MEETING: March 27, 2012

TO: The Board of Supervisors

FROM: Rick Benson, County Administrative Officer

RE: CSET Agreement

RECOMMENDATION AND JUSTIFICATION:

Approve a Subrecipient Agreement with Community Service Employment Training (CSET) in the Amount of $108,500 to Assist the County with Implementing the Microenterprise Business Assistance Program; Authorize the County Administrative Officer to Sign the Agreement. Mariposa County was awarded a grant of $300,000 to continue the Microenterprise Business Assistance Program and the grant requires that jurisdictions retain the services of an underwriter to assist in the implementation of the Program. Those services include client eligibility assessment, loan document preparation, and recordation of loan documentation.

Please see the attached staff report for additional information.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

On February 16, 2010, the County Board of Supervisors approved Grant Agreement No. 09-EDEF-6369 between Mariposa County and the State of California Department of Housing and Community Development (HCD) in the amount of $300,000 to implement the Microenterprise Business Assistance Program.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Do not approve the subrecipient agreement. The State of California Department of Housing and Community Development would revoke the contract in the event the County does not pursue the Program.

FISCAL IMPACT:
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There is no cash match for this grant program and therefore there is no General Fund cost.

ATTACHMENTS:
Marilyn Staff Report_CSET Subrecipient Agreement (PDF)
Sub Recipient Agree w all attachments (PDF)

CAO RECOMMENDATION
Requested Action Recommended

RESULT: ADOPTED BY CONSENT VOTE [UNANIMOUS]
MOVER: Jim Allen, District V Supervisor
SECONDER: Lee Stetson, District I Supervisor
AYES: Stetson, Turpin, Bibby, Cann, Allen
HISTORY:
On February 16, 2010, the County Board of Supervisors approved Grant Agreement No. 09-EDCF-6369 between Mariposa County and the State of California Department of Housing and Community Development (HCD) in the amount of $300,000 to implement the Microenterprise Business Assistance Program.

The intent of the California Community Economic Enterprise Fund Component is to stimulate economic development in small cities and rural counties with high unemployment rates and lagging economies.

The Subrecipient Agreement establishes a collaborative relationship between Mariposa County and CSET for the purpose of implementing the Program. Program funds shall be used as follows:

CSET:
General Administration (Program reporting, loan underwriting and loan committee meetings) $ -0-
Microenterprise Training/TA (Training to Mariposa businesses) 70,000
Activity Delivery (Client eligibility, loan processing, UCC filing) 38,500
Sub Total $108,500

Mariposa County Office of Economic Development:
General Administration (Advertising, client consultation, prepare environmental studies, program reporting and loan committee meetings) $ 22,500
Activity Delivery -0-
Loan Disbursement from County 169,000
Sub Total 191,500
Grand total $300,000

Highlights of the Microenterprise Business Assistance and Loan Program:
HCD requires that funds be used for businesses that qualify as a “Microenterprise”, which means having less than five employees along with the business owner(s) meeting HUD criteria as a qualified low-income household.

Job creation:
There is no job creation requirement under the Microenterprise Assistance Program.

Loan Terms and Fees:
The maximum loan amount is up to $50,000.

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
Loan Term and Interest Rate:
The loan terms is based upon project need. An example of loan term(s) is that of a business seeking a loan for operating capital in which case the term is typically five years; whereas, a business seeking funding for equipment and supplies the loan term may be extended to ten years. The interest rate may vary depending upon collateral and rate of return, which is calculated on equity the borrow invests into the project.

The contract between the County and HCD expires September 30, 2012.

Micro 2009-10: Agenda Action Form Attachment CSET Subrecipient Agreement