

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
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Agenda Number:

Prepared on: 8/28/02
Department Name: County Administrative Office
Department No.: 990
Agenda Date: 9/10/02
Placement: Departmental
Estimate Time: 30
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Michael F. Brown, County Administrative Office

STAFF CONTACT: Scott Ullery, County Administrative Office
Ext. 2243

SUBJECT: **2002 Community Development Block Grant Application
Economic Enterprise Funds for Microenterprise Program**

Recommendation(s):

That the Board of Supervisors:

1. Adopt the attached resolution (Attachment A) approving up to a \$500,000 Economic Development Allocation CDBG grant application to the State Department of Housing and Community Development and authorize the County Chief Administrative Officer to submit the \$500,000 grant application to the California State Department of Housing and Community Development for funds to provide Microenterprise Assistance to the County unincorporated area and incorporated Cities within the County that participate in the State CDBG program.
2. Authorize the County Administrator to sign all documents required for submittal of the CDBG application, grant agreement, drawdown of funds, submittal of minor amendment requests and grant administration (Attachment B).
3. Authorize a Sub-Recipient Agreement with Women's Economic Ventures (Attachment C) to assume all performance responsibilities of the grant other than General Administration, which will be performed by the County.

Alignment with Board Strategic Plan:

This project is consistent with Goal IV of the Board of Supervisor's Strategic Plan for the County of Santa Barbara to *Implement Strategies for Economic Vitality and Sustainable Growth*.

Executive Summary and Discussion:

Citizen Participation Process and Public Hearing

The County has the opportunity to apply for State Community Development Block Grant (CDBG) Funds for Economic Development. A grant application for such funds has been prepared and is described below.

The County is the eligible applicant for the CDBG funds, and is one of approximately 180 local governments throughout California that are in the State Small Cities CDBG Program. The federal source of the funds is the Department of Housing and Urban Development (HUD).

CDBG requires opportunities for Citizen Participation regarding the County's proposed use of CDBG funds. As part of the County's Citizen Participation Plan, on September 17, 2001, the County sponsored a public hearing, during which the State CDBG program and the County activity selection criteria were discussed for a 2002 application.

This hearing before the Board of Supervisors represents the second required public hearing on the 2002 CDBG application. Following the close of the Public Hearing, the Board is requested to take the actions listed above.

The required purpose of all CDBG funds is to benefit low-moderate income persons.

Grant Amount Requested

General Administration	\$37,500	(County staff)
Microenterprise Assistance	\$125,000	(WEV, as Subrecipient)
Microloans/Activity Delivery	\$337,500	(WEV, as Subrecipient)

Application and Use of Funds

The CDBG grant application requests funds to expand microenterprise assistance to low-moderate income residents and microenterprises in Santa Barbara County. The County has recognized the importance and appropriateness of microenterprise development because of the high percentage of ethnic minorities and high poverty rate among minority and female-headed households.

While the County is the applicant, the service provider will be Women's Economic Ventures (WEV). The Economic Development Advisory Committee (EDAC) has provided WEV with funding for the writing of this grant. The grant will be administered by the County, using grant funds for the cost of grant administration. This framework regarding grant implementation by a community non-profit and grant administration by the County is a model the County has successfully used for many of its past CDBG grants.

Women’s Economic Ventures (WEV) is a local, non-profit organization serving Santa Barbara County since 1987. WEV is dedicated to helping low-income persons become economically self-sufficient through entrepreneurship. Although WEV’s original mission was to assist primarily low-income women, programs have grown to include low-to moderate-income men as well, especially Latinos. WEV is a highly successful and growing organization. During the past 12 years WEV has grown from an organization with 1.5 employees and an annual budget of \$68,000 to one with 11 employees and an annual budget of \$827,013. WEV became a U.S. Treasury Certified Community Development Financial Institution in 1999. WEV has also built a strong and diverse base of community support with over 1000 donors—63% of WEV’s 2002 budget is projected to come from private sources. Since its inception, WEV has provided training and support services to over 4,000 clients. In order to avoid cutting programs, WEV must continue to seek public funding source assistance in order to continue to serve Santa Barbara County residents. This CDBG grant application is one such request for additional funds.

The WEV Microenterprise Assistance Program contained in the CDBG grant application is composed of four components:

- Comprehensive 14-week, 56-hour self-employment training program
- Individual and group business counseling
- Technical assistance to borrowers
- Loans to microenterprise businesses for start-up and expansion -- up to \$100,000.

WEV will be responsible for operating the CDBG funded program; marketing it; tracking the use of the services; incorporating the support of other organizations – such as the Small Business Development Center, SCORE, Chambers of Commerce, and local banks; and providing full compliance and reporting necessary for the grant funds.

WEV’s services are more fully explained in the rear of the Subrecipient Agreement, which is Attachment C. (Labeled as Attachment A of the Agreement)

Estimated Number of Persons To Be Served By the CDBG Grant.

All recipients of services under this CDBG assisted activity will be persons from households with family income of 80% or less of the County median household income. CDBG defines these as the “Target Income Group” (TIG). The following are the projected number of TIG clients projected to be served:

Entering program:	77
Completing program:	64
Business startups as a result of training:	21
Business expansions as a result of training:	15
Jobs created/retained as a result of training:	43
Small group mentoring/technical assistance:	12
Total number of loans:	19
Total jobs created:	24
Business startups as a result of loans:	4
Business expansions as a result of loans:	15
TA Preliminary loan consultations:	152
TA Pre-qualification and loan packaging assistance	76

Leverage for the Grant Funds

Leverage for the grant application will be provided by WEV. The WEV Small Business Loan Fund will contribute \$303,750 in Private Leverage for micro loans made under this program. No more than \$50,000 of any one loan will consist of CDBG funds. Loan amounts exceeding \$50,000 will be funding out of private capital provided by the loan fund. The source of the private leverage is funding provided by local banks in cooperation with WEV.

Target Area

The CDBG funded services will be targeted to low and moderate income persons either residing or owning businesses in high poverty areas of the County unincorporated area, or in cities within the County that participate in the State CDBG Program. (Buellton, Carpinteria, Goleta, Guadalupe, and Solvang). By HUD ruling, communities which receive CDBG funds directly from the federal government (Santa Maria, Santa Barbara, Lompoc) are not eligible to receive services funded by the State CDBG funds. WEV and the county staff are working with the UCSB Economic Forecasting Program to further define the Target Area.

This Target Area will become focused to the point of census tract block groups with relatively high poverty, located in County unincorporated areas and the eligible cities to increase the competitiveness of the County's application. A more focused Target Area is not available at this time but will be included in the final application to the State CDBG Program.

It is important to note that WEV provides this program for all County residents. The CDBG funding will pay for those residents and businesses which are in the identified Target Area. WEV will use other funds to provide the services to residents outside the identified Target Area.

Subrecipient Agreement

In the State CDBG Program the required method of utilizing the services of a community non-profit which is the provider of the grant services, once the grant is funded, is a Subrecipient Agreement between the County and the community non-profit agency (WEV). The Subrecipient Agreement passes on to the agency all the federal and state requirements regarding use of grant funds, as well as the details of the service which WEV will provide. At the rear of the Subrecipient Agreement is the detailed Scope of Work which WEV will provide.

An executed form of the Subrecipient Agreement is to be included in the grant application. The recommended Subrecipient Agreement is attached for approval and final execution by the County and WEV. The Resolution before the Board includes approval of the Subrecipient Agreement.

Term of Grant Program

Once the grant application is funded, the term of the grant is 30 months.

Mandates and Service Levels:

No changes to programs or service levels.

Fiscal and Facilities Impacts:

If the grant is awarded, the County will receive \$500,000 of CDBG funds for the operation of the Microenterprise Program in County unincorporated area and those incorporated Cities within the county which are in the State CDBG Program. The funds will be used by Women's Economic Ventures, through the Subrecipient Agreement, to provide the microenterprise services and operation of the Microenterprise Program in compliance with all federal and state grant requirements. Of total amount of grant funds, the County will receive \$37,500 in CDBG Economic Development Allocation funds for general administration, monitoring and reporting.

Special Instructions:

The Office of the County Administrator will provide public notice. Return two original executed copies of the resolutions to Housing Finance.

Concurrence:

Housing Finance