

JUL 26 1983

FILE

Mr. Frank Satterwhite
P.O. Box 50009
East Palo Alto, California 94303

Dear Frank:

This follows our conversation about economic development in East Palo Alto.

SBA has set up an Office of Private Sector Initiatives. This office looks for situations around the country where economic development can be stimulated using the public-private partnership approach.

Often we find local, county, and state agencies that want to create incubators. SBA in that case commits to target our on line programs-financial, management, technical and procurement assistance-to the small tenant firms in the incubators. The idea is that by creating an optimum environment for these new businesses we can help reduce the development risks, and compress the time it normally takes to move these firms to the next stage of independent growth.

SBA can also intercede with other Federal agencies like HUD, HHS, DOL, and EDA to recommend that they commit funds to key projects.

East Palo Alto could be a worthwhile project. The community wants to generate businesses and jobs, and major corporate partners in the area may be willing to participate.

You might give some thought to two or three alternative incubator project concepts. Perhaps somewhere in the Ravenswood Industrial Park area the proper ingredients, including a suitable building in an acceptable location with decent transportation access and sound economics can be identified. If you'll scan your environment with that possibility in mind, in two or three weeks we can talk again about what steps might be taken together.

In addition, you might think about existing manufacturing firms located in EPA, that might be interested in selling to new owners/investors/and managers. This acquisitions approach can be good for the sellers, the buyers and the community.

One such completed transaction would demonstrate whether the acquisitions approach can have significant value as part of East Palo Alto's broad development strategy. We'd be interested in working with you along with a major corporate partner or two, if you can think of a few firms that might make suitable acquisition candidates.

Let's keep talking, and I hope to meet with you in August.

Sincerely,

Dick

Richard F. America
Program Manager
Office of Private Sector Initiatives