



# CITY OF CARSON

## Legislation Text

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### Report to Mayor and City Council

Tuesday, May 05, 2020

Discussion

#### **SUBJECT:**

**UPDATE ON CARSON SMALL BUSINESS ASSISTANCE AND LOAN PROGRAMS AND CONSIDERATION OF RESOLUTION NO. 20-077, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, APPROVING THE TRANSFER OF \$75,000 FROM ACCOUNT 101-70-780290-6004 TO ACCOUNT 101-99-999-999-6503 (COVID-19 RELATED PROFESSIONAL SERVICES) FOR A CONTRACT WITH THE CALIFORNIA COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION, A NON-PROFIT ORGANIZATION) (CITY COUNCIL)**

#### **I. SUMMARY**

This is an update on the City's Small Business Assistance and Loan Program, which launched on April 27, 2020, and a request to approve a budget resolution ratifying the action the City Council approved on April 21 that did not include an attached resolution. This is not a request for additional funding.

On April 13, 2020, the Disaster Council approved a contract with the California Community Economic Development Association ("CCEDA"), a California non-profit organization, to quickly create and implement a focused business assistance program for Carson businesses, with a special emphasis on the COVID-19 response and accessing funding through federal programs offered through the Small Business Administration. While the Disaster Council has the authority to approve the contract, the appropriation of new funds from the City's Fund Balance requires an action of the City Council. On April 21, 2020, the City Council approved staff's recommendation to transfer \$75,000 from Account Number 101-70-780-290-6004 to Account Number 101-99-999-999-6503 for the contract, but the correct process would have been to include a budget resolution.

#### **II. RECOMMENDATION**

1. RECEIVE AND FILE information on Carson Small Business Assistance and Loan Programs.

2. APPROVE RESOLUTION NO. 20-077, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, APPROVING THE TRANSFER OF \$75,000 FROM ACCOUNT 101-70-780290-6004 TO ACCOUNT 101-99-999-999-6503 (COVID-19 RELATED PROFESSIONAL SERVICES) FOR A CONTRACT WITH THE CALIFORNIA COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION, A NON-PROFIT ORGANIZATION.

### **III. ALTERNATIVES**

TAKE any other action the Council deems appropriate.

### **IV. BACKGROUND**

The action taken by the Disaster Council on April 13, 2020 to approve the contract with CCEDA and the City Council's action on April 21, 2020 to transfer funds kicked off three tasks:

1. Developing and implementing a program of intensive, disaster-oriented business assistance to small businesses in Carson, including developing a business assistance and lending network;
2. Marketing the program to Carson businesses and soliciting applications for business assistance and lending programs, including identifying business owners who are sheltering at home and away from their businesses, responding to public inquiries made to the City, marketing the program on Facebook and other social media, and using the Chamber of Commerce and business license resources to reach owners;
3. Providing intensive business assistance to the small business community, including assessing the economic damage from the shutdown and triaging the next steps, including applying for SBA Paycheck Protection Loans, Economic Injury Disaster Loans, and other state, federal and City-funded loans that may be available.

To enable CCEDA to hit the ground running, even prior to the Council approval, Staff began pulling data from the City's Business License database to be able to provide CCEDA with a priority list of businesses to reach out to first. The City's Revenue Manager produced a list of about 1,800 business licenses in the "General" category, which captures the businesses of greatest concern including restaurants and food-related businesses, retail, and non-profits, among others. Staff then went through the list and sorted it by "local" (mom and pop businesses) and by chain/franchise operations, and then geographically. CCEDA was directed to reach out to the priority list first.

Slightly more than half of the business licenses include an email contact and the first contact by CCEDA over this past weekend was to email those businesses to introduce the program and invite the business owners to call and apply for assistance. The next wave was to call on Monday, April 27, those businesses on the priority list for whom there were

no email addresses to provide the same information. The initial number of businesses contracted by email and phone was 250.

In preparation for rolling out the Small Business Loan Program, CCEDA has prepared the loan inquiry form, the loan application, underwriting guidelines and credit recommendation format to the City for approval. CCEDA and the City Attorney are drafting the loan documents.

As of Wednesday, April 29 (3 full days), they had the following results:

Business responses and assisted: 95

Businesses Loan Applications Distributed: 13

Business Technical Assistance Assigned: 10

CCEDA has been provided with the entire list of 1,800 business on the Business License list in the category of "General". Staff is working on identifying the next round of priority businesses. Since stores and other retail businesses were included on the first priority list, this second list will likely include personal care businesses, professional services, gardening and cleaning and other small businesses.

On April 27, the SBA released another round of funds for its Paycheck Protection Program (PPP). It is expected that the funds allocated for all banks will be exhausted within a week; however, the \$30 billion set aside for community banks should last through next week. CCEDA has a list of non-national banks to share with prospective borrowers. Additionally, the Economic Injury Disaster Loan (EIDL) Program has not yet opened and is expected to open shortly. Applicants are also being provided information about the Carson Coronavirus Small Business Loan Program. The SBA representative who spoke at the City Council meeting on April 21, 2020 discussed both of the SBA programs - PPP and EIDL.

## **V. FISCAL IMPACT**

There is no additional fiscal impact to this action, as City Council already approved the transfer of the funds. This is an accounting requirement.

## **VI. EXHIBITS**

1. RESOLUTION NO. 20-077, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, APPROVING THE TRANSFER OF \$75,000 FROM ACCOUNT 101-70-780290-6004 TO ACCOUNT 101-99-999-999-6503 (COVID-19 RELATED PROFESSIONAL SERVICES) FOR A CONTRACT WITH THE CALIFORNIA COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION, A NON-PROFIT ORGANIZATION. (pgs. 4-6)

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