

CD Program FY 2019 Application Review	CDBG Economic Development	Staff Contact: Emilie Voight
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Summary of Economic Development Applications

Two applications were received for the CDBG Economic Development category. The projects include the Entrepreneur Fund’s “Growing Neighborhood Businesses” program, which accompanies neighborhood microenterprise and small businesses in the creation of strategic business plans to increase their revenue, and SOAR Career Solutions’ “Duluth at Work” program, which provides services including case management, work readiness training, and job placement and retention support to Duluth residents 16+ living at or below 50% of AMI. At its June 19, 2018 meeting, the CD Committee set a funding target of 15% for CDBG Economic Development funding in FY 2019.

Approach to Application Review

Applications were reviewed for funding eligibility, consistency with the 2015-2019 Consolidated Plan strategies/goals, and need.

Applications Received

Code	Proposal Name	Organization	Eligible Activity	CDBG Amount
2019-2A	Growing Neighborhood Businesses	Entrepreneur Fund	Yes	\$64,000
2019-2B	Duluth at Work	SOAR Career Solutions	Yes	\$272,000

Total: \$336,000

Consolidated Plan Goals for Economic Development

Consolidated Plan Goal #7: Economic Development

- Support Duluth at Work initiatives that assist participants to access living wage jobs through local businesses.
- Support Duluth at Work initiatives that help low-income people gain work skills, jobs, and employment history that results in increased income and overall stability.
- Provide training and technical assistance to businesses to increase assets and create jobs.

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APPLICATION #2019-2A: Entrepreneur Fund – Growing Neighborhood Businesses

Brief Description of Application (including activities and target clientele):

- The Growing Neighborhood Businesses program will provide training, consulting, and peer support for 8 existing small businesses in Duluth’s CDBG target neighborhoods.
- The program will create and retain jobs in the community while helping participants strengthen their marketing, sales, and financial strategies and develop growth plans to increase their revenue by at least 25% within 3 years.
- The target clientele is microenterprise (a business with five or fewer employees) and small business owners from Duluth’s five CDBG neighborhoods (Morgan Park, West Duluth, Lincoln Park, Central Hillside, and East Hillside) in which at least 51% of the population is LMI.

Eligible Activity (Identify eligible activity, national objective, and explain):

- This Economic Development project meets the National Objective of benefitting low- to moderate-income individuals. The project targets businesses located in Census tracts in which at least 51% of residents are low- and moderate-income persons.
- The Microenterprise Assistance Eligible Activity authorizes the provision of technical assistance to new or existing microenterprises and general support to owners of microenterprises.

Application goals/outcomes and relation to Consolidated Plan:

- The program goal is to accompany 8 existing microenterprises and small businesses in growing their revenue by at least 25% within 3 years.
- Goal 7 Economic Development: Provide training and technical assistance to businesses to increase assets and create jobs; support initiatives that assist participants to access living wage jobs through local businesses.

Budget and Project Readiness:

- CDBG request: \$64,000, which will be used for the salaries and benefits of program staff.
- Total funding budget: \$80,000; secured: \$16,000 (<1:1 ratio).
- The cost per business served with CDBG funds is \$8,000; the cost per business served for the total program budget is \$10,000.
- The Entrepreneur Fund has received CDBG funds in the past for the Growing Neighborhood Businesses program and has been able to appropriately spend the funds in a timely manner.

APPLICATION #2019-2B: SOAR Career Solutions – Duluth at Work

Brief Description of Application (including activities and target clientele):

- The Duluth at Work program will provide economic self-sufficiency services including case management, work readiness training, participant support, and employment and retention programs to 41 Duluth residents who are 16 years of age or older and who are living at or below 50% of AMI.
- Duluth at Work is a collaborative project between three partners: SOAR Career Solutions, Life House, and Community Action Duluth.

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Eligible Activity (Identify eligible activity, national objective, and explain):

- This Economic Development project meets the National Objective of benefitting low- to moderate-income people. 100% of the project’s clients will be at or below 50% of AMI.
- The Community Based Development Organization (CBDO) Eligible Activity authorizes funding for activities that increase economic opportunity, principally for low- and moderate-income persons. SOAR has previously been certified as a CBDO and will be recertified for FY 2019.

Application goals/outcomes and relation to Consolidated Plan:

- The program goal is to provide poverty-reduction strategies to 41 individuals who are 16 years of age or older and who are living at or below 50% of AMI.
- Goal 7 Economic Development: Support initiatives that assist participants to access living wage jobs through local businesses; support initiatives that help low-income people gain work skills, jobs, and employment history that results in increased income and overall stability.

Budget and Project Readiness:

- CDBG request: \$272,000, which will be used for project administration and programming.
- Total funding budget: \$807,734; secured: \$61,278 (<1:1 ratio).
- The approximate cost per person served with CDBG funds is \$6,634; the approximate cost per person served for the total program budget is \$19,700.
- SOAR Career Solutions has received CDBG funds in the past for the Duluth at Work program and has been able to appropriately spend the funds in a timely manner.