

# Memorandum



CITY OF DALLAS

DATE October 31, 2008

TO Members of the Economic Development Committee:  
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane, Mitchell Rasansky, Linda Koop, and Steve Salazar

SUBJECT BAC Contract Renewal Update

Attached is the briefing material on the BAC Contract Renewal Update to be presented to the Economic Development Committee on Monday, November 3, 2008.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'A. G. Gonzalez'.

A. G. Gonzalez  
Assistant City Manager

C: Honorable Mayor and Member of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Judiciary  
Ryan S. Evans, First Assistant City Manager  
Ramon F. Miguez, P.E., Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Interim Assistant City Manager  
Jeanne Chipperfield, Director, Budget & Management Services  
David K. Cook, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Lee McKinney, Assistant Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Jiroko Rosales, Assistant Director, Office of Economic Development  
Helena Thompson-Stevens, Assistant to the City Manager



# OFFICE OF ECONOMIC DEVELOPMENT

---

## BAC CONTRACT RENEWAL UPDATE

NOVEMBER 3, 2008



# PURPOSE

---

- Update the Committee on the outstanding items of the October 2, 2008 briefing and recommendation for the contract award
- At the last meeting, the Committee was informed about:
  - HUD's monitoring visit
  - Follow-up visits planning with HUD to discuss refinement of the Program
  - Staff's recommendation regarding the contracts for the management and operation of BACs for FY 2008-09

# FOLLOW-UP

---

- Since then, the City had two follow-up meetings with HUD to:
  - Obtain concurrence on most appropriate National Objective
  - Clarify eligibility requirements
  - Clarify Documentation Requirements
  - Define Reporting Requirements
  - Refine forms to be used

# FOLLOW-UP

---

- Parties involved:
  - Housing and Urban Development (HUD)
  - Business Assistance Center (BAC) Managers
  - Office of the City Manager
  - Chief Financial Officer
  - Budget and Management Services (BMS)
  - City Auditor's Office – Grant Compliance Group (GCG)
  - The Office of Economic Development (OED)

# RESULTS

---

- After hours of dialogue plus follow-up sub-committee work, clarification was achieved regarding:
  - National Objective for Technical Assistance and Incubators
  - Documentation Requirements
  - Reporting Requirements
- The requirements refer to two types of service provided by the BACs:
  - Technical Assistance (TA)
  - Incubators

# RESULTS

---

## TA

- Self-certification for both
  - Individual
  - Group
- Self certification doesn't require proof
- May serve Non-Low-to-Moderate (LMI) clientele, but may not use CDBG funding

# RESULTS

---

- ❑ Incubators
  - Greater flexibility to meet one of the National Objective activities
    - ❑ Benefit to LMI Persons
    - ❑ LMI Area Benefit
    - ❑ LMI Job Creation
  - Clarification of requirements for each activity
    - ❑ Eligibility
    - ❑ Documentation
    - ❑ Reporting
- ❑ All parties agreed the above made sense, was achievable and would meet federal requirements
- ❑ BAC Contracts will be fashioned to meet new understanding



# RESULTS

---

- For detail on the agreed terms for the BAC Program between the City and Hud, please refer to Appendix 1

# FY 2007-08

## BAC CONTRACT STATUS

---

- Contracts expired on September 30, 2008
- Contract expenditure reimbursement in progress pending documentation review and approval

# 2007-08

## HUD MONITORING

---

- HUD monitoring for the BAC Program for FY 2007-08:
  - Conducted September 15<sup>th</sup> thru the 25<sup>th</sup>
  - Exit conference September 30<sup>th</sup>
  - HUD still collecting documents
  - HUD monitoring report preparation currently in progress

# FY 2008-09 BAC CONTRACT

---

- \$480,000 CDBG funding
  - Community Development Commission recommendation to City Council April 3, 2008
  - Consolidated Budget City Council approval June 25, 2008 CR08-1807
- Award for FY 2008-09 contracts pending
- Request for Competitive Sealed Proposals (RFCSP) issued July 31, 2008
- City received 8 proposals in response to RFCSP

(Refer to Appendix 2 for RFCSP Respondents Listing)

# FY 2008-09 BAC CONTRACTS (OPTION 1)

---

- Divide the allocation of the \$480,000 equally among the agencies that received a minimum of 75 points:

■ Agency 1: GDHCC	\$80,000
■ Agency 2: ICDC	\$80,000
■ Agency 3: GDHCC	\$80,000
■ Agency 4: GDHCC	\$80,000
■ Agency 5: MBA Consultants	\$80,000
■ Agency 6: GDAACC - MEED	\$80,000

(Refer to Appendix 3 for RFCSP Evaluation detail)

# FY 2008-09 BAC CONTRACTS (OPTION 2)

---

- Divide the total allocation of \$480,000 with reduced funding to respondents with at least 75 points and add a good faith award to new BAC service providers:
  - Agency 1: GDHCC \$70,000
  - Agency 2: ICDC \$70,000
  - Agency 3: GDHCC \$70,000
  - Agency 4: GDHCC \$70,000
  - Agency 5: MBA Consultants \$70,000
  - Agency 6: GDAACC - MEED \$70,000
  - Agency 7: HCA \$30,000
  - Agency 8: GDIACC \$30,000

# RECOMMENDATION

---

- Recommend Option 1 for contract award
- Recommend contract award on November 12, 2008 City Council meeting

# REFERENCE INFORMATION

---

- APPENDIX 1 – FY 2008-09 DETAILED HUD-CITY AGREEMENT
- APPENDIX 2 – RFCSP RESPONDENTS
- APPENDIX 3 – RFCSP SCORING



---

# **APPENDIX 1**

## **FY 2008-09 DETAILED HUD-CITY AGREEMENT FOR BAC**

# NATIONAL OBJECTIVE – TA

---

- FY 2008-09 National Objective for Activities that benefit LMI persons - Technical Assistance (TA) provided by BACs is for:
  - Persons interested in starting a microenterprise business or
  - Microenterprise business owners

# ELIGIBILITY – TA

---

- Eligibility to receive microenterprise TA provided for LMI persons:
  - live in the City of Dallas:
    - own the business or
    - want to start a businesses or
  - live outside the City of Dallas:
    - intend on establishing the business in the City of Dallas

# DOCUMENTATION REQUIREMENTS – TA

---

- Documentation requirements for eligible persons include:
  - Family income self-certification (valid for 3 years)
  - Client profile that includes information about their residence address and that of their existing/intended business location, ethnicity, race, services desired
  - BAC staff is requested to document
    - TA services provided to clients
      - Group
      - individual

# DOCUMENTATION REQUIREMENTS – TA

---

- New business created via follow-up with clients served during the program year
- CDBG funding to total BAC budgeted funding which establishes the goal of eligible clients it must serve to comply with the program's national objective
- Staff activity and BAC operational and financial activity (i.e. sources and uses of funds both CDBG and Non-CDBG, program income in the form of fees,...)

# REPORTING REQUIREMENTS – TA

---

- Reporting requirements for TA activity include:
  - Client Family Income Self-Certifications
  - Unduplicated listing of clients served (group and individual sessions)
  - Services provided to clients
  - New microenterprise businesses created resulting from technical assistance provided

# NATIONAL OBJECTIVE - INCUBATORS

---

- National Objective options for activities that benefit LMI persons - BAC Program Incubator businesses that:
  - Benefit **LMI Persons**
  - Provide **LMI Area Benefit**
  - Provide **LMI Job Creation/Retention**

# ELIGIBILITY – INCUBATORS

---

- Eligibility for **LMI Persons** (business owners):
  - live in the City of Dallas or
  - live outside the City of Dallas
    - intend on establishing the business in the Dallas BAC incubator



# ELIGIBILITY – INCUBATORS

---

- Eligibility for businesses that provide **Area Benefit:**
  - are required to serve persons considered to be from areas of census tracts documented to be at least 51% LMI in the City of Dallas
  - However, they are not required to
    - Be LMI
    - Reside in the City of Dallas

# ELIGIBILITY – INCUBATORS

---

- Eligibility for businesses that **Create/Retain Jobs:**
  - re required to create at least one job and hire/make documented attempts to create jobs to hire LMI persons in the City of Dallas
  - However, they are not required to
    - Be LMI
    - Reside in the City of Dallas

# DOCUMENTATION - INCUBATORS

---

- Documentation requirements for Incubators depends on their national objective eligibility
  - **LMI Persons** (business owners)
  - **LMI Area Benefit**
  - **LMI Creation/Retention**

# DOCUMENTATION – INCUBATORS

---

- For **LMI** business owners
  - Must provide the business owner's latest income tax return (valid for 3 years)

# DOCUMENTATION - INCUBATORS

---

- **Businesses that will provide LMI Area Benefit**
  - Must define the geographical area (i.e. boundaries: main highways that enclose said area, census tracts, zip codes,.....) where services will benefit persons in a documented area of at least 51% LMI persons

# DOCUMENTATION - INCUBATORS

---

- For Businesses that will provide **LMI Job Creation/Retention**
  - Provide the type of job(s) it intends to create (at least one job) to hire/intend to hire LMI persons

# DOCUMENTATION - INCUBATOR

---

- Incubator documentation includes:
  - Nature of the services to be provided by an incubator applicant
  - Intended national objective for each of its incubator tenants to comply with a national objective
  - Terms and conditions for lease
  - financial activity (program income received from incubator tenants – i.e. lease payments)

# DOCUMENTATION – BAC

---

- BAC staff documentation includes:
  - Staff activity
    - Time allocation
    - Timesheets
  - Financial activity
    - CDBG and Non-CDBG
    - Sources and uses of funding/expenditures
  - Agreements (BAC lease, insurance, other)



# REPORTING - INCUBATORS

---

- Reporting requirements for Incubators depends on their national objective eligibility
  - **LMI Persons** (business owners)
  - **LMI Area Benefit**
  - **LMI Creation/Retention**

# REPORTING - INCUBATORS

---

- For an **LMI business owner**, BAC staff must provide
  - Business owner's latest income tax return (valid for 3 years)
  - Application
  - Services to be provided
  - Lease agreement
  - Monthly lease payment report

# REPORTING - INCUBATORS

---

- For an **Area Benefit** business, BAC staff report must include
  - Application
  - Services to be provided
  - Defined Area Benefit
    - geographical coverage that will benefit area with at least 51% LMI persons or
    - client base to be served that will be 51% LMI
  - Lease agreement
  - Monthly lease payment report

# REPORTING - INCUBATORS

---

- For a **Job Creation/Retention** business, BAC staff must provide
  - Business services to be provided
  - Defined jobs to be created/retained to hire at least 51% LMI persons
  - Efforts to hire LMI persons
  - Hired person(s) – required to hire/attempt to hire at least one LMI person
  - Lease agreement
  - Monthly lease payment report

# REPORTING - INCUBATORS

---

- BAC staff additional reporting requirements:
  - National objective(s) compliance documentation
  - Program income received from tenants (i.e. lease payments)

# REPORTING BAC MANAGEMENT

---

- BAC financial and supporting records for both CDBG and Non-CDBG fund uses and expenditures
- Percentage of eligible expended funds
  - CDBG to total BAC
- Percentage of eligible
  - clients served to total clients served  
(to determine compliance with the national objective - LMI Microenterprise activity)

---

# APPENDIX 2

## RFCSP RESPONDENTS

# RFCSP

## RESPONDENTS LISTING

---

- Greater Dallas Hispanic Chamber of Commerce (GDHCC) submitted proposals for 3 BACs
  - BAC #1 – 4622 Maple Ave.
  - BAC #3 – 2060 Singleton “West Dallas”
  - BAC #4 – 351 W. Jefferson “Oak Cliff”
- Inner City Development Corporation (ICDC) submitted a proposal for
  - BAC #2 – 4907 Spring Avenue
- MBA Consultants submitted a proposal for:
  - BAC #5 – 1201 W. Camp Wisdom Rd.



# RFCSP

## RESPONDENTS LISTING

---

- Greater Dallas Asian American Chamber of Commerce – Multi-Ethnic Education and Economic Development Center (MEED) submitted a proposal for:
  - BAC #6 – 1327 N. Peak St.
- Organization of Hispanic Contractors DBA - Hispanic Contractors Association of Dallas and Fort Worth (HCA) submitted a proposal for:
  - A new BAC – 2210 W. Illinois
- Greater Dallas Indo-American Chamber of Commerce (GDIACC) submitted a proposal for:
  - A new BAC – in the 2750 Northhaven Rd. or 10007 – 10065 or 2603 Southwell Rd. areas

# RFCSP RESPONDENTS DALLAS BAC EXPERIENCE

## □ Dallas BAC Experience

Respondent	Proposed BACs	Dallas BAC Years in Operation
Greater Dallas Hispanic Chamber of Commerce (GDHCC)– <b>Current Operator</b>	3	BAC #1 – 15 yrs BAC #3 – 3 yrs BAC #4 – 9 yrs
Inner City Development Corporation - (ICDC) - <b>Current Operator</b>	1	BAC #2 – 15 yrs
MBA Consultants - <b>Current Operator</b>	1	BAC # 5 – 15 yrs
Greater Dallas Asian American Chamber of Commerce – Multi-Ethnic Education and Economic Development Center (MEED) - <b>Current Operator</b>	1	BAC # 6 – 4 yrs
Hispanic Contractors Association of DFW-	1	<b>New agency</b>
Greater Dallas Indo-American Chamber of Commerce-	1	<b>New agency</b>

---

# **APPENDIX 3**

## **RFCSP EVALUATION**

# RFCSP EVALUATION CRITERIA

Evaluation Item	Maximum Points Awarded
1.Organization’s Qualifications and Historical information	20
2.Members of the board of directors specific small and/or micro-enterprise business management experience	10
3.Proposed location (address) of operation	15
4.Proposed qualifications and roles of staff who will manage and operate the BAC, as well as, who will provide technical services to the BAC clients	15
5.Proposed Operational Program	15
6.Outreach Plan	10
7.Collaboration	5
8.Proposed Budget	10

# RFCSP EVALUATION SUMMARY

---

## □ Evaluation summary

■ Agency 1: GDHCC	79.5
■ Agency 2: ICDC	80.5
■ Agency 3: GDHCC	80.25
■ Agency 4: GDHCC	80
■ Agency 5: MBA Consultants	78.75
■ Agency 6: GDAACC - MEED	87.5
■ Agency 7: HCA	74.25
■ Agency 8: GDIACC	60.75

# RFCSP EVALUATION TABLE

	Organization Quals	Board Quals	Location	Proposed Staff Quals	Proposed Operational Program	Proposed Outreach Plan	Proposed Collaboration	Proposed Budget	Overall Average Points
Maximum Points	20	10	15	15	15	10	5	10	100
GDHCC BAC #1	17.25	9	13.5	10	11.75	7	3.75	7.25	79.5
ICDC BAC #2	17.5	8.25	12	12.75	10.75	7.5	4.25	7.5	80.5
GDHCC BAC #3	17.25	9	14	10.25	11.75	7	3.75	7.25	80.25
GDHCC BAC #4	17.25	9	14	10	11.75	7	3.75	7.25	80
MBA Consultants BAC #5	18.5	7.75	13	11.25	11	6.75	3.5	7	78.75
GDAACC MEED BAC #6	17.75	9.25	14	13	12.75	8.75	4.75	7.25	87.5
HCA NEW BAC	14	8.25	12.5	10	10.5	7.5	4.25	7.25	74.25
GDIACC NEW BAC	12.75	8.5	7.25	5.25	9.5	5.5	4.5	7.5	60.75