



To: Members of the Edina Housing & Redevelopment Authority **Agenda Item #:** III.

From: Bill Neuendorf
Economic Development Manager

Action
Discussion
Information

Date: February 19, 2013

Subject: Resolution No. 2013- 03, Authorizing the 2013 “Open to Business” Program

Action Requested:

Adopt Resolution.

Information / Background:

In 2012, the City / Housing and Redevelopment Authority (HRA) implemented an “Open to Business” program to provide free business consultation to Edina-based entrepreneurs and others interested in opening a small business in Edina. The Metropolitan Consortium of Community Developers (MCCD) was contracted to provide the service based on their success in other cities.

In the first year, MCCD served 17 Edina clients and provided consultation on a variety of business ideas including: optometrist, cross cultural marketing consulting, plastic moving box rental, restaurant, financial planner, risk management consulting, import/export, food manufacturer, and staffing agency.

These efforts resulted in the creation or retention of 23 jobs. To achieve these results, MCCD also approved capital loans totaling \$80,000 to bring the ideas to fruition.

In 2013, Hennepin County has again offered to split the costs to municipalities that provide this service. The Hennepin County HRA will fund up to 50% of the \$10,000 annual fee provided that Edina contributes a matching amount (\$5,000).

Based on the success of the program in the first year and the potential for even better results in 2013, staff recommends that the Edina HRA approve this program and authorize staff to seek funds from Hennepin County and renew a contract with MCCD to continue providing this service.

Attachments:

Resolution No. 2013-03

RESOLUTION NO. 2013-03
AUTHORIZING THE 2013 "OPEN TO BUSINESS" PROGRAM

WHEREAS, the Edina Housing and Redevelopment Authority initiated the "Open to Business" program in 2012 with the intention of providing business consultation to Edina-based entrepreneurs and others interested in opening a small business in Edina; and

WHEREAS, the Hennepin County Housing and Redevelopment Authority has again offered to share the program costs whereby half of the costs will be borne by the County and half by the City; and

WHEREAS, the Metropolitan Consortium of Community Developers has successfully provided the Open to Business services to residents and business owners resulting in the creation or retention of at least 23 jobs in 2012.

NOW, THEREFORE, BE IT RESOLVED, the Edina Housing and Redevelopment Authority authorizes staff to apply for the Hennepin County grant funding and authorizes staff to execute a contract with the Metropolitan Consortium of Community Developers to provide the professional services in 2013.

Dated: February 19, 2013.

Attest: _____

Ann Swenson, Secretary

James B. Hovland, Chair

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF EDINA)

CERTIFICATE OF EXECUTIVE DIRECTOR

I, the undersigned duly appointed and acting Executive Director for the Edina Housing and Redevelopment Authority do hereby certify that the attached and foregoing Resolution is a true and correct copy of the Resolution duly adopted by the Edina Housing and Redevelopment Authority at its Regular Meeting of February 19, 2013, and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this _____ day of _____, _____.

Executive Director



**Hennepin County
2013 Economic Development Initiative “Open to Business”
Request for Matching Funds**

Instructions

Please complete the following questions and return completed form along with a copy of the city council resolution described above to the following address by mail or e-mail **no later than January 15, 2013.**

Patricia L. Fitzgerald, Principal Planning Analyst
Hennepin County Department of Housing, Community Works and Transit
701 Fourth Avenue South, Suite 400
Minneapolis, Minnesota 55415
direct: 612-543-0864 email: patricia.l.fitzgerald@co.hennepin.mn.us

Applicant(s): **City of Edina Housing and Redevelopment Authority**

Street address: 4801 West 50th Street, Edina, Minnesota Zip code: 55424

Primary contact person: Bill Neuendorf, Economic Development Manager

Phone: 952-826-0407

E-mail: bneuendorf@edinamn.gov

Amount of HCHRA funds requested: \$ 5,000

Annual fee for “Open to Business”: \$10,000 total

Source of funds for local match: Edina HRA

Date funding approved: February 19, 2013 (anticipated)

Proposed timeframe for “Open to Business”: Start date: Jan. 2013 End date: Dec 2013

- 1. Explain the need for entrepreneur development and small business technical assistance services in your community and the location(s) in your community that would most likely receive this development assistance.**

Edina is home to a large and varied entrepreneurial community, including a number of retired professionals with an ongoing interest to create job opportunities as well as a number of early career entrepreneurs seeking guidance and mentoring to bring their business ideas to fruition.

There are significant numbers of small business people working from home offices and at local libraries and coffee shops. In 2013, the Open to Business program will target these individuals to provide opportunities to grow their businesses.

2. How would your community promote the “Open to Business” initiative to your entrepreneurs and small businesses?

The Open to Business program will be promoted using a variety of means available to the City and HRA, namely website, newsletter, cable television and social media. We will also partner with local partners at the Edina Chamber of Commerce to identify potential candidates. We will engage local media, such as Patch and Sun-Current, as well as local educational programs, such as DECA and Mankato State, to raise awareness of the program. Finally, we will reach out directly to aspiring business people by reaching them where they are: coffee shops, libraries, and other non-traditional work places.

3. How does the “Open to Business” strategy complement other economic development initiatives in your community, or would this be a new venture for your community? If this is a new venture, explain how the initiative fits your community’s goals and plans.

The City of Edina initiated this program in 2012 when it hired its first full-time Economic Development Manager. The City continues to become more proactive in reaching out to existing, new and aspiring businesses.

For example, the City is co-hosting an Export Initiative to promote international growth among our existing business community.

The continuation of the Open to Business program is an important component of the City’s strategy to be more proactive in working with the business sector.

4. Which staff would oversee the “Open to Business” strategy and how would the outcomes and experiences of this initiative be tracked and utilized?

In August 2012, the City hired its first Economic Development Manager. This Manager is responsible for implementing, promoting and tracking the Open to Business program. The City’s Communication Department is an instrumental partner and is tasked with using best practices to promote the program to residents and businesses in Edina. The effectiveness of the program will be evaluated at year end. Key benchmarks include: number of client contacts, capital lending approved by MCCD, private capital leveraged and jobs created or retained.

Contract for Services
Between the City of Edina Housing and Redevelopment Authority
&
Metropolitan Consortium of Community Developers
for the
Open to Business Program

THIS AGREEMENT, is made and entered into as of the _____ day of February 2013, between the City of Edina Housing and Redevelopment Authority (herein called HRA) and **Metropolitan Consortium of Community Developers**, (herein called “MCCD”).

WHEREAS, the Edina HRA wishes to retain an entity with the capacity to provide small business technical assistance to existing businesses and those parties interested in opening a business in Edina (the “Initiative”) and

WHEREAS, MCCD has represented itself as competent to provide the services required to administer and carry out the Initiative; and

WHEREAS, the Edina HRA wishes to engage MCCD to provide said services necessary to carry out the Initiative;

NOW THEREFORE, it is agreed between the parties hereto that;

1. TIME OF PERFORMANCE

The service to be provided by MCCD shall commence upon execution of this Agreement and shall terminate as of December 31, 2013. All services, documents, and information to be furnished or performed by MCCD in order to carry out the Initiative shall be furnished or performed as promptly as possible, and with the fullest due diligence.

2. COMPENSATION

Total compensation to MCCD shall be \$10,000 for a one year period (the Contract Amount) to manage the Edina Open to Business program. The Contract Amount will be paid in two equal installments: \$5,000 due and payable by the Edina HRA upon execution of this Agreement, and \$5,000 invoiced and dated on or about 6 months from the agreement date, payable by Hennepin County Housing Redevelopment Authority.

3. SCOPE OF SERVICES

MCCD will use the Contract Amount to provide technical assistance to existing Edina businesses, residents and parties interested in starting a business in Edina; (See **Exhibit A** Scope of Services-Edina Open to Business Program).

4. **REPORTING**

MCCD agrees to submit quarterly reports related to its operation of the Edina Open to Business program. Items to be reported on include, but are not limited to, the following:

- Number of inquiries
- Hours of technical assistance provided
- Type of assistance provided
- Type of business
- Annual sales revenue
- Number of businesses opened
- Number of business expanded/stabilized
- Number and amounts of financing packages
- Demographic information on entrepreneurs

The required reporting schedule is as follows:

1st quarter January – March, report due April 30th

2nd quarter April – June, report due July 31st

3rd quarter July – September, report due October 31st

4th quarter October – December, report due January 31st of 2014

MCCD will provide additional reports as requested by the Edina HRA.

5. **PERSONNEL**

MCCD represents that it has, or will secure, at its own expense, all personnel required in performing the services to carry out the Initiative. Such personnel shall not be employees of or have any contractual relationship with the Edina HRA. No tenure or any other rights or benefits, including worker's compensation, unemployment insurance, medical care, sick leave, vacation pay, severance pay, or any other benefits available to Edina HRA employees shall accrue to MCCD or employees of MCCD performing services under this agreement. The MCCD is an independent contractor.

All of the services required to carry out the Initiative will be performed by MCCD, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such work.

6. INTEREST OF MEMBERS OF THE CITY, HRA AND OTHERS

No officer, member, or employee of the Edina HRA, and no member of its governing body, and no other public official or governing body of the locality in which the Initiative is situated or being carried out, who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of the Initiative, shall participate in the decision relating to this Agreement which affects his/her personal interest or the interest of any corporation, partnership, or association in which he/she is, directly or indirectly, interested or has any personal or pecuniary interest, direct or indirect, in this Agreement or proceeds thereof.

7. ASSIGNABILITY

MCCD shall not assign any interest in this Agreement, and shall not transfer any interest in the same without the prior written approval of the Edina HRA thereto.

8. COMPLIANCE WITH LOCAL LAWS

MCCD agrees to comply with all federal and state laws, statutes and applicable regulations and the ordinances of the City of Edina.

9. INSURANCE

MCCD agrees to provide proof of workers' compensation and comprehensive general liability insurance. Comprehensive general liability insurance shall be in the minimum amount of \$1,500,000

10. HOLD HARMLESS

MCCD agrees to defend, protect, indemnify and hold harmless the City of Edina, the Edina HRA, their agents, officers and employees harmless from and against all liabilities, losses, damages, costs, and expenses, whether personal, property, or contractual, including reasonable attorney's fees, arising out of, or related to the administration and operation of the Initiative, and from any act of negligence of MCCD, its officers, employees, servants, agents, or contractors.

The Edina HRA agrees to defend, protect, indemnify and hold harmless the MCCD, its agents, officers and employees harmless from and against all liabilities, losses, damages, costs, and expenses, whether personal, property, or contractual, including reasonable attorney's fees, arising out of, or related to the administration and operation of the Initiative, and from any act of negligence of the Edina HRA, their officers, employees, servants, agents, or contractors.

11. NOTICES

A notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by mail, postage prepaid, return receipt requested, or delivered personally; and

(a) In the case of MCCD, is addressed or delivered personally to:

David Chapman, Director of Lending and Operations

Metropolitan Consortium of Community Developers
3137 Chicago Avenue South
Minneapolis, MN 55407

(b) In the case of the Edina HRA:

Scott Neal
Executive Director
City of Edina Housing and Redevelopment Authority
4801 W. 50th Street
Edina, MN 55424

or at such other address with respect to any party as that party may designate in writing and forward to the other as provide in the Section.

12. MODIFICATION

This Agreement may not be modified, changed, or amended in any manner whatsoever without the prior written approval of all the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

**CITY OF EDINA
HOUSING AND REDEVELOPMENT AUTHORITY**

**METROPOLITAN CONSORTIUM
OF COMMUNITY DEVELOPERS**

By: _____
James Hovland, Its Chair

By: _____
Jim Roth, Its Executive Director

And by: _____
Scott Neal, Its Executive Director

Exhibit A

Scope of Services

Open for Business Technical Assistance Services

MCCD will provide intensive one-on-one technical assistance to Edina businesses, Edina residents and aspiring entrepreneurs intending to establish, purchase, or improve a business in Edina. Technical assistance includes, but is not limited to, the following:

- Business plan development
- Feasibility analysis
- Marketing,
- Cashflow and other financial projection development
- Operational analysis
- City and State licensing and regulatory assistance
- Loan packaging, and other assistance in obtaining financing
- Help in obtaining competent legal advice

MCCD will also provide technical assistance on a walk-in basis monthly in Edina City Hall or as requested at a place of business within Edina.

Open for Business Access to Capital

Access to capital will be provided to qualifying businesses through MCCD's Emerging Small Business Loan Program (see **Exhibit B** Small Business Loan Program Guidelines below). MCCD also provides its financing in partnership other community lenders, banks or both.

EXHIBIT B

Small Business Loan Program Guidelines

Loan Amounts:

- Up to \$25,000 for start-up businesses
- Larger financing packages for established businesses
- Designed to leverage other financing programs as well as private financing provided by the commercial banking community.

Eligible Projects:

- Borrowers must be a “for-profit” business.
- Business must be complimentary to existing business community.
- Borrowers must have equity injection as determined by fund management.

Allowable Use of Proceeds:

- Loan proceeds can be used for working capital, inventory, building and equipment and general business operations.

Interest Rates:

- Loan interest rate is dependent on use, term and other factors, not to exceed 10%.

Loan Term Length:

- Loan repayment terms will generally range from three to five years, but may be substantially longer for major asset financing such as commercial property.

Fees and Charges:

- Borrowers are responsible for paying all customary legal and other loan closing costs.