizes.

Eligible Clientele

Organizations that are owned or controlled by the following persons or groups of persons are eligible to receive technical business assistance services from the MBDA Program:

- 1) African American
- 2) Hispanic American
- 3) Asian and Pacific Islander
- 4) Native American
- 5) Hasidic Jewish Americans

City Partners & Services

The City of Tacoma will take a leadership role in coordinating and integrating the services provided by the partners involved in the MBDA Program. The City will also be committing a portion of existing staff time as an in-kind contribution. Approximately \$565,817 in salaries of existing staff members have been dedicated over the 5-year grant as an in-kind contribution. This represents a significant commitment of resources by the City and made the application extremely competitive when compared with others from the region.

Additional City of Tacoma contributions to the grant will include office space for the two full-time MBDA grant staff members. There will also be two on-call consultants who will provide MBDA assisted firms with professional services: (1) World Trade Center Tacoma and (2) TCRA Financial underwriter. A summary of the MBDA partners and services are provided below.

World Trade Center Tacoma: Access to educational workshops and seminars on doing business overseas, facilitating trade missions, introductions to potential foreign partners through matchmaking events, and international promotion through a variety of marketing channels. Additionally, access to the Trade Desk can serve as an out-sourced export desk for local businesses on a contract basis.

Tacoma Community Redevelopment Authority (TCRA): Direct financial support through existing loan programs and staff to provide business consulting and business management services.

University of Washington Tacoma: Opportunities to connect with individuals in UWT’s Veterans Incubator for Better Entrepreneurs (VIBE)

Bates Technical College: Access to resources currently offered through its Procurement Technical Assistance Center, Small Business Development Center and South Sound – Tacoma Chapter of SCORE (guidance in applying for and fulfilling government contracts, advice, training and research geared towards promoting economic vitality, free confidential mentoring business counseling and technical assistance). Additional services will include access to meeting rooms and event halls for presentations, mixers, open house events and technical trainings.



Clover Park Technical College: 50 professional technical training programs in high-demand industries, referrals to the MBDA Center from CPTC students, and assistance with “youth entrepreneurship” focus through working with Northwest Career and Technical High School students.

Craft3: Small business financing to non-traditional borrowers.

Staff

The staff paid directly from grant proceeds will include: (1) a Community and Economic Development Supervisor with the title of MBDA Program Director; and (2) a Project Specialist. Both positions will be considered project specific employees with the full range of fringe benefit options available to them for the period of the grant. Recruitment has begun to fill these two positions and will conclude upon Council authorization to hire.

Budget

The MBDA Program will be funded by a combination of grant proceeds (\$1,522,625); Tacoma in-kind contributions of staff time and facility resources (approx. \$565,817) and program income derived over time from MBDA member fees and events (approx. \$369,800). Please see the attachment that identifies the budget for the five-year program (Attachment “A”).

ALTERNATIVES:

The resources used to fund the MBDA Program are derived from a U.S. Department of Commerce grant. To the extent Council does not authorize the hiring of two recommended positions the City would have to decline the award. The activities projected to occur under the Program could be implemented through a joint effort of the City’s Small Business Enterprise (SBE) and Local Employment and Apprenticeship Program (LEAP) however at a severely limited level. If the Council rejects the recommendations to hire staff, the MBDA Program would not be implemented thereby foregoing the grant proceeds of \$1,522,625 that would otherwise be available for this activity.

RECOMMENDATION:

Staff recommends adoption of the attached resolution (Attachment “B”) authorizing the hiring of two professional-level positions to manage the MBDA Program grant recently awarded to the City of Tacoma by the U.S. Department of Commerce. Staff costs to support these positions will be paid directly from the grant for the duration of the five-year program.



FISCAL IMPACT:

By adopting the resolution to hire two full-time positions, the Council will be committing to the implementation of the MBDA Program. Funds used to support staff and their Program activities will be paid directly from the grant. This amounts to \$1,522,625 in grant funds over 5 years. The impact to the 2016 budget is estimated to be approximately \$152,000. In-kind contributions from existing staff within CEDD will also be used to support MBDA Program activities.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
1195-HDS, CED Housing Dev Svcs	752500	Various	\$1,522,625
TOTAL			\$1,522,625

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
MBDA Grant Award	752500	4331220	\$1,522,625
TOTAL			\$1,522,625

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
CED Supervisor	Project		March 31, 2021
Project Specialist	Project		March 31, 2021
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$609,050 (TWO YEARS OF GRANT). The impact to the 2016 budget is estimated to be approximately \$152,000.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. Additional appropriation will be need to be requested.