



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 20-469, Version: 1

- a. Approve an application to apply for a grant from the United States Department of Commerce, Economic Development Administration (EDA) that will recapitalize the County's Small Business Revolving Loan Fund to provide more loans for small businesses impacted by the COVID-19 public health crisis;
- b. Approve amendments to the SBRLF Administrative Plan that make the program more responsive to the needs of the business community; and
- c. Authorize the Housing Program Manager or their designee to sign the application and required assurances and certifications.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve an application to apply for a grant from the United States Department of Commerce, Economic Development Administration (EDA) that will recapitalize the County's Small Business Revolving Loan Fund to provide more loans for small businesses impacted by the COVID-19 public health crisis;
- b. Approve amendments to the SBRLF Administrative Plan that make the program more responsive to the needs of the business community and,
- c. Authorize the Housing Program Manager or their designee to sign the application and required assurances and certifications.

SUMMARY:

The County of Monterey has managed a Small Business Revolving Loan Fund (SBRLF) since 1989. The SBRLF is available to assist businesses throughout the County. On May 8, 2020, EDA notified the County that it is invited to apply for additional federal funding to recapitalize the SBRLF and make additional amendments to its Administrative Plan that will enable the program to be more responsive to local small business financing requirements during the current public health crisis. The recommended action will allow the County to apply for additional capital that is needed to fund additional loans to businesses trying to weather the current public health crisis.

DISCUSSION:

On April 8, 2020, the Board of Supervisors, recognizing the need for additional financial assistance for small businesses, approved amendments to the existing SBRLF Administrative Plan to make it more responsive to the anticipated needs of the business community. Since the Board's action on April 8th, the County has approved 13 new loans totaling \$288,000. California Coastal Rural Development Corporation (CCRDC), the County's day-to-day program administrator, is processing three more applications requesting a total of \$65,000. If these applications are completed and approved, the amount lent will be \$353,000, or more than half of the \$661,000 that was available to lend when the Board modified the program.

On May 8, 2020, the U.S. Department of Commerce, Economic Development Administration invited the County to apply for non-competitive CARES Act grant funds to recapitalize the County's SBRLF. The County may apply for up to \$1,600,000 to recapitalize the SBRLF and an additional \$160,000 to administer the SBRLF. The grant does not require a local match but must be expended within two years of the grant award. EDA plans to announce grant awards sometime in July 2020.

To maximize the impact of these funds, EDA has formally waived some regulatory requirements that normally apply to RLF grants. These waivers include temporarily eliminating the need for private investment (private lending activity or owner equity) to match the SBRLF investment; eliminating the minimum interest rate charged; and waiving the requirement for the County to invest in the RLF lending pool. The County began taking advantage of these opportunities when it amended the SFRLF Administrative Plan on April 8, 2020. The County is continuing to work with CCRDC and EDA to ensure that the SBRLF is realigned to be most beneficial to the small business community during the current public health crisis. Attachment 3 contains a summary of the original SBRLF Administrative Plan, the April 8th amendments, and the additional amendments being contemplated.

OTHER AGENCY INVOLVEMENT:

The County continues to work with all cities in the County to raise awareness of the SBRLF. City Managers and community development officials have played an important role helping the County identify businesses in their cities that need financial assistance.

FINANCING:

This action does not change the current FY 2019-2020 appropriations, revenues or positions. This item will be brought back to the Board of Supervisors to increase revenue and appropriations in Fund 011 (Economic Development). This action will increase funds available to lend through the SBRLF, however due to reduced interest rates and deferred repayments, repayments revenues will be reduced. In addition to the recapitalization grant, the County will receive \$160,000 to offset this lost revenue. It is anticipated that the County will use \$40,000 for its costs during the term of the grant. The balance of the funds, \$120,000, will be used by CCRDC to manage the program on a day-to-day basis.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The proposed recapitalization of the SBRLF Plan will support the Board of Supervisors Economic Development Initiative by providing additional capital to fund low cost, low barrier to funding loans to help businesses survive the current public health emergency.

Mark a check to the related Board of Supervisors Strategic Initiatives

- X Economic Development
- X Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: _____
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Approved by: _____
Anastacia Wyatt, Housing Program Manager, Ext. 5387

Attachments:
Board Report

Attachment 1 - US Dept of Commerce EDA Letter Application Invite Monterey

Attachment 2 - Application for Funding

Attachment 3 - Summary of Changes to the SBRLF