

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to authority to accept the Economic Development Administration (EDA) - Coronavirus Aid, Relief and Economic Security (CARES) Act Funds.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD), or designee, to:
 - a. Accept the US Department of Commerce, Economic Development Administration's (EDA) Financial Assistance Award Number 07-79-07609, under the CARES Program totaling \$2,591,856.
 - b. Incorporate an addendum to the existing EDA Revolving Loan Fund (RLF) Administrative Plan to encompass the new CARES RLF Program for the purpose of disbursing the EDA-CARES Funds, as detailed in the proposed in September 30, 2021 EWDD report, attached to the Council File.
 - c. Submit the CARES RLF Administrative Plan Addendum to the EDA for final approval.
 - d. Implement the CARES RLF Program.
 - e. Prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the City Administrative Officer; and, authorize the Controller to implement these instructions.
2. AUTHORIZE the EWDD to open a new interest-bearing account at US Bank to be used for the deposit and disbursement of EDA CARES Funds for the CARES RLF.
3. AUTHORIZE the Controller to:
 - a. Establish a new interest-bearing fund titled EDA CARES Revolving Loan Fund No. XXX to be administered by the EWDD.
 - b. Establish a receivable within the newly established EDA CARES Revolving Loan Fund No. XXX from the US Department of Commerce for \$2,591,856.
 - c. Establish new accounts within the newly established EDA CARES Revolving Loan Fund No. XXX and appropriate as follows:

Account	Title	Amount
22VXXX	EDA CARES Revolving Loan Fund	\$2,360,000

Account	Title	Amount
22V122	Economic and Workforce Development	161,892
22V299	Reimbursement of General Fund Costs	<u>69,964</u>
Total:		\$2,591,856

d. Increase appropriations within Fund 100/22 as follows:

Account	Title	Amount
1010	Salaries General	\$152,792
6010	Office and Administrative	<u>9,100</u>
Total:		\$161,892

e. Transfer funds from the newly established EDA CARES Revolving Loan Fund No. XXX, Account No. 22VXXX, EDA CARES Revolving Loan Fund, to the new US Bank account for the disbursement of loans, upon presentation of proper documentation by EWDD.

4. INSTRUCT the General Manager, EWDD, or designee, to:

- a. Report on program status within 90 days from EDA approval of the CARES RLF Administrative Plan Addendum.
- b. Report in regard to the administrative costs in regard to the EWDD's various loan programs to include data on administrative costs versus funds loaned and any caps on administrative costs.

Fiscal Impact Statement: The EWDD reports that the recommendations contained in the September 30, 2021 EWDD report, attached to the Council File, will not have a negative impact on the City General Funds, as the proposed CARES RLF Program will be funded with Federal EDA CARES Funds.

Community Impact Statement: None submitted.

(The Ad Hoc Committee on COVID-19 Recovery and Neighborhood Investment waived consideration of the above matter.)

Summary:

On November 9, 2021, your Committee considered a September 20, 2021 EWDD report relative to authority to accept the EDA - CARES Act Funds. According to the EWDD, the Department of Commerce's EDA awarded the City a non-competitive CARES Act RLF (CARES RLF) allocation in the amount of \$2,591,856 to help communities prevent, prepare for, and respond to the COVID-19 pandemic (EDA-CARES Funds). The authorized budget allows \$2,360,000 for the RLF and \$231,856 for administrative costs.

The EWDD is requesting authority to accept the EDA-CARES Funds and to implement a new CARES RLFP Program that provides financing to businesses that have been negatively impacted by COVID-19. After 18 months since the pandemic started, small business owners continue to experience significant financial setbacks that are being exacerbated by challenges in accessing the capital needed to continue their operation. The CARES RLF will be another tool in the City's toolbox to provide relief to businesses in need. However, in order to deploy loan funds more efficiently and expeditiously, the EWDD recommends new loan terms that differ from the existing EDA RLF program, in order to offer more favorable terms during a time that businesses are not able to incur more liabilities as a result of decreasing revenues due to the ongoing pandemic. After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the EWDD report, as amended and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	YES

ARL

11/9/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-