



SMALL BUSINESS

START-UP

GUIDE



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Introduction

Congratulations on your decision to open a business in the City of Elk Grove. The City's business climate, existing and planned projects, customer base, amenities, and overall quality of life make Elk Grove one of THE best places to start a business.

Many people at one time or another have considered owning and operating their own business. Who doesn't long for the independence of being your own boss and being successful with something you're passionate about? The City of Elk Grove welcomes your business and your entrepreneurial spirit and wants to make the process of opening your business as easy as possible.

By reading this guide, you have already taken the first step in developing a solid foundation for your small business. We hope that you find this guide useful in navigating the various procedures required when opening a business. Although this guide may not answer all of your questions, the City of Elk Grove hopes that it will provide you with some of the basic tools and resources that may enable you and your business to become a success story.

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CHECKLIST FOR STARTING A BUSINESS

YES NO

- I am always very professional
- I am able to make decisions quickly and confidently
- I almost always stick with what I've decided
- I am a good planner
- I pay close attention to details
- I am an energetic worker
- I know my business will require me to work long hours as many as 12 hours a day, six days a week, and maybe on holidays
- I value information
- I can take advice from others
- I am adaptable – I will be able to change if the business requires it
- My family supports my decision to start a business and understands that it will demand a great deal of my time and attention
- I realize that my customers, suppliers, family, and friends will occasionally have conflicting expectations of me that I'll have to balance
- I know it is likely that business will not show a profit right away
- I have sufficient financial reserves to cover my business and family needs for 3 to 4 months and possibly 6 to 8 months
- I have determined that there is enough demand for my product in my community to support another business
- I have studied my competition's strengths and weaknesses and know how to make my product or service different or better
- I have sought advice about record keeping, taxes, legal matters, and insurance
- I know there is a chance my business will fail, but it is worth the risk for me to try

Source: *Entrepreneur.com*

Chapter 1: Getting Started

BEFORE YOU BEGIN

Starting a business can be very exciting, stressful, and confusing. Careful preparation can alleviate much of the stress and confusion. Following is a list of things to think about before you begin.

KNOWLEDGE

To start your business, you will need to know a lot about various aspects of business including the product or service that you will be providing. Before creating a business plan, you should complete an honest assessment of your skills and expertise. Which aspects of business are you qualified and willing to handle? Which aspects will require more learning/training on your part or calling in outside help? For example, if you aren't knowledgeable about accounting you may need to hire a bookkeeper and/or accountant. Do you have the skills needed to develop your own website? Passion alone will not guarantee success if you don't have the knowledge needed to run a business; you can increase your chances for success by planning for ways to fill in the gaps where you do not have expertise.

EXPERIENCE

Experience with managing people and finances will be very important in running your own business. Business owners who have the highest chance of success are those that are able to leverage the skills or experience they already possess. A business owner who wants to start a restaurant will have a better chance of success if he/she has already spent 5-10 years managing someone else's restaurant. Success will be even more likely if he/she knows how to cook, knows the restaurant business, knows what to look for in an employee, and knows what type of equipment is required. In addition, financing will be easier to obtain for an entrepreneur with industry experience.

RESEARCH

Do your homework. Spend some time researching your proposed business ideas – it will help you save time and money in the long run.

- Visit your local library: www.saclibrary.org
- Check with relevant trade associations such as:
 - Small Business Development Center (SBDC): www.sbdc.net
 - Small Business Administration: www.sba.gov
 - Elk Grove Chamber of Commerce: www.elkgrovecity.com
- Talk to other business owners providing the same or similar products or services. Ask them about their experiences – what works and what doesn't work. Try approaching business owners outside of your targeted area (i.e. in the next City or County) who may be more willing to share information with you knowing that you will not be a competitor.
- For additional resources, visit the City of Elk Grove website: www.elkgrovecity.org/econdev
-

You should also determine what regulations will affect your business. The following is a list of some of the agencies that may offer useful resources:

- Internal Revenue Service (IRS): www.irs.gov/business
- Employment Development Dept. (EDD): www.edd.ca.gov
- Franchise Tax Board (FTB): www.ftb.ca.gov
- Worker's Comp Division: www.dir.ca.gov/dwc
- Contractor's Board: www.cslb.ca.gov
- Board of Equalization: www.boe.ca.gov
- City of Elk Grove: www.elkgrovecity.org/econdev



PREPARE

You're ready to start a business, but when should you take the plunge? Start by completing the checklist on the previous page. Did you answer mostly "Yes"? Then you're mentally ready, but are you financially ready? Starting a business isn't just about day-to-day operating costs, there are considerable one-time start up costs that many owners are not prepared for. Use the worksheet in **Appendix A** to help estimate your start-up costs and monthly expenses.

Don't forget to include your family in the preparation. The process of setting up and running a business will take a lot of your personal time, especially in the first few years. Are you prepared to have a lot less time to spend with family, run errands, and take care of personal matters? Is your family ready to spend less time with you? Are they prepared to pick up some of the extra slack at home? Make sure you have a plan in place that clearly identifies all of the personal and professional tasks that need to be accomplished on a daily basis and who will be responsible for each. And most important, make sure everyone is in agreement and supports that plan. If you don't have a family, you should still create a plan, even an informal one, to ensure you have time to accomplish everything you want.

Chapter 2:

Create a Business Plan

Developing a thorough business plan is essential if you are seeking financial assistance from an outside source; it is a crucial part of any loan application. The business plan should provide specific and organized information about your company and how you will repay the borrowed money. Even if you are not seeking financial assistance, a business plan can still play a critical role. A business plan will define your business and clearly identify your goals. Having this in writing will help you keep your business on track once you have it up and running. The basic components include a current and pro forma balance sheet, income statement, and a cash flow analysis.

Whether you write it yourself, use a template, or use a software program, the time spent creating a business plan will ultimately be an invaluable investment into your business. A good business plan will take all of the following questions into consideration:

BUSINESS BASICS

- What type of business are you planning?
- What products or services will you sell?
- What type of opportunity is it (part-time, expansion, seasonal or year-round)?
- Why does it promise to be successful?
- What are the growth opportunities?
- Why do you feel your strengths and interests make this the best business for you?

MARKETING PLAN

- Who are the potential customers for your product/service and why will they buy from you?
- How will you reach your potential customers?
- Who are your competitors? How are their businesses doing?
- How will you promote sales?
- Who will be your best supplier(s)? Why?
- Where will your business be located?
- What factors will influence your choice of location?

The following resources can assist you in developing a business plan:

1. Small Business Development Center
www.sbdc.net
2. Small Business Administration:
www.sba.gov
3. Elk Grove Chamber of Commerce
www.elkgrovecam.com
4. Accelerator Online
www.acceleratoronline.com

ORGANIZATIONAL PLAN

- Who will manage the business?
- What qualifications will you look for in a manager?
- How many employees will you need and what will they be doing?
- What are your plans for hiring employees and providing salaries and wages, benefits, training, and supervision?
- How will you manage your finances and record keeping?
- What consultants or specialists will you need? Why?
- What legal form of ownership will you choose? Why?
- What licenses and permits will you need?
- What state and local regulations will affect your business?

FINANCIAL PLAN

- What is your total estimated business income for the first year? What is your estimated quarterly income for the second and third years?
- How much will it cost to open the business? How much more to sustain it for the next 18 months of operations?
- What will be your monthly cash flow?
- How much will you need for your personal financial needs monthly?
- What will it cost you to hire employees (wages, benefits, payroll taxes, workers comp insurance)?
- What sales volume will you need to make a profit in the first three years?
- What is the break-even point?
- What are your projected assets, liabilities, and net worth?
- What will your total financial needs be?
- What will your potential funding sources be and how much?
- Where will you get the financial resources to start your business?

Identify how you are going to finance your business. Most business owners often underestimate the amount of money needed to open a business. To get an accurate picture of these costs:

- Talk to other business owners in your field to get a feel for the day-to-day costs and any unexpected expenses they may have faced
- Talk to professionals such as the Small Business Development Center whose staff members have decades of small business ownership experience
- Talk to your local government agency about any licenses and permits that may be required and the fees associated with each

Once you have a handle on all applicable costs, use the worksheet in **Appendix A** to determine your startup capital needs.

Chapter 3:

Naming Your Business

Now that you have made the decision to go into business for yourself, you will want to choose an effective business name. A business name is an individual decision you will want to consider carefully. Below are at least four categories to consider when selecting a name:

- Descriptive business names
- Personal name
- Brandable business names
- Domain names

Examples of descriptive business names:

- International Business Machines (IBM)
- British Airways
- Kentucky Fried Chicken (KFC)

Examples of brandable business names:

- Amazon
- Google
- Microsoft

Examples of companies named after people:

- LL Bean
- McDonalds
- Calvin Klein

Examples of combined business names:

- Ford Motor Company (Henry Ford)
- Dell Computers (Michael Dell)
- Dunlop Tires (John Dunlop)

DESCRIPTIVE BUSINESS NAMES

Generic, descriptive names make it easy for potential customers to identify what product or service your business provides. Descriptive names run a slight risk of not being able to 'stand out from the crowd', although the examples to the left didn't seem to have any trouble in making their mark!

BRANDABLE BUSINESS NAMES

Any company name can become a brand. Simple, 'nonsense' words are probably the easiest to brand though, especially if they are easy to remember. Brandable names have popular appeal—would Google have enjoyed the same rise to popularity if it was called 'The Search Engine Company'? The biggest problem with 'nonsense' names like these is educating your potential customer as to what services you actually provide. Remember that building a brand takes time and usually requires significant resources.

USING PERSONAL NAMES

Naming your business after yourself is relatively easy to do. Some say it adds credibility to your business. It could be your full name, first name or surname. Using all or some of your initials is also fairly common. The business may be a partnership of two or more people, which provides more possibilities. As with brandable business names, a disadvantage to using a person's name is that it is not immediately apparent what products and services your company offers.

COMBINED BUSINESS NAMES

A combination of descriptive terms and personal names is also fairly common. It allows you to add a personal touch but also to include your products or services in your business name.

DOMAIN NAMES

It is wise to check the available domain names before choosing a business name. Good domain names are harder and harder to find, so it pays to make sure the domain name you want is available before choosing your business name. Choosing a domain name is an important part of setting up your business, so take some time to research it and select wisely.

SUMMARY

Be careful using a specific location in your business name. If you move across town or across the country your name may no longer be applicable. The same applies to the products or services you provide—there is a chance these may change in the future, so try not to be too specific with your business name.

As part of the naming process, try performing an internet search for your potential business name. See if there are any other businesses with the same name, particularly in the same country or local area.

There are many options for your business name. Brainstorm potential names by writing out a list of all the possible choices. Eventually, the right name for your business will become obvious. Register the name with your local or national business authorities and you are on your way!

(Source: *Riches Communications PTY Ltd.*; www.riches.com.au)

For additional assistance in naming your business, try using the “Business Name Brainstorming” worksheet included in **Appendix B**.

REGISTERING A FICTITIOUS BUSINESS NAMES

If you establish a business under a name different from your own, you must register that name – known as a fictitious, or assumed, business name – with the County of Sacramento. For more information and filing instructions, please visit the County’s website:

<http://www.finance.saccounty.net/Tax/FBNGeneral>

To find out if the name you want is already in use, you can search the County of Sacramento’s online database at: <http://www.efbn.saccounty.net>

PUBLICATION

State law requires that you publish a statement within 30 days of registering a fictitious business name in a newspaper of general circulation. The notice must be published in a newspaper within the County in which the principal place of business is located and must appear at least once per week for four successive weeks. Most newspapers will offer this service as a package and will return a copy of the notice to the County Department of Finance.



Chapter 4:

Register Your Business

There are many ways of organizing your business. You could run your business by yourself, with another person, or as a separate legal entity. Each type of structure has its own advantages and disadvantages. For specific questions about which structure is best for your business, you should consult a qualified tax consultant or an attorney.

SOLE PROPRIETORSHIP

A sole proprietorship is the simplest form of business organization. A sole proprietor is personally liable for all debts. Business ownership is nontransferable; the life of the business is limited to the life of the business owner. Unlike an LLC or a corporation, you generally don't have to file any special forms or pay any fees to start working as a sole proprietor. All you have to do is declare your business to be a sole proprietorship when you complete the general registration requirements that apply to all new businesses.

- Advantages:
 - Less paperwork
 - Fewer legal restrictions
 - Owner receives all profits; all business income is taxed as personal income
- Disadvantages:
 - Unlimited personal liability for all debts and legal claims
 - Limited ability to raise capital

GENERAL PARTNERSHIP

A general partnership is when two or more people combine resources and skills to act as co-owners of a business. Under this structure, a separate business entity exists but creditors can still look to the partners' personal assets to settle debts. General partners share assets and liabilities equally. An attorney should assist in drawing up a partnership agreement so that each party clearly understands their rights and obligations.

- Advantages:
 - Easy to establish
 - Can draw upon finances and skills of each partner
 - Business income is taxed as personal income
- Disadvantages:
 - Unlimited personal liability for debts and legal claims
 - One partner can commit the business to obligations



California Forms and Applications

For those business structures that require filing paperwork with the California Secretary of State, more information and application forms can be found at:

www.sos.ca.gov/business/forms.htm

LIMITED PARTNERSHIP

A limited partnership has one or more general partners responsible for managing the business and all partners are liable for the debts incurred. This structure also includes one or more limited partners who are liable only to the extent of their investment. As with a general partnership, it is advisable to consult an attorney when forming this type of organization.

In California, limited partnerships are required to file a certificate with the Secretary of State in Sacramento.

- Advantages:
 - Allows an investor to become a partner without assuming unlimited liability
 - The limited partner has limited control over the business
 - Income is reported as personal income
- Disadvantages:
 - More paperwork and special tax rules

CORPORATION

A corporation is the most complex form of business organization. It is an artificial legal entity that exists separately from its owners. A corporation must file incorporation papers with the Secretary of State in Sacramento.

- Advantages:
 - Investors are not liable for any claims beyond the amount of their investment
 - The corporation's continuity is unaffected by death or transfer of shares
 - Capital may be raised by many methods
- Disadvantages:
 - Extensive record-keeping and close regulation
 - Annual tax (minimum \$200)



LIMITED LIABILITY COMPANY

A Limited Liability Company (LLC) is an unincorporated business entity, which shares some of the aspects of a Corporation and Limited Partnership, but it has more flexibility than more traditional business entities.

When planning to form a California LLC, it is suggested that you reserve the proposed name prior to submitting documents to the Secretary of State's Office because documents are constantly being received and processed and, therefore, the availability of a name can change at any time.

Even though you may have reserved a name, you should not order stationary, signs, etc. until you have received notification of filing from the Secretary of State's office. The LLC is not created filed with the Secretary of State's Office.



Chapter 5:

Taxes

All businesses in California must fulfill their tax obligation for the state, federal, and local governments. If you are going to be in business, you'll want to know what types of business taxes may apply, including:

- State and Federal Tax
- Sales and Use tax
- Self-Employment Tax
- Property Tax

It is a good idea to consult with a tax professional before you get started so you will be well aware of what taxes will apply and when.

CALIFORNIA BUSINESS TAX AT A GLANCE

When you have a business, you must report your net income and pay California and federal income taxes. You may also be required to:

- Make estimated tax payments to the Franchise Tax Board (FTB) and IRS each quarter when you don't have an employer to deduct and pay income taxes for you
- File your California and Federal income tax returns each year and find out if you still owe income taxes or if you paid too much for the year and may be entitled to a refund
- Deduct payroll taxes including income taxes from your employees' wages, and pay the taxes to the Employment Development Department (EDD) and IRS. You also have to report new employees to the EDD
- Report salary or wage information for anyone working for you as an independent contractor to the EDD, FTB, and IRS
- Pay sales tax on the items you sell. Generally, you add the amount of tax to the purchase price, then pay the tax to the Board of Equalization (BOE)
- Report annually any personal property that is used in your trade or business. Unless specifically exempt, all tangible personal property is taxable and must be reported to the County Assessor's office



WHAT YOU NEED TO KNOW ABOUT FEDERAL TAX WHEN DOING BUSINESS IN CALIFORNIA

SOLE PROPRIETOR

If you are a sole proprietor, use information in the chart below to help you determine some of the forms that you may be required to file. For more information, visit the following link: <http://www.irs.gov/businesses/small>

IF YOU ARE LIABLE FOR:	USE FORM:
Income tax	1040 and Schedule C or Schedule C-EZ
Self-employment tax	1040 and Schedule SE
Estimated tax	1040-ES
Employment taxes:	
- Social Security and Medicare taxes and income tax withholding	941 (943 for farm employee) 940 or 940-EZ
- Federal unemployment (FUTA) tax	8109
- Depositing employment taxes	
Providing information on Social Security and Medicare taxes and income tax withholding	W-2 W-3

PARTNERSHIP

If you have a partnership or a partner (individual) in a partnership, use the information in the charts below to help you determine some of the forms that you may be required to file.

For more information, visit the following link:

<http://www.irs.gov/businesses/small/article>

Chart 1 – Partner

IF YOU ARE A PARTNERSHIP, YOU MAY BE LIABLE FOR:	USE FORM:
Annual return of income	1065
Self-employment tax	1040 and Schedule SE
Employment taxes:	
- Social Security and Medicare taxes and income tax withholding	941 (943 for farm employee) 940 or 940-EZ
- Federal Unemployment (FUTA) Tax	8109

Chart 2 – Partner (Individual) in a Partnership

IF YOU ARE A PARTNER (INDIVIDUAL) IN A PARTNERSHIP, YOU MAY BE LIABLE FOR: **USE FORM:**

Income tax	1040 and Schedule E
Self-employment tax	1065
Estimated tax	1065

For more information about taxes for small businesses, visit the IRS's "Small Business and Self-Employed Tax Center" at: www.irs.gov/businesses/small

CORPORATION

There are two basic types of corporations: C and S. The profit of a C corporation is taxed to the corporation when earned, and then is taxed to the shareholders when distributed as dividends. However, shareholders cannot deduct any loss of the corporation.

S Corporations, on the other hand, does not pay taxes at the corporate level. Instead, the profits/losses are passed through to shareholders and reported on their own personal tax returns. Ownership is limited to a total of 100 shareholders and all owners must be U.S. citizens.

If you are a C or S corporation use the information in the charts below to help you determine some of the forms that you may be required to file. You may also wish to visit the following link:

www.irs.gov/businesses/corporations

Chart 1 – C Corporation or S Corporation

IF YOU ARE A CORPORATION OR AN S CORPORATION THEN YOU MAY BE LIABLE FOR: **USE FORM:**

Income tax	1120 or 1120-A (corporation) 1120S (S corporation) Form 2553 (1st year only)
Estimated tax	1120-W (corporation only)
Employment taxes:	
- Social Security & Medicare taxes and income tax withholding	941 (943 for farm employees) 940 or 940EZ
- Federal Unemployment (FUTA) tax	8109
- Depositing employment	

Chart 2 – S Corporation Shareholders

IF YOU ARE AN S CORPORATION SHAREHOLDER THEN YOU MAY BE LIABLE FOR:

USE FORM:

Income tax	1040 and Schedule E
Estimated tax	1040ES

LIMITED LIABILITY CORPORATION

A Limited Liability Company (LLC) is a relatively new business structure allowed by State statute. LLCs are popular because, similar to a corporation, owners have limited personal liability for the debts and actions of the LLC. Other features of LLCs are more like a partnership, providing management flexibility and the benefit of pass-through taxation.

IF YOU ARE AN LLC THEN YOU MAY BE LIABLE FOR:

USE FORM:

Income tax	1040, Schedule C, Schedule E, Schedule F, Schedule SE, or 1065, or 1120
Estimated tax	1120-W or 1040ES
Employment taxes:	941 (943 for farm employees) 940 or 940EZ

You can find out more information about Federal tax issues by visiting: www.irs.gov or reading the following publications:

- 334 (Tax Guide for Small Business)
- 15 (Employer's Tax Guide)
- 541 (Partnerships)
- 542 (Corporations)
- 1635 (Understanding your Employer Identification Number)
- 8832 (Entity Classification Election)

Again, it is recommended that you consult with a tax professional before you get started so you will be well aware of what taxes will apply and when.



Chapter 6:

Finding the Ideal Location

Choosing the location for your business is one of the most important decisions you'll make for the success and sustainability of your business. The popular phrase "Location, Location, Location" is popular for a reason. Having the right location could make or break a small business.

Some important questions to consider when scouting locations:

- Should my business be in a high foot traffic area or high auto traffic area?
- How many customers will be coming to my door on an average day?
How much parking do I need for those customers?
- Does my business need to be highly visible from major roadways?
- Will an "easy to find" location be a high priority for my customers?
- Do I want my business to be close to my home? Close to similar businesses?
Close to resources I may use frequently? Close to something else?
- Are there any types of businesses I do not want to be next to?
- How much space do I need (including storage, sales floor, check-out area, dining space, etc.)?
- How many parking spots do I need? How many spots are required by the City's Zoning Code?
- How much can I afford to pay (based upon my business plan)?
- What are requirements are needed to meet the provisions of the Americans with Disabilities Act (ADA)?

Once you've answered these questions and done a realistic assessment of your needs, start scouting locations that meet your criteria. When you've narrowed it down to a few sites, investigate the specifics of each site. If necessary, create a side-by-side comparison including the pros and cons of each site. Include the total cost (upfront costs such as fees, deposits, ongoing lease payments, maintenance), location, visibility, finishing costs (cleaning, paint, flooring, any construction that may be needed), growth potential, the surrounding area, and any other criteria you deem important. Take into consideration any other competitors and their current locations. Ask the City's Planning Department if there are any future development projects nearby that may affect your business or the area.

Before committing to one location, there are several important issues and regulations you should look into. Before you even consider signing a lease, you should do the following:

While you're there.....

When talking to the City's Planning Department, remember to ask about parking requirements for your business. The City Zoning regulations have specific requirements for the number of spaces that should be provided for different types of businesses. Ask them what you need and find out if the locations you're considering can provide the required parking.

CONTACTS

City of Elk Grove
Planning Department
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-2265

City of Elk Grove
Building Department
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-2235

CHECK THE ZONING

Call the City of Elk Grove's Planning Department at (916) 478-2265 to find out the zoning of each site. Provide them with the address of each site and a description of your business and they will help you determine whether your proposed use will be: (1) allowed in that location; (2) allowed only with a special permit; or (3) disallowed completely.

You should also ask the Planning Department if there are any special regulations in that area or if that location is within a Special Planning Area or a Specific Plan Area that may limit the uses or even the exterior design of your business.

Don't rely on the property owner or leasing broker for this information. It is important to verify the zoning of the site on your own; neglecting to do so could lead to costly special permits (as much as \$5,000 or more) or even code violations that lead to fines and penalties. Many businesses are tempted to open up in cheaper space (e.g. warehouses, industrial buildings) for the lower monthly rent; however, if you're required to obtain a pricey special permit to run your business in such a space, it may no longer be cost effective. It is imperative to find out this information before you've signed a lease and committed to a site.

CHECK THE PREVIOUS USE OF THE SPACE

Ask the broker to tell you who the previous tenant was or what type of business was located in that space. Also ask whether the previous tenant was issued a Certificate of Occupancy by the City. Cross check the information by typing the address into an Internet search engine to find out what name comes up. You could also call the City's Building Department to find out what they have on file for each site.

Why is this information important? Locating your business in a space that has already housed a similar business can save you possibly thousands of dollars in avoided fees, construction costs, and ADA upgrades. For example, opening a new restaurant in a former retail site will require the installation of a grease trap or interceptor, hoods, restroom and accessibility upgrades, a fire suppression system, and other possible improvements. These are expensive upgrades that can be avoided by selecting a location with these types of improvements already in place.

In addition, upgrading the use of a space to a more intensive use (i.e. opening a restaurant in a former retail space) will create additional impacts to the existing infrastructure. More customers will generate more traffic on the roadways leading to your business. This could possibly trigger a requirement to pay fees known as Development Impact Fees to mitigate the costs of the increased traffic (i.e. more frequent road maintenance or additional turn lanes in your area).

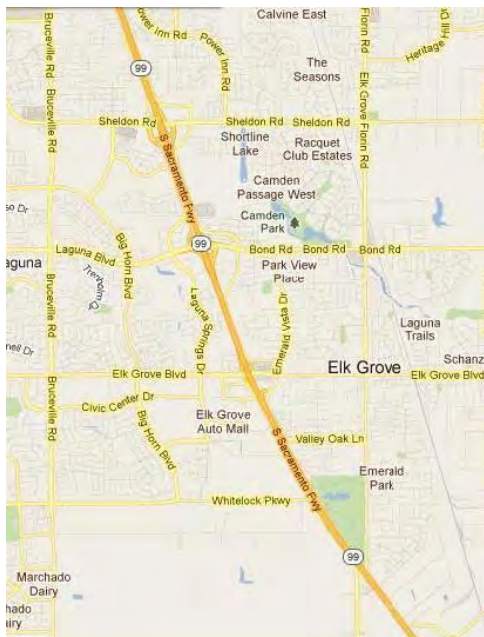
Determining that a Certificate of Occupancy was issued for the previous use ensures that the space was inspected for the welfare and safety of the public. It also ensures that all previous work at the site was done legally and conforms to current building codes. Having a Certificate of Occupancy in place will also make any interaction you may have with the City’s Building Department much smoother and faster since they will already have these records on file.

BEWARE OF TOO-CHEAP-TO-BE-TRUE

You found a great site in a great location for less than you budgeted. Sounds perfect, right? Don't be so sure. Now is the time to ask the broker or property owner every possible question you can think of and fact check everything you've been told. Has there been any unpermitted work completed? Are there any structural or other safety issues? Does the space meet building code and ADA requirements? Who pays for maintenance costs, the owner or tenant?

Many times a business owner has signed a lease believing they found the perfect space only to be hit with unexpected costs such as City fees, structural upgrades, ADA improvements, or other surprises. The building owner is not necessarily liable (or willing) to cover these costs.

It is also a good idea to research your prospective landlord. Is the building managed by the owner or by a property management company? Find out if they have a website and visit it. If your proposed space is within a multi-tenant building talk to the neighboring businesses and find out if they are happy with that location. Ask them if the property management is responsive to maintenance requests. Find out how often rent has increased in the past. You're going to be putting a lot of hard work into your business and you want to make sure your location is safe, comfortable, and welcoming to customers and employees.



The Do’s of Commercial Lease Agreements

DO analyze the effective rate for the entirety of the lease term

DO ensure that the space is adequate for your projected growth through the end of the lease period

DO make sure that monthly rent payments do not begin until the tenant improvements (TI's) are complete and a Certificate of Occupancy (C of O) has been issued by the City (see Chapter 7 for more information on this process)

DO review the lease agreement to determine whether you or the landlord has the responsibility to comply with all applicable laws

DO try to negotiate. Many landlords are willing to add extras for a higher lease rate or a longer lease term. But keep in mind any penalties that may be applicable for breaking the lease before the term has expired.

Chapter 7:

Permits and Business Licensing

Know Before You Go!

You can get an estimate of all building permit and processing fees due before you start the building permit process – just fill out the “Commercial Fee Quote Worksheet” and submit it to the Building Department. See Appendix D for a copy of the worksheet.

Once you’ve found the perfect location, it’s now time to obtain any necessary permits and a business license. The following is an overview of the process. For more detailed information, or for help with the process, call the City’s Planning Department at (916) 478-2265.

If you are opening a **home-based business**, skip to Step 7b: Getting a Business License, which begins on page 25 below.

STEP 1 – GETTING A CERTIFICATE OF OCCUPANCY AND A BUILDING PERMIT

The California State Building Code requires that all occupied space meet the code requirements. A Certificate of Occupancy (C of O) demonstrates that any given space has been inspected by the City Building Department and has been determined to meet all code requirements and is safe and habitable. The process to obtain a C of O and building permit can seem like a burden but in the end it will ensure that your business location is safe and accessible for you, your employees, and your customers.

Certificate of Occupancy Only

In some cases, a building permit will not be necessary and you will only be required to obtain a C of O. This would occur if you are not doing any alterations, construction, or renovations to the location AND your business is the same type of use as the previous tenant (e.g. you are opening a tax preparation business and the previous tenant was a real estate office; both uses are considered to be “office”).

The Building Department will verify that the proposed use matches the existing legally permitted use or occupancy. Upon verification, you will be issued a Certificate of Occupancy for your business location. Typically this process will only take a day or two, although some exceptions do occur.

Restaurants are one exception in this scenario as they require additional review from other agencies to ensure the business meets environmental, health, and fire codes. Before the City can issue a Certificate of Occupancy for a restaurant, you will also need to obtain approval from:

- The Cosumnes Community Services District (CCSD) Fire Department; and
- The Sacramento County Environmental Management Department (the Health Department).

Building Permit AND Certificate of Occupancy

If any of the following conditions are true then you will be required to apply for a building permit and submit architectural drawings:

- Your selected location was previously occupied by a different use (e.g. the space was formerly a real estate office and you plan to open a gift shop)
- You are planning to perform some alteration to the space (e.g. adding or removing a wall, relocating a sink, installing or removing a counter, etc.)

The following is a step-by-step guide to the building permit process:

1. Fill out and submit a Building Permit application along with architectural plans. The City Building Department will help you determine whether these plans need to be prepared by a licensed architect or not. You can contact them at (916) 478-2235
2. You will also need to submit these plans separately to the CCSD Fire Department for their review. The Fire Department is separate from the City and therefore has its own plan review process.
3. Before the City can issue a permit, you will need to obtain a release letter from the SRCSD (the sewer district). While the City and Fire Department are reviewing the plans, you may contact them at (916) 876-6100.
4. The plan review process may take up to 15 business days, although most plan reviews are completed sooner. Once the City and Fire Department have reviewed your plans, they will contact you to let you know whether they have been approved or if any changes are required.
5. If any changes are required in order to meet building and fire codes, you will need to submit revised plans, which will be reviewed within 10 business days.
6. The City requires that you submit documentation from the Fire department for their plan review as well as the release letter from the SRCSD. After both have been verified and any applicable building permit fees have been paid, you will be issued a permit.
7. If your project is a change in use, or you are the first tenant in the space, and you will not be doing any construction, the City will immediately issue a Certificate of Occupancy.
8. Be responsible for setting up any necessary inspections for each phase during the construction process. Inspection Appointments can be set up through the City's 24-hour hot-line at (916) 478-2225 or online at: <https://egovpaci.aspgov.com>
9. After construction is complete and a final inspection has been performed, the City will issue a C of O for your project. This is the final step in the construction phase and signifies that your project is complete and meets the provisions of State and local codes.

Contact Information:

CCSD Fire Department
Fire Prevention & Plan
Submittal
(916) 405-7111
www.yourcsd.com

Sacramento County
Environmental
Management Department
(916) 875-8484
EMDInfo@Saccounty.net
www.emd.saccounty.net

The City's Building Permit Application is available online at:

<http://www.elkgrovecity.org/building-permits/forms.asp>

ADA REQUIREMENTS

The Americans with Disabilities Act (ADA) requires that businesses that serve the public modify policies and practices that discriminate against individuals with disabilities. It includes complying with accessible design standards when constructing or altering facilities; removing barriers in existing facilities where readily achievable; and providing auxiliary aids and services when needed to ensure effective communication with people who have hearing, vision, or speech impairments.

All businesses, even those that do not serve the public, must comply with accessible design standards when constructing or altering facilities. For more information on ADA requirements visit:

www.ada.gov

STEP 2 – GETTING A SIGN PERMIT

Before you put up that sign for your new business, make sure you have a permit. Most sign types will require some type of permit, though some (e.g. illuminated or pole signs, monument signs greater than 6') may have additional requirements.

(NOTE – most sign companies and many contractors will handle this process for you.)

1. Check with the Planning Department to find out any applicable restrictions on sign type, size, and location. The Planning Department can be reached at (916) 478-2265.
2. Fill out and submit a Building Permit application and a Sign Application form to the Building Department. The applications must be accompanied by two sets of plans detailing the location, size, and materials used for your sign (a good sign company should be able to draft these plans for you).
3. Once received, your plans will be routed to the Building and Planning departments for review. If it is a freestanding sign, they will also be routed to public works for review.
4. As with building permits, the review process may take up to 15 business days but is often completed sooner. Once approved, you will be notified and issued a sign permit.

STEP 3 – GETTING A BUSINESS LICENSE

Most businesses within the City of Elk Grove are required to obtain a license to do business within the City; please see Appendix E for exemptions. In addition, some types of businesses will also be required to obtain a Special Business License; see Appendix E for a list. If you are required to obtain a special license, there are several additional steps required – please also refer to Step 4, which begins on page 22.

1. Application and Payment

To fill out a Business License application, visit the City Cashier's Office counter or go to: buslicense.elkgrovecity.org. The application can be completed entirely online and you can use a credit card to pay the fee before submitting the application.

Home Based Business – if you plan to run your business out of your home, please be sure to state this when asked on the application to ensure you receive the correct type of license.

If you are also seeking a Certificate of Occupancy and/or a building permit, you may apply for a business license at the same time.

2. Temporary Business License

When you have completed the business license application



and paid the appropriate fee, you will be able to print a temporary license so you can begin operating your business right away.

3. Review and Final License Issuance

City staff will review your application to ensure all required information has been provided. If there are any issues, City staff will contact you. Otherwise your license will be issued and you will receive it in the mail within 7 to 10 business days.

STEP 4 - SPECIAL BUSINESS LICENSES

This step will only apply to those businesses required to get a special license. See Appendix E for a list of the business types required to obtain a special license. Businesses obligated to get a special license will need to obtain both a General and a Special business licenses. Thus, both Steps 3 and 4 are required.

1. Application

Upon submitting your general business license application; if the City determines that you are required to obtain a special license, you will be contacted by the Finance Department. You will then be required to provide fingerprints and a non-refundable fee to cover the costs of a background check.

2. Background Check

You will be asked to come to City Hall to fill out the Special Business License Application, provide fingerprints, and pay the background check fee. The Finance Department will forward your application to the Police Department to complete the fingerprinting and background check. This process may take up to 4 weeks to complete. Your application for a General Business License will be placed on hold until the background check has been completed so it is important to take this into consideration when planning your business opening date. The fingerprinting and background check is a one-time only process as long as the license is renewed each year in advance of the expiration date. If the license expires, you will be required to repeat the process and pay the associated fees.



3. Special License Approval

After the Police department has completed its process, they will notify you if the application has been denied. If approved, the Finance department will complete the processing and notify you accordingly. The general business license application will resume the normal process outlined in Step 3 above. The special license will be issued at the same time as the general license.

Solicitor's Permits

Solicitation businesses (i.e. door-to-door sales) require a Special Business License. In addition, each employee who is doing solicitation must be fingerprinted and obtain an individual solicitation permit.

CALGOLD

The CalGold database provides detailed information on the business permit, license, and registration requirements from all levels of government (City, County, State, and Federal). Select your business type and location and the database will provide a description of each requirement and contact information for the appropriate government agency.

www.calgold.ca.gov

Chapter 8:

Other Licensing Requirements

AIR QUALITY COMPLIANCE

Complying with air quality rules and regulations can be confusing in California. Even determining whether the rules apply can be problematic for many small business owners. Most businesses in California need to understand what permits are required, who issues the permits, and the specific requirements of the permits. The California Air Resources Board's (CARB/ARB) Small Business Assistance Program is set up specifically to help the business community find the resources needed to comply with the rules and determine which rules apply to them. One of the best starting points is the Cal/EPA's CalGold website (www.calgold.ca.gov). Select your business type and this database will provide a list of each agency. You should also refer to ARB's website at www.arb.ca.gov.

SPECIALIZED FEDERAL LICENSES

There are some types of small businesses that may require a specialized license from the federal government. Some of these include:

ACTIVITY	AGENCY	WEBSITE
Providing investment advice	U.S. Securities & Exchange Commission	www.sec.gov
Preparation of meat products	U.S. Securities & Exchange Commission	www.fda.gov
Production of drugs or biological products	Food & Drug Administration	www.fda.gov
Making tobacco or alcohol	Treasury Dept. – Alcohol and Tobacco Tax Trade Bureau	www.ttb.gov
Labeling	Federal Trade Commission	www.ftc.gov
Making or dealing firearms	Treasury Dept. – Alcohol and Tobacco Tax Trade Bureau	www.ttb.gov
Radio or television broadcasting	Federal Communications Commission	www.fcc.gov

PROTECTING YOUR IDEA

Most people do not think of ideas as property, but for some businesses their ideas represent has already registered it and it is too late to protect your ownership interest. Before you begin your research, or consult with an attorney, you may want to clearly define what your idea is, what you intend to do with it, and determine the level of protection you are going to need.

PATENTS

Patents protect processes, methods, and inventions that are “novel”, “non-obvious”, and “useful”. If granted, a patent gives you a 20-year monopoly on selling, using, making, or importing an invention in and into the United States. Depending on the details of your concept, it might qualify for patent protection. Protection requires full public disclosure of the work in detail and therefore precludes maintaining any trade secret protection in the same work.

www.uspto.gov/main/patents

COPYRIGHT

Copyright protection gives the author of “original works of authorship” the rights to reproduce, modify and display the works publicly. This includes all literary, dramatic, musical, artistic, and certain other intellectual works. This protection is available to both published and unpublished works. In the case of works made for hire, the employer, not the employee, is considered to be the author.

www.copyright.gov

TRADEMARKS

Trademarks indicate where a product or service originated from, and distinguishes it from those of other entities. A trademark can be a word, phrase, symbol or design, or any combination of those that identifies and distinguishes the source of the goods. Any time you claim rights in a mark, you may use the “TM” (trademark) or “SM” (service mark) designation to alert the public to your claim, regardless of whether you have filed an application with the U.S. Patent and Trademark Office (USPTO). However, you may use the federal registration symbol with the mark only on or in connection with the goods and/or services listed in the federal trademark registration.

www.uspto.gov/trademarks



Chapter 9:

Hiring Employees

Hiring Checklist

The following checklist will help you identify some of the things you need to research and take into consideration before hiring employees.

- Job description for each position
- Employer Identification Number
- Withholding tax reporting
- Federal tax withholding
- Unemployment tax reporting
- Unemployment insurance
- Occupational Health and Safety regulations (OSHA)
- Federal immigration requirements
- Bureau of Labor and Industrial requirements
- California Department of Justice requirements
- Worker's Compensation insurance
- Americans with Disabilities Act (ADA)

As an employer, there are many requirements you have to consider as you hire your workforce. This is particularly critical if you own a small business without a professional Human Resources Manager that specializes in this discipline. The following sections will help you explore some of the most critical Human Resources topics facing a small business today. It is also recommended that you stay current on changes in human relation laws.

WORKERS' COMPENSATION

Workers' Compensation, also called Workman's Compensation or Worker's Comp, is a system of laws meant to protect injured workers. The goal is to make sure that somebody who is injured at work receives appropriate medical care, lost wages relating to an on-the-job injury, and if necessary, retraining and rehabilitation so they may return to the workforce. When workers suffer a fatal injury on the job, members of the workers' families are eligible for benefits.

For more information on this, please visit: www.dir.ca.gov/dwc

EMPLOYEE RECORDS

When you hire employees, there is information that you need to secure for your records. You need to:

- Have each employee fill out Form I-9, Form W-4, and Employee's Withholding Allowance Certificates. Verify that each new employee is legally eligible to work in the United States.
- Have your employees complete Form W-5 and Earned Income Credit Advanced Payment Certificates if they qualify and want to receive advanced earned income credit payments.
- Obtain each employee's name and Social Security Number (SSN) and enter them on Form W-2. This requirement also applies to resident and nonresident alien employees.
- Obtain and keep a copy of the employee's physical report if required. Please note that the physical report must be kept in a separate file.
- Furnish copies of Form W-2, Wage and Tax Statement, for each employee after each calendar year is over.

OSHA REQUIREMENTS

OSHA stands for Occupation Safety and Health Administration. Employers have certain responsibilities under the Occupation Safety and Health Act of 1970.

The mission of OSHA is to ensure that employers provide a safe working environment for employees by setting and enforcing standards and by providing training, outreach, and education.

To obtain more information about your responsibilities as an employer, please visit:

[osha.gov/as/opa/worker/employer-responsibility](https://www.osha.gov/as/opa/worker/employer-responsibility)

U.S. DEPARTMENT OF LABOR

The U.S. Department of Labor mandates that employers meet certain requirements. The following is a sampling of some of the requirements:

- Wages & Work Hours
- Workplace Safety and Health
- Retirement & Health Benefits
- Veterans' Employment & Training
- Hiring Persons with Disabilities
- Workers' Compensation
- Layoff Procedures

For more detailed information, please visit: www.dol.gov

STATE AND FEDERAL CONTACTS

Employment Development Department Sacramento

Employment Tax Office

3321 Power Inn Road
Suite 220
Sacramento, CA 95826
1-888-745-3886

www.edd.ca.gov

Social Security Administration

40 Massie Circle
Sacramento, CA 95823
1-866-708-3208

www.ssa.gov/pgm/business

Internal Revenue Service (IRS)

4330 Watt Ave.
Sacramento, CA 95821
(916) 974-5225

www.irs.gov

U.S. Department of Labor San Francisco District Office U.S. Department

of Labor, OLMS
90 7th Street, Suite 18-100
San Francisco, CA 94103
(415) 625-2661

www.dol.gov



Chapter 10:

Leveraging your Resources

FINANCIAL RESOURCES

Small Business Administration Sacramento District Office

6501 Sylvan Road, suite 100
Citrus Heights, CA 95610
(916) 735-1700 Phone
(916) 735-1719 Fax

Greater Sacramento Small Business Development Center

1410 Ethan Way,
Sacramento, CA 95825
(916) 563-3210 Phone
(916) 563-3266 Fax
info@sfdc.net
www.sfdc.net

MARKETING & TRADE RESOURCES

Elk Grove Chamber of Commerce

9370 Studio Court, Ste 110
Elk Grove, CA 95758-8047
(916) 691-3760 Phone
www.elkgrovecam.com

Sacramento Metro Chamber

One Capitol Mall, Suite 300
Sacramento, CA 95814
(916) 552-6800 Phone
(916) 443-2672 Fax
www.metrochamber.org

Sacramento Black Chamber of Commerce

5770 Freeport Blvd, Suite 44
Sacramento, CA 95822
(916) 231-0416 Phone
(916) 706-0477 fax
www.sacblackchamber.org

Sacramento Hispanic Chamber of Commerce

1491 River Park Dr., Ste 101
Sacramento, CA 95815
(916) 486-7700 Phone
(916) 486-7728 Fax
www.sachcc.org

Sacramento Rainbow Chamber of Commerce

P.O. Box 160126
Sacramento, CA 95816-0126
(916) 266-9630 Phone
(916) 266-7566 Fax
www.rainbowchamber.com

Sacramento Asian Pacific Chamber of Commerce

2012 H St.
Sacramento, CA 95811
(916) 446-7883 Phone
(916) 446-7098 Fax
www.sacasiancc.org

U.S. Department of Commerce U.S. Commercial Service

1410 Ethan Way
Sacramento, CA 95825
(916) 566-7170 Phone
(916) 566-7123 Fax
www.buyusa.gov/sacramento

Sacramento Area Commerce & Trade Organization (SACTO)

400 Capitol Mall, Suite 2500
Sacramento, CA 95814
(916) 441-2144 Phone
(916) 441-2312 Fax
sacto@sacto.org
www.sacto.org

MANAGEMENT & TECHNICAL RESOURCES

City of Elk Grove

Economic Development

8401 Laguna Palms Way

Elk Grove, CA 95758

(916) 478-3686 Phone

www.elkgrovecity.org

SMUD

Economic Development

(916) Phone

(877) 768-3674 Toll Free

www.smud.org/en/business/pages/econdev

Sacramento SCORE

(Service Corps of Retired Executives)

4990 Stockton Blvd

Sacramento, CA 95820

Phone: (916) 635-9085

Fax: (916) 455-9089

www.sacscore.org



Chapter 11:

Ongoing Requirements

STATE AND FEDERAL MANDATORY POSTINGS

In California, all employers must meet workplace posting obligations. Workplace postings are requires employers to post information related to wages, hours, and working conditions in an area frequented by employees where it may be easily read during the workday. Additional posting requirements apply to some workplaces. For a list of available safety and health postings, visit the Cal/OSHA publications webpage.

POSTING	WHO MUST POST
Industrial Welfare Commission (IWC) Wage orders	All employers
Minimum wage (state)	All employers
Payday notice	All employers
Safety and health protection on the job	All employers
Emergency phone numbers	All employers
Access to medical and exposure records	All employers using hazardous or toxic substances
Notice to employees injuries caused by work	All employers
Notice of workers' compensation carrier and coverage	All employers
Whistleblower protection	All employers
No smoking signage	All employers
Log and summary of occupational injuries and illnesses	Employers with 11 or more employees in the previous year
Farm labor contractor statement of pay rates	Farm labor contractors licensed by the Division of Labor Standards Enforcement (DLSE)
Prevailing wage rate determinations	Public works awarding bodies and contractors
Harassment or discrimination in employment is prohibited by law	All employers agencies
Pregnancy-related disability leave	Employers of five to 49 employees

POSTING**WHO MUST POST**

Family care and medical leave (CFRA leave) and pregnancy-related disability leave

All employers with 50 or more employees and all public agencies

Notice to employees: unemployment, disability, and family leave insurance benefits

All employers/agencies

Notice to employees: time off to vote

All employers/agencies

Equal employment opportunity is the law

All employers/agencies

Minimum wage (Federal Fair Labor Standards Act)

All employers/agencies

Notice: Employee Polygraph Protection Act

All employers/agencies

Family and Medical Leave Act (Federal FMLA)

All employers with 50 or more employees and all public agencies

Appendix A:

Startup Costs Worksheet

The following two worksheets will help you to compute your initial cash requirements for your business. They list the things you need to consider when determining your startup costs and include both the one-time initial costs needed to open your doors and the ongoing costs you'll face each month for the first 90 days.

Startup Capital Requirements - One-time Expenses

STARTUP EXPENSES	AMOUNT	DESCRIPTION
Advertising		Promotion for opening the business
Starting inventory		Amount of inventory required to open
Building construction		Amount per contractor bid (including cost of licenses, permits, occupancy permits, etc.)
Cash		Amount needed for the cash register
Decorating		Estimate based on bid if appropriate
Deposits		Check with utility companies
Furniture, fixtures & equipment		Use actual bids
Insurance		Bid from insurance agent
Lease payments		Fee to be paid before opening
Licenses and permits		Check with city or state offices
Miscellaneous		All other
Professional fees		Include CPA, attorney, etc.
Remodeling		Use contractor bids
Rent		Fee to be paid before opening
Services		Cleaning, accounting, etc.
Signs		Use contractor bids
Supplies		Office, cleaning, etc. supplies
Unanticipated expenses		Include an amount for the unexpected
Working Capital		3 Months minimum
Patience!		Patience is priceless
Other - _____		
Total Startup Costs		Amount of costs before opening

Startup Capital Requirements - Repeating Monthly Expenses

EXPENSES	AMOUNT	DESCRIPTION
Advertising		
Bank service fees		
Credit card charges		
Delivery fees		
Dues and subscriptions		
Health insurance		Exclude amount on preceding page
Interest		
Inventory		See **, below
Lease payments		Exclude amount on preceding page
Loan payments		Principal and interest payments
Office expenses		
Payroll other than owner		
Payroll taxes		
Professional fees		
Rent		Exclude amount on preceding page
Repairs and maintenance		
Sales tax		
Supplies		
Telephone		
Your salary		If applicable for first three months
Other		
Total Repeating Costs		
Total Startup Costs		Amount from preceding page
Total Cash Needed		

*Include the first three months' cash needs unless otherwise noted.

**Include amount required for inventory expansion. If inventory is to be replaced from cash sales, do not include here. Assume sales will generate enough cash for replacements.

Source: Entrepreneur.com

Find more forms for your business at: www.entrepreneur.com/formnet

Appendix B:

Business Name Brainstorming

The following two worksheets will help you to compute your initial cash requirements for your business. They list the things you need to consider when determining your startup costs and include both the one-time initial costs needed to open your doors and the ongoing costs you'll face each month for the first 90 days.

List three ideas based on the products or services you plan to provide (e.g., children's clothing, custom menu design, aromatherapy products):

1. _____
2. _____
3. _____

List three ideas based on your special niche (e.g., affordable children's special occasion clothes, exclusive designs for the small restaurateur, aromatherapy for the office environment):

1. _____
2. _____
3. _____

List three ideas combining a favorite theme with your special niche: (e.g., Tea Party children's party clothes, Table for Two menu designs, The Tranquil Desk aromatic office products):

1. _____
2. _____
3. _____

After you've decided which name you like best, ask yourself a few important questions

- Have you said it aloud to make sure it's easily understood and pronounced? (Has it passed muster with your family? Have you had a friend call to see how it sounds over the phone?)
- Have you checked your local Yellow Pages to make sure the same or a similar name is not already listed?
- Have you checked with your local business authority to make sure the name is available?
- Have you started your trademark search?

Find more forms for your business at www.entrepreneur.com/formnet.

Appendix C:

Home Office Worksheet

Use this handy work sheet to locate and design your home office.

List three possible locations in your home for your office, which should include a work area for you and enough space for your desk, computer and telephone:

1. _____
2. _____
3. _____

Make a physical survey of each location:

- Are phone and electrical outlets placed so that your equipment can easily access them? Or will you be faced with unsightly, unsafe cords snaking across the carpet?
- Measure your space. Will your current desk or table (or the one you have your eye on) fit?
- Do you have adequate lighting? If not, can you create or import it? Is there proper ventilation?
- What is the noise factor?
- Is there room to spread out your work?
- Optional: How close is it to the coffeemaker? Refrigerator? (This can be either a plus or minus, depending on your current jitter factor and waistline.)

Next, list three possible home locations for your inventory:

1. _____
2. _____
3. _____

Again, make a survey of each location:

- Is it climate-controlled? Will you need climate control?
- Is there adequate lighting, ventilation and space for you to easily access your inventory?
- Will you need to construct special shelving or add other storage space? If so, make notes here:

Appendix D:

Commercial Fee Quote Worksheet

The following page is a copy for the City's Commercial Fee Quote Worksheet. Use this to receive an estimate of all City Building Permit and Development Impact fees before you begin the permit process.

This form can also be downloaded at:

<http://www.elkgrovecity.org/documents/agendas/attachments/building-permits/2011/commercial-fee-quote-worksheet.pdf>

Appendix E:

Supplemental Business License Information

EXEMPTIONS

The following businesses/entities are not required to obtain a Business License:

- Non-profit organizations (churches, educational institutions, charitable organizations, etc.)
- Rental properties
- Agricultural growing/raising of crops and livestock
- Sale of produce on same parcel it is grown
- Businesses run by Veterans

SPECIAL BUSINESS LICENSES

The following Business Types are required to obtain a Special License in addition to a General Business License:

Types of Businesses that require a Special License

Antique Dealers-in firearms, jewelry, art objects, furniture or other valuables
 Automobile Dismantlers-and marketers of used parts for automobiles
 Mobile Automobile Repairs/Maintenance
 Circuses and Carnivals
 Sales of Concealable Firearms including gunpowder
 Home Repair Services without a State of California License
 Purchase or Sale of Metals including precious and scrap metals.
 Auto Towing
 Repossession or Storage of Automobiles or any thing of value
 The Operator of Each Booth-flea market, farmer's market or auction
 Private Security Companies
 Tree Trimmers
 Motorcycle Sales-including new and used parts
 Wrecking Yards-including automobile dismantling
 Dating and Introduction Services
 Swimming Pool Cleaning Services
 Janitorial, Maid, Lawn Care Maintenance or Carpet Cleaning Services
 Pool Halls-one table or more is a pool hall
 Itinerant Food Vendors-mobile food vendors
 Movie and Television Productions-Film Permit
 Dance Clubs, Halls and Public Dances
 Taxicabs
 Medical Cannabis
 Cardrooms, Bingo Games, Bingo Parlors, Bingo Suppliers
 Pawnbrokers, Secondhand Dealers and Junk Dealers
 Junk Tire Storage
 Adult Related Establishments-Bathhouse, Massage, Escort Services
 Outdoor Festival
 Businesses that Solicit within the City limits of Elk Grove

PROHIBITED USES FOR HOME-BASED BUSINESSES

The following uses are expressly prohibited as home occupations:

- a. Ambulance service;
- b. Ammunition reloading, including custom reloading;
- c. Boarding house, bed and breakfast hotel, time share condominium;
- d. Carpentry, cabinetmakers;
- e. Ceramics (kiln of six (6 ft³) cubic feet or more);
- f. Health salons, gyms, dance studios, aerobic exercise studios;
- g. Medical, dental, chiropractic, or veterinary clinics;
- h. Mortician, hearse service;
- i. Palm reading, fortune telling;
- j. Private clubs;
- k. Repair, or reconditioning, of boats or recreation vehicles;
- l. Restaurants or taverns;
- m. Retail sale from site (except direct distribution and artists' originals);
- n. Storage, repair or reconditioning of major household appliances, including refrigerators, freezers, clothes washers and dryers, dishwashers, stoves, heating and air conditioning equipment;
- o. Storage, repair or reconditioning of motorized vehicles or large equipment on site;
- p. Tattoo service;
- q. Tow truck services;
- r. Veterinary uses (including boarding);
- s. Welding service (office only). [Ord. 26-2006 §3, eff. 8-11-2006]

BUSINESS LICENSE FEE SCHEDULE:

(as of October 2012; subject to change)

	<u>Initial Fee</u>	<u>Renewal fee</u>	<u>License Term</u>
General Business License	\$12	\$12	Two (2) years
Special Business License (also requires Fingerprinting/Background Check)	\$125	\$125	One (1) year
Solicitor's Permit (also requires Fingerprinting/Background Check)	\$36	\$36	One (1) year
Finger Printing/Background Check	\$44	n/a	n/a

Contacts

CITY OF ELK GROVE

**City of Elk Grove
Economic Development**
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 691-CITY (2489)
www.elkgrovecity.org/econdev

Economic Development Coordinator
Rachael Brown
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-3690
rbrown@elkgrovecity.org

Building Department
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-2235

Planning Department
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-2265

Finance Department
Cashier's Office
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-2211

CONSUMNES COMMUNITY SERVICES DISTRICT

Fire Department
8820 Elk Grove Boulevard
Elk Grove, California 95624
(916) 405-7100

**Sacramento County Environmental
Management Department**
10590 Armstrong Avenue
Mather, CA 95655
(916) 875-8484

STATE AND FEDERAL CONTACTS

**Employment Development Department,
Sacramento Employment Tax Office**
3321 Power Inn Road, Suite #220
Sacramento, CA 95826
1-888-745-3886
www.edd.ca.gov

Social Security Administration
40 Massie Circle
Sacramento, CA 95823
1-866-708-3208
www.ssa.gov/pgm/business

Internal Revenue Service (IRS)
4330 Watt Ave.
Sacramento, CA 95821
(916) 974-5225
www.irs.gov

U.S. Department of Labor, San Francisco District
90 7th Street, Suite 18-100
San Francisco, CA 94103
(415) 625-2661
www.dol.gov

FINANCIAL RESOURCES

Small Business Administration

Sacramento District Office

6501 Sylvan Road, suite 100
Citrus Heights, CA 95610
(916) 735-1700 Phone
(916) 735-1719 Fax

Greater Sacramento Small Business Development Center

1410 Ethan Way,
Sacramento, CA 95825
(916) 563-3210 Phone
(916) 563-3266 Fax
info@sbdc.net
www.sbdc.net

MARKETING & TRADE RESOURCES

Elk Grove Chamber of Commerce

9370 Studio Court, Ste 110
Elk Grove, CA 95758-8047
(916) 691-3760 Phone
www.elkgrovecam.com

Sacramento Metro Chamber

One Capitol Mall, Suite 300
Sacramento, CA 95814
(916) 552-6800 Phone
(916) 443-2672 Fax
www.metrochamber.org

Sacramento Black Chamber of Commerce

5770 Freeport Blvd, Suite 44
Sacramento, CA 95822
(916) 231-0416 Phone
(916) 706-0477 fax
www.sacblackchamber.org

Sacramento Hispanic Chamber of Commerce

1491 River Park Dr., Ste 101
Sacramento, CA 95815
(916) 486-7700 Phone
(916) 486-7728 Fax
www.sachcc.org

Sacramento Rainbow Chamber of Commerce

P.O. Box 160126
Sacramento, CA 95816-0126
(916) 266-9630 Phone
(916) 266-7566 Fax
www.rainbowchamber.com

Sacramento Asian Pacific Chamber of Commerce

2012 H St.
Sacramento, CA 95811
(916) 446-7883 Phone
(916) 446-7098 Fax
www.sacasiancc.org

U.S. Department of Commerce U.S. Commercial Service

1410 Ethan Way
Sacramento, CA 95825
(916) 566-7170 Phone
(916) 566-7123 Fax
www.buyusa.gov/sacramento

Sacramento Area Commerce & Trade Organization (SACTO)

400 Capitol Mall, Suite 2500
Sacramento, CA 95814
(916) 441-2144 Phone
(916) 441-2312 Fax
sacto@sacto.org
www.sacto.org

MANAGEMENT & TECHNICAL RESOURCES

**City of Elk Grove
Economic Development**
8401 Laguna Palms Way
Elk Grove, CA 95758
(916) 478-3686 Phone
www.elkgrovecity.org

**SMUD
Economic Development**
Jim Alves, Economic Development Manager
(916) 732-5477 Phone
(877) 768-3674 Toll Free
JAlves@smud.org
www.smud.org/en/business/pages/econdev

**Sacramento SCORE
(Service Corps of Retired Executives)**
4990 Stockton Blvd
Sacramento, CA 95820
Phone: (916) 635-9085
Fax: (916) 455-9089
www.sacscore.org

TELECOMMUNICATIONS RESOURCES

**Comcast
Enterprise Sales**
Adam Horn, Enterprise Sales Manager
(916) 830-6785 Phone
Adam_horn2@cable.comcast.com

SureWest
Travis Rawlings, Account Executive
(916) 786-1043
trawlings@surewest.com

**Frontier Communications
Small Business Support**
(800) 921-8102 Phone
www.frontier.com/small-business

Resources

Small Business Loans

OPENING DOORS, INC.

Offers small loans to businesses in the Sacramento area if the applicant can meet *most or all* of the following criteria:

- Loan for up to \$50,000
- Contribute some of their own money toward the intended investment
- Credit report must not reflect recent, serious credit problems and borrower must be current on delinquent accounts
- Income-to-debt ratio not to exceed 45%
- Willing to pledge collateral, of which the percentage is determined from the loan amount
- Present a feasible business plan
- Unable to obtain a traditional bank loan
- Repayable at interest rates of 7.75-8.5% over a 3-5 year period

In addition to the above, ODI can also provide loans of even smaller amounts, such as those from \$1,000-\$15,000

As compared to obtaining loans from traditional lenders, ODI offers the following advantages:

- More flexibility with the above criteria, so loans can be approved for businesses that meet *most* but not *all* of the above criteria
- Loans in smaller amounts than most banks are willing to issue
- ODI and its partners provide technical assistance and coaching to help applicants develop their business plans and determine their ability to repay a loan
- ODI staff can work with applicants in many languages, including Spanish, Russian, Arabic, and English

Contact:

Mohammed Mahmood - Business Specialist
2118 K Street
Sacramento, CA 95816
Phone: (916) 492-2591
Fax: (916) 492-2628
Email: mohammed@openingdoorsinc.org
Web: www.openingdoorsinc.org

GROW SACRAMENTO FUND

Financing for Small Business

The Grow Sacramento Fund is a unique economic development partnership among the Sacramento Municipal Utility Department (SMUD), the Sacramento Housing & Redevelopment Agency (SHRA) and the National Development Council (NDC), one of the nation's oldest economic development nonprofit organizations.

NDC is a nationally recognized Small Business Lending Company licensed by the Small Business Administration (SBA) and is also a Community Development Financial Institution (CDFI) as designated by the United States Department of the Treasury, CDFI Fund. Loans are administered through NDC's wholly-owned affiliate, the Grow America Fund (GAF).

What are the advantages of this program for business?

- Terms equal to the lives of the assets being financed.
- Low equity requirements.
- Variable or fixed interest rates, generally below market rates.
- Flexible underwriting criteria.
- Limited pre-payment penalties.
- Loans tailored to individual borrowers.

Who is the ideal borrower?

- A business that has been in operation or three or more years.
- A for-profit business located in Sacramento County.
- A business with a financing need above \$100,000.
- A business with historical cash flow to service debt.
- A business which will create or retain jobs as a result of the loan.
- *Nonprofits, real estate developers, and investment advisory firms are ineligible.*

What are eligible uses of the funds?

- Permanent working capital.
- Refinancing of non-SBA debt.
- Leasehold improvements.
- Property acquisition.
- Machinery and equipment.
- *Funds cannot be used for equity needs, research and development, or as venture capital.*

What are other requirements?

- Any owner with over a 20% interest must provide a personal guarantee.
- A loan must be collateralized with available assets to the extent possible.
- Demonstrated ability to repay a loan with existing or projected cash flow.

What should be submitted with the loan application?

- Three years of tax returns, personal.
- Three years of tax returns, corporate.
- Interim income statement and balance sheet.
- Debt schedule.
- One year of projections.
- Management experience, resumes.
- Credit release form.

Contact:

Olivia M. Rebanal
Grow America Fund

orebanal@nationaldevelopmentcouncil.org

Phone: (503) 998-2110

GREATER SACRAMENTO CERTIFIED DEVELOPMENT CORPORATION

The **Greater Sacramento Certified Development Corporation** (dba Capital Funding) is a private nonprofit corporation established in 1985 to increase small business opportunities and to stimulate employment. Our role is to be a catalyst within community economic development programs in securing the resources necessary to assist small businesses in obtaining financing. The company is authorized by the U.S. Small Business Administration (SBA) to offer 504 loans to small businesses throughout the State of California. The 504 loan program is SBA's principal economic development tool to assist communities in stimulating expanding businesses through the utilization of the program. The 504 program offers long term fixed asset financing with a below market fixed interest rate, and as little as 10% down.

What can the SBA 504 loan program be used for?

- Purchase land and building
- Land acquisition, along with building construction
- Remodeling or rehabilitation of an existing building
- Building expansion
- Tenant Improvements
- Equipment acquisition (with life expectancy of 10 years or more)

What are the minimum and maximum project costs?

- Minimum of \$250,000
- Maximum of \$18,000,000- (depending on overall loan structure).

What is the maximum SBA loan amount?

- \$5,000,000 or \$5,500,000 for manufacturing companies and qualified energy efficient facilities.
- 40% of the project cost for a multi- purpose facility; or up to
- 35% of the project cost for a special purpose facility (restaurant, gas station, etc.); or up to
- 35% of the project cost for a startup business (business owned less than 2 years); or up to
- 30% of the project cost for a startup business in a special purpose facility.
- There is no maximum loan amount for the Bank financing, but the bank must finance a minimum of 50% of the project cost for a start-up business and/or a special purpose facility.

How is the SBA loan structured?

- The SBA loan will be fully amortized for 20 years for real estate; 10 years for equipment.

How long does it take to get an approval from SBA?

- 2 to 3 days from receipt of a complete financial package depending on SBA's backlog.
- GSCDC is an approved PCLP Certified Development Corporation, which allows GSCDC to approve loan requests in-house based on financial strength and urgency of the transaction. Final approval could be as quick as 24 hours from receipt of a complete financial package.

What are the occupancy requirements for the business?

- 51% if acquiring an existing facility (49% can be permanently leased out).
- 60% for a new construction project with the potential that the business will occupy some additional space within three years, and a total of 80% within ten years. The balance of the building (20%) can be permanently leased out.

Contact:

5428 Watt Ave., Suite 200
North Highlands, CA 95660-4945
sba@gsdcdc.com
Phone: (916) 339-1096
Fax: (916) 339-2369

Venture Capital

VELOCITY VENTURE CAPITAL

Early-stage investing requires exceptional understanding of the technology, the industry, and deep experience in building companies. The unique structure of our fund management team, our longstanding partnerships and affiliations, and our extensive network with investors and acquirers allow us to deliver all three.

- **Large, Fast-Growing Target Markets:** Market opportunities with an addressable market of more than \$1 billion
- **Industry-leading, Defensible Technology:** Intellectual property that provides a sustainable competitive advantage, allowing companies the time to secure a leadership position and fend off competitors
- **Clear, Convincing Value Proposition:** Solutions that address pain points of customers today and can simply demonstrate a financial return on investment for customers
- **Strong, Experienced Team:** Founders with deep industry and technical expertise, ideally working with a cohesive team that has a track record of success
- **Practical Execution Plan:** A plan that incorporates a clear strategy and solid tactics, while being reasonable about the resources and time frame required for success
- **Capital-Efficient Plan:** Low overall capital requirements and a reasonable long-term capital formation strategy
- **Smart Liquidity Strategy:** Clear visibility to a liquidity event in a four to ten-year timeframe, including a clear value proposition to potential acquirers and/or the potential for a public offering
- **Company-building Opportunity:** The ability for our team to offer significant assistance in building company value
- **Good Strategic Fit:** A strategic fit with our investment map and current portfolio

To Contact Velocity Venture Capital about your business opportunity, submit an Executive Summary to: execsummary@velocityvc.com.

Make sure your executive summary is clear, concise and addresses these questions:

- What problem are you solving, how are you solving it and for what audiences?
- How big is the market opportunity and what is the landscape of the marketplace you are entering?
- What is your distinct competitive advantage(s) and what is the competitive landscape?
- How will you protect and maintain your competitive advantage?
- How much capital will you need to take advantage of the market opportunity? How will that cash be used?
- What is your forecast of the business over the first three years?
- Who's on your team and what are their qualifications?