

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA CAPITAL ACCESS PROGRAM
Small Business Advising Assistance (SBAA)
Meeting Date April 24, 2007
Executive Summary**

Prepared by: *Aaron Todd*

Summary of Program Goals: The “Eric Thomas Business STAR” Small Business Advising Assistance Program is a three-year pilot program set to expire on December 2007. The SBAA provides free advising services to small businesses with the potential to grow. Goals of the program include improving access to other forms of capital, creating jobs, expanding economic opportunities, and assisting in recovery of distressed neighborhoods and communities.

SBAA Program Parameters: SBAA program assistance parameters are as follows:

Table I

Targeted Businesses	<u>Eligibility:</u> Maximum 500 employees. <u>Must Demonstrate:</u> Potential for growth and profitability; commitment to working with a business advisor; and commitment to local hiring. <u>Preference For Companies With:</u> \$500,000 to \$20 million in annual revenues; two years’ operational history; or successful CalCAP experience.
Geographic Focus	The Los Angeles Area, the San Francisco Bay Area, the Central Valley Area, and the San Diego Area.
Community Focus	Located in a low-income community and employing (or having the potential to employ) a significant number of employees from that community with preference given to companies located in <i>Severely Affected Communities</i> as defined in CalCAP Regulations.

SBAA Services Description: The SBAA provider does the following:

- A. Provides a strong referral network that can locate businesses appropriate for the program services;
- B. Provides access to volunteer advisors (e.g., successful CEO’s, CFO’s, etc.) with good interpersonal skills who have the skills and expertise that portfolio companies need;
- C. Assists entrepreneurs in identifying business problems that advising projects can help solve;
- D. Establishes the volunteer advisor relationship with entrepreneurs and develops realistic action plans and timelines;
- E. Provides support and resources for the business advising relationship;
- F. Conducts ongoing assessment by collecting periodic information from volunteer advisors and entrepreneurs in order to ensure that the business advising service is achieving program goals;
- G. Provides *new* services or an expanded presence in one or more of the targeted geographic areas; and
- H. Submits quarterly reports of the SBAA provider’s program activities to CPCFA.

SBAA Provider Selection: A \$1.5 million maximum contract amount was awarded to Pacific Community Ventures as it was determined that they best met the “Eric Thomas Business STAR” SBAA program goals. For information about Pacific Community Ventures, see the attached. The SBAA program goals are to provide the broadest services mix; provide the greatest geographic reach; demonstrates the greatest leveraging (cash and “in-kind” services) of state funds to achieve the program’s purpose and to provide *new* services or an expanded presence in the targeted areas.

Timeline: The term of the Agreement was for three years, from January 2005 through December 2007. If a decision is made to continue a program similar to the SBAA pilot, a funding source will be required.

Recommendation: The current pilot program is set to expire in December 2007. Since several components of the program have only begun in recent months, it is difficult to conclude an analysis of the program at this point.

It is the recommendation of staff that a consultant be engaged in late 2007 to evaluate the program in full and provide recommendations for going forward. We anticipate that the evaluation will include discussion of proceeding with a program similar to the current program, proceeding with a program more narrowly focused with an environmental emphasis and other appropriate options. The evaluation could be used by other state agencies to evaluate their own options for establishing or expanding small business advising services. Results of the evaluation will be provided to CPCFA. No formal action of CPCFA is needed for staff to proceed with this recommendation.

ATTACHMENT A
PACIFIC COMMUNITY VENTURES
EXECUTIVE SUMMARY

Pacific Community Ventures, a nonprofit community development venture capital (CDVC) organization based in San Francisco (SF), expanded its small business advising services to additional companies in the SF Bay Area, and replicated these services in Los Angeles (LA), San Diego and the Central Valley.

Founded in 1999, Pacific Community Ventures (PCV) was the first CDVC fund in California. PCV provides resources and capital to small businesses that have the potential to bring significant economic gains to low-income communities in California. As a double bottom line investor and service provider, PCV promotes social as well as financial returns, primarily in the form of quality jobs that provide residents of low-income communities with good wages and benefits, skills training and career development, and wealth-building opportunities. To achieve these returns, PCV employs a variety of strategies: no-cost Business Advisory Services; equity investments; workforce support programs; and a revolving loan fund under development.

PCV's Business Advisory Service provides free one-on-one volunteer advising, network-building, leadership workshops and other support services to small businesses located in and hiring from low-income communities. In building the Business Advisory Service over the past five years, PCV has established extensive networks in the private, public and nonprofit sectors; executed a one-on-one advising program that helps small business CEOs identify and address strategic growth issues and build powerful networks; provided support services that build small business leadership and management capacity; evaluated the effectiveness of the Service and of PCV's overall community impact; and created a replication template. As of December 31, 2006, PCV has provided advising services to a total of 66 companies statewide.

Following a year of strategic planning, research and development, in May 2004 PCV launched the first phase of a proposed three-year statewide expansion strategy for the Business Advisory Service. The proposed expands delivery of the Service via two channels:

Implementation of Business Advising for Emerging Enterprises in the San Francisco Bay Area. PCV partnered with eight small-business development organizations to source and provide one-on-one advising and support services to 26 small businesses from October 2004 – December 2006.

Replication of the Business Advisory Service in the Los Angeles, San Diego and Central Valley Areas. With support from an economic development consultant in each location, PCV pursued an experience-based replication strategy to implement a local Business Advisory Service. Service to each area were phased, with Los Angeles launching in January 2005, San Diego in May 2006 and Fresno/Central Valley hub in June 2006.

In addition to the expansion activities, PCV will continue to provide core Business Advisory Services to approximately 10 small businesses per year in the SF Bay Area.

<u>PCV Portfolio of Companies As of December 31, 2006</u>			
Central Valley Advised		Bay Area Advised	
APPL, Inc.	Fresno	Crunchy Foods	Oakland
Eagle Medical Services	Fresno	Dawson Custom Workroom	San Francisco
Gemini Duplication	Visalia	East Bay Cash Register Systems	Oakland
Gems Women's Fitness	Clovis	Extreme Pizza	San Francisco
Summit Software	Clovis	Feeney Wire Rope and Rigging	Oakland
Unlimited Energy	Fresno	Give Something Back	Oakland
Los Angeles Advised		Heath Ceramics	Sausalito
Artcraft Bedding and Draperies	Commerce	Home Health Advocates	San Francisco
blik Surface Graphics	Venice	iPrint n' Mail	San Francisco
CP-MFG	Van Nuys	Jeremiah's Pick Coffee Co.	San Francisco
DeVoll's Rubber Products	Santa Fe Springs	John Lewis Glass	Oakland
Design Guild Moulding	Van Nuys	Laura + Kiran	Berkeley
Dura Flooring, Inc.	Commerce	Melissa Joy Manning, Inc.	Oakland
El Classificado	East Los Angeles	Pyramid, Inc.	San Francisco
Foam Matrix	Inglewood	Rhythm & Motion Dance Center	San Francisco
Industrial Glass Products	Los Angeles	Silver Shield Security	San Jose
LAX Tacos	Inglewood	Siteler Wash	Mountain View
RJ's Demolition & Disposal	Inglewood	SunMan Engineering	San Jose
Titan Hardware	Santa Fe Springs	San Diego Advised	
Value Finders	Culver City	Chua Choclatier	Carlsbad
Wonderland Treatment Center	Los Angeles	Elan Organic Coffees	San Diego
		Hi-Tech Electronic Manufacturing	San Diego
		Lyon Technologies	Chula Vista
		NLP Furniture Industries	San Diego
		Northwest Circuits Corp.	San Diego
		O.A.P. Packaging, Inc.	San Diego
		Pacific Gyre	Oceanside
		Paws for Thought	San Diego
		Reynolds Mason Industries	San Diego
		Source of Health	Chula Vista
		Vigitron	San Diego