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September 5, 2018

Mike Culbertson

City of Corpus Christi Type A Board

1201 Leopard Street

Corpus Christi, TX 78401

RE: Small Business Development Center

Dear Mr. Culbertson,

Del Mar College and the Del Mar College Foundation respectfully request City of Corpus Christi Type A funding support in the amount of \$300,000 to maintain Small Business Development Center (SBDC) operations at the current level for the next two years.

The SBDC provides no-cost, confidential business advising to local small businesses, supporting both new business creation and business expansion. Over the past three years, 749 jobs have been created through these efforts, averaging 250 jobs per year. In the same time period, 342 jobs have been retained as these small businesses receive critical counseling to ensure their financial stability.

Type A funding for this initiative would allow the SBDC to continue supporting our local small businesses. Specifically, this funding would support two certified advisor positions for the next two years as well as a portion of the benefits for those positions. The information small business receive through the SBDC is critical to their survival and expansion.

Please do not hesitate to contact us if you need additional information at 361-698-1032 or email mmcqueen2@delmar.edu.

Sincerely,

Lenora Keas

VP for Workforce Initiatives
Del Mar College

Mary C. McQueen, CFRE
Executive Director of Development
Del Mar College Foundation



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Mary C. McQueen, CFRE
Executive Director
of Development

Small Business Development Center at Del Mar College Proposal for Support

Del Mar College (DMC) and the Del Mar College Foundation (DMCF) respectfully request support in the amount of \$300,000 over the next two years at \$150,000 per year to assist in funding the Small Business Development Center (SBDC) at Del Mar College. This grant will help support the salaries and benefits for two certified advisor positions.

Small Business Development Center

The Small Business Development Center (SBDC) has been operating in Corpus Christi since 1989. The SBDC originally was housed at the Corpus Christi Chamber of Commerce. During the late 1990's SBDCs nationwide migrated to universities and colleges to increase client reach and operational effectiveness. With economic development as a component of the Del Mar College's mission, the College has supported a portion of SBDC operations over the past 20 years and the center has continued to expand.

The SBDC is a non-profit resource for both start-up and existing businesses in the Coastal Bend. The Center serves to foster small business success through the following services:

- No cost, one-on-one, confidential business advising from Certified Advisors
- 125+ workshops and training events each year focused on relevant business needs
- Personalized assistance with business plans, financial projections, market research, permit and licensing information

The SBDC works with multiple sized organizations, from micro-enterprises to businesses with up to 499 employees. Clients include technical companies, specialty medical services (Dental, Dermatology, Pediatrics, etc.), personal services, and construction as well as a wide variety of retail and small service businesses. The SBDC has assisted clients with business proposal projects starting as low as \$3,000 up to \$40 million. These client businesses generate sales from several thousand dollars annually to over \$25+ million. Currently 97% of the businesses in Corpus Christi are considered "small business" by the Small Business Association (SBA).

The primary goal of the SBDC is to provide the critical technical support businesses need, when they need it, and for as long they need it to be successful. The SBDC has worked with some clients for over 20 years because as businesses grow, they face new issues, challenges and opportunities that require expert guidance.

Current Need

Historically the SBDC has been funded by Federal (SBA), State (through the University of Texas-San Antonio) and Local (Del Mar College) investment with a total funding level of \$675,981 in FY 2017. Respective investment amounts were Federal at \$125,000 (18.49%), State at \$421,615 (62.37%) and DMC at \$129,366 (19.14%). DMC also provides office space, utilities and IT support at no charge. The College's monetary investment covers the cost of the SBDC director and another ½ position. The combined contribution of direct funding and in-kind services from DMC was over \$450,000 in 2017-18.

In 2018, the State of Texas reduced its funding by \$191,395. To preserve SBDC critical services, Del Mar College increased its support by \$159,895 more than doubling its investment. Unfortunately, that still resulted in a loss of over \$30,000 in available SBDC operating funds for the year. While Del Mar College committed to the drastic increase in funding to retain the existing SBDC staff for FY 2018, the College will not be able to sustain that increased level of investment out of its operating funds. These funds were diverted from other College needs.

Efforts are underway to work with the State to resume its historic funding level in support of small business development needs. This Type A request seeks funding for two years to retain the level of services provided by the SBDC while this Legislative initiative is underway.

To complicate the issue, demand for the SBDC services was at a historic high in FY 2017-2018. Since Hurricane Harvey demand has increased beyond expectations. The existing staff is working diligently to maintain mission critical activities while attempting to meet the new disaster-related demand from clients requiring business disruption assistance or those facing unplanned expansion to address increased demand for products or services. The bulk of businesses requesting disaster assistance come from within the City of Corpus Christi.

SBDC Proposal Request

The Small Business Development Center is truly an economic development organization as it provides critical support for area business success. Del Mar College and the Del Mar College Foundation request the Corpus Christi Type A Board provide funding to bridge the State's reduction in funding with an investment of \$300,000 at \$150,000 per year to support two certified advisor positions and a portion of the benefits allocations for each to help covers health insurance over the next two years. Del Mar College will maintain an investment level of \$150,000 per year, which represents a 16% increase over historical levels in order to maintain SBDC operations and continue to provide the in-kind contribution valued at over \$150,000 annually for a combined total of \$300,000. Del Mar College is actively working with State agencies to locate funding which would return the State's investment to previous levels. Below is a chart of the current and proposed funding levels from all partners for SBDC.

Funding Source for SBDC	FY 2016	FY 2017	FY 2018	Proposed FY 2019
Federal (SBA)	\$116,043	\$125,000	\$125,000	\$125,000
% of Total	17.86%	18.49%	19.40%	19.08%
State (UTSA)	\$408,008	\$421,615	\$230,220	\$230,220
% of Total	62.81%	62.37%	35.72%	35.14%
Local (DMC)	\$125,535	\$129,366	\$289,261	\$150,000
% of Total	19.33%	19.14%	44.88%	22.89%
Type A	0	0	0	\$150,000
% of Total	0	0	0	22.89%
Total SBDC Funding	\$649,586	\$675,981	\$644,481	\$655,200

Economic Impact and Creating Jobs

SBDC has been highly effective in adding jobs and retaining small business jobs, averaging 250 new jobs and 114 retained jobs annually over the past three years. Below is a 3-year synopsis of SBDC results. If funding is approved, these metric measures would be used to report the outcomes of the Type A investment.

Metric Measure	3-Year Output	Average per Year	# of Advisors	Average per Advisor per Year
New Business Created	110	37	5	7.4
Business Expansion	63	21	5	4.2
Jobs Created	749	250	5	50
Jobs Retained	342	114	5	22.8
# Loans/Equity	276	92	5	18.4
\$ Amount of Equity Capital	\$32,249,600	\$10,749,833	5	\$2,149,967
Change in Sales	\$55,423,099	\$18,474,366	5	\$3,694,873
Total Advisor Hours	13,364	4,455	5	891
Clients Advised	676	344	5	68.8
Training Event	442	147	5	29.4
Training Attendees	6,899	2,300	5	460

The economic impact due to the professional services the SBDC provides small and growing businesses is evident throughout the community. The direct economic impact of the new and retained jobs over a five year period is \$96,623,780 with the indirect impact of the increased equity capital and change in sales over a five year period at \$150,570,874 for a combined total of \$247,234,038.

SBDC Budget

Del Mar College Foundation is requesting \$300,000 in Type A funding over the next two years to support the SBDC at \$150,000 per year. A detailed budget is provided below. Del Mar College will continue to provide office space, utilities and IT support valued at \$150,000 for SBDC in addition to investment level of \$150,000 per year for staffing support

Small Business Development Center – Proposed Budget	FY 2019
Director (1)	\$ 80,000
Program Coordinator (1)	\$ 53,000
Certified Advisors (3)	\$171,000
Rural Program Manager (1)	\$ 64,000
Rural Business Advisor (1)	\$ 53,000
Administrative Assistants (2)	\$ 67,800
Benefits Allocation (28%)	\$135,000
Travel (Training, meetings with small business clients)	\$ 24,000
Supplies	\$ 200
Other (postage, telephones, copier lease, etc.)	\$ 7,200
Total Budget	\$655,200

Del Mar College and Del Mar College Foundation recognize the incredible positive impact Type A funds have made in community development and job expansion. DMC and DMCF ask that support be continued with an investment in the SBDC for the next two years.