



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Welsh  
Harry Freitas

**SUBJECT:** SMALL BUSINESS ACTIVATION  
AND ASSISTANCE

**DATE:** May 22, 2015

Approved

Date

5-22-15

In the Mayor's March Budget Message for Fiscal Year 2015-2016, staff was directed to bring forward one-time funding options for City Council consideration, as a Manager's Budget Addendum, to expand the Small Business Ally program. Three options are presented to provide additional support to small businesses in multiple languages with the intent of fostering the creation and growth of immigrant small businesses in San José.

## **BACKGROUND**

With 55,000 small businesses operating in San José, the small business community constitutes a significant driver of job creation and income generation in our local economy. Small businesses are defined as those with 35 or fewer employees including residents that are self-employed and operating from home.

***Launch of the Small Business Ally Program.*** Recognizing the vitality that small businesses bring to San José, the City Council's adoption of the 2012-2013 Operating Budget included the creation of the Small Business Ally program. The program provides a single point of contact to support small businesses with the City's permitting process. The Small Business Ally position and other City staff within the work2future and Business Development divisions of the Office of Economic Development (OED) worked closely with the Downtown Business Association and other neighborhood and ethnic business groups to facilitate direct referrals to the City for permitting services.

In 2014-2015, the Small Business Ally position supported more than 715 inquiries of which 478 were general inquiries about the City and County development processes. The remaining 237 inquiries involved more in-depth small business assistance by staff.

The services currently provided the Small Business Ally program includes English and Spanish since a high percentage of the clients served by the program are Spanish-speaking. There is a significant demand for support and materials in other languages including Vietnamese.

***Demographics and analysis of the immigrant small business community.*** On February 23, 2015, the Community and Economic Development Committee received an update on the small business strategy from the City's Small Business Team (comprised of OED's work2future staff, Business Development staff, and the Small Business Ally position). The team's proposed strategic direction was based on the findings from the surveys that were conducted with nearly 600 small businesses during 2014. The core findings related to the City's 55,000 small businesses indicated that approximately:

- 60% are minority-owned;
- 50% are immigrant-owned and of these:
  - 10% have been in the country for 10 years or less;
  - 30% report that they have limited English speaking skills and are mainly fluent in Spanish, Vietnamese, Chinese, or Korean;
- More minority owned businesses anticipate to hire workers in the next three months which is more than non-minority owned businesses; and
- Minority owned small businesses are more likely than others to hire employees with limited skills.

An additional important role that small businesses play for many San José residents is the opportunity to become their own employer. Starting a business represents a pathway to economic self-sufficiency and a strategy for moving individuals out of underemployment or unemployment situations and onto a path to the middle class. Creating and supporting small business based career pathways is particularly important given the anticipated limited expansion of middle-income jobs in the near future for San José.

***Efforts to enhance small business services in multiple languages.*** The City is well positioned to further foster the start and growth of small businesses especially within the immigrant population. Existing small business platforms include:

- Small Business Ally program;
- BusinessOwnerSpace.com (BOS) and its network of over 40 business service partners; and
- Other recently developed undertakings such as the Filling Empty Storefronts Initiative, the Retail Pop-up Program, and Small Business Ignite.

In addition to these existing small business platforms, the City currently provides multi-language services which include:

- The liaison in the Small Business Ally is bilingual, assisting both Spanish and English speaking customers;
- work2future recently hired a bilingual Vietnamese-speaking staff with funding from the federal Workforce Investment Act. This position will assist businesses with hiring needs

and spend approximately 20% of his or her time connecting businesses with BOS resources, including those provided by the Small Ally Program.

- work2future is working with two BOS partners, AnewAmerica and Small Business Development Center, to develop a pilot effort with focus on offering business counseling workshops available in multiple languages at City Hall and potentially at community centers or libraries.
- The City has expanded the availability of phone translation services through a contracted vendor to assist non-English or limited English-speaking small business owners. This service is available on a pay-as-you-go basis.
- The Silicon Valley Chamber of Commerce plans to conduct a series of ongoing walking tours that include English, Spanish, and Vietnamese translators.

Additionally, on May 29, 2015, work2future is hosting the Fourth Annual Summit on Entrepreneurship and Innovation at the City Hall Rotunda. This upcoming event will highlight the services available to small businesses including small immigrant businesses. The event includes the launch of Small Business Ignite 2.0 program, in partnership with the Silicon Valley Talent Partnerships that will feature multilingual workshops on issues such as digital literacy, navigating City Hall, financial literacy, and more. One-on-one mentoring will also be available in English, Spanish, and Vietnamese to the event attendees.

## **ANALYSIS**

This Manager's Budget Addendum presents three one-time funding options for expanding immigrant-led small businesses in San José. The following options provide resources to expand the City's Small Business Ally program and/or to enhance access to small business services in multiple languages.

### **Option A: Enhancement of Language Support for Small Business Services**

The option includes \$60,000 in one-time funding to enhance access to small business services in multiple languages through the following:

- Development of a more user-friendly, resource enhanced, and multilingual website for BusinessOwnerSpace.com and the City's small businesses assistance website, *Your Business Coaching Center*. **(One-time costs: \$50,000; General Fund);**
- Creation of multilingual collateral to increase immigrant small business awareness of the range of services in the City's small business platform. **(One-time costs: \$5,000; Workforce Development Fund or General Fund);** and
- Support for various multilingual marketing and resource events designed to help immigrant entrepreneurs start and grow their businesses. **(One-time costs: \$5,000; Workforce Development Fund or General Fund)**

### **Option B: Creation of a Limit-Dated Executive Analyst I/II (Unclassified) Position**

This option includes \$92,000 in one-time funding to expand the Small Business Ally program:

May 22, 2015

**Subject: SMALL BUSINESS ACTIVATION AND ASSISTANCE**

Page 4

This option adds a limit-dated (from July 1, 2015 to June 30, 2016) Executive Analyst I/II (Unclassified) position to provide bilingual skills (Vietnamese-speaking) as a Small Business Ally in support of the ongoing efforts of expanding the City's Small Business Ally program and increasing assistance to immigrant-led small businesses in San José. This option will address the significant demand for support in Vietnamese. This will also allow for augmented outreach to Vietnamese-speaking business communities to inform them of the services available. Further analysis of the impact of this temporary position will help determine if there is sufficient justification to expand the Small Business Ally program on an ongoing basis. **(One-time costs: \$92,000; General Fund)**

**Option C: Addition of a Limit-Dated Position and Enhanced Language Support**

This option includes both option A and option B and allocates \$92,000 in one-time funding for a limited-dated position and \$60,000 for increased language support for small businesses. **(One-time costs: \$152,000; General Fund: \$142,000, Workforce Development Fund or General Fund: \$10,000)**

In order to enhance the City's current Small Business Ally program, as well as expand the services that are being delivered, this effort will require the continued coordination between BOS, OED, and Planning, Building and Code Enforcement staff to ensure consistency and agreement across departments and partners.

**COORDINATION**

This memorandum was coordinated with the City Manager's Budget Office.

/s/

KIM WALES

Deputy City Manager

Director of Economic Development

/s/

HARRY FREITAS

Director of Planning, Building and Code

Enforcement