

FY 2020 Borough Budget Consultations

Manhattan - Small Business Services

Meeting Date 9/7/2018

AGENDA ITEM 1 : General Agency Funding Discussion:

The purpose of holding the Borough Budget Consultations is to provide Community Boards with important information to assist in drafting their statement of District Needs and Budget Priorities for the upcoming fiscal year. As you know, Community Board Members are volunteers who may not be familiar with the budget process and how agencies' programs are funded. At the same time, Community Board members are very knowledgeable about local service needs.

This year's Manhattan agendas have three sections:

I. Agencies begin the consultation with a presentation of their goals, funding decision process, and highlights of their funding needs.

II. Then, the agenda continues with Community Boards asking about specific program funding.

III. Lastly, the agendas include Boards' requests on district-specific budget questions. We request that the agency respond in writing, but have any further discussions on these items with the Community Boards outside of the consultation.

For the first section, please present on the four topics below for 10-15 minutes at the beginning of our Consultation. Also, please provide written responses or even a PowerPoint presentation that we can use to fully and accurately educate our Board Members.

1. What are your priorities and operational goals for FY19 and projected priorities and operational goals for FY20?
2. What are the current proposed FY19 and FY20 service and operational goals and proposed funding?
3. Which programs is the agency adding, dropping, or changing for FY19 and projected for FY20?
4. What are your benchmarks for new and existing programs and what are your benchmarks/key performance indicators for measuring success?

AGENCY RESPONSE:

1. What are your priorities and operational goals for FY19 and projected priorities and operational goals for FY20?

SBS Response:

- SBS's FY19 Executive Budget is \$258.4 million. Of that budget, \$87.5 million is pass-through funding to EDC, NYC & Co, Governors Island, the Brooklyn Navy Yard, and the Mayor's Office of Media and Entertainment.
- The remaining \$171 million is allocated for SBS's programs, which support our mission of unlocking economic potential and creating economic security for all New Yorkers. We work towards this goal by connecting New Yorkers to career-track jobs, building strong businesses, and fostering vibrant neighborhoods across the five boroughs.

2. What are the current proposed FY19 and FY20 service and operational goals and proposed funding?

SBS Response:

- SBS's services and goals include:
 - o Help businesses start, operate, and expand in New York City
 - o Match businesses in need of workers with qualified applicants
 - o Provide financial support and technical assistance for New York City's commercial districts throughout the five boroughs

- o Help minority and women-owned businesses identify and compete for City contracts
- The agency is focused on accomplishing these goals with an emphasis on equity of opportunity and reaching underrepresented groups.
- To achieve this aim, we have created targeted programming including:
 - o The Commercial Lease Assistance Program, which provides small business owners with free legal assistance on topics that include eviction notices, lease negotiations, landlord issues, and breach of contract issues.
 - o WE NYC, an initiative aimed at helping women entrepreneurs overcome barriers and succeed through networking opportunities, mentoring opportunities, one-on-one financial counseling, access to capital, and leadership workshops.
 - ? This July, we announced WE Legal, which hosts clinics for women entrepreneurs to access free, one-on-one legal consultations with attorneys on topics including business formation, by-laws, contracts, and other corporate legal matters.
 - o Supporting the Mayor’s Career Pathways plan, SBS trains New Yorkers for good paying jobs and links jobseekers to employment in fast-growing industries with opportunities for advancement, and has developed targeted services for immigrants, out of school, out of work youth and people formerly acquainted with the criminal justice system.
 - ? In FY17, SBS developed and launched 19 new training models to better meet the needs of employers and jobseekers. These trainings include:
 - Bilingual Medical Assistant Training
 - And Bridge to Tech, an introductory training in web development

3. Which programs is the agency adding, dropping, or changing for FY19 and projected for FY20?

SBS Response:

- Items with increased funding for FY19 include: funding for rezoned neighborhoods, increased funding for workforce trainings, increased funding for the M/WBE program, and funding for the Love Your Local grant program.

4. What are your benchmarks for new and existing programs and what are your benchmarks/key performance indicators for measuring success?

SBS Response:

- SBS’s programs and initiatives support our mission to unlock economic potential and create economic security for all New Yorkers by connecting New Yorkers to career-track jobs, building stronger businesses, and fostering vibrant neighborhoods across the five boroughs.
- Our FY18 and FY19 performance indicator goals include:
 - o Facilitating or distributing financial awards to 470 unique businesses
 - o Increasing the number of businesses opened with assistance from SBS (from 867 in FY17)
 - o Placing 25,000 jobseekers through the Workforce1 system
 - o Increasing the number of individuals enrolled in training (from 3,464 in FY17)
 - o Increasing the number of City M/WBE certified firms to 9,000 in FY19
 - o Increase the number of M/WBEs awarded contracts after receiving procurement or capacity building assistance (from 824 in FY17)
- Like all City agencies, SBS’s performance is measured by the Mayor’s Management Report (MMR), which Community Board members can access by visiting nyc.gov/MMR
- Beyond the performance indicators listed in the MMR, SBS is framing our success on increasing equity of opportunity and reaching underrepresented groups throughout the five boroughs.
- To achieve these aims, SBS continues to prioritize our outreach efforts, such as Chamber On-the-Go and the new Mobile Outreach Unit, and targeted programming, such as WE NYC, workforce training for growing industries, the M/WBE program, and services for immigrant entrepreneurs.

MEETING NOTES:

COMMENTS:

SBS emphasized the strength of partnerships with community based organizations in neighborhoods across the city. SBS added that their free legal assistance for business operators benefits from the work of many pro bono attorneys.

FOLLOW-UP:

AGENDA ITEM 2 : Funding for Mom and Pop Stores

1. What programs does SBS have in its current FY19 budget to support small businesses in high rent environments?
2. Does SBS have other programs in FY19 that help small businesses alter business plans to adapt to a changing business environment?
3. What are the projected budgets for these programs in FY20?

AGENCY RESPONSE:

What programs does SBS have in its current FY19 budget to support small businesses in high rent environments?

SBS Response:

- SBS's FY19 Executive Budget is \$258.4 million. Of that budget, \$87.5 million is pass-through funding to EDC, NYC & Co, Governors Island, the Brooklyn Navy Yard, and the Mayor's Office of Media and Entertainment.
- The remaining \$171 million is allocated for SBS's programs, which support our mission of unlocking economic potential and creating economic security for all New Yorkers. We work towards this goal by connecting New Yorkers to career-track jobs, building strong businesses, and fostering vibrant neighborhoods across the five boroughs.
- We know that many business owners face challenges dealing with rising commercial rent costs in NYC.
- SBS's Commercial Lease Assistance Program was recently launched to support businesses in this environment. The program includes:
 - o Legal assistance for businesses prior to lease signing
 - Commercial lease workshops
 - One-on-one consultations
 - o Pre-litigation legal services to avoid future litigation
 - investigations and legal research
 - Model lease term sheets
 - Lease negotiations
 - o Legal services when litigation cannot be averted
 - Preparation of required court papers
 - Preparation of motions
 - Brief writing
- SBS also provides a range of free services to help businesses start, operate, and grow.
- Services include business planning courses, legal assistance, financing assistance, incentives, help navigating government, recruitment & workforce training services, information on selling to government, and Minority and Women-owned Business Enterprise (M/WBE) certification.
- Relevant business education workshops provided by SBS include: Financial Management, Marketing 101, Master Marketing, Website Fundamentals, Social Media Fundamentals, Advanced Strategies in Social Media, etc.
- SBS also provides longer-form, cohort business education courses, like FastTrac GrowthVenture.
- FastTrac GrowthVenture is a free, 8 session entrepreneurship course that provides owners of operating businesses with the knowledge and skills they need to drive sales and strategically grow their businesses. It is designed for business owners who are currently operating businesses. With the guidance of experienced facilitators, business experts, and other successful entrepreneurs, participants will:
 - o Analyze their current business model
 - o Strengthen their existing products/services
 - o Create an action plan for growth
 - o Improve their business's profits and financial performance

Does SBS have other programs in FY19 that help small businesses alter business plans to adapt to a changing business environment?

SBS Response:

- In FY17, SBS launched “Love Your Local,” a new program to support longstanding neighborhood businesses through a city-wide promotional campaign.
- Shared businesses appear on an interactive map on our website for other New Yorkers to discover.
- These businesses were able to apply for technical assistance from a business consultant and a share of \$1.8 million in grant funding.
- While applications have now closed, we are hoping to scale this pilot program to reach more businesses in coming years.

What are the projected budgets for these programs in FY20?

SBS Response:

- Commercial Lease Assistance Budget: \$1.25 million
- Love Your Local Budget: \$3.5 million

MEETING NOTES:

COMMENTS:

FOLLOW-UP:

AGENDA ITEM 3 : Resiliency Initiatives

1. Please share benchmark results from the Business Preparedness and Resiliency Program (Business PREP) and any other resiliency related program that is currently active within SBS.
2. What is the current status of the Business PREP funding that comes from the Community Development Block Grant-DR (CDBG-DR)? Will there be funding from this source for FY19? From what other sources will funding be available for resiliency programs?
3. Is SBS planning on receiving funds from these same sources in FY20? If not, which funding sources will replace them?

AGENCY RESPONSE:

Please share benchmark results from the Business Preparedness and Resiliency Program (Business PREP) and any other resiliency related program that is currently active within SBS.

SBS Response:

- Business PREP (Preparedness & Resiliency Program) offers business continuity workshops and webinars, online preparedness resources, on-site resiliency assessments and post-assessment grants to small businesses impacted by Hurricane Sandy.
- In FY17 citywide, 186 business attended workshops and webinars, six businesses received assessments, and 0 businesses were disbursed grants, as the program was new in 2017.
 - o Two Manhattan businesses received assessments in FY17
- In FY18 citywide, 209 businesses attended workshops and webinars, 204 businesses received assessments, and 85 businesses have been awarded grants totaling \$247,459.84.
 - o 70 Manhattan businesses received assessments in FY18
 - o 22 Manhattan businesses were awarded grants totaling \$65,973

What is the current status of the Business PREP funding that comes from the Community Development Block Grant-DR (CDBG-DR)? Will there be funding from this source for FY19? From what other sources will funding be available for resiliency programs?

SBS Response

- Business PREP (Preparedness & Resiliency Program) is a ~\$7 million program, funded jointly by CDBG-DR allocations from New York City and New York State.
- In addition to offering business resiliency education, the Business PREP aims to provide assessments and grants of up to \$3,000 for approximately 500 businesses citywide.
- SBS will continue to process applications and distribute grants until the funding has been exhausted.

Is SBS planning on receiving funds from these same sources in FY20? If not, which funding sources will replace them?

SBS Response

- SBS will continue to fund Business PREP program activities via CDBG-DR in FY20
- Through Business PREP, SBS will develop online preparedness resources, which will be available on a continuing basis.

MEETING NOTES:

COMMENTS:

FOLLOW-UP:

AGENDA ITEM 4 : Programs for Under-Employed Communities

What funding does SBS have in FY19 for programs on job retention, bi-lingual assistance, lease negotiations and job-creation focused in under-employed communities? What funding is projected for FY20?

AGENCY RESPONSE:

Budget:

- SBS's FY19 Executive Budget is \$258.4 million. Of that budget, \$87.5 million is pass-through funding to EDC, NYC & Co, Governors Island, the Brooklyn Navy Yard, and the Mayor's Office of Media and Entertainment.
- The remaining \$171 million is allocated for SBS's programs, which support our mission of unlocking economic potential and creating economic security for all New Yorkers. We work towards this goal by connecting New Yorkers to career-track jobs, building strong businesses, and fostering vibrant neighborhoods across the five boroughs.
- Items with increased funding for FY19 include: funding for rezoned neighborhoods, increased funding for workforce trainings, increased funding for the M/WBE program, and funding for the Love Your Local grant program.

Business Support:

- SBS provides services to help businesses start, operate, and grow through our network of seven NYC Business Solutions Centers.
- Services include business planning courses, legal assistance, financing assistance, incentives, help navigating government, recruitment & workforce training services, information on selling to government, and Minority and Women-owned Business Enterprise (M/WBE) certification.
- Services are accessible in multiple languages including English, Arabic, Bengali, Haitian Creole, Spanish, Russian, Korean, Chinese, Urdu and French.
- Additionally, last year, SBS created a step-by-step business planning guide specifically developed for immigrant entrepreneurs.
- 'Building Your Business in New York City: A Guide for Immigrant Entrepreneurs' is available in seven languages: Spanish, Chinese, Haitian Creole, Russian, Korean, and Bengali, and Arabic.
- In FY17, SBS launched "Love Your Local," a new program to support longstanding neighborhood businesses through a city-wide promotional campaign. Shared businesses appear on an interactive map on our website for other New Yorkers to discover.
- These businesses were able to apply for technical assistance from a business consultant and a share of \$1.8 million in grant funding. While applications have now closed, we are hoping to scale this pilot program to reach more

businesses in coming years.

- SBS also recently announced the Commercial Lease Assistance Program, which provides small business owners with free legal assistance on topics that include eviction notices, lease negotiations, landlord issues, and breach of contract issues.
- This program expands our previous lease assistance resources—commercial lease workshops that served 339 people in FY17.

Employment in Under-Employed Communities:

- SBS approaches workforce through an employer-driven model, which allows us to meet industry demand and ensure quality career opportunities for job seekers.
- Annually, SBS helps more than 25,000 people find jobs through our 21 Workforce1 (WF1) Centers. We also help more than 4,000 people access training each year.
- Those who are not directly placed in employment through our WF1 system still benefit from our other services, including resume development, interview preparation, job search workshops, and connections to occupational training.
- Additionally, SBS works with a network of 350 community partners to address barriers faced by jobseekers including childcare services, computer skills development, adult education classes, professional attire, housing services, and English for Speakers of Other Languages services.
- This fiscal year our budget includes \$7.1 million for the Career Pathways initiative and \$500K for Construction Safety Training. This funding support's SBS's goal of connecting New Yorkers to good paying jobs in growing industries.
- Due to the voluntary nature of our relationship with jobseekers and the data they provide, SBS does not have reliable data on job retention. Workforce1 Career Centers offer free services and jobseekers are not required to report back to the government after receiving our services.
- The New York State Department of Labor does collect outcome data on an aggregate level annually, with lags in reporting of up to a year. For more information on this data, please visit:
<https://www.labor.ny.gov/workforcenypartners/annualreport/nys-wioa-annual-report-2015.pdf>

MEETING NOTES:

COMMENTS:

Question: What is the projected funding for programs that support small businesses?

Agency response: [unintelligible]

FOLLOW-UP:

AGENDA ITEM 5 : Workforce Development Funding

1. What funding has been provided in FY19 for Workforce Development: Training and for the Workforce Investment Board (WIB)?
2. Does this reflect an increase or decrease from FY18? What funding is projected in these areas for FY20?
3. What proportion of the budget for these programs come from federal sources? What is the outlook for the same level of funding for these programs from the federal grants for FY19 and FY20?

AGENCY RESPONSE:

- SBS's workforce development services are funded through federal WIOA (Workforce Innovation and Opportunity Act) funds.
- In FY18, SBS received \$36,189,279.18 in WIOA funding; we expect to receive \$34,190,708.00 in FY19.

MEETING NOTES:

COMMENTS:

SBS adds that they oversee Workforce 1 centers, which have been run by various vendors. The model will change so that there is only one vendor per borough. Clarified the difference between the vendors and community partnerships with organizations that already have mission of workforce training and job placement.

Question: Account for drop in funding from \$36M FY18 to \$34M FY19.

Agency response: Funding is set by state guidelines. Since NYS has seen a drop in unemployment, allocation for the workforce development was reduced.

Question: Do funding responses include Hire NYC?

Agency response: Unsure. Hire NYC is partnership of HPD, EDC, and SBS. SBS sources workforce. May train or facilitate training.

FOLLOW-UP:

AGENDA ITEM 6 : Small Businesses Outside of Business Improvement Districts

What funding is available for programs/services to help small businesses that are not located in Business Improvement Districts and are not manufacturing or restaurants? Will there be more resources available for merchant associations in FY19 or projected for FY 20?

What are the performance indicators for Chamber on the Go, Avenue NYC, and the Neighborhood Challenge? Does SBS consider these programs successful according to those indicators? How many new merchant associations were formed as a result of these programs in the last fiscal year and how many businesses are represented in that number?

What other programs are available in FY19 and will be available in FY20?

AGENCY RESPONSE:

What funding is available for programs/services to help small businesses that are not located in Business Improvement Districts and are not manufacturing or restaurants? Will there be more resources available for merchant associations in FY19 or projected for FY 20?

SBS Response:

- SBS has a wide range of services that are available to small businesses across the five boroughs, whether they are in a Business Improvement District or not, and regardless of the business type.
- SBS provides services to help businesses start, operate, and grow through our network of seven NYC Business Solutions Centers.
- Services include business planning courses, legal assistance, financing assistance, incentives, help navigating government, recruitment & workforce training services, information on selling to government, and Minority and Women-owned Business Enterprise (M/WBE) certification.
- Services are accessible in multiple languages, including English, Arabic, Bengali, Haitian Creole, Spanish, Russian, Korean, Chinese, Urdu and French.
- SBS is committed to ensuring business owners have access to our services, no matter where they are located.
- Our Chamber On-the-Go initiative works with the chambers of commerce across the city to do outreach and raise awareness of SBS services.
- In addition, SBS's new Mobile Outreach Unit delivers services to business owners and jobseekers directly in their communities.
- SBS's Compliance Advisors program also reaches businesses directly at their storefront to provide business owners with guidance on how to avoid common violations and fines from multiple agencies (DOHMH, DEP, DSNY, DCA, FDNY, DOB) in a single visit.
- To date, Compliance Advisors have served more than 3,000 businesses, helping them avoid approximately \$25 million in fines.

- Additionally, SBS makes a variety of competitive grants available to community-development organizations, merchant organizations, and BIDs to conduct commercial revitalization and local economic development projects in their neighborhoods. Visit nyc.gov/neighborhoods for more information.
- Furthermore, SBS's Neighborhood Development team is developing a step-by-step guide to merchant organizing. The guide will cover the benefits of merchant organizing, steps in order to create a merchants organization, and best practices and guidelines for operating a merchants organization. The guide is scheduled to be available by the end of this calendar year.

AGENDA ITEM 6 CONTINUED:

What are the performance indicators for Chamber on the Go, Avenue NYC, and the Neighborhood Challenge? Does SBS consider these programs successful according to those indicators? How many new merchant associations were formed as a result of these programs in the last fiscal year and how many businesses are represented in that number?

SBS Response:

- Chamber On-the-Go deploys trained business specialists to connect with small business owners directly in their neighborhood. COTG provides information and direct assistance to small businesses in under-served neighborhoods and commercial corridors across New York City.
- Not only can businesses directly schedule follow up services with SBS, the program is also a valuable outreach tool to familiarize more business owners and entrepreneurs about the services that are available to New Yorkers through SBS.
- Since launching in 2015, SBS has reached more than 9,000 businesses across the five boroughs.
- Avenue NYC grants aim to strengthen community-based development organizations (CBDOs) to carry out commercial revitalization programs in low-and moderate-income communities.
- In FY19, Avenue NYC has shifted its focus from project-based awards to long-term commitments.
- Grantees will be awarded up to \$100,000 per year over three years for a maximum possible award of \$300,000.
- FY19 Avenue NYC grant awards will allow recipients to hire a full-time program manager, and enable them to conduct an in-depth district needs assessment, and execute commercial revitalization programming and services in their neighborhoods.
- Avenue NYC grants can be used to support merchant organizing, but they may also fund initiatives related to:
 - o Business support and retention
 - o Commercial vacancy reduction and retail mix enhancement
 - o Public space activation and management
 - o Storefront improvement program development
 - o Commercial district marketing and promotion
 - o Neighborhood beautification program development
 - o Business improvement district feasibility analysis
- For example, last year, the Washington Heights Business Improvement District (BID) was awarded a placemaking grant through Avenue NYC to promote fashion and beauty businesses along 181st Street, Broadway, and St. Nicholas Avenue.
 - o The grant funding was used to develop comprehensive promotional collateral, resident discount programming, and marquee events to connect local residents to the more than 250 businesses along the 29-block corridor.
 - o These signature events incorporated cross-sector marketing to highlight beauty, health, fashion, and apparel businesses in the district and included seasonal neighborhood festivals, capturing celebrations such as Valentine's Day, Mother's Day, and tree lighting ceremonies to promote the commercial corridor.
- Manhattan FY19 Avenue NYC Awardees:
 - o Community League of the Heights (Washington Heights)
 - o Harlem Park to Park Initiative (Harlem)
- Existing Avenue NYC Multi-Year Grantees (announced in previous years):
 - o Chinatown Partnership (Chinatown)
 - o Lower East Side Partnership (Lower East Side)
- Neighborhood Challenge grants aim to strengthen community-based development organizations (CBDOs) by building their capacity and connecting them with technology companies to address commercial district challenges.
- In FY17, SBS awarded the Chinatown Partnership a Neighborhood Challenge grant to develop the Neighborhood Narrative App, which will help Chinatown businesses overcome the cultural barriers that lead to common

misrepresentation on popular media platforms and the subsequent devaluing of products, services, and local events. Through community outreach, the bilingual app will appropriately represent Chinatown's small businesses by providing cultural background on their goods, services, and customs.

- Since 2012, Neighborhood Challenge and its preceding competition, BID Challenge, have invested nearly \$2.2 million in 32 projects across the five boroughs.

MEETING NOTES:

COMMENTS:

SBS adds that Avenue NYC will be changing its model and providing larger grants.

FOLLOW-UP:

AGENDA ITEM 7 : MWBE Funding

What funding has been provided in FY19 for the Minority and Women-owned Business Enterprise (MWBE) Program? What funding is projected in FY20? What is the year over year increase/decrease in the number of active MWBE since last year?

Please list the number of MWBEs that were able to generate income in each community district, both in terms of businesses that are based in each district and businesses that are finding income as a result of work that is taking place in each district.

AGENCY RESPONSE:

- SBS is committed to ensuring diversity in City procurement by helping certified M/WBE firms build their capacity and strengthen their ability to win contracts through free services.
- This fiscal year, increased funding enabled SBS to add new resources to the M/WBE program, such as our capacity building cohort programs, which were expanded in FY18.
- Examples of these expanded programs include the NYC Construction Mentorship program, NYC Goods & Services Mentorship program, the Bond Readiness Program, and Next Level Services.
- SBS also recently launched two capital access funds to help M/WBEs overcome cash flow challenges when contracting with the City.
- The Contract Financing Loan Fund Program allows eligible M/WBEs to apply for loans of up to \$1,000,000.
 - This revolving fund is capped at a 3 percent APR, the lowest of its kind in the entire state among government-funded programs.
- We also launched a new \$10 million Bond Collateral Assistance Fund to help small construction businesses, particularly M/WBEs, obtain surety bonds that are needed to perform City construction contracts.
- To learn more about the resources available to M/WBEs, please visit nyc.gov/mwbe.

Manhattan M/WBEs

- As of FY18, there are 1,613 certified M/WBEs in Manhattan. We do not yet have the contract data for FY18.
- In FY17, there were 1,461 certified M/WBEs in Manhattan. During FY17, Manhattan certified M/WBEs won:
 - 1,841 prime contracts- subject to the M/WBE program- valued at \$296,559,715
 - 89 eligible subcontracts valued at \$20,750,104
- In FY16, there were 1,189 certified M/WBEs in Manhattan. During FY16, Manhattan certified M/WBEs won:
 - 1,410 prime contracts- subject to the M/WBE program- valued at \$215,920,039
 - 69 eligible subcontracts valued at \$15,037,700
- The Mayor has set a goal to double the number of certified and re-certified M/WBEs from 4,500 to 9,000 by 2019.
- We have certified more than 6,000 M/WBEs.
- We also saw record attendance at our 12th Annual M/WBE Procurement Fair, with over 600 City-certified M/WBEs and nearly 90 City and State agencies, public authorities, and private sector companies gathering to explore real contracting opportunities.

MEETING NOTES:

COMMENTS:

Question: How many recipients of these grants per community district.

Agency response: They will circle back.

Question: What are they doing about the inequality of distribution of these allocations? More go to white women than minorities.

Agency response: Contract financing loans will enable small organizations to operate while awaiting undispersed funds. This will expand program to underserved.

FOLLOW-UP:

SBS will provide a breakdown of MWOB allocations by community district.

AGENDA ITEM 8 : CB Support

What budget priorities would SBS want community boards to support?

AGENCY RESPONSE:

- We would appreciate the support of the Community Boards for any of our business, workforce, and neighborhood services that focus on equity of opportunity throughout the City.
- We would also greatly appreciate the Community Board's help by spreading the word about our free services to your communities and providing us with feedback on the needs of local small businesses and commercial corridors.

MEETING NOTES:

COMMENTS:

FOLLOW-UP: