



CITY OF MADISON

# Equity Business Initiative (EBI)

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Aligning and Enhancing Madison's Business Development  
Resources to Support Diverse Entrepreneurship

DRAFT/CONCEPT 3-25-19

# Need/Opportunity

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- Under representation of communities of color in business ownership
- People of color report lack of social connection to the community
- Diverse business owners access to capital
- City's existing business development resources not always coordinated or aligned toward equitable outcomes
- Can we build on and replicate recent successes and leverage new tools

# Solution: Equity Business Initiative (EBI)

Proposed program to expand opportunities for new entrepreneurs and existing businesses. Focuses existing and new resources toward communities that have historically faced barriers to accessing capital to start or grow a business enterprise.



*MarketReady Program Participants*

# Equity Business Initiative (2 Parts)

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## PART 1:

### **ALIGN EXISTING PROGRAMS**

Review existing city-sponsored business development programs and develop strategies to coordinate them and align them toward the target populations and prioritized neighborhoods for investment

## PART 2:

### **CREATE THE EBI FUND**

New 4-tiered Equity Business Initiative Fund. The EBI Fund will provide carefully focused resources to support diverse businesses at different stages of their life cycle.

# Part 1: Align & Focus Existing Programs

Program Name	Description	Budget
Kiva Madison	Crowdfunded micro-loans of up to \$10,000 using the Kiva online platform. Community members provide loans as low as \$25.	City commitment of \$50,000 for three years to administer the program. Program is leveraging private sector commitments and community funds
MarketReady Program	Program providing training and seed capital to 30 diverse startup and early stage businesses interested in being in the Public Market	\$100,000 per year for three years
WWBIC Loan Funds	Loans for low to moderate income early-stage businesses, managed by WWBIC	Funded by City's CDBG program
Healthy Retail Access Grant	Funds to support improvements for food retail businesses in priority areas with food access challenges	\$300,000 per year
Cooperative Business Enterprise Program	Technical Assistance and grants to support the creation of worker-owned cooperative businesses	\$300,000 per year for five years
Technology Business Enterprise Fund	Fund and programing focused on early-stage technology companies owned by women and people of color, managed by the Doyenne Group	City provided \$150,000 per year for two years. Matched by state and private sectors support
Madison Development Corporation Loans	Loans supporting growth of small to mid-sized business	Funded by City's CDBG program
Façade Grants	Grants for exterior improvements to neighborhood-scale commercial businesses on key corridors	\$125,000 per year
Capital Revolving Loan Program	Low interest revolving loans for mid-sized business expansion projects in primary industry sectors	The fund currently has a balance of about \$600,000
Tax Increment Financing	support large development projects or significant company expansions with job creation	Funding drawn from a portion of the future tax payments of the project

# Part 1: Align & Focus Existing Programs

## Existing Programs:



## Process:

- Comprehensive program review
- Increase coordination among staff
- Identify redundant or obsolete programs
- Adjust policies and guidelines
- Emphasize ensuring that programs are accessible to diverse businesses

## Part 2: EBI Fund (4-Tiered Program)

**Tier 1: BizReady Program**

**Tier 2: Kiva Loan Match**

**Tier 3: Commercial Impact Grants**

**Tier 4: Commercial Down Payment Assistance**

# Tier 1: BizReady Program

- Modeled after the Madison Public Market's MarketReady Program
- 30-person cohort of early stage entrepreneurs
- Focus on community serving businesses
- Provide cohort with curated training, technical assistance, coaching, and grants



# Tier 2: Kiva Match

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- Building off of the Kiva Madison Platform
- Select up to ten entrepreneurs per year
- Provide a dollar-for-dollar match to Kiva Loan of up to \$10K



# Tier 3: Commercial Impact Grants

- Modeled on the State Street Retail Program
- Provide up to 10 businesses with up to \$50,000 grants
- Grants used for interior build-outs or improvements to commercial space
- Focus on retail/customer service businesses



# Tier 4: Commercial Down Payment Assistance Program

- Support business owners buying or developing a building for their business
- 0% interest Loan, no payments due unless property sold
- Loan up to 35% of the cost of the building or project
- \$250,000 maximum per loan



# EBI Fund Budget

	Description	2020 Budget	2021 Budget
<b>Tier 1: BizReady Program</b>	Entrepreneurial training program for a cohort of early stage entrepreneurs	\$100,000	\$100,000
<b>Tier 2: Kiva Match</b>	Up to 20 businesses (10 per year) competitively selected to receive a Kiva Match of up to \$5,000	\$50,000	\$50,000
<b>Tier 3: Commercial Impact Grant</b>	Up to 10 businesses (5 per year) competitively selected to receive up to \$50,000 to improve commercial space	\$250,000	\$250,000
<b>Tier 4: Commercial Down Payment Assistance</b>	Provide up to 6 (3 per year) businesses with 0% loans of up to \$250,000 to purchase/develop commercial building	\$750,000	\$750,000
	<b>TOTAL</b>	<b>\$1,150,000</b>	<b>\$1,150,000</b>

## Next Steps:

- Meet with community organizations and the local business community to discuss the concept and gather input
- Create program guidelines and selection criteria
- Determine staff responsibilities and partnerships
- Include in Budget Process
- Launch in 2020

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