

DEPARTMENT: Administration/Economic Development

BY: Richard Benson, CAO

PHONE: 966-3222

Res. No. 08-562

RECOMMENDED ACTION AND JUSTIFICATION:

PUBLIC HEARING: Conduct a Community Participation Public Hearing for grant application submittal in the amount of \$200,000 to the California Community Economic Enterprise Fund Component Fiscal Year 2008-09 for the purpose of establishing a Microenterprise Assistance Program for new business start ups; and,

Adopt a Resolution approving an Application for funding from the Economic Development Allocation of the State Community Development Block Grant (CDBG) Program and designate the Chairman of the Board to authorize the execution of the Grant Agreement and any amendments thereto with the State of California for the purposes of this grant.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The purpose of this Public Hearing is to fulfill the requirements of State Community Development Block Grant Program (CDBG) for the **Application Submittal Phase** and provide an opportunity for the general public to comment on the proposed project. Staff proposes to submit a grant application to the California Community Economic Enterprise Fund Component for the purpose of establishing a Microenterprise Assistance Program to assist and off set costs for owners interested in launching a new business and those operating a business less than three (3) years.

The CDBG definition is 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 stay 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).

Under federal regulations, use of CDBG funds for microenterprise businesses must be used in meeting the national objective of low income benefit. Furthermore, the CDBG Program requires funds for microenterprises used for only businesses that qualify as a "Microenterprise" as described above **AND** when the business owners meet HUD criteria as a qualified low-income household.

Loan Terms and Fees:

While the Guidelines cite that loans to applicants can be up to \$25,000, the loan terms of the Mariposa County Microenterprise Assistance Program shall be up to \$20,000. The reason for establishing loans up to \$25,000 is that these guidelines will be operational for five (5) years and that the County will have the flexibility to increase the loan amount with future grant programs. Moreover, it is anticipated that County staff will apply for other grant programs resulting in larger loans available to applicants.

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 shall apply through the term of the loan. Please be advised that the attached 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 is establishing 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.

A cash match is not required under the Microenterprise Assistance Program. Moreover, "in-kind" services are also not required, however, it is highly recommended as it creates a more competitive application. Therefore, staff is suggesting that the County pledge local leverage with a cash value in the amount of \$4,337.16. This amount is comprised of responsibilities performed by the County Administrative Officer, Business Development Coordinator and the role of the Board of Supervisors, as identified in the "Program Organizational Chart".

The projected timeline to accomplish the project is typically 18 months following the execution of the contract between the County and State of California Department of Housing and Community Development.

On October 7, 2008, the Business Development Coordinator presented to the Board of Supervisors information on an opportunity to develop an application for the Microenterprise Assistance Program. The Board of Supervisors directed staff to pursue the application pursuant to the guidelines of the State of California Department of Housing and Community Development.

On October 28, 2008, a public hearing was held to initiate the Design Phase of the project, collect public comments and to comply with CDBG Program Guidelines. During that public hearing, the Board of Supervisors authorized staff to proceed with the development of an application for the Microenterprise Assistance Program.

The General Plan contains an economic development component citing the need to create a sustainable community. The Economic Vitality Strategy and Implementation Plan 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 CDBG funds, working toward that goal.

The Economic Vitality Strategy and Implementation Plan (EVS) comprised of 280 pages was accepted by the Board of Supervisors on December 4, 2007. Due to the volume of the document, the EVS is available for review in the Public Information file located at the front counter of the Clerk of the Board/Administration Department.

In the attached Resolution, authorize the Chairman of the Board to execute the Grant Agreement and any amendments thereto with the State of California for the purposes of this grant (Exhibit "A").

A notice was published in the Mariposa Gazette for the October 28, 2008 Public Hearing Application Design Phase.

A notice was published in the Mariposa Gazette for the December 2, 2008 Public Hearing Application Submittal Phase.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

If the Application to the State of California California Community Economic Enterprise Fund Component for the purpose of establishing a Microenterprise Assistance Program is not awarded, Mariposa County may experience downward economic fluctuations due to lack of business growth.

Financial Impact? Yes No Current FY Cost: \$ _____ Annual Recurring Cost: \$ _____
 Budgeted In Current FY? Yes No Partially Funded
 Amount in Budget: \$ _____ 2008-09 Enterprise Fund Application, pages 1 - 135
 Additional Funding Needed: \$ _____ Resolution, page 22-23 EXHIBIT "A"
 Source:
 Internal Transfer _____
 Unanticipated Revenue _____ 4/5's vote
 Transfer Between Funds _____ 4/5's vote
 Contingency _____ 4/5's vote
 General Other

CLERK'S USE ONLY:

Res. No.: 08-562 Ord. No. _____
 Vote - Ayes: 4 Noes: _____
 Absent: Turpin
 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: RJB

Grant. Micro: Agenda 2008 Microenterprise Appl submittal

RESOLUTION NO. 562

A RESOLUTION APPROVING AN APPLICATION AND CONTRACT EXECUTION FOR FUNDING FROM THE ECONOMIC DEVELOPMENT ALLOCATION OF THE STATE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM AND AUTHORIZING THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO WITH THE STATE OF CALIFORNIA FOR THE PURPOSES OF THIS GRANT

BE IT RESOLVED by the County of Mariposa as follows:

SECTION 1. The Board of Supervisors has reviewed and hereby approves an application for: State Community Development Block Grant (CDBG Program) for up to \$200,000 from the Enterprise Fund Component:

- 1) General Administration – \$15,000
- 2) Microenterprise Assistance – \$100,000
- 3) Micro/Technical Assistance - \$57,250
- 4) Activity Delivery - \$27,750

SECTION 2. If the grant application is approved, the County of Mariposa will provide “in kind” local leverage for the Microenterprise Assistance Program with a cash value of \$4,337.16.

SECTION 3: The Chairman of the Board is hereby authorized and directed to act on the County’s behalf in all matters pertaining to this application.

SECTION 4: If the application is approved, the Chairman of the Board is authorized to enter and sign the grant agreement and any subsequent amendments with the State of California for the purposes of this grant.

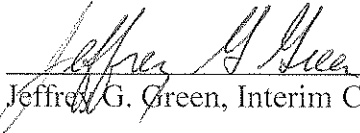
PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Mariposa was held on December 2, 2008, by the following vote:

AYES: ABORN, BIBBY, FRITZ, PICKARD
NOES: NONE
ABSENT: TURPIN

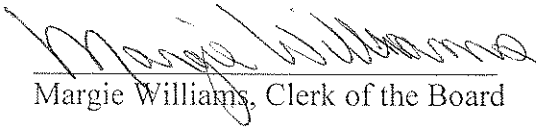


Lyle Turpin, Chairman of the Board
By: Dianne Fritz, Vice-Chair

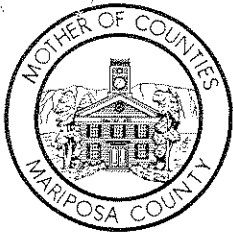
APPROVED AS TO FORM



Jeffrey G. Green, Interim County Counsel

ATTEST:


Margie Williams, Clerk of the Board

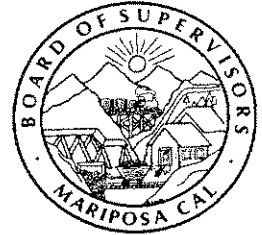


COUNTY OF MARIPOSA

P.O. Box 784, Mariposa, CA 95338 (209) 966-3222

LYLE TURPIN, CHAIR
DIANNE A. FRITZ, VICE CHAIR
BRAD ABORN
JANET BIBBY
BOB PICKARD

DISTRICT II
DISTRICT IV
DISTRICT I
DISTRICT III
DISTRICT V



MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: RICHARD J. BENSON, CAO

FROM: MARGIE WILLIAMS, Clerk of the Board *MW*

SUBJECT: PUBLIC HEARING to Conduct a Community Participation Public Hearing for Grant Application Submittal in the Amount of \$200,000 to the California Community Economic Enterprise Fund Component Fiscal Year 2008-2009 for the Purpose of Establishing a Microenterprise Assistance Program for New Business Start Ups; and Approve an Application for Funding from the Economic Development Allocation of the State Community Development Block Grant (CDBG) Program and Authorize the Board of Supervisors Chair to Sign the Grant Agreement and any Amendments thereto with the State of California

RESOLUTION 08-562

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on December 2, 2008

ACTION AND VOTE:

11:01 a.m. Richard J. Benson, County Administrative Officer/Personnel/Risk Manager; PUBLIC HEARING to Conduct a Community Participation Public Hearing for Grant Application Submittal in the Amount of \$200,000 to the California Community Economic Enterprise Fund Component Fiscal Year 2008-2009 for the Purpose of Establishing a Microenterprise Assistance Program for New Business Start Ups; and Approve an Application for Funding from the Economic Development Allocation of the State Community Development Block Grant (CDBG) Program and Authorize the Board of Supervisors Chair to Sign the Grant Agreement and any Amendments thereto with the State of California

BOARD ACTION: Rick Benson and Marilyn Lidyoff, Administration/Business Development Coordinator, presented the staff report. Marilyn Lidyoff responded to a request from the Board and advised that since this is a new program that any material changes will be brought back to the Board, as well as status reports on the program.

Input from the public was provided by the following:

Paul Chapman questioned why this program is being requested when he feels that 95-percent of new businesses fail in a good economy; and he feels the funds should be used for other things that would benefit the majority of the people in the County.

Gwen Nitta, Manager of Mother Lode Job Training, advised that they support this program and they feel there is a real need for it in the County.

Dick Hutchinson asked if an applicant can apply for this program if they had a business that they lost; and he referred to a recent fire victim that lost their facility for their business and asked whether they

would qualify. Marilyn Lidyoff responded and advised that there are eligibility criteria that an applicant would need to meet, and she asked that the person meet with her to determine eligibility.

Ruth Catalan asked if the applicant would be responsible for repayment of the loan if the business failed; and she asked for information on the success and failure rate for people that have received these types of loans – she feels that we should know the track record before proceeding with this program. Marilyn Lidyoff responded that repayment on a failed business depends on the circumstances and the collateral; and she provided information on the loans that have been approved by this program. Supervisor Bibby noted the information in the package relative to the delinquency rate.

The public portion of the hearing was closed and the Board commenced with deliberations. Rick Benson advised that this is a program that has been developed by the State and the County is trying to take advantage; and he further noted that this action is to submit an application for funding. He commended Marilyn Lidyoff for the staff work and advised that he feels that this program is a good opportunity for the County. (M)Bibby, (S)Pickard, Res. 08-562 was adopted approving the application as recommended/Ayes: Aborn, Bibby, Fritz, Pickard; Excused: Turpin. The hearing was closed.

Cc: Marilyn Lidyoff, Economic Development Coordinator
File