



February 16, 2018

Megan Hunter
Director, Community Development Department
City of Salinas
65 West Alisal St, 2nd Floor
Salinas, CA 93901

Dear Ms. Hunter,

The purpose of this letter is to amplify the mission of the Small Business Development Center (SBDC) and outline the benefits of having the SBDC located in Salinas for Salinas' current and prospective business owners. The Cal Coastal Rural Development Corporation (Cal Coastal) is a new host for the SBDC effective February 1, 2018, since CSU Monterey Bay ended its grant on December 31, 2107. As such, Cal Coastal would not normally be able to provide historical SBDC performance results. However, I served as the Associate Director for CSUMB's SBDC and can offer an overview of past benefits to support the notion of future benefits from the Cal Coastal SBDC.

As part of a nationally accredited program, the SBDC offers entrepreneurs access to a wide range of services and resources designed to meet their unique business needs. The program provides business technical assistance and training for each stage of business development. In order to deliver the SBDC services using the financial resources provided by the U.S. Small Business Administration ("SBA"), the funds must be leveraged on a dollar-for-dollar basis with investments made by local government, academic or non-profit hosts, as well as community and business partnerships.

The City of Salinas has played an important part in the delivery of SBDC services since 2013, when they leased 106 Lincoln Avenue to the University Corporation at Monterey Bay to house the SBDC. By only charging \$1 annual rent, the City of Salinas enabled the SBDC to use the market rate value of the rent (\$24,000 annually) as in-kind match for \$24,000 in federal funds annually to serve local businesses (representing 14.1% of the required match). This in-kind contribution not only allowed access to an equal amount of federal funds, but also allowed the rent savings to be used to directly serve local businesses. Further, the SBDC has not had to turn back federal SBA funds due to lack of leveraged local funding.

As a result of this lease arrangement current and prospective business owners from Salinas have benefited as follows since 2013:

- 35% of the total SBDC clients were from Salinas;
- 59% of all SBDC workshops were presented in Salinas, providing local entrepreneurs with easy access to training;



- The SBDC partnered with other organizations to bring additional business resources to the area by advertising and participating in Salinas-based events for local businesses, including: the Board of Equalization Business Outreach Event (2017), California Competes Tax Credit Workshop (2015, 2016 and 2017); Facebook's Boost Your Business event (2017); and others.

During 2017, as part of the Central CA SBDC Network covering a 15-county Central California area, the SBDC network helped businesses create or retain 896 jobs and access \$45,472,671 in capital in the form of loans, equity and alternative funding. Although not all of this occurred in Salinas, economic growth does not start and stop at the City limits, and Salinas businesses had access to the technical assistance expertise from the entire network. The network fosters entrepreneurship that helps grow and diversify Central California's overall economy benefitting the entire area.

Prior to submitting their proposal to host the SBDC, representatives of Cal Coastal, a Salinas-based nonprofit, discussed their intent to continue the lease of 106 Lincoln Avenue, assuming similar terms offered to the University Corporation at Monterey Bay. Salinas City Manager, Ray Corpuz, offered a letter of support for Cal Coastal in its bid for the SBDC host contract, stating, "The concept of integrating the SBDC into Cal Coastal's existing organization only strengthens their ability to achieve their mission to assist small farmers and other small businesses to start, grow, thrive and prosper, thus creating jobs and tax base for our area. Their integrated services support the economic development element of the City of Salinas' general plan which focuses on small business support, particularly technical assistance and access to capital. As a result, the City of Salinas looks forward to continuing its partnership with, and support for, the SBDC and Cal Coastal through access to below-market rate facilities from which to deliver their business consulting and workshop services in Salinas."

It is Cal Coastal's intent to continue to provide quality small business services to Salinas' entrepreneurs both through the organization's loan programs and the newly acquired SBDC program. We appreciate the City of Salinas' consideration to help us leverage federal funds to do this through the reduce rent proposition.

Sincerely,



Cindy Merzon

Cal Coastal SBDC Director