



# STAFF REPORT – CITY COUNCIL MEETING

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September 06, 2023

**TO:** Honorable Mayor and City Council Members

**FROM:** David Loya, Director of Community Development

**PREPARER:** Susan Diehl McCarthy, Community Development Specialist

**DATE:** August 09, 2023

**TITLE:** **Adopt Resolution No. 234-05, a Resolution of the City Council of the City of Arcata Authorizing the Adoption of Community Development Block Grant Business Assistance Loan Program and Microenterprise Financial Assistance Program Guidelines.**

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## **RECOMMENDATION:**

Staff recommends the City Council adopt Resolution No. 234-05 approving the Community Development Block Grant (CDBG) Business Assistance Loan Program and Microenterprise Financial Assistance Program Guidelines.

## **INTRODUCTION:**

In June 2023, the City was awarded a Community Development Block Grant (CDBG) for \$500,000 for Economic Development activities which include a Business Assistance Program and Microenterprise Financial Assistance Program (22-CDBG-ED-30042). The first grant milestone requirement is revision of Guidelines for both programs. Existing Business Assistance Loan Program Guidelines were adopted March 20, 2019, with a COVID-19 Job Retention Addendum adopted December 2, 2020. Existing Microenterprise Financial Assistance Program Guidelines were adopted March 20, 2019.

CDBG has been updating its grants management manual and associated tools and appendices over the past few years, including sample Guidelines for its Economic Development programs. The proposed Guidelines are similar in nearly all respects to the City's existing Guidelines but include recommended clarifications to CDBG National Objective and Public Benefit requirements, updates to some certification forms, and removal of the COVID-19 Job Retention Option.

## **BACKGROUND:**

The Business Assistance Program is a loan program designed to support small businesses and job growth or retention through affordable financing to eligible businesses that may not satisfy underwriting standards for conventional financing. The Program may fund loans up to \$300,000. (Larger loans may be funded through a separate application to the state.)

The Microenterprise Financial Assistance Program is designed to stimulate economic growth by assisting with expansion for startup and existing businesses that may not satisfy underwriting

standards for conventional financing. A microenterprise is a for-profit business with five or fewer employees, one of which is the owner. This Program funds grants up to \$10,000 and affordable loans up to \$50,000.

**DISCUSSION:**

The revised Business Assistance Program Guidelines and the revised Microenterprise Financial Assistance Guidelines will meet a milestone CDBG requirement for our Economic Development grant 22-CDBG-ED-30042. Adopting Resolution 234-05 (Attachment A) will enable the City to assist to eligible businesses through these Programs under the grant.

**ENVIRONMENTAL REVIEW (NEPA):**

A Categorical Exemption determination was made for this CDBG activity as part of the grant application on July 12, 2022.

**BUDGET/FISCAL IMPACT:**

Approval of Guidelines will allow the City to continue to operate its Business Assistance and Microenterprise Financial Assistance Programs. Repayment on loans funded through these Programs generate Program Income, which can in turn be used to fund other CDBG activities.

**ATTACHMENTS:**

- A. Resolution 234-05 (PDF)