



Board Report

File #: A 22-379, **Version:** 1

- a. Approve retroactively a Renewal and Amendment #2 to the Agreement with California Coastal Rural Development Corporation (CCRDC) to manage the day-to-day operation of the County's Small Business Revolving Loan Fund (SBRLF), extending the term of the Agreement on a month-to-month basis for the period of July 1, 2017, through August 31, 2022, for a total not to exceed \$2,535,000; and
- b. Authorize the Contracts/Purchasing Officer or designee, to execute Renewal and Amendment #2 to the Agreement with California Coastal Rural Development Corporation (CCRDC) for Agreement No. A-13709.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve retroactively a Renewal and Amendment #2 to the Agreement with California Coastal Rural Development Corporation (CCRDC) to manage the day-to-day operation of the County's Small Business Revolving Loan Fund (SBRLF), extending the term of the Agreement on a month-to-month basis for the period of July 1, 2017, through August 31, 2022, for a total not to exceed \$2,535,000; and
- b. Authorize the Contracts/Purchasing Officer or designee, to execute Renewal and Amendment #2 to the Agreement with California Coastal Rural Development Corporation (CCRDC) for Agreement No. A-13709.

SUMMARY/DISCUSSION:

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, U.S. Economic Development Administration invited the County of Monterey 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 County funded the first Small Business Revolving Loan Fund in October 1990 capitalizing the loan pool with an investment by the County of \$383,301 and U.S. Economic Development Administration grants totaling \$1,533,205. The original capital pool has revolved 5.5 times since 1990 and resulted in loans totaling nearly \$10.6 million. The County's investment has leveraged public (Small Business Administration) and private investment of more than \$19 million in these businesses and to the creation or retention of almost 1,200 full-time equivalent jobs in the County of Monterey.

On April 8, 2020, the Board of Supervisors, recognizing the need for additional financial assistance for small businesses, approved amendments to the existing Small Business Revolving Loan Fund Administrative Plan to make it more responsive to the anticipated needs of the business community.

On July 23, 2020, the U.S. Economic Development Administration (EDA) notified the County that it had been awarded a non-competitive CARES Act grant to recapitalize the County's Small Business Revolving Loan Fund. The County received \$1,600,000 to recapitalize the Small Business Revolving Loan Fund and an additional \$160,000 to administer the Small Business Revolving Loan Fund. The grant does not require a local match, unless the cost to manage the grant exceeds the \$160,000. All grant funds must be expended by July 23, 2022. The County currently has two (2) loans approved for \$550,000 and is working with California Coastal Rural Development Corporation to actively market the additional funds available.

On September 15, 2020, the Board of Supervisors, authorized the Housing Program manager to sign the financial assistance award grant. Approved changes to the SBRLF Administrative Manual to make the program more responsive to the needs of the business community. Certified that the SBRLF is being operated consistent with the EDA approved Administrative Plan. As well as authorizing the Auditor-Controller to increase revenue and appropriations in the Economic Development Fund. Due to staff changes within the County the proper documentation was not processed to complete the increase in revenue and appropriations during FY 2020-21.

On March 22, 2022, the Board of Supervisors authorized the County Administrative Officer or the designee to sign any documents and certifications that may be required to comply with the CARES Act revolving loan fund grant terms and conditions set by the U.S. Department of Commerce, Economic Development Administration, subject to review by the Office of the County Counsel as to form. The Board also certified that the Small Business Revolving Loan Fund is being operated consistent with the EDA approved administrative plan. This approval authorized the Auditor-Controller to amend the Fiscal Year 2021-22 Adopted Budget to increase appropriations and estimated revenues by \$1,760,000 for the Revolving Loan Program, 011 1050-CAO040-8516, to recognize the investment by the U.S. Department of Commerce, Economic Development Administration (EDA) in the County's Small Business Revolving Loan Fund (SBRLF). It also authorized the Auditor-Controller's Office to incorporate approved budget modifications to the FY 2021-22 Budget, and the County Administrative Office to reflect these approved changes in the FY 2022-23 Adopted Budget.

On May 24, 2022, the Board of Supervisors, authorized the County Purchasing Officer to execute Amendment No. 1 to the Agreement, which allowed Economic Development to continue working with California Coastal Rural Development Corporation and increase the amount of funds in the agreement from \$750,000 to \$2,510,000 to issue loans to businesses throughout Monterey County in need of financial assistance due to COVID-19. The increase in funds is a direct result of additional CARES grant funding (\$1,760,000) awarded to the County by the U.S. Department of Commerce, Economic Development Administration (EDA). The amended agreement is for the period FY21-22 May 24, 2022, to June 30, 2022, in the amount not to exceed \$2,510,000.

The current contract allows Economic Development to work with California Coastal Rural Development Corporation through June 30, 2022, to issue loans to businesses throughout Monterey County in need of financial assistance due to COVID-19 in the amount not to exceed \$2,510,000. Economic Development is in the process of issuing an RFP for similar services and will be deciding on a provider in FY 2022-23. Economic Development will continue to require the services of California Coastal Rural Development Corporation until a provider is selected. Therefore, the proposed Renewal and Amendment #2 will extend the contract for the period of July 1, 2017, to August 31, 2022, for services rendered on a month-to-month basis as needed for up to 2 months in the amount not to exceed \$2,535,000.

The County is continuing to work with California Coastal Rural Development Corporation and U.S. Economic Development Administration to ensure that the Small Business Revolving Loan Fund is realigned to be most beneficial to the small business community during the recovery from the current public health crisis.

In 2016, U.S. Economic Development Administration approved the County's Small Business Revolving Loan Fund Administrative Plan. The Board of Supervisors shall annually certify that the Small Business Revolving Loan Fund is being operated consistent with the Administrative Plan. The County continues to operate the Small Business Revolving Loan Fund consistent with the Administrative Plan to the extent possible.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has approved the Amendment as to form.

FINANCING:

There are no fiscal impacts associated with the recommended actions.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The proposed month to month extension of the agreement for the Small Business Revolving Loan Fund will provide on-going services for small businesses affected by COVID-19 until a vendor is selected through the RFP process, this supports the Board approved strategic initiatives.

X Economic Development

X Administration

___ Health & Human Services

___ Infrastructure

___ Public Safety

Prepared by: Richard Vaughn, Economic Development Manager, ext. 5602

Approved by: Dewayne Woods, Assistant County Administrative Officer, ext. 5309

Attachments:

Amendment No. 2 CCRDC

Exhibit A - Scope of Services Payment Provisions

Exhibit B - SBRLF Administrative Manual

Exhibit C - Prop Amend to Admin Manual

Exhibit D - SBRLF_Specific Award Conditions_Monterey CARES RLF

Exhibit E - 2017-8-29 CCRDC Agreement

Exhibit F - 2017-8-29 CCRDC Agreement

Exhibit G - Board Order Item RES 22-070

Exhibit H - Resolution RES 22-070

Exhibit I - Board Order Item No. A 22-232