RECOMMENDED ACTION:
Authorize the Chairman of the Board of Supervisors to sign Grant Agreement No. 08-EDEF-5890 between the County of Mariposa and State of California Department of Housing and Community Development (HCD); and approve budget action increasing revenue and appropriations in the amount of $200,000.

BACKGROUND:
On December 2, 2008, the Business Development Coordinator submitted a grant application to HCD in the amount of $200,000 to develop and launch a Microenterprise Assistance Program.

On June 15, 2009, the County of Mariposa was notified of a grant award for full funding in the amount of $200,000 (Exhibit "A").

JUSTIFICATION:
The General Plan contains an economic development component citing the need to create a sustainable community. Moreover, the Economic Vitality Strategy and Implementation Plan also identified the need to establish a diversified and sustainable economy that provides quality living wage jobs. The Microenterprise Assistance Program is the first initiative among many that will be implemented, using Community Development Block Grant (CDBG) funds, working toward the goal cited above.

The following is a synopsis of the Microenterprise Assistance Program:
HCD's definition of a Microenterprise is that of a business having five (5) or fewer employees, including the owner(s). In addition, an applicant may be an existing microenterprise business (less than three years in operation) that needs funds to remain in business or expand its operation. Existing microenterprise business applicants include private for profit business concerns, corporations, and partnerships, and sole proprietorships that are legal. Non profits are not microenterprises, which render them ineligible for this program. All eligible applicants applying to the program will be required to attend one or more technical assistance classes given by the local small business development center or other business development agencies approved by the lender (County).

HCD requires that funds be used for only businesses that qualify as a "Microenterprise" as described above AND when business owners meet HUD criteria as a qualified low-income household.

Job creation:
There are no job creation requirements under the Microenterprise Assistance Program.

Loan Terms and Fees:
*Loans to applicants can be up to $25,000.*

Loan terms can range from five to twenty-five years; depending on reason for financing and security being offered by the business. Eligible uses of loans include but are not limited to the following:

- Purchase of supplies, raw materials;
- Purchase of equipment, tools, furniture and fixtures;
- Purchase of vehicles, trucks, trailers, small vans used primarily in the business;
- Purchase of office equipment, software and computers
- Purchase of signage;
- Printing, designing marketing materials and advertising; and
- Working capital

Revised Dec. 2002
Loan Terms:
A deferred payment schedule shall be in effect up to the first 5 months of the loan, however, commencing on the seventh month, a one percent (1%) fixed rate shall apply through the term of the loan. Furthermore, the Microenterprise Guidelines “Guidelines,” cite that interest rates may be offered from one percent up to five percent. Because the Guidelines document is a 5-year plan, the County established a document with flexible guidelines for the purpose of addressing future financing products/program offerings to its businesses. All loans under this program will be collateralized to the greatest extent possible. Both personal and business assets will be reviewed for collateral coverage.

While the timeline to market and launch the Microenterprise Assistance Program is contingent upon HCD’s ability to process the executed Grant Agreement document in a timely manner, it is anticipated that Mariposa County will launch the program by the end of December 2009.

The projected timeline to complete Grant Agreement No. 08-EDEF-5890 is typically 18 months following the execution of the contract between the County and State of California Department of Housing and Community Development.

FINANCIAL IMPACT:
Under the Microenterprise Assistance Program a cash match is not required. Moreover, “in-kind” services were not required, however, it was highly recommended by HCD to include an “in-kind” component to create a more competitive application. Consequently, the County pledged local leverage in the form of “in-kind” services with a cash value of $4,337.16. Mariposa County Business Development Coordinator will provide administrative/management services to cover the “in-kind” component.

A Budget Action Form has been attached for the purpose of increasing revenue and appropriations in the amount of $200,000 (Exhibit ‘E’).

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:
If Grant Agreement Number 08-EDEF-5890 is not executed, then the County of Mariposa shall forfeit the grant award of $200,000 to launch a Microenterprise Assistance Program, which may result in continued downward economic fluctuations due to lack of business growth.

Financial Impact? □ Yes □ No Current FY Cost: $200,000 Annual Recurring Cost: $
Budgeted In Current FY? ( □ Yes □ No ( □ Partially Funded
Amount in Budget: $200,000
Additional Funding Needed: $200,000

Source:
Internal Transfer
Unanticipated Revenue
Transfer Between Funds
Contingency
( □ General ( □ Other

4/5’s vote
4/5’s vote
4/5’s vote

Standard Agreement No. 08-EDEF-5890, pages 1-37
Award letters, Exhibit A, pages 38 - 39
Budget Action Form, Exhibit B, page 40

CLERK’S USE ONLY:
Res. No.: 00-5890
Ord. No. ______
Vote - Ayes: 5 Absent: ______
Noes: ______
Approved: ______
( □ Minute Order Attached ( □ No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.
Date: ______
Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California
By: Deputy

COUNTY ADMINISTRATIVE OFFICER:
☑ Requested Action Recommended
☑ No Opinion
Comments: ______

Grant: Micro 2008-09; Std Agree Agenda: Transmittal Contract 08-EDEF-5890
Revised Dec. 2002
**EXHIBIT "B"**

**BUDGET ACTION FORM**

<table>
<thead>
<tr>
<th>FUND</th>
<th>DEPT/DIV</th>
<th>ACCOUNT</th>
<th>DESCRIPTION</th>
<th>PROJECT</th>
<th>INCREASE</th>
<th>DECREASE</th>
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<td>424</td>
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<td>CDBG Grant Revenue</td>
<td>Microenterprise Assistance Grant</td>
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<td>0142-494</td>
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<td>Services/Supplies</td>
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<td>.04-16</td>
<td>Misc. Expense</td>
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<td>$100,000</td>
<td></td>
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</tbody>
</table>

| 001  | 0104     | 414-1090 | GENERAL CONTINGENCY |

| TOTAL | $0   | $0   |

**TRANSFER BETWEEN FUNDS**

<table>
<thead>
<tr>
<th>TRANSFER BETWEEN FUNDS</th>
<th></th>
</tr>
</thead>
</table>

| TOTALS | $0 | $0 |

**ACTION REQUESTED:** (Check all that apply)

( x ) Budget appropriation by Board of Supervisors (4/5ths Vote Required): Amending the total amount available in the county budget, or in any one fund of the budget, or appropriating Reserve for Contingencies;

( ) Transfer by Board of Supervisors (3/5ths Vote Required): Moving existing appropriations from one budget to another, or between categories within a budget unit;

**JUSTIFICATION:**

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**DEPT HEAD SIGNATURE**

**APPROVED BY RES NO:** 02-522 CLERK

**DATE 10-27-09**

MicroEnterprise Assistance

AUDITOR'S USE ONLY
BA #

MicroEnterprise 2008 09 Std Agree 08 EDEF 5890: Budget Action Form Micro $200,000

Budget Revision Form Revised 11/95