



CITY OF CARSON

Legislation Text

File #: 2020-298, Version: 1

Report to Mayor and City Council

Tuesday, July 07, 2020

Consent

SUBJECT:

CONSIDER AMENDMENT NO. 1 TO A CONTRACT WITH THE CALIFORNIA COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION, A NON-PROFIT ORGANIZATION, TO PROVIDE ASSISTANCE TO CARSON BUSINESSES IN APPLYING FOR LOANS MADE AVAILABLE THROUGH THE CARES ACT, ESPECIALLY THE PAYCHECK PROTECTION PROGRAM ("PPP") LOANS AND ECONOMIC INJURY DISASTER LOANS ("EIDL"), AND TO ADMINISTER THE CITY'S CORONAVIRUS SMALL BUSINESS LENDING PROGRAM, AND CONSIDER RESOLUTION NO. 20-111, AMENDING THE CITY'S 2020-2021 BUDGET APPROPRIATING \$75,000 FROM THE CITY'S FUND BALANCE (CITY COUNCIL)

I. SUMMARY

On April 13, 2020, the Disaster Council approved a contract in a form acceptable to the City Attorney 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 had the authority to approve the contract, the appropriation of new funds from the City's Fund Balance required an action of the City Council. The City Council approved the transfer of \$75,000 from Community Development to the Coronavirus Emergency Account and the contractor proceeded.

In terms of reaching out to businesses, the initial push was to call and email businesses on the City's Business License list and make the services available. These services included a program of business technical assistance, assistance with applying for the two SBA lending programs, and the marketing and administration of the City's Coronavirus Small Business Lending Program, which provides loans up to \$10,000 to Carson-based businesses during this period.

It was anticipated that the \$75,000 toward the contract would last just a few months given the pace and the scale CCEDA was asked to operate. This request for an amendment to increase the amount of the contract is what was expected in April. The Amendment is

provided in Exhibit 1.

The budget resolution (Exhibit 2.) appropriates an additional \$75,000, bringing the contract maximum to \$150,000. The funds would be appropriated from the Fund Balance, rather than taking unspent funds from a department account. It was done the other way in April because it was near the end of the fiscal year and the Coronavirus shutdown had reduced the likelihood the department would have spent the money during the year; the same cannot be said for the beginning of the fiscal year. It is also possible that these funds are eligible to be reimbursed from CARES Act money the City will receive this year, as the program is a response to the pandemic the City would not otherwise have undertaken.

II. RECOMMENDATION

1. APPROVE Amendment No. 1 to a contract with the California Community Economic Development Association ("CCEDA"), a California non-profit organization for the purpose of operating a Small Business Assistance Program Carson for retail and commercial businesses and non-profits.
2. APPROVE Resolution No. 20-111 AMENDING THE CITY'S 2020-2021 BUDGET AND APPROPRIATING \$75,000 FOR AMENDMENT NO. 1 TO A CONTRACT WITH THE CALIFORNIA COMMUNITY ECONOMIC DEVELOPMENT ASSOCIATION, A NON-PROFIT ORGANIZATION

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

On April 13, 2020, the Disaster Council approved a contract with CCEDA, which supports nonprofit, community-based, neighborhood-targeted development organizations that have programs, services and projects to improve the overall economic conditions in low- and moderate-income communities. While the Disaster Council had the authority under the Disaster Resolution adopted on March 17, 2020 to enter contracts related to the disaster response, the appropriation of funds remained the responsibility of the City Council. While this was a transfer and could have been done administratively by the Finance Director, Mayor Robles requested it be placed on the Council agenda for transparency purposes. On April 21, the City Council approved the transfer of \$75,000 from Community Development to the Coronavirus Emergency Account and the contractor proceeded. (Exhibit 3.)

Overall Scope

In Carson, CCEDA would assist the City in 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.

Since the end of April, CCEDA has maintained a website and a call center for Carson small business use; both generate daily traffic. The City provided CCEDA with a detailed list of business licenses for a variety of industries and prioritized them for outreach. CCEDA initially reached out to nonprofits, small retail, non-franchise restaurants, personal care, professional service, auto related businesses, larger food and restaurants (lower priority chain businesses: local franchisees), building supplies, oil and chemicals, logistics and manufacturing businesses

CCEDA does weekly “eblast” follow-ups to these lists and to those who have accessed the website and call center. When the Economic Injury Disaster Loan Program (“EIDL”) reopened they immediately sent an email out to the entire database. CCEDA was also helpful in helping local businesses access non-traditional lenders for PPP applications, such as the USC Credit Union, as these lenders had PPP capacity and were willing to work with new customers, as opposed to many of the larger banks.

The City’s Small Business Loan Program has also gotten off the ground and CCEDA is now sending commitment letters to several local business owners on approved loans and loan documents to those accepting those commitments. Applications have been and continue to be distributed and consultants have been assigned to assist in preparation; applications are being immediately underwritten and are being presented to the City for approval.

CCEDA continued outreach during the week of June 22-29, 2020 with more than 1,000 emails to small businesses. CCEDA posted a Carson Facebook ad that continues to reach out to businesses/people. They will keep posting this ad this week. CCEDA has produced a weekly small business e-newsletter that provides the latest in SBA news, grant opportunities from various corporations and information on other small business resources. Use of social media and other outreach tools has increased over the past few weeks and will continue to increase as we make another push into the business community.

To date are the following results:

- Business Contacts by email and phone: 4,050
- Businesses accessed Carson website: 155
- Business phones disconnected/closed: 57
- Businesses assisted/loan inquiries distributed: 169
- Businesses that applied for EIDL or PPP: 85
- Businesses Loan Applications Distributed: 109
- Business Technical Assistance Assigned: 91
- Eleven (11) loans in the City's program have been approved and have closed or are closing (listed below); and another 5 loans have closed and await funding.

Loans that have been approved and have closed or are closing:

1. Go Kart World (also received \$150K from SBA with CCEDA assistance)
2. Vilma's Hair Salon
3. Sparkling Waters Window Cleaning
4. Barong Formal Shop
5. CDF
6. GraphicEZ
7. Pacific Star
8. S & F Auto Body
9. MacUrban
10. Dancetime
11. Beautique Nails

CCEDA has at least 40 loan applications in preparation and twelve in underwriting. In addition, funds for the SBA Paycheck Protection Program (PPP) & the Economic Injury Disaster Loan Program (EIDL) continue to be available. PPP has been extended beyond its original end date of June 30, 2020 and EIDL has been expanded to all categories of

business and is no longer limited to agriculture.

V. FISCAL IMPACT

The amount of this amendment is \$75,000, bringing the total contract maximum to \$150,000. This action transfers funds from Fund Balance of the General Fund to Professional Services in the City's COVID-19 Response accounts.

VI. EXHIBITS

1. Amendment No. 1 with CCEDA (pgs. 6-12)
2. Budget Resolution No. 20-111 (pgs. 13-14)
3. April 21 Staff Report (pgs. 15-17)

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