

## Market Analysis

### Introduction

El Dorado County is located in the central Sierra Nevada Mountains, east of Sacramento. Surrounding counties include Placer to the north, Amador and Alpine to the south, and Sacramento to the west. El Dorado County's eastern boundary is shared with the state of Nevada. The two incorporated cities in the County are Placerville and South Lake Tahoe.

Considered one of the most diverse recreational areas in California, the El Dorado National Forest is one of the most heavily used wilderness areas in the nation. The Sierra Nevada Mountains, the north fork of the American River and Lake Tahoe are just some of the natural attractions. Not surprisingly, the El Dorado County economy is heavily dependent on recreation and tourism.

U.S. Census data documented a 15.8 percent population growth in El Dorado County between 2000 and 2010. In the 2010 census, the County's population was determined to be 181,058. If this trend continues, the County will be home to 209,665 residents by 2020.

El Dorado County is part of the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA) that also includes Placer, Sacramento, and Yolo Counties. Local research is also available through a study prepared for the Golden Sierra Workforce Investment Board (WIB) by the Center for Strategic Economic Research in 2011. The Golden Sierra WIB area includes Alpine, El Dorado and Placer Counties.

The County has been adversely affected by the overall economic decline of recent years. In January 2007, the County reported an annual unemployment rate of 3.8 percent. The annual average unemployment rate, as calculated by the State of California, Employment Development Department as of July 2011, grew to 12.6 percent. Currently, unemployment is reported at 9.6 percent. Although businesses continue to survive, and in some cases thrive, economic strains have made it more difficult for business owners to obtain credit lines from traditional lenders for capital improvements and/or expansion.

According to the Center for Strategic Economic Research, the Golden Sierra area economy is forecast to improve over the next five years with positive job growth at a rate more robust than the region and state.<sup>1</sup>

The County Board of Supervisors recognizes the need for a focused economic plan of action to support economic vitality and adopted an Economic Development Strategy to address critical economic issues facing the County. A major focus of that strategy is to provide economic development tools to businesses located in, or relocating to, the unincorporated areas of the County.

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<sup>1</sup> <http://www.placer.ca.gov/~media/ceo/ecd/documents/LMAdec11.ashx>

In response to the Economic Development Strategy, the County Health and Human Services Agency, Housing, Community and Economic Development (HCED) Program is applying for a Community Development Block Grant (CDBG) Business/Microenterprise Assistance Grant from the State Department of Housing and Community Development. The primary objective of the state CDBG program is the development of viable communities by providing decent housing and suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. The target income group under the CDBG grant is defined as “low/mod” families, households, and individuals whose annual incomes do not exceed 80 percent of the County median income, with adjustments for household size.

### A. Understanding Market Conditions / Opportunities by Market Segment

On March 29, 2013, the California Employment Development Department (EDD) released information for the Sacramento-Arden Arcade-Roseville MSA. EDD reported that the unemployment rate was 9.6 percent in February 2013, down from a revised 10.3 percent in January 2013, and below the prior-year estimate of 11.2 percent. This compares with an unadjusted unemployment rate of 9.7 percent for California and 8.1 percent for the nation during the same period. The February 2013 unemployment rate was 9.6 percent in El Dorado County, 8.3 percent in Placer County, 9.5 percent in Sacramento County, and 12.1 percent in Yolo County.

Between January and February, 2013, Leisure and Hospitality (NAICS 1026) added 2,400 jobs. Accommodation and Food Services (NAICS 72) dominated the expansion by adding 2,000 jobs, and Arts, Entertainment and Recreation (NAICS 71) contributed 400 jobs.

Professional & Business Services (NAICS 1024) gained 2,300 jobs. The additions were scattered among Administrative and Support and Waste Services (up 1,300 jobs), Professional, Scientific and Technical services (up 900 jobs), and Management of Companies and Enterprises (up 100 jobs).<sup>2</sup>

The following table displays the number of businesses in operation in El Dorado County, grouped by number of employees for the years 2009 to 2011.

Employment Development Department - Labor Market Information Division  
Table 3B: Number of Employees by Size Category  
Classified by County for California - 2009-2011

El Dorado County	Total	Number of Employees by Size Category								
		0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000+
2011	47,908	4,240	5,113	6,017	8,800	6,893	6,838	3,920	(2)	(1)
2010	47,219	4,279	4,913	5,940	8,287	7,562	6,366	3,116	(2)	(1)
2009	47,687	4,243	4,980	6,057	8,112	7,148	6,940	2,958	3,266	3,983

<sup>2</sup> [http://www.edd.ca.gov/about\\_edd/News\\_Releases.htm](http://www.edd.ca.gov/about_edd/News_Releases.htm)

- (1) Data are confidential if there are fewer than 3 businesses in a category or one employer makes up 80 percent or more of the employment in a category.  
 (2) Data are suppressed because confidential data could be extrapolated if these totals were included.  
 (3) Businesses are designated as "Unknown/Statewide" when there is insufficient information to classify them into a county.

The table below provides the number of businesses in El Dorado County by industry category, using NAICS code level breakdown.

**Employment by industry  
El Dorado County  
Industry Employment & Labor Force - by Annual Average**

INCLUDES	PNCO	SS-NAICS	TITLE	2009	2010	2011
110000-813000, 920000	1	01-000000	Total, All Industries	48,700	47,100	46,100
111000-113200, 114000-115000	1	11-000000	Total Farm	300	300	200
113000, 210000-813000, 92000	1	00-000000	Total Nonfarm	48,300	46,800	45,900
113000, 210000, 230000-330000	1	06-000000	Goods Producing	5,300	4,700	4,500
1133000, 210000	1	10-000000	Mining and Logging	100	100	100
	1	20-000000	Construction	3,400	3,000	2,800
210000-330000	1	30-000000	Manufacturing	1,700	1,600	1,600
321000, 327000-330000	1	31-000000	Durable Goods	1,300	1,200	1,200
311000-316000, 322000-326000	1	32-000000	Nondurable Goods	500	400	400
220000, 420000-813000, 92000	1	07-000000	Service Providing	43,100	42,100	41,400
220000, 420000-490000	1	40-000000	Trade, Transportation & Utilities	6,800	6,700	6,700
	1	41-000000	Wholesale Trade	800	700	800
440000-450000	1	42-000000	Retail Trade	5,500	5,500	5,400
220000, 480000-490000	1	43-000000	Transportation, Warehousing & Utilities	600	500	500
	1	50-000000	Information	600	500	400
520000-530000	1	55-000000	Financial Activities	3,500	3,500	3,600
	1	55-520000	Finance & Insurance	2,700	2,700	2,800
	1	55-530000	Real Estate & Rental & Leasing	800	700	800
540000-560000	1	60-000000	Professional & Business Services	5,800	5,700	5,500
	1	60-540000	Professional, Scientific & Technical Services	3,300	3,000	2,600
	1	60-550000	Management of Companies & Enterprises	100	100	200
	1	60-560000	Administrative & Support & Waste Services	2,400	2,600	2,600
610000-620000	1	65-000000	Educational & Health Services	6,500	6,000	6,200
710000-720000	1	70-000000	Leisure & Hospitality	7,000	7,200	7,100
	1	70-710000	Arts, Entertainment & Recreation	1,500	1,700	1,700
	1	70-720000	Accommodation & Food Services	5,600	5,500	5,400
811000-813000	1	80-000000	Other Services	1,800	1,700	1,600
910000, 920000, 930000, 940000	1	90-000000	Government	11,100	10,800	10,400
910000-912999	1	90-910000	Federal Government	900	900	800
921611, 922999	1	90-920000	State Government	600	600	600
931611, 939012, 939022, 932994	1	90-930000	Local Government	9,700	9,300	9,000

Notes: On column PNCO: a '1' means the cell is currently estimated & published. 'SS-NAICS' refers to the North American Industry Classification System.

Through its Office of Economic Development, the County of El Dorado has been contacted by an array of business owners and entrepreneurs from a wide range of industries with the potential for job creation and retention. Of the 1,379 businesses

seeking assistance, 30 percent represent services (Accommodation and Food Services [NAICS 72], and Other [NAICS 81]), and 30 percent represent the Retail Trade (NAICS 44, 45).

2-Digit NAICS Code	Records	Percent
11 - Agriculture, Forestry, Fishing and Hunting	3	0
21 - Mining, Quarrying, and Oil and Gas Extraction	1	0
22 - Utilities	1	0
23 - Construction	36	3
31 - Manufacturing, (food, beverage, etc.)	28	2
32 - Manufacturing, (wood, paper, etc.)	13	1
33 - Manufacturing, (primary and fabricated metal, etc.)	20	1
42 - Wholesale Trade	26	2
44 - Retail Trade, (motor vehicle, furniture, etc.)	145	11
45 - Retail Trade, (sporting goods, book, music, etc.)	266	19
48 - Transportation and Warehousing, (air, rail, truck, etc.)	6	0
49 - Transportation and Warehousing, (postal service, couriers, etc.)	5	0
51 - Information	26	2
52 - Finance and Insurance	71	5
53 - Real Estate and Rental and Leasing	65	5
54 - Professional, Scientific, and Technical Services	106	8
55 - Management of Companies and Enterprises	3	0
56 - Administrative and Support and Waste Management and Remediation S...	17	1
61 - Educational Services	12	1
62 - Health Care and Social Assistance	52	4
71 - Arts, Entertainment, and Recreation	38	3
72 - Accommodation and Food Services	236	17
81 - Other Services (except Public Administration)	185	13
92 - Public Administration	18	1
Total	1379	99

Over the past three years, the County HCED Program spoke with over 60 business owners and entrepreneurs. Approximately 60 percent of those calling expressed a need for microenterprise technical assistance and counseling, as well as for start-up business funding. Forty percent of callers expressed an interested in loan funds for business expansion, furniture/fixtures, training and marketing. On the following pages is a listing of the businesses were contacted and surveyed by the HCED Program and the types(s) of assistance they requested.

APPLICANT /BUSINESS	ME	BLP	REQUESTED ASSISTANCE	COMMENTS
<b>Tavia</b>	1		TAP and start up loan	Called to find out if Co has loans for new business currently in early development stages.
<b>Chris</b> Placerville, CA 95667	1		TAP	Wants training for possible tourist retail; other retail.
Brian Fairplay CA 95684		1	Business Loan	Working Capital, 1.4 full time seasonally more
Linda Business in El Dorado Hills - Town Center	1			need help starting business plan
Kelly Shingle Springs, CA 95682		1	Business Loan	Possible commercial kitchen for local cottage industries.
Shu El Dorado CA 95623	1		Micro loan	2 employees - 1 detail guy; non property-owner, 3 years Equipment purchase and working capital/marketing
Yeol Pollock Pines, CA 95726 Best Western Stage Coach Inn	1		Micro Loan	Working capital; financing for fixtures for required upgrades. 3 employees, 2 business owners Needs \$50,000 - \$60,000; discussed job creation requirement
Bill Help at Home  Placerville, CA 95667		1	Business Loan	# of employees 75 approx. Business expansion. Advertising/ Marketing/Training/Equipment for training, etc.
<b>Mexrat</b> Subway Sandwich - Town Center El Dorado Hills, CA 95672		1	Business Loan	Approx. \$50,000
Andrew  Painter Company Cameron Park, CA 95682		1	Business Loan	Growing commercial side; revenue growth each equipment/marketing/new employees \$50,000 and \$100,000 10 current employees; 5-10 or more
Carl Ghost Mountain Ranch		1	Business Loan	via Jeanne Harper/Pollock Pines Currently about 7 including self

Pollock Pines, 96726			Match?
<b>Rick</b>	1	Business Loan	New Business / purchased golf course
Camino Heights Gold Club Camino, CA 95709			refinance and expansion
<b>Sheri</b>	1	Micro loan	Financial Services Practice Wants to hire another employee
Wealth Management El Dorado Hills, CA 95762			
<b>Liz</b>	1	Micro loan	production and equipment
Blastoff Music Productions Cool CA 95614			
<b>Ilona</b>	1	Micro loan	would like to acquire a new software (document management) training and travel Marketing for business
Consulting Group Pollock Pines, CA 95726			
<b>Mike</b>	1	Business Loan	Needs funding for Façade/ADA Compliance Looking at constructing façade this Fall. Then ADA on bathrooms
Gas Station South Lake Tahoe, CA 96150			
<b>Cal</b>	1	Business Loan	employees-70 employees Business expansion. Full service manufacturing facility.
Snowline Engineering Cameron Park, CA 95682			
<b>Chris</b>	1	Business Loan	1 Employee, sole proprietorship. Looking at expansion
Whitewater Rafting Company Lotus CA 95651			
<b>Malcolm</b>	1	Business Loan	working capital, inventory & equipment
Home Services El Dorado Hills, CA 95762			
<b>Kristen</b>	1		Have an EIN. \$25,000-\$30,000. Start-up.
Bread Company El Dorado Hills, CA 95762			
<b>Heidi</b>	1	TAP + Micro loan	Landscape supply yard Capital funding
Building Materials Placerville CA 95667			
<b>Sherry</b>	1	TAP	Looking for microenterprise technical assistance
South Lake Tahoe, CA 96151			
<b>Carrie</b>	1	Business Loan	Tools and equipment

Off Road Repair/Manufacture  
Camino, CA 95709

Foodservice 1 Business Loan Business expansion and job creation  
Diamond Springs, CA 95619

**David** 1 TAP inventory - working capital  
Georgetown, CA 95634

**Donna** 1 1 TAP Business start up  
El Dorado Hills, CA 95762

**Ruth** 1 Furniture and fixtures  
Georgetown, CA 95634

**Jarrod** 1 Micro loan Indoor entertainment center; wants to expand  
Gardnerville, NV 89410

**Doug** 1 TAP Looking at setting up process server business, self employed  
South Lake Tahoe, CA 96150

**Pat** 1 TAP/ Micro Loan business start up  
Greenwood, CA 95635

**Ellen** 1 1 Micro loan New location to be El Dorado Hills (Francisco Rd.)  
Donut Company Loan for startup for new location - Need equipment.  
El Dorado Hills, CA 95762

**Joan** 1 Micro loan New business startup. Looking for "grants"  
Wedding Florist

**Ryan** 1 Business Loan Employs 5 plus owner makes 6 - not a micro  
Landscape Wants to expand business into El Dorado County  
Tahoe City, CA 96145

**Tiffany** 1 Business Loan Equipment manufacturer - division of TRC  
Vorna Products Adding workforce - shipping worldwide  
Cameron Park, CA 95682

**Julie** 1 Business Loan Building repair and equipment  
Resort  
Pollock Pines, CA 96726

Cindy Real Estate and Storage Camino, CA 95709	1	Micro loan	Building repair and equipment
<b>Becky</b> Cameron Park, CA 95682	1	TAP + Micro loan	wedding planning
<b>Susan</b> Somerset, CA 95684	1	TAP + Micro loan	Restaurant start up
<b>Yolanda</b> El Dorado Hills, CA 95672	1	TAP + Micro loan	Business Start Up - Micro
<b>Joan</b> Rancho Cordova, 95670	1		Wedding Floral Start Up - Relocation
<b>Susan</b> South Lake Tahoe, CA 96150	1		Snow removal and rental maintenance expansion
<b>David</b> South Lake Tahoe, CA 96150	1	Photography business	
<b>Carolyn</b> Bakery El Dorado, CA 95623	1	Business Loan	Business Expansion and job training
<b>Kelsie</b> Boergoats Greenwood, CA 95635	1	Business Loan	Business expansion
<b>Rey</b> Pool Care Citrus Heights, CA 95611	1	Business Loan	Established May 2011. Expanding to EDC
<b>Kelly</b> Placerville, CA 95667	1	1 TAP + Micro loan	interested in establishing a landscape /nursery business
<b>Kristen</b> Cameron Park, CA 95682	1	TAP + Micro loan	Interests in Micro Loan Insurance/investment seminars
<b>Josh</b> Environmental Services Diamond Springs, CA 95619	1	grants/loans	For equipment. Needs \$20 to 25 k. have business license. Plans to hire 1 to 2 In the process of developing a Bus Plan



<b>Daman</b> Placerville, CA 95667	1		TAP + Micro loan	Starting up two businesses. working on business plans
<b>Sean</b> Pilot Hill, CA 95664	1		Business Loan	Business expansion. Have business plan developed. Music equipment, instruments for sale on consignment
<b>April</b> Dry Cleaners Cool, CA 95614	1		Business Loan	Business already in operation. Business plan done Equipment purchase
<b>Jason</b> Carmichael, CA 95608		1	Business Loan	Starting a food service business
<b>Shellie</b> Placerville, CA 95667	1		TAP	Has an idea for start-up businesses. Nothing done to date
<b>Jeff</b> El Dorado Hills, CA 95762		1	Business Loan	Business Expansion - software sales and service
<b>Veronica</b> Placerville, CA 95667	1	1	TAP	Home-based solar company start up
<b>Donna</b> Shingle Springs, CA 95682	1		TAP & Micro loan	Starting a Production company for fashion and beauty events
<b>Bonnie</b> Placerville, CA 95667	1		Micro loan	Personal Trainer - Fitness and Nutrition Took Micro TA class and graduated in 2007
<b>Joseph</b> Placerville, CA 95667	1		Micro loan	Joseph completed SBDC course. Working on business plan.
	37	24	61	
	60%	40%	100%	

The County of El Dorado is also active in assessing the needs of the business community on an ongoing basis through a collaborative effort with local chambers of commerce and interested groups. The “Business Walk” Program is a result of this collaboration.

The El Dorado Hills Chamber of Commerce, in cooperation with the El Dorado County Office of Economic Development, launched the first Business Walk on March 28, 2008. The purpose of this one-day community-based business visitation program is to encourage the growth of local business. The Business Walk Program

promotes sales and job growth by helping to identify the concerns and barriers local businesses face. This approach is based upon a set of national studies demonstrating that upwards of 80 percent of an area's job growth is generated by existing companies. Coupled with the fact that business attraction efforts are less likely to succeed if existing businesses are not happy with the local business climate, the County recognizes the importance of focusing efforts on helping existing businesses stay and grow.

The Shingle Springs/Cameron Park Chamber of Commerce, in cooperation with the El Dorado County Office of Economic Development, conducted its third annual Business Walk on May 9, 2012. A group of 25 volunteer business and civic leaders walked the streets to get a pulse of the business climate. The power of these business walks is that individual business owners and managers have the opportunity to meet with the business and civic leadership of their communities who have the ability to act on their behalf to ensure a prosperous business climate.

During the walk, 119 businesses were visited with 107 businesses participating. The most prominent types of businesses were service providers, retail/wholesale, and eating places. Service providers included automotive, legal, accounting, pest control, engineering, hair/nail salons, pet care, dry cleaners, printing, and computer support.<sup>3</sup>

The Business Walk Program is conducted in the communities of El Dorado Hills, Shingle Springs/ Cameron Park, Pollock Pines, Placerville, South County/Fair Play, and South Lake Tahoe.

## **B. Identifying/Analyzing Lending Opportunities and Competitors**

A search of Small Business Administration Lenders produced the following list of 10 regional lenders.

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<sup>3</sup> [http://www.edcgov.us/Government/Economic/Business\\_Resources/Data\\_Center.aspx](http://www.edcgov.us/Government/Economic/Business_Resources/Data_Center.aspx)

1. **Bank of America, National Association**  
(0.4 miles)  
3044 Sacramento St  
Placerville, CA 95667  
Phone: 530-295-6415  
Fax: 530-295-6426
2. **U.S. Bank National Association**  
(0.4 miles)  
3075 Sacramento St  
Placerville, CA 95667  
Phone: 530-622-1630
3. **River City Bank**  
(0.4 miles)  
348 Main St  
Placerville, CA 95667  
Phone: 530-626-0700  
Fax: 530-621-2283
4. **El Dorado Savings Bank, F.S.B.**  
(0.5 miles)  
247 Main St  
Placerville, CA 95667  
Phone: 530-622-0833  
Fax: 530-622-1930
5. **Umpqua Bank**  
(0.6 miles)  
1224A Broadway  
Placerville, CA 95667
6. **Wells Fargo Bank, National Association**  
(0.7 miles)  
1244 Broadway  
Placerville, CA 95667
7. **El Dorado Savings Bank, F.S.B.**  
(2.2 miles)  
694 Pleasant Valley Rd, Ste 3  
Diamond Springs, CA 95619  
Phone: 530-626-5701  
Fax: 530-626-9420
8. **El Dorado Savings Bank, F.S.B.**  
(2.2 miles)  
2888 Ray Lawyer Dr  
Placerville, CA 95667  
Phone: 530-626-3400  
Fax: 530-626-5934
9. **Wells Fargo Bank, National Association**  
(2.2 miles)  
186 Placerville Dr  
Placerville, CA 95667  
Phone: 530-622-5694
10. **JPMorgan Chase Bank, National Association**  
(2.6 miles)  
3980 Missouri Flat Rd  
Placerville, CA 95667

Other organizations that help facilitate SBA loans include:

- USDA - Both SBA and USDA offer loan programs to assist small businesses in rural areas; however, they act primarily as guarantors of loans made to small businesses by authorized commercial lenders such as banks and financial institutions, community development organizations, and micro-lending institutions.
- Sierra Economic Development Corporation (SEDCorp) - SEDCorp is a private non-profit organization devoted to supporting the economic development of the rural communities north and east of Sacramento and offers funding for Small Business start up's as well as existing businesses.

SBA Lending, agency wide, has declined in the last three-year period, most significantly in rural loans (7[a] and ARC loans.) In 2011, rural loans accounted for 23 percent of total loan activity. In 2012 that dropped to 16 percent. The rural loans reported to date in 2013 account for only 15 percent, but are predicted to rise as the economy recovers.<sup>4</sup>

According to the Institute for Business Research and Consulting at Sacramento State University, "the total dollar amount of SBA loans approved in the Sacramento MSA has significantly increased during the recent year. The capital markets for

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<sup>4</sup> SBA- Business Loan Approval (Gross\$) YTD Activity FY 2011 vs. 2012 vs. 2013 (LAAR64)

small business remain conservative, but credit conditions have improved since last year.”<sup>5</sup>

Locally, business-lending activity had declined due to a tightening of credit markets limiting funding options for business looking to expand. Without a minimum two-year business history, it has been very difficult for entrepreneurs, typically microenterprises, to obtain funding support for new endeavors.

Commercial business-lending products range from one-time, lump-sum loans of \$25,000 to \$350,000 with fixed interest for a fixed period of time, to lines of credit of up to \$100,000. Interest rates vary depending on the intended use of the loan funds, but are frequently based on a standard index (like the Wall Street Journal Prime Rate) plus four to six points.

Funds may be used for working capital, equipment purchase including vehicles, supplies/inventory, business expansion, tenant improvements, business-related purchases, and in some cases, real estate.

Large banks require business ventures to be operating successfully for a minimum of two years, which leaves lots of entrepreneurs seeking other financial options. Providing required collateral and/or equity is also a challenge even as the economy improves. As home values dropped since the real estate crisis in 2008, securing loans with a deed of trust may no longer be an option for many.

Though every loan application is unique in circumstance, standardized practice and procedures, along with good judgment, must be applied in each case. The County of El Dorado will package loans to meet the needs of its clients without indebting the borrower more than needed. Good underwriting requires thorough analysis of the feasibility of each request versus the risk to the County and the Program. While the Business Loan and Microenterprise Programs accept that there is moderate risk to provide loans to achieve the national objectives of principally benefiting targeted income group individuals through job creation and/or retention, the County does not accept undue risk.

The County recognizes that “gaps” exist in traditional lending markets and that some creditworthy businesses cannot qualify for conventional financing. The County Business Loan and Microenterprise Loan Programs provide assistance to those businesses that may be suitable for traditional funding, but cannot obtain funding to complete a project, or to those that require a lower interest rate to service proposed debt, when such a rate is not offered by conventional lenders.

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<sup>5</sup> [www.cba.csus.edu](http://www.cba.csus.edu) January 2012 Sacramento Business Review

## C. Demand Projections

California's labor market improved last month, according to figures released on March 28, 2013, by the U.S. Bureau of Labor Statistics. The *Los Angeles Times* newspaper reported that a survey of California's employers showed that the leisure and hospitality sector added 15,700 jobs, followed by the government sector, which expanded by 11,200 jobs.<sup>6</sup>

Cautious optimism for the economic growth of El Dorado County has taken form through the County's Community and Economic Development Advisory Committee (CEDAC). CEDAC is comprised of 11 volunteers appointed to advise the Board of Supervisors regarding policies, project approvals, and courses of action designed to facilitate sustainable economic growth. Additionally, CEDAC is to annually review the success of the Economic Development Element and County's Economic Development Strategy and take action to ensure sustainable economic growth and continued diversification of the economy.

In response to requests from the business community garnered through the Business Walk Program, contact with the County's Office of Economic Development, and the needs expressed from business owners and entrepreneurs through the Business Assistance Program administered by HCED, CEDAC has received a commitment of support from the Board of Supervisors and is taking action to address the needs of existing and new local businesses that would benefit from a countywide effort to fund a variety of community promotional/marketing initiatives. Those needs include numerous programs such as supporting local volunteers and organizations that already bring tourists and tax dollars to this area, such as recreation, festivals, wineries and Apple Hill.

As noted earlier, El Dorado County is considered one of the most diverse recreational areas in California. The El Dorado National Forest, which covers a large portion of the County, is one of the most heavily used wilderness areas in the nation. The Sierra Nevada Mountains, the north fork of the American River and Lake Tahoe are just some of the natural attractions. Not surprisingly, the El Dorado County economy is heavily dependent on recreation and tourism.

County-wide promotion will support a growing economy and encourage business start-ups and expansions and is expected to renew business owner interest in seeking financial assistance to meet consumer demands.

Additional demand is expected in the area of self-employment training. This year California Assembly Member Yamada introduced Assembly Bill 152. The bill is an act that would make changes to the Unemployment Insurance Code relating to unemployment insurance, similar to the Self-Employment Assistance Program established in 1994 and repealed in 2005. In general, the bill would provide for a weekly allowance for participants equal to regular unemployment benefits, subject

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<sup>6</sup> LA Times. Shan Li March 29, 2013. Latimes.com

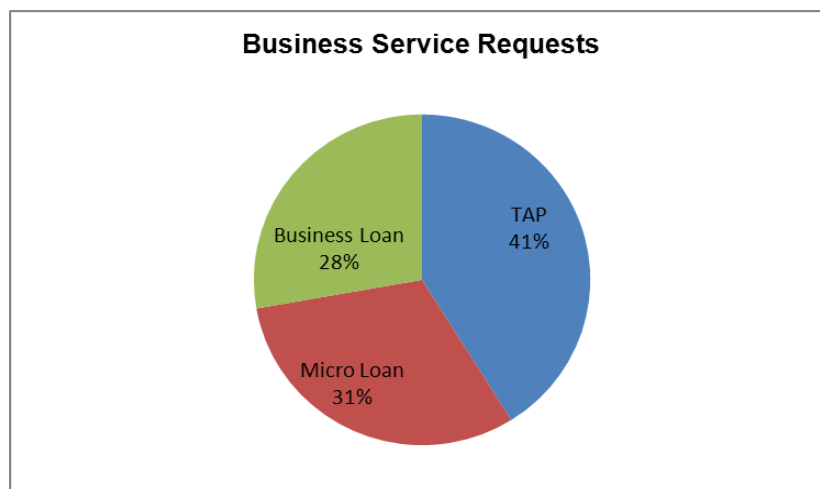
to limits and eligibility, to promote self-employment through entrepreneurship and microbusiness development, both as a reemployment strategy and to support economic development through job creation.<sup>7</sup>

According to the Executive Director of the El Dorado County Chamber of Commerce, their Business Resource Center is currently fielding 60 to 80 requests each year from small business owners and entrepreneurs seeking help to develop marketing plans and loan applications. Quarterly “Business Basics” workshops are attracting six to 15 attendees at each event.

The El Dorado County Business Assistance Program responds to market demand by providing loans ranging between \$5,000 and \$100,000 to qualified business owners to start up, expand or relocate in the unincorporated area of the County. Funds may be used for working capital, purchase of supplies and equipment, property acquisition and leasehold improvements.

The County’s Microenterprise Assistance Program provides loans ranging between \$1,000 and \$25,000 to Microenterprises, which are businesses with five (5) or fewer employees that are both existing or start-up businesses and are located in the unincorporated areas of El Dorado County. Microenterprise business owners must be income eligible, earning at or below 80% of the area median income based on household size, to participate in the program.

Based on the business inquiries the HCED Program received (listed above), the demand for business service requests is approximately 41 percent for microenterprise technical assistance programs (TAP), 31 percent for microenterprise loans, and 28 percent for business loans.



Since the Loan Program’s inception in 1998, the County has assisted nine businesses with five business loans and four micro loans. The average business

<sup>7</sup> [http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab\\_0151-0200/ab\\_152\\_bill\\_20130118\\_introduced.htm](http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_0151-0200/ab_152_bill_20130118_introduced.htm)

loan is approximately \$60,000. The average micro loan is approximately \$21,000. The County anticipates an average of 1.5 business loans and 1.5 micro loans made annually over the grant term, if awarded.

The Microenterprise Assistance Program provides technical assistance with one-on-one technical assistance and mentoring; assistance with the development of a business plan; and assistance in the preparation of a loan application.

Since 2002, technical assistance has been provided to 93 business owners. The County anticipates an average of eight qualified business owners and potential business owners enrolled in each twelve-week training workshop annually over the term of the grant, with a minimum of 12 graduates by the end of the grant term.

#### **D. Conclusions**

The strength of the local economy rests in the collaboration and creativity of the residents, business owners, civic leaders and local government. In El Dorado County that collaboration is evident in the successful preservation of the rich history and rural atmosphere that attracts businesses and tourism to the area. El Dorado County strives to strike the delicate balance between an exceptional quality of life and the appropriate business climate for the services and industries who serve its citizens.

The County is seeking a CDBG Enterprise Fund Allocation of up to \$460,000 to provide local business enterprises, new and existing, with the business tools and funding necessary to flourish and attain vibrant, sustainable communities in the unincorporated areas of the county.

Funding will be dispersed between three business opportunities:

1. Microenterprise Technical Assistance

County staff is responsible for General Administrative duties. The County reserves the option to retain an individual or firm for activity delivery of training workshops and/or one-on-one counseling. A recent County-approved RFP for similar services is provided with this application.

2. Microenterprise Loan Program

County staff is responsible for General Administrative duties. The County reserves the option to retain an individual or firm for assistance with underwriting and loan packaging. A recent County-approved RFP for similar services is provided with this application. Through a combination of designated Program Income and grant funding, the County anticipates three micro loans during the grant term based on the average amount awarded under previous grants.

### 3. Business Assistance Loan Program

County staff is responsible for General Administrative duties. The County reserves the option to retain an individual or firm for assistance with underwriting and loan packaging. A recent County-approved RFP for similar services is provided with this application. Through a combination of designated Program Income and grant funding, the County anticipates three Business Assistance Loans during the grant term based on the average amount awarded under previous grants.

The County is also working with local business and civic leaders who are actively developing a plan for a regional business incubator program<sup>8</sup>. The proposal includes the development of a mixed-use incubation program consisting of various industry start-up ventures in technology, software, retail, professional services, hospitality, light manufacturing, biotech, agriculture, tourism, and recreation. The structure of the incubator is intended as a stand-alone, for-profit enterprise with joint venture partnerships including non-profits such as the El Dorado Community Foundation and the El Dorado County Chamber of Commerce. The County Business Assistance Program would complement these efforts resulting in increased demand for Program activities.

Working with local public and private economic partners, the County markets the Business Assistance and Microenterprise Assistance Programs to interested and eligible business owners and entrepreneurs through local media, internet, community organizations and County departments. Partnerships consist of CEDAC, the Office of Economic Development, El Dorado County Workforce Investment Act Program, Connections One Stop Workforce Development and Business Resource Centers, local business associations, and the county Chambers of Commerce. Strengthening relationships with local business lenders is also vital to the success of Program objectives designed to identify financial “gaps” and partner in finding viable solutions.

The County of El Dorado Business Loan Program is designed to provide the critical and necessary capital needs for business and real estate projects within the county. The Business Loan Program provides appropriate financial assistance to businesses and real estate development projects which in turn create and/or retain jobs in the county, along with increasing the commercial and industrial base of the community.

Funds may be used for working capital, purchase of supplies and equipment, property acquisition or leasehold improvements. Loans would range from \$5,000 to \$100,000. Each borrower must create one full-time equivalent job for every \$35,000 borrowed.

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<sup>8</sup> El Dorado Innovation Hub, Howard Penn, Founder/President



The County's Business Loan Program meets local need by:

- Providing a program that improves the County's local employment base by increasing employment opportunities to low/mod-income workers;
- Encouraging diversification of the economic base;
- Filling the financial gap that hinders the business or project from moving forward without the Business Loan Program; and
- Providing necessary economic development tools to support economic stability and growth.

The County of El Dorado Microenterprise Technical Assistance Program is designed to encourage entrepreneurship and provide economic benefit to potential new local business owners. The effort is targeted to assist the low/mod-income community. For the purposes of this program, a Microenterprise is defined as a business that has five or fewer employees, one or more of whom owns the business and is income edible.

The County developed a strategy to assist small businesses and entrepreneurs with training, technical assistance, advisory services, and potential loans through gap financing. Training provides the skills and knowledge necessary to organize, manage, market and finance a small business. The Program provides the technical assistance and advisory services that assist the business through start-up and/or expansion to maintain viable operations.

The focus of this strategy is that eligible low/mod-income small-business owners and entrepreneurs are provided training either virtually or on-site, and empower them with the tools necessary to grow their start-up and small businesses.

The County will seek applicants and participants to meet the following target goals:

Program participants	15
Participants Receiving Technical Assistance	15
Projected Program Graduates	12

Outreach and Program training is directed at persons who are income eligible that have an interest in learning what it takes to become a small-business owner and for those looking to expand their current business but are unsure of how to reach that goal.

The County's Microenterprise Assistance Program meets local need by providing a program which:

- Improves the County's local employment base by providing self-employment opportunities to low/mod entrepreneurs;
- Encourages diversification of the economic base, especially in resource-dependent rural locations;

- Provides technical assistance and support services to new and established business owners to expand knowledge and management practices; and,
- Improves the economic viability of participating business ventures by providing advisory services and loan funding opportunity for qualified program participants.

El Dorado County is committed to promoting the growth of local businesses and job creation in the unincorporated areas of El Dorado County. This commitment includes providing valuable business tools and support, including technical assistance and financial assistance, to help businesses start, grow, locate, and prosper!

A 2013-14 CDBG Enterprise Fund award to the County of El Dorado will provide a base of services upon which community businesses, entrepreneurs, and job seekers can depend.