

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorizing the City Manager to Execute an Agreement with Washington State University in the Amount of \$363,000 for Small Business Advising and Technical Assistance to Small Business Through its Small Business Development Center
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Nathan Daum, Economic Development Program Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The American Rescue Plan Act (ARPA), which was signed into law by President Biden on March 11, 2021, is a \$1.9 trillion economic stimulus bill. The City of Shoreline was awarded \$7,533,842, of which 50% was received in 2021 and the remaining 50% will be received in 2022. Staff developed, based on Council feedback and direction, a comprehensive plan to make the best use of these funds within the required timeframes. The comprehensive plan included targeting an allocation of \$500,000 for the purpose of business recovery and stabilization.

On June 14, 2021, Council indicated support for staff's Phase 1 funding recommendations, which included community and business support activities. The Phase 1 business recovery and stabilization allocation was \$93,000 to fund three years of outreach and analysis to Shoreline businesses through a partnership with the Shoreline Chamber of Commerce.

On February 7, 2022, Council discussed Phase 2 business recovery and stabilization funding recommendations including the proposed agreement with the Small Business Development Centers (SBDC) of Washington, based at Washington State University. That proposed agreement for small business advising services is the subject of this agenda item and is recommended for approval by Council.

RESOURCE/FINANCIAL IMPACT:

The \$7,533,842 in ARPA funding the City will receive will cover eligible expenditures that are fully obligated by December 31, 2024. Budgeting Phase 2 funds will happen through a 2022 budget amendment and as part of the 2023-2024 budget process. More information about the Washington SBDC can be found in Attachment A to this staff report.

Of the remaining \$407,000 allocated to ARPA Business Recovery and Stabilization, staff recommends proceeding with business advisory services by contracting with

Washington SBDC for dedicated SBDC advisory services for Shoreline businesses in the amount of \$363,000 for three years.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into an agreement with Washington State University for three years of small business advisory services for businesses in Shoreline as described in this report.

Approved By: City Manager ***DT*** City Attorney ***MK***

BACKGROUND

The American Rescue Plan Act (ARPA), which was signed into law by President Biden on March 11, 2021, is a \$1.9 trillion economic stimulus bill. Within the ARPA, the Coronavirus State and Local Fiscal Recovery Fund provides \$350 billion for states, municipalities, counties, tribes, and territories, including \$130 billion for local governments, split evenly between municipalities and counties. The City of Shoreline was awarded \$7,533,842 of which 50% was received in 2021 and the remaining 50% will be received in 2022. ARPA funding covers the period of March 3, 2021, through December 31, 2024. Costs must be incurred/obligated by December 31, 2024 and must be spent by December 31, 2026.

Following the passage of ARPA, the City Manager formed an internal staff committee to consider how Shoreline might make the most strategic use of these resources. High level allocations were subsequently approved by the City Council in June 2021, including \$500,000 for business recovery and stabilization. The staff report for that discussion can be found at the following link: [Discussion of Proposed American Rescue Plan Act \(ARPA\) Funding Allocation](#).

On February 7, 2022, Council was updated on the outreach and analysis performed to-date through the partnership with the Shoreline Chamber of Commerce and discussed Phase 2 business recovery and stabilization funding recommendations including the proposed agreement with the Small Business Development Centers (SBDC) of Washington. The staff report for that discussion can be found at the following link: [Discussion of Proposed American Rescue Plan Act \(ARPA\) Business Recovery Funding Allocation](#).

Based on the February Council discussion as well as the findings of meetings with Shoreline businesses, staff and consultant research, and the recommendations of peers and local leaders in economic development, staff recommends that the City of Shoreline take the opportunity of utilizing ARPA funding to contract with the Washington Small Business Development Centers (SBDC) to secure business advising services for Shoreline businesses at no cost to those businesses. The proposed agreement for small business advising services (Attachment A) is the subject of this agenda item and is recommended for approval by Council.

DISCUSSION

Business Coaching and Guidance: Washington Small Business Development Center (SBDC)

The [Washington SBDC](#) is an accredited member of America's SBDC, an association of 62 statewide or regional networks of community-based business advisors who provide expert, confidential, no-cost advising to entrepreneurs and small business owners who want to start, grow or transition a business. The SBDC program is a partnership between the U.S. Small Business Administration (SBA) at the federal level and institutions of higher education and/or economic development centers at the state level. The Washington SBDC is among the oldest in the nation and has been hosted by Washington State University since 1980.

While the City may at a future date choose to make a longer term commitment in order to secure an SBDC advisor assigned to work in Shoreline staff is recommending beginning with an equivalent investment into the SBDC program as a fee for service. This would secure for the Shoreline small business community the same advising capacity among the SBDC network which includes a variety of specializations among its advisors, several of which are already based in the local area. The City would receive a level of service equivalent to a full-time SBDC advisor for its investment, but would not be limited to the expertise of a single SBDC staff person. Once fully established, a business advisor typically has about 100 active clients each year and spends an average of 10 hours with each client. About 75% of those clients are existing businesses seeking to expand or adapt to a changing environment.

COUNCIL GOAL(S) ADDRESSED

This recommendation supports City Council Goal 1: Strengthen Shoreline’s economic climate and opportunities, and specifically Action Step #5: “Enhance business retention and expansion efforts by building relationships and identifying regulatory challenges, especially in the post-pandemic environment”, and Action Step #7: “Implement programs to support the community with funding from the Federal American Rescue Plan Act, Coronavirus Local Fiscal Recovery Fund.”

RESOURCE/FINANCIAL IMPACT

The \$7,533,842 in ARPA funding the City will receive will cover eligible expenditures that are fully obligated by December 31, 2024. Budgeting Phase 2 funds will happen through a 2022 budget amendment and as part of the 2023-2024 budget process.

Of the remaining \$407,000 allocated to ARPA Business Recovery and Stabilization, staff recommends proceeding with business advisory services at this time. This Phase 2 recommendation entails contracting with Washington SBDC for dedicated SBDC advisory services for Shoreline businesses in the amount of \$363,000 for three years.

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into an agreement with Washington State University for three years of small business advisory services for businesses in Shoreline as described in this report.

ATTACHMENTS

Attachment A: Cooperative Agreement Between Washington State University And City of Shoreline

WSU Contract # _____

COOPERATIVE AGREEMENT
BETWEEN
WASHINGTON STATE UNIVERSITY
AND
City of Shoreline

This agreement (the AGREEMENT) is made and entered into between Washington State University, an institution of higher education and an agency of the state of Washington (WSU), by and through its Small Business Development Center (SBDC), and the *City of Shoreline*, a Washington Municipal Corporation, located in Shoreline, Washington. In this AGREEMENT, the above entities are jointly referred to as PARTIES.

1. PURPOSE

This AGREEMENT sets forth the terms and conditions for the SBDC's provision of small business advising and technical assistance to small business in Shoreline, Washington.

2. RESPONSIBILITIES OF THE PARTIES

A. SBDC will provide the following to the *City of Shoreline* under the terms and conditions of this AGREEMENT:

1. WSU SBDC network of Business Advisor(s) certified by the SBDC to assist the *City of Shoreline* in business development and job creation within Shoreline;
2. Regular communication on the activities of the WSU SBDC Business Advisor serving the community;
3. Site-license and permissions for the WSU SBDC Business Advisor to use WSU's network Client Information System;
4. Professional development, network collaboration, marketing support and travel allowance;
5. Quarterly reports using the standard SBDC impact scorecard format year to date:
 - a. Number of Clients served
 - b. Advising hours with clients
 - c. Capital formation
 - d. Jobs created and/or retained
 - e. Business starts

6. Report quarterly to the *City of Shoreline* at one (1) of the regularly scheduled organizational meetings by the SBDC.

Reporting in Compliance with the Small Business Act. All reports will be prepared in compliance with the Small Business Act, 15 U.S.C. 631 et seq., and the Standard Operating Procedures of the Small Business Administration and SBDC, including but not limited to SOP 40 03 3 (the procedures and guidelines for Disclosure of Information). Therefore, requests for personal information or other client information may be denied unless the City of Shoreline or the SBDC has the written permission of the individual to release the information or unless the information is subject to disclosure under the Freedom of Information Act, Washington's Public Records Act, or other applicable laws or regulations.

- B. *City of Shoreline* will provide at its expense the following to the SBDC:

1. *City of Shoreline* will make appropriate client referrals to the SBDC Advisor.

3. EFFECTIVE DATE AND DURATION

Subject to its other provisions, this AGREEMENT shall be effective (Effective Date) upon execution, and shall be completed three (3) years from the Effective Date. This AGREEMENT may be renewed for two (2) additional one (1) year periods upon mutual written agreement of the PARTIES.

4. COMPENSATION

- A. Compensation under this AGREEMENT shall be a fixed price contract as follows: *City of Shoreline* shall reimburse SBDC Thirty thousand, two-hundred fifty Dollars and no/100 (\$30,250.00) per quarter to defray operational costs and salary and benefit costs. For the avoidance of doubt, the maximum compensation to be paid under this AGREEMENT shall be one hundred twenty one thousand Dollars and no/100 (\$121,000.00) per year.

In kind match in the form of furnished office space at a location at address, to conduct confidential client meetings and payment of all utilities for such space (estimated value).

- B. Other expenses reimbursed under this AGREEMENT shall be: None.

5. BILLING AND PAYMENT

- A. SBDC shall submit properly executed and documented invoices on a quarterly basis to:

City of Shoreline
Attn: Accounts Payable
17500 Midvale Ave N
Shoreline, WA 98133

Invoices may be submitted electronically at: accountspayable@shorelinewa.gov

- B. Payments for the amounts invoiced shall be made by *City of Shoreline* within thirty (30) days of receipt of invoice and shall be addressed to:

Washington State University
Sponsored Program Services
PO Box 641025
Pullman, WA 99164-1025

- C. Late payments shall be subject to an interest charge in the amount of one percent per month.

6. TERMINATION

- A. For Convenience: Either PARTY may terminate this AGREEMENT for any reason upon not less than thirty (30) calendar days prior written notice to the other PARTY, and the PARTIES shall be liable only for obligations incurred up to the date of such termination.
- B. For Change In Funding: In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in a manner that materially affects SBDC's ability to perform under this AGREEMENT, SBDC may terminate this AGREEMENT upon fifteen (15) calendar days prior written notice, subject to renegotiation under those new funding limitations and conditions and mutual agreement of the PARTIES.

7. AMENDMENTS

This AGREEMENT may be amended by mutual agreement of the PARTIES. Such amendments shall not be binding unless they are in writing, signed by personnel authorized to bind each of the PARTIES, and attached to this AGREEMENT.

8. DISPUTE RESOLUTION

In the event that a dispute arises under this AGREEMENT that the PARTIES cannot resolve, the dispute shall be determined by a Dispute Panel in the following manner: Each PARTY to this AGREEMENT shall appoint one member to the Dispute Panel. The members so appointed shall jointly appoint one additional member to the Dispute Panel to make a panel of three members. The Dispute Board so constituted shall review the facts, contract terms and applicable statutes and rules, and make a determination of the dispute. The determination of

the Dispute Panel shall be final and binding on the PARTIES. The PARTIES shall share equally the costs, if any, for the services of the Dispute Panel.

9. HOLD HARMLESS

Each PARTY to this AGREEMENT shall be responsible for its own acts and/or omissions and those of its officers, employees and agents in the performance of this AGREEMENT. No PARTY to this AGREEMENT shall be responsible for the acts and omissions of those not a party to this AGREEMENT.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of a PARTY, its officers, officials, employees, and volunteers, that PARTY'S liability hereunder shall be only to the extent of that PARTY's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the PARTIES' waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purpose of this indemnification. This waiver has been mutually negotiated by the PARTIES. The provisions of this section shall survive the expiration or termination of this Agreement.

10. INDEPENDENT CAPACITY

The employees or agents of each PARTY who are engaged in the performance of this AGREEMENT shall continue to be employees and agents of that PARTY and shall not be considered for any purpose to be employees or agents of the other PARTY. All salaries, wages (including overtime), taxes, insurance, fringe benefits, and payroll obligations of SBDC's personnel shall be the responsibility of SBDC.

11. GOVERNANCE

This AGREEMENT is entered into pursuant to and under the authority granted by the laws of the State of Washington and any applicable federal laws. The provisions of this AGREEMENT shall be construed to conform to those laws.

12. **American Rescue Plan Act (ARPA) Parameters**

This scope of work is funded in part by an ARPA grant received by the City of Shoreline. The ARPA established the Coronavirus State Fiscal Record Fund and the Coronavirus Local Fiscal Recovery Fund (SLFRF program) and permits cities to use funds to address the negative economic impacts caused by the COVID-19 public health emergency.

As a subrecipient, the Consultant understands and acknowledges that funding is a sub-award of SLFRL funds and that in receiving such funds, the Consultant agrees to adhere to the ARPA requirements for eligible activities, reporting requirements for expenditures of SLFRL funds, and

compliance, including but not limited to the SLFRF statute, the Uniform Guidance (2 CFR Part 200), and the U.S. Treasury's Interim Final Rule. For details on SLFRF requirements can be found at: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

13. NOTICE

Any notice required under this AGREEMENT will be in writing, addressed to the appropriate PARTY at the address which appears below, and given personally, by registered or certified mail, return receipt requested, by facsimile or by a nationally recognized overnight courier service. All notices shall be effective upon the date of receipt. The contact information may be modified as necessary without the need for formal amendment to this AGREEMENT.

The contact person for all communications regarding the performance of *this* AGREEMENT shall be:

A. For SBDC:

Duane Fladland, Director
Small Business Development Center
901 East 2nd Ave., Suite 210
Spokane, WA 99202
Telephone: (509) 358-7767
Fax Number: 509-358-7764

B. For *City of Shoreline*

Nathan Daum, Economic Development Program Manager
17500 Midvale Ave. N.
Shoreline, WA 98133
(206) 801-2218
ndaum@shorelinewa.gov

14. NONDISCRIMINATION

In hiring or employment made possible or resulting from this AGREEMENT, there shall be no unlawful discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, citizenship or immigration status (except if authorized by federal or state law, regulation, or government contract), marital status, sexual orientation, honorably discharged veteran or military status, the presence of any sensory, mental, or physical handicap or the use of a trained dog guide or service animal by a person with a disability, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. No person shall be denied or subjected to discrimination in receipt or the benefit of any services or activities made possible by or resulting from this AGREEMENT on the grounds of sex, race, color, creed, national origin, age (except minimum

age and retirement provisions), citizenship or immigration status (except if authorized by federal or state law, regulation, or government contract), marital status, sexual orientation, honorably discharged veteran or military status, the presence of any sensory, mental or physical handicap, or the use of a trained dog guide or service animal by a person with a disability.

15. SEVERABILITY

If any provision of this AGREEMENT or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this AGREEMENT which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this AGREEMENT, and to this end the provisions of this AGREEMENT are declared to be severable.

16. WAIVER

A failure by either PARTY to exercise its rights under this AGREEMENT shall not preclude that PARTY from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this AGREEMENT unless stated to be such in writing signed by an authorized representative of the PARTY and attached to this AGREEMENT.

17. ASSIGNMENT

The rights and obligations of the PARTIES hereunder may not be assigned in whole or in part without the express prior written consent of the other PARTY.

18. ENTIRE AGREEMENT

This AGREEMENT contains all the terms and conditions agreed upon by the PARTIES. No other understandings, oral or otherwise, regarding the subject matter of this AGREEMENT shall be deemed to exist or to bind any other PARTIES hereto.

19. SIGNATURES

The PARTIES affirm that the individuals signing this AGREEMENT have been granted the authority to do so, and by their signature affirm that the PARTIES will comply with the terms and conditions of this AGREEMENT.

WASHINGTON STATE UNIVERSITY

By _____
Its: _____

City of Shoreline

By _____
Debbie Tarry
City Manager