

DEPARTMENT: Administration/Economic Development

BY: Richard J. Benson, CAO

PHONE: 966-3222

10-27

RECOMMENDED ACTION AND JUSTIFICATION:

It is recommended that the Board of Supervisors authorize a Subrecipient Agreement between Mariposa County and the Valley Small Business Development Corporation in the amount of \$185,000 to assist the County on implementing the Microenterprise Business Assistance Program under the Economic Development Allocation of California Community Economic Enterprise Fund Component from the State of California, Department of Housing and Community Development (HCD).

BACKGROUND AND HISTORY OF BOARD ACTIONS:

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 Business Assistance Program (Program). The application named the Valley Small Business Development Corporation (VALLEY) as the underwriter that would assist Mariposa County in launching the Program. HCD requires jurisdictions who receive grant funding to retain the services of an underwriter to assist in the implementation of the Microenterprise Business Assistance Program. Those services include, but are not limited to, loan document preparation, loan servicing and accounting along with services described on the Business Assistance Task Matrix on "Attachment 3".

On June 15, 2009, the County of Mariposa was notified of a grant award, for full funding, in the amount of \$200,000.

On October 27, 2009, the Board of Supervisors approved Grant Agreement No. 08-EDEF-5890 between Mariposa County and the State of California Department of Housing and Community Development (HCD) in the amount of \$200,000 to implement the Microenterprise Business Assistance Program.

JUSTIFICATION:

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 VALLEY for the purpose of implementing the Program. Program funds shall be used as follows:

Valley SBDC:

<i>General Administration</i> (Program reporting, environmental studies, loan underwriting and loan committee meetings)	\$ 5,000
<i>Microenterprise Loan</i> (funds disbursement to Mariposa businesses)	100,000
<i>Microenterprise Training/TA</i> (training for Mariposa businesses)	57,250
<i>Activity Delivery</i> (advertisement, loan processing, meeting with banks, meetings with borrowers, Program reporting, loan servicing etc.)	<u>22,750</u>
Sub Total	\$185,000

Mariposa County Economic Development Office:

<i>General Administration</i> (Application intake, initial application screening, prepare environmental studies, Program reporting, loan underwriting and loan committee meetings)	\$ 10,000
<i>Activity Delivery</i> (marketing and meetings with borrowers)	5,000
Sub Total	<u>15,000</u>

Grand total \$200,000

Highlights of the Microenterprise Business Assistance and Loan Program:

HCD requires that funds be used for businesses that qualify as a "Microenterprise" 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:

The maximum loan amount is \$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

Loan Terms:

A deferred payment schedule shall be in effect up to the first six (6) months of the loan, however, commencing on the seventh month, a one percent (1%) fixed rate may apply through the term of the loan. All loans under this program will be collateralized to the greatest extent possible. Both personal and business assets will be reviewed for collateral coverage.

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

"Attachment 2" contains a Standard Agreement between Mariposa County and the State of California Department of Housing and Community Development. Attachment "1a" contains the Scope of Work; Attachment "1b" contains the Project budget; Attachment "1c" contains the Compliance Requirements; and Attachment "1d" contains Insurance Requirements.

FINANCIAL IMPACT:

A cash match was not required under the Microenterprise Assistance Program.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

The State of California Department of Housing and Community Development would revoke the contract in the event County did not pursue program.

Financial Impact? (x) Yes () No Current FY Cost: \$ Annual Recurring Cost: \$
Budgeted In Current FY? () Yes (x) No () Partially Funded

Amount in Budget: \$ _____

Additional Funding Needed: \$185,000 _____

Source:

Internal Transfer _____

Unanticipated Revenue _____ 4/5's vote

Transfer Between Funds _____ 4/5's vote

Contingency _____ 4/5's vote

() General () Other

Subrecipient Agreement, . _____ pages 1 - 11

Scope of Work, Attachment 1a, pages 12 - 13

Budget, Attachment 1b, pages 14 - 15

Compliance Requirements, Attachment 1c, pages 16 - 20

Insurance Requirements, Attachment 1d, pages 21 -22

State of CA Standard Agreement, Attachment 2, pages 23 - 59

Business Assistance Task Matrix, Attachment 3, pages 60 - 61

CLERK'S USE ONLY:

Res. No.: 10-27 Ord. No. _____

Vote - Ayes: 5 Noes: _____

Absent: _____

TLG Approved

() Minute Order Attached () No Action Necessary

COUNTY ADMINISTRATIVE OFFICER:

Requested Action Recommended

No Opinion

Comments: _____

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

CAO: 

Microenterprise 2008-09: Agenda Valley SBDC 1.12.2010