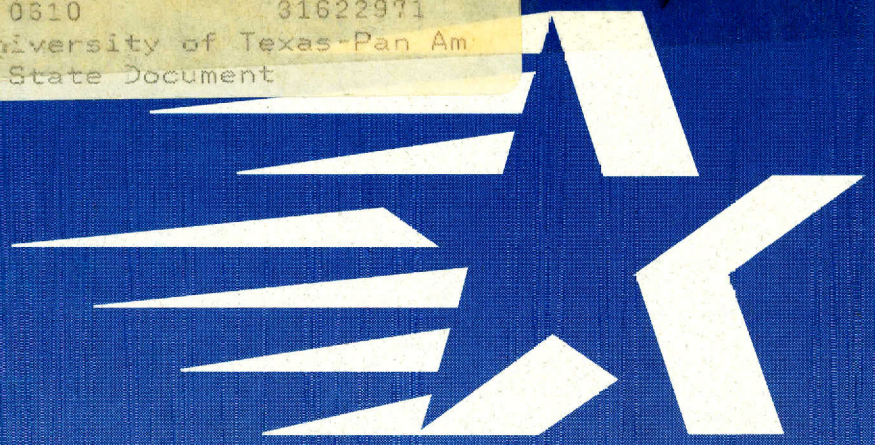
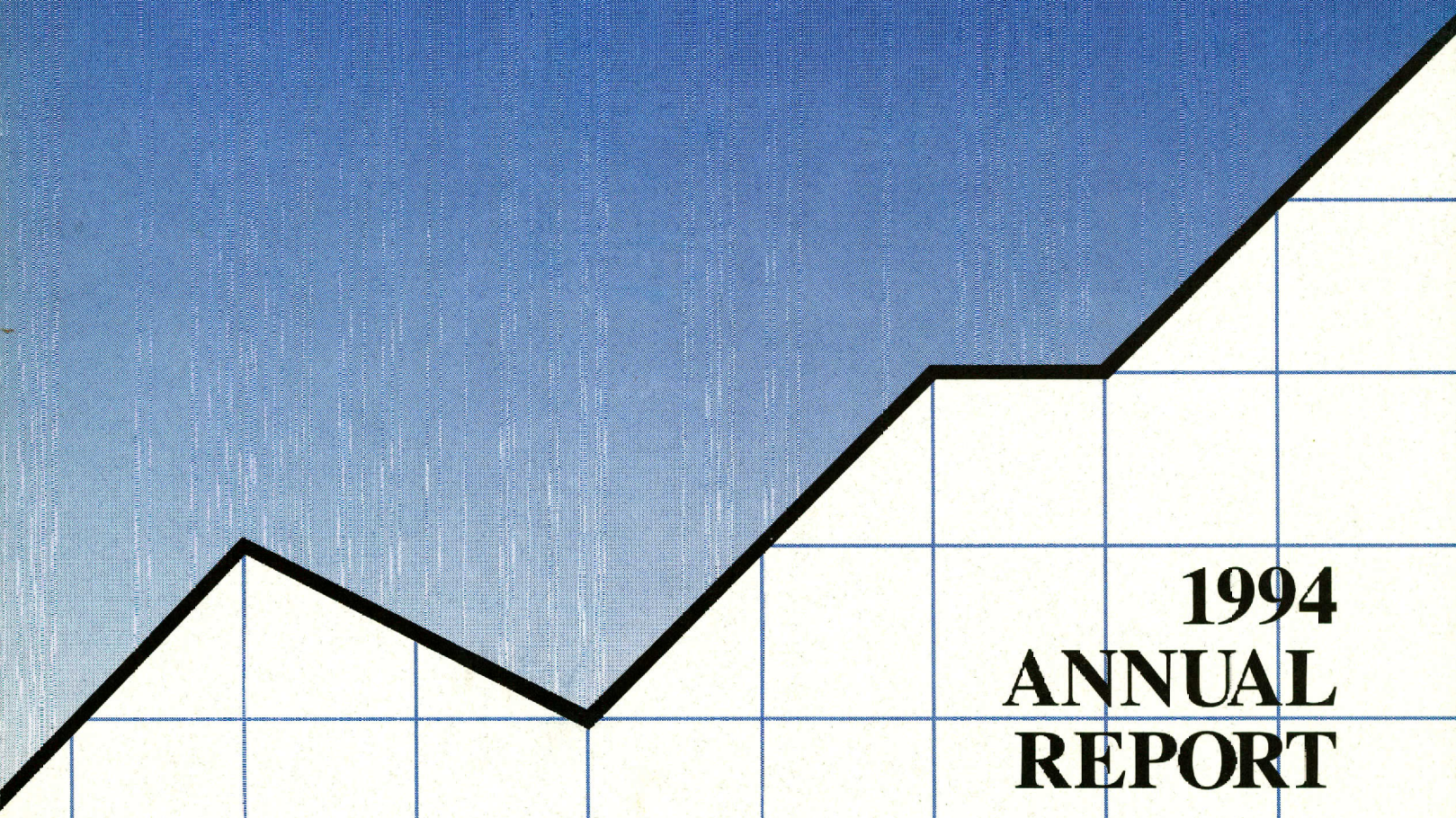


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STATE SMALL BUSINESS ADVOCATE

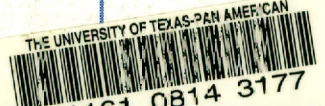


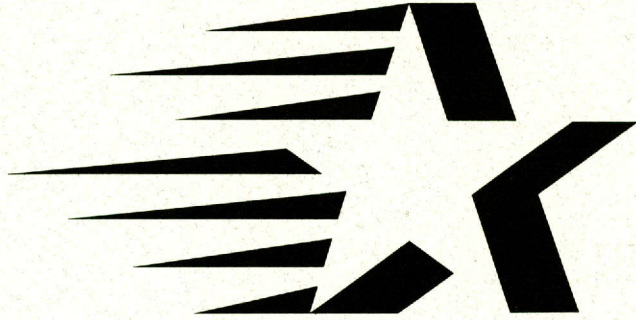
1994 ANNUAL REPORT

Healthy Environment

Strong Economy

Good Sense

THE UNIVERSITY OF TEXAS-PAN AMERICAN

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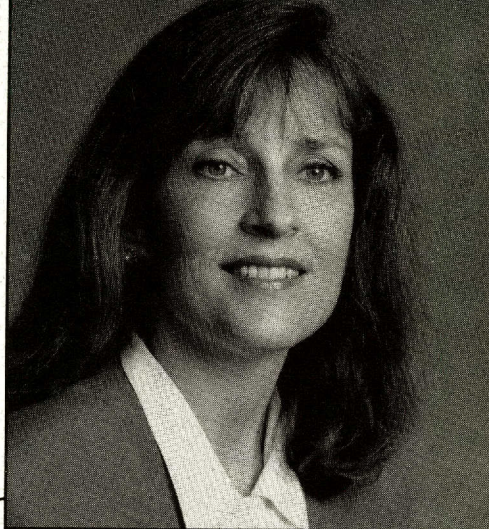


STATE SMALL
BUSINESS ADVOCATE

1994 ANNUAL REPORT

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FROM THE ADVOCATE

This is the second annual report prepared by the State Small Business Advocate's Office.

The report allows us the opportunity to highlight the Advocate's Office's commitment to small business and the environment. Though brief, this capsule of information should be viewed against a broad backdrop of ongoing work which is never routine, and always vital.

This is not a record of performance or of day-to-day activities, but rather a snapshot of the character of the division, and the state of environmental conditions and small business. We hope these brief glimpses convey to you an understanding of the tenets to which the Advocate's Office is committed.

In both form and function, this report is like a personal journal describing the essence of striking a balance between a sound economy and a healthy environment. One is bound to the other for the economic well being of the state and the wellness of every Texan.

So welcome to our reflections of 1994. We invite your opinions.

Thank you.

A handwritten signature in blue ink that reads "Tamra-Shae Oatman". The signature is fluid and cursive.

Tamra-Shae Oatman
State Small Business Advocate

MISSION

The mission of the State Small Business Advocate's Office is to promote environmental quality and economic growth by assisting small business in complying with air, water and solid waste regulations.

GUIDING PRINCIPLES

The State Small Business Advocate's Office is dedicated to:

- Striking a balance between environmental stewardship and economic development
- Providing quality customer service
- Cutting red tape
- Resolving problems and complaints
- Developing policy recommendations to ease the burden on small business
- Researching the needs of small business
- Providing advocacy service for small business
- Identifying financial assistance programs
- Determining the economic impact of environmental regulations on small business

INTRODUCTION

Fiscal year 1994 was one of profound change and growth for the State Small Business Advocate's Office.

First came the task of letting small businesses know they could turn to the Advocate's Office for answers to their environmental questions.

This outreach led to a 48 percent increase in calls to our toll-free telephone number from small business asking for assistance and information about environmental regulations.

Growth followed demand. A complete staff helped meet the increase in hotline calls, and other unique challenges of the office.

At the heart of innovation came the creation of Small Business Advisory Committees in Texas' four metropolitan areas that do not meet federal clean air standards. Recommendations from the Dallas, Fort Worth, Houston-Galveston, Beaumont-Port Arthur, and El Paso-Juarez committees have resulted in cheaper ways for small businesses to meet the requirements of environmental regulations.

Creative financing options also became a priority for small businesses. As a result, the Advocate's Office assisted in introducing a variety of financing initiatives throughout the state.

Research became an investment in the future, when the Advocate's Office formed a partnership with Texas Southern University to survey the impact of environmental regulations on minority-owned businesses in Texas.

The Advocates's Office also led by example this summer when it assisted eight states in setting up their own small business assistance programs. The Advocate's Office was one of three states in the nation awarded a \$25,000 grant from the EPA to train other states in the Peer Match Program.

Innovation and success attracted national and international attention on the Advocate's Office. Officials with the U.S. Small Business Administration asked the Advocate's Office to host a round-table discussion on "New Technology and Financing." And for the first time, the Advocate's Office was asked to be a member of the U.S. delegation at the international workshop on "Small- and Medium-Sized Enterprises in Relation to Chemical Accident Prevention, Preparedness, and Response," in Toronto, Canada.

By the end of the year, the philosophy of the State Small Business Advocate's Office began to emerge as an identifying trait in the Texas Natural Resource Conservation Commission.

Instead of polarizing environmental protection versus economic development, the

Advocate's Office champions a

link between the two. A link well summarized by Governor Ann Richards, "A strong economy is tied to a healthy environment."

This annual report for 1994 is a brief summary of the events that have made the State Small Business Advocate's Office a model for the country. In this spirit of dedicated service to small business owners in Texas, we have added factual accounts from a few who benefitted from our service.

Instead of polarizing environmental protection versus economic development, the Advocate's Office champions a link between the two.

*Jimmy Cassity
Livingston, Texas*



It only takes a few minutes of conversation to realize that Jimmy Cassity represents the maverick businessman that helped form the backbone of the Texas economy.

Cassity has owned and operated Cassity Lumber for 26 years in the small town of Livingston, Texas, about 76 miles north of Houston on U.S. Highway 59.

Cassity Lumber dries and planes lumber and sells it to manufacturers. It is the only such business in Texas.

In 1993, Cassity Lumber received a citation for a nuisance violation due to particulate matter (saw dust).

Cassity did not know who to turn to for help. Eventually, he would call the Small Business Advocate's Office.

"If it hadn't been for the Advocate's Office, I would have been dead in the water," said Cassity. "They provided the information and guidance to talk intelligently about the issue and resolve the problem."

"I have to tell you," concluded Cassity, "that if it weren't for the Small Business Advocate's Office, small businesses like mine, would have nowhere to turn to for help."



*Jo Ann Wheeler
Denton, Texas*

Beneath the quiet, contemplative look of Jo Ann Wheeler, lives the heart and soul of an action-oriented civic leader and business woman.

When she is not helping fellow business owners, she helps run the family print shop. She and husband, Jim Wheeler, own and operate Terrill Wheeler Printing, Inc., in Denton, Texas.

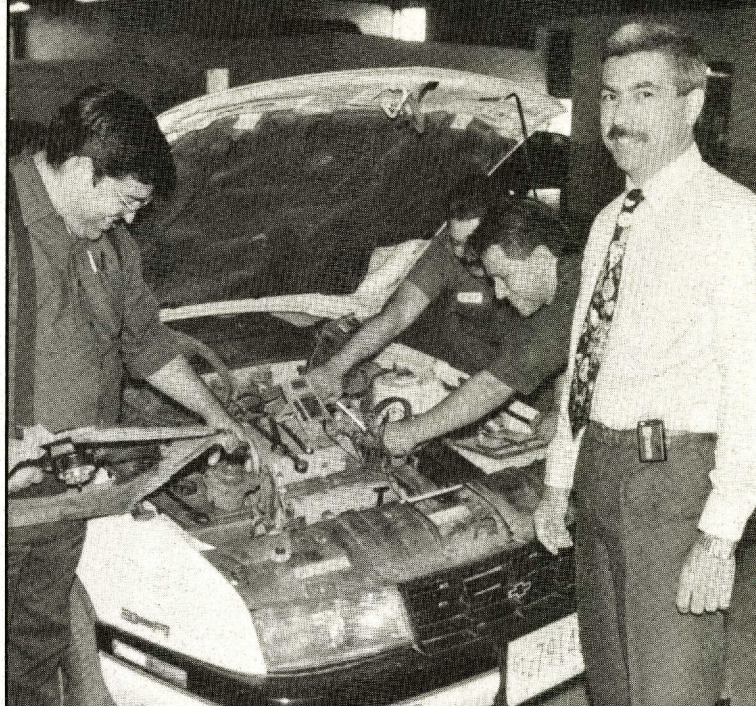
Wheeler Printing has been a family-run business since 1950. Jo Ann recalls fondly the early days of the business. She remembers having to work with her husband at night to meet deadlines. "My two daughters would accompany me and my husband to the shop. After they got tired of playing, they would fall asleep on the skids of paper."

Not too long ago, Jo Ann received a letter indicating she may need an environmental permit for her business. Upon further inquires, she discovered that her business might be exempt from the permitting process if it met certain emission's criteria.

However, she had to calculate the amount of ink used by each of her presses and provide a schematic depiction of where those presses were located before she could obtain an exemption. She all but gave up on securing the exemption letter because of the paperwork involved.

"Fortunately, I knew about the Small Business Advocate's Office because I serve on the Dallas Small Business Advisory Committee," said Wheeler. "I asked for their assistance, and within two weeks, I had the exemption letter in my hands. The Small Business Advocate's Office's help was invaluable. I don't think I would have obtained the exemption letter without the Advocate's assistance."

*Dan Gandara
El Paso, Texas*



Dan Gandara of El Paso is a man of many traits. He is a small business owner, a civic leader, a business leader, and most importantly, a husband and father.

Dan and his brother David own and operate Quality Fleet Management Inc., and Art's Wheel and Alignment. Their father Arturo Gandara founded the company in 1969.

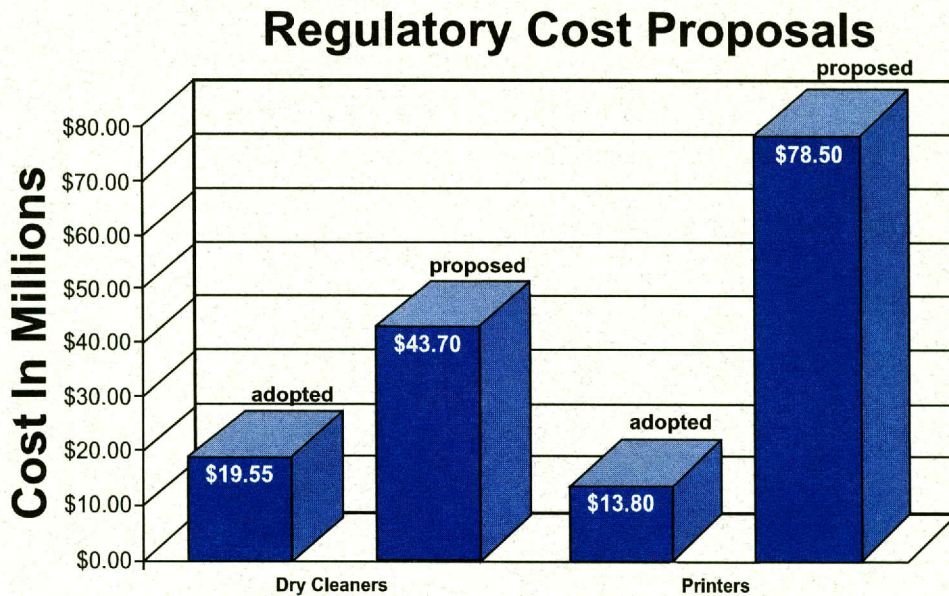
Half of their business involves auto repair, so they handle freon, oil, oil filters, and anti-freeze, as well as other chemicals and cleaning solvents. Since El Paso does not meet federal clean air standards, Dan had to make adjustments in order to meet Clean Air Act requirements. Though Dan is a resourceful person, he could not find the information he needed to bring his businesses into compliance with the law.

"When you are as far removed from Austin as we are here, getting the information you need on environmental regulations is next to impossible," according to Gandara. "The Advocate's Office was great," Gandara said. "Not only did they provide us with quick, accurate information, but they also pointed us to the right people that could provide additional help right here in El Paso."

A VOICE FOR SMALL BUSINESS

The work of the State Small Business Advocate's Office often goes on without much fanfare, but the results are undeniable.

Environmental rules are drafted and proposed routinely at the Texas Natural Resource Conservation Commission (TNRCC). In the latter part of 1993, new rules were proposed for printers and dry cleaners. The proposed rules would have cost the two industries millions of dollars in pollution prevention and control equipment. But after input from the Advocate's Office, the regulatory rules were reexamined for alternatives and rewritten. In the end, regulatory costs were cut by more than half, saving the respective industries millions of dollars, while still achieving the needed pollution reductions.



MINOR SOURCE POLICY

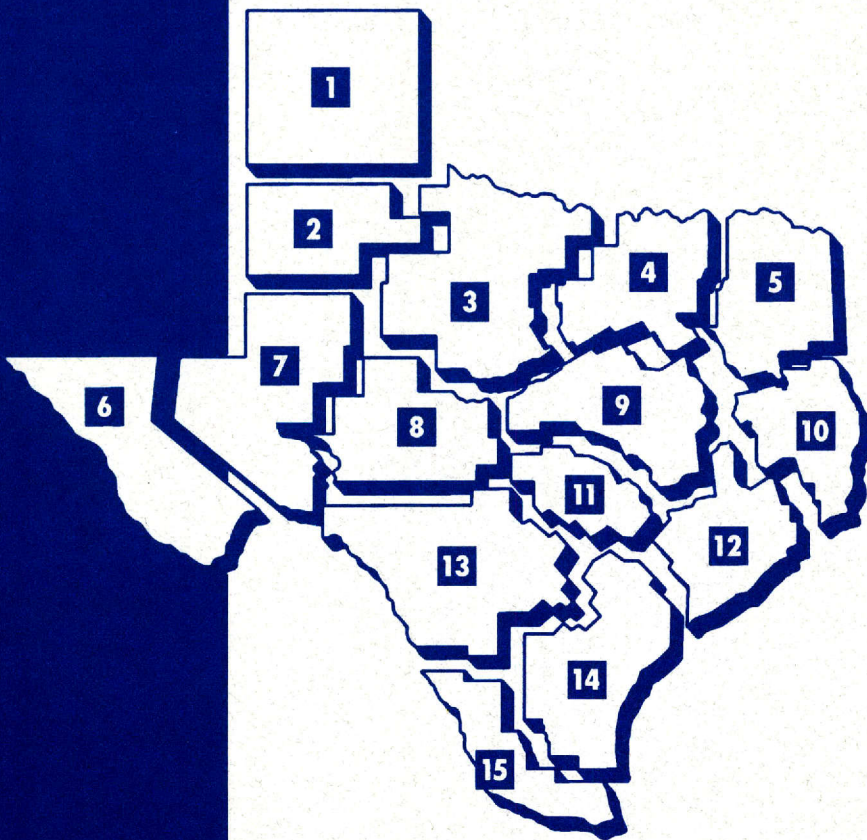
More and more small businesses are taking advantage of the Minor Source Policy. The policy reduces the financial impact of compliance with air regulations by eliminating the first time penalty assessment for many small businesses. Last year, 42 small businesses used the new policy. This year, 146 small businesses have utilized the policy -- a 248 percent increase in usage.

HOTLINE CALLS

The Advocate's toll-free telephone line can be a lifeline for small business owners across the state, providing easy access to needed information and expert advice on environmental regulations.

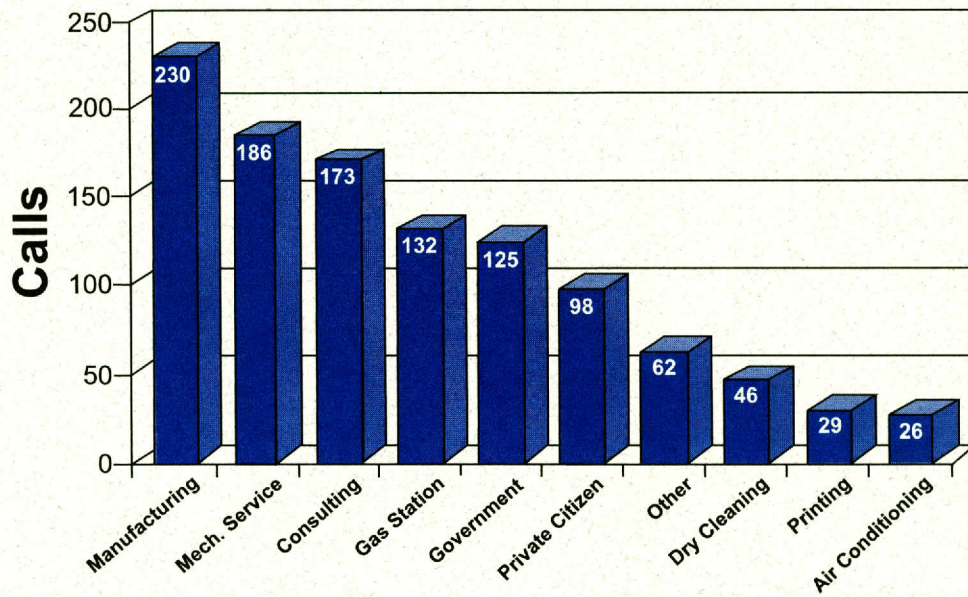
In fiscal year 1994, The Advocate's Office received 4,660 calls on its toll-free number. Of those calls, 1,007 resulted in direct assistance to small businesses in Texas.

The following map and graphs show the origin of the telephone call, what type of small business made the call, and the type of assistance required.

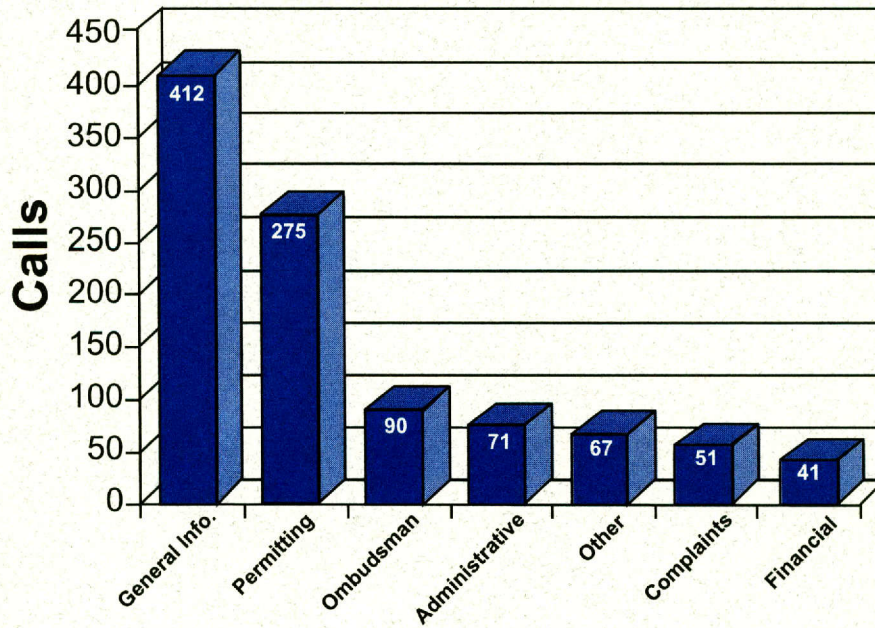


<i>REGION</i>	<i>NUMBER OF CALLS</i>
Region 1 - Amarillo	26
Region 2 - Lubbock	20
Region 3 - Abilene	12
Region 4 - Arlington	290
Region 5 - Tyler	18
Region 6 - El Paso	76
Region 7 - Odessa	20
Region 8 - San Angelo	1
Region 9 - Waco	35
Region 10 - Beaumont	84
Region 11 - Austin	95
Region 12 - Houston	212
Region 13 - San Antonio	55
Region 14 - Corpus Christi	19
Region 15 - Harlingen	12

Type of Business



Type of Assistance





Ana Hunter,
Administrative
Technician



Rebekah Strachn-Cole,
Community Outreach
Coordinator

FINANCING

In a textbook example of identifying and solving a problem, the Advocate's Office is leading the nation in aggressively pursuing financial assistance programs for small businesses impacted by environmental regulations.

Financing costly pollution prevention and control equipment can be a major obstacle for small businesses. Equipment costs range from \$5,000 for an auto body repair shop that uses freon to as much as \$600,000 for a furniture manufacturer.

The following are a few of the projects initiated by the Advocate's Office:

- In El Paso, the Small Business Administration (SBA) committed \$12 million in loan guarantees for small businesses for pollution control equipment. A similar commitment is pending in Dallas-Fort Worth.
- Across the state, First Commercial Capital Bank -- a statewide lending institution -- has developed a financial assistance mailing targeting dry cleaners and auto body shops that need to purchase pollution control equipment.
- In Houston, the Small Business Administration has agreed to provide joint training sessions with the Advocate's Office for banking representatives on environmental rules and how they impact small business; their small business development centers will provide environmental advice to small businesses.
- In El Paso and Houston, joint financial seminars with business and industry groups have provided small business owners opportunities to interact with potential lenders.
- Across the state, joint economic development projects are being created with Central and Southwest Corporation -- a utility holding company -- to provide financial assistance, business packaging counseling, pollution prevention, and energy conservation ideas to small businesses.
- Throughout the state, the Advocate's Office will join other organizations in promoting the SBA 504 lending program as an option for environmental compliance financing. The 504 program is an SBA loan program that provides greater options in terms of repayment, interest rates, and purpose of loan.
- In Harris County, with the assistance of the Advocate's Office, the Harris County Economic Development Center has developed a "Micro-Loan" program that will

provide small businesses with another option for financing environmental equipment. The micro-loan program is designed to provide loans of \$25,000 or less.

- Nationwide, with the support of Governor Ann Richards, the Environmental Protection Agency (EPA) and the SBA have signed a "Memorandum of Understanding" to work together and assist small businesses in meeting the requirements of the Clean Air Act (CAA). The memorandum also places special emphasis on securing loans for compliance with EPA regulations.

The Advocate's Office also supports efforts to establish a state small business compliance loan program. The program would provide loan guarantees and direct loans for small businesses impacted by environmental regulations.

RESEARCH: INVESTING IN THE FUTURE

The State Small Business Advocate's Office recognizes the importance of research and continues to look for ways to improve services to small businesses impacted by environmental regulations. As a result, two major research efforts will provide new and updated information on issues facing small businesses.

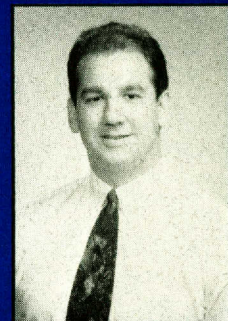
THE PRICE OF CLEAN AIR

The Advocate's Office is updating the 1993 study, *The Price of Clean Air*, on the financial impact of air regulation on small businesses in Texas. Due to an increase in business activity across the state, an additional 2,100 small businesses will be impacted, bringing the total number of impacted small businesses to around 60,000. The updated study will include cost estimates for water and waste compliance.

The 1993 study featured 14 industries. Of the original 14, bakeries were deleted because the TNRCC bakeries rule as approved in 1994 will not affect businesses with less than 100 employees. Cotton gins and livestock feedlots were added to the updated study. The cotton gin and livestock industries have significant numbers in Texas and the Advocate's Office included them to enhance the awareness of farmers' financial investment in the environment.



*Kathy Ramirez,
Coordinator of
Advocacy Development*



*Adam Haynes,
Director of Policy
Development*



Sarah Bolz,
Director of Research &
Planning

In the new research, the Advocate's Office identified the types of equipment needed by small businesses to control industrial wastewater.

Industries are beginning to recycle wastes such as freon and perchloroethylene. This recycling process cleans hazardous substances for use again and saves money for many businesses.

The updated study, *The Price of a Clean Environment*, will estimate environmental costs for small business in the state and for counties that do not meet federal clean air standards. *The Price of a Clean Environment* will be released in the Fall of 1994.

MINORITY-OWNED BUSINESSES

The State Small Business Advocate's Office has contracted with Texas Southern University to survey the impact of environmental laws on minority-owned businesses in Texas.

The survey is designed to identify problems minority-owned businesses face in meeting environmental requirements. These problems include: lack of information on how to achieve compliance with emission rules; difficulty in securing financial assistance necessary to comply with regulations; and obstacles in securing insurance to protect expenditures.

The data will help the Advocate's Office identify problem areas and needs among minority-owned businesses in Texas impacted by environmental regulations.

SMALL BUSINESS ADVISORY COMMITTEES

Small business advisory committees have been established in Texas cities that do not meet Federal Clean Air Standards. These areas include Dallas, Fort Worth, Houston-Galveston, El Paso-Juarez, and Beaumont-Port Arthur.

The committees are made up of small business owners, bankers, environmentalists, industry representatives, health professionals, municipal leaders, national and state legislative representatives, and other concerned citizens.



Santos Olivarez,
Director of External
Affairs

These advisory committees help the Advocate's Office stay in touch with the people most affected by environmental regulations. Committee members provide invaluable insight about the needs and concerns of the small business community impacted by environmental regulations.

Committee members have identified cheaper ways to comply with the costly requirements of environmental laws, and helped inform small business owners about new environmental rules and regulations.

HIGHLIGHTS OF THE YEAR

Peer Match Training

The Advocate's Office was proud to be one of three states to receive a grant from the EPA to conduct "peer match" training for other states that are in the beginning stages of setting up their own small business assistance programs. The first of two trainings was conducted in June with representatives of Georgia, Arizona and New Hampshire attending. The Advocate's Office worked with Small Business Technical Assistance to create a manual that covers all aspects of the work of both offices. The participants reported that they had learned a great deal of technical and practical information and praised both offices for their professional staffs.



The Advocate's Office trains representatives from eight states in setting up their small business assistance programs.

The training, according to New Hampshire's Rudy Cartier, specifically helped him develop a written work plan which will be a starting point in finalizing an implementation plan for his program. "I learned new possibilities for the level and types of services that can be provided by the program and what could be provided by existing public and private organizations," Cartier said.

An additional 11 individuals from the District of Columbia, Kentucky, Oklahoma, Pennsylvania, and South Carolina attended the second training August 17-19. Follow-up plans for all the participants may include onsite visits as well as telephone assistance in the coming year.

Building A Better Paint Booth

In an attempt to cut costs and reduce pollution, the Committee on Air Quality for El Paso-Juarez, developed a demonstration proposal aimed at getting compliance spray booths into most of the 350 body shops in the El Paso/Juarez area.

Using the proposal as a project plan, the Environmental Protection Agency awarded the Texas Natural Resource Conservation Commission a \$40,000 grant to proceed with plans to develop a more efficient, less costly and more environmentally friendly auto body spray booth.

Paints and solvents used by the auto body industry are a major cause of the air pollution problem that has strapped El Paso with added environmental rules and regulations. Committee members found that auto body spray booths, when used correctly, can cut down on the amounts of chemical pollutants released into the air. Some spray booths can cost up to \$75,000.

Plans for an inexpensive and easy-to-construct spray booth that will meet the TNRCC's requirements will be developed. A prototype from these plans will be built and housed in accessible locations-- local schools or technical institutes. Blue-print plans will be made available to auto body shops, and the prototypes will be available for trainings demonstrating the proper use of the booth and techniques for improving quality of the work.

The demonstration project is expected to reduce use of paint and solvents, reduce waste, and provide body shop owners with a cheaper way of meeting environmental regulations.



*Janice Robinson,
Executive Assistant*



*Nick Espinosa,
Director of Community
Relations*

Supplemental Environmental Project (SEP)

The Advocate's Office assisted the Gulf Coast Hazardous Substance Research Center at Lamar University in developing a Supplemental Environmental Project (SEP) using a computer system to help small businesses in the Beaumont area reduce pollution and cut costs.

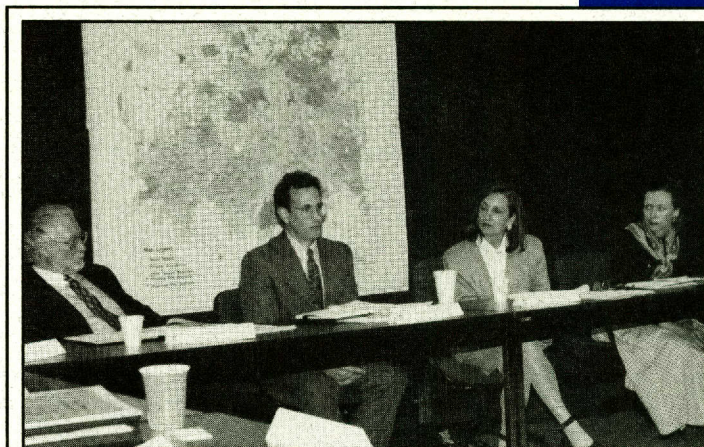
The specially designed software helps small business owners to determine at lower cost how to meet federal clean air standards.

SEPs are the result of a policy that allows the use of some penalty money to pay for projects that prevent pollution and protect the environment.

SBA Roundtable

The U.S. Small Business Administration, Office of the Advocate, asked the State Small Business Advocate's Office to organize a roundtable discussion that would focus on the problems that small entrepreneurs and businesses have in bringing new environmental technologies to market.

The Advocate's Office used its contacts around the state through its Small Business Advisory Committees to bring together 10 small business owners, technology inventors, and representatives of the financial community for a roundtable discussion with staff from the EPA and Small Business Administration (SBA). Also attending were staff members of small business development centers from around the state.



EPA/SBA roundtable discussion on problems that small entrepreneurs and businesses have in bringing new environmental technology to market.

Texas' roundtable recommendations will be included with those from roundtable discussions held in other states. The SBA will use these recommendations as a blueprint to guide them in streamlining the system and make it more responsive to small business owners impacted by environmental regulations.

U.S. Association of Ombudsmen Conference

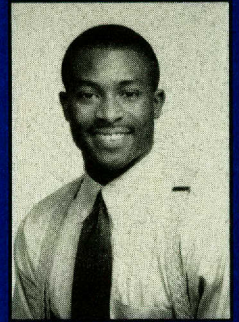
The Advocate's Office actively participated in the 17th Annual Conference of the U.S. Association of Ombudsmen (USAO). State Small Business Advocate Tamra-Shae Oatman was a featured luncheon speaker at the conference which included the participation of all types of ombudsmen from the United States, Canada and Puerto Rico. Ms. Oatman spoke about environmental challenges to newly created small business ombudsman offices in every state. TNRCC Ombudsman Mary Gordon Spence conducted a workshop focused on "Dealing with an Angry Public; Building Conflict Resolution Skills." The workshop was well attended by a diverse group. Roxanne Elder of the Advocate's staff serves on the USAO Board of Directors and coordinated this year's annual conference.



Tamra-Shae Oatman, Small Business Advocate, speaks about reinventing government to an audience at the U.S. Association of Ombudsman Conference.

MILESTONES AT A GLANCE

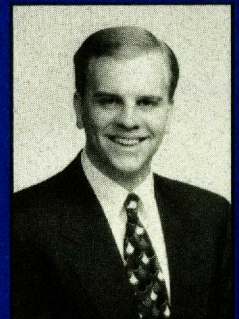
- Awarded an EPA grant to train other states in setting up small business assistance programs,
- Convinced the EPA to extend the deadline for the notification of all dry cleaners using perchloroethylene (PERC) as a cleaning solution,
- Established a Small Business Advisory Committee in Beaumont-Port Arthur,
- Initiated quarterly newsletter,
- Participated as a member of U.S. delegation attending international conference in Toronto,
- Coordinated EPA/SBA Innovative Technology Roundtable,
- Established small business environmental committee in San Antonio,
- Published *Glossary of Air Quality Regulations*,
- Established a volunteer assistance program,
- Developed directory of toll-free numbers for environmental assistance,
- Produced brochure on *How to Choose an Environmental Consultant*,
- Assisted in developing a micro loan program in Houston and El Paso,
- Conducted nearly 100 small business workshops on financing, industry regulations, and advocacy,
- Coordinated and conducted a bi-national environmental seminar for auto body shops in El Paso and Juarez, Mexico.



Keith Caldwell,
Small Business Affairs
Assistant



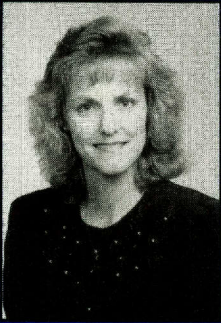
Mary Steffen,
Intern



Dave Miller,
Intern



Roxanne Elder,
Director of Special
Projects



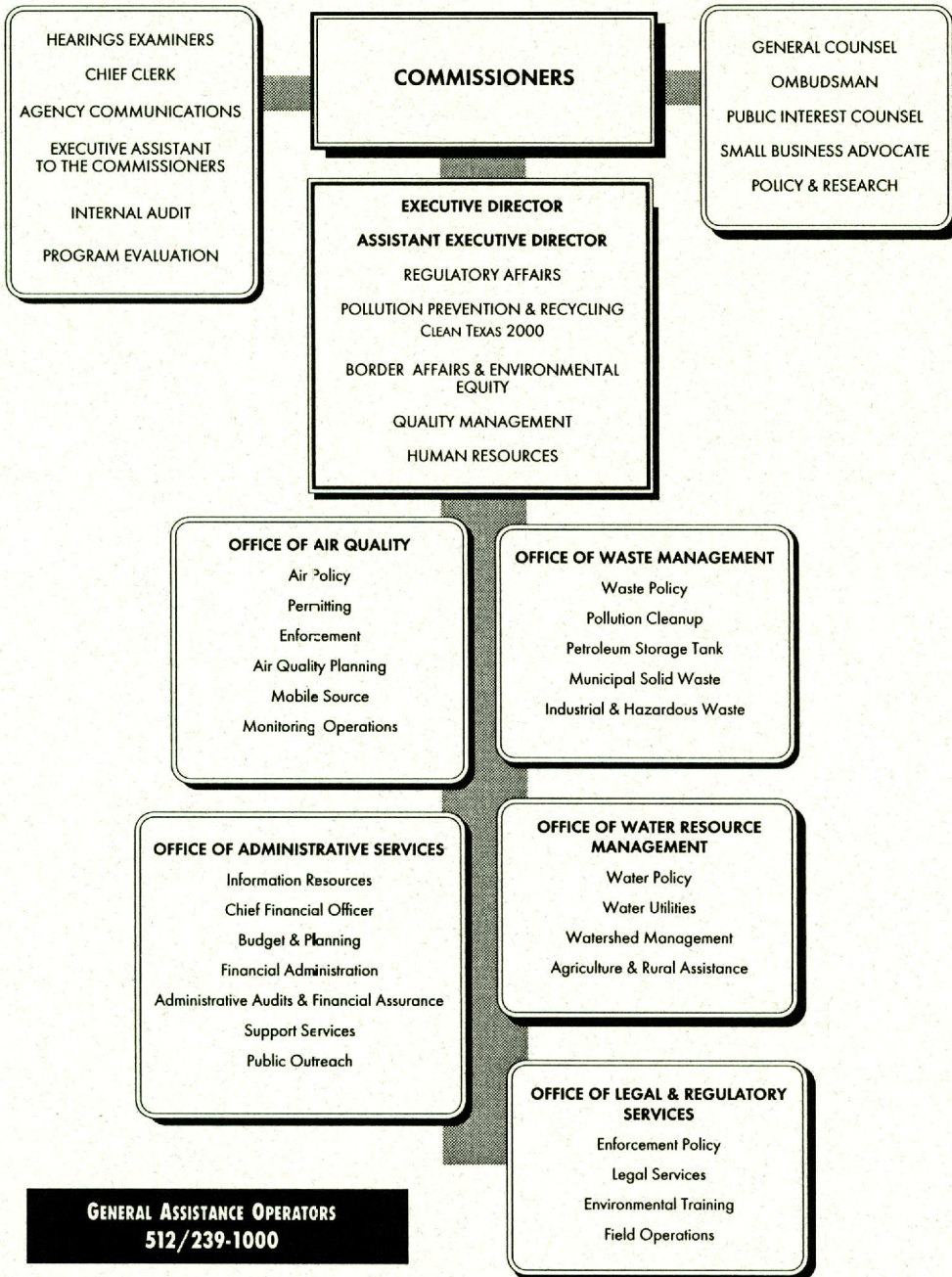
V. J. Eastwood,
Research Specialist

FUTURE GOALS

- Provide assistance to more than 1,100 small businesses in fiscal year 1994/1995,
- Publish *Price of a Clean Environment*,
- Issue a financing report on small businesses impacted by environmental regulations,
- Publish small business funding sources brochure,
- Publish small business environmental permit brochure in Spanish,
- Establish small business environmental committees in, Laredo, Corpus Christi and Harlingen,
- Host roundtable discussions with impacted small business owners,
- Develop fact sheet on what small businesses can do to clean the air,
- Provide in-house information on the role of the Advocate's Office,
- Publish report on impact of environmental regulations on minority-owned business,
- Distribute information packets to minority business associations statewide, and
- Provide expertise and coordination assistance for White House conference on small business in Texas.

TNRCC ORGANIZATION

SEPTEMBER 20, 1994



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Production
TNRCC, Public Outreach Division

Printing
TNRCC Printing Services

To order additional copies of the State Small Business Advocate's Office
Annual Report, Fiscal 1994, please contact:
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printed on recycled paper using soy-based ink

October 1994 SFR-09