

DEPARTMENT: Administration/Economic Development

BY: Richard Benson, CAO

PHONE: 966-3222

RECOMMENDED ACTION AND JUSTIFICATION:

09-346

PUBLIC HEARING:

Conduct a Community Participation Public Hearing for grant application submittal in the amount of \$300,000 to the California Community Economic Enterprise Fund Component (EEF) Fiscal Year 2009-10 for the purpose of continuing the Microenterprise Assistance Program for new business start ups/expansion; and,

Adopt a Resolution approving an Application for funding from the Economic Development Allocation of the State Community Development EEF and designate the County Administrative Officer 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 continuing a Microenterprise Assistance Program to assist and off set costs for owners interested in launching a new business/expansion and those operating a business less than three (3) years.

Last year the County was funded \$200,000 to establish a Microenterprise Assistance Program. This year, the County is requesting an additional \$300,000 to continue the program.

The Program:

The CDBG definition of a microenterprise is that of 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 has allocated specific funds for those 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 for the 2009-10 Application:

The terms of the Mariposa County Microenterprise Assistance Program shall be up to \$50,000.

Loan terms range from five to twenty-five years; depending on reason for financing and security being offered by the business. Eligible uses of funds 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;
- Working capital;
- Operating capital to pay staff and lease space;
- Purchase of manufacturing equipment (with or without installation costs); and
- Refinancing of existing business debt when provided in conjunction with financing other eligible costs;

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. 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 \$10,000. 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".

This Program does not require job creation. The intent of this Program is to assist TIG clients to launch a business and/or remain in business as long as they have been in operation less than three (3) years.

The projected timeline to accomplish the grant 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 March 3, 2009, a public hearing was held to initiate the Design Phase of potential community development projects, collect public comments and to comply with CDBG Program Guidelines. During that public hearing, the Board of Supervisors authorized staff to search for potential grant opportunities.

The General Plan contains an economic development component citing the need to create a sustainable community. The Economic Vitality Strategy and Implementation Plan (EVS) 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 pursued using CDBG funds to implement certain components of both the General Plan Economic Development Element and EVS.

The EVS comprised of 280 pages was accepted by the Board of Supervisors on December 4, 2007.

The attached Resolution authorizes the County Administrative Officer to execute the Grant Agreement and any amendments thereto with the State of California for the purposes of this grant.

A notice was published in the Mariposa Gazette for the July 2, 2009 Public Hearing Application Submittal Phase (please see page 19 of the application).

The grant application, other attachments and EVS is comprised of 438 pages. Please see the Clerk of the Board for a full copy of this report.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

If the Application to the State of California Community Economic Enterprise Fund Component is not awarded, Mariposa County shall continue to experience downward economic fluctuations due to lack of business growth.

Financial Impact? () Yes (<input checked="" type="checkbox"/>) No	Current FY Cost: \$	Annual Recurring Cost: \$
Budgeted In Current FY? () Yes () No () Partially Funded		
Amount in Budget: \$ _____		2009-10 Enterprise Fund Application, pages 1 - 97
Additional Funding Needed: \$ _____		Resolution, page 16 - 17
Source:		Public Hearing Notice, pages 18 - 19
Internal Transfer _____		CDBG Award Letters, Exhibit "A", pages 98 - 99
Unanticipated Revenue _____ 4/5's vote		Letters of Support, pages _____
Transfer Between Funds _____ 4/5's vote		For a full copy of the document please see the Clerk
Contingency _____ 4/5's vote		Of the Board
() General () Other		

CLERK'S USE ONLY:

Res. No.: 09-346 Ord. No. _____
 Vote - Ayes: 5 Noes: _____
 Absent: _____
 Approved
 Minute Order Attached () No Action Necessary

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

COUNTY ADMINISTRATIVE OFFICER:

Requested Action Recommended
 No Opinion
 Comments: _____

CAO: *[Signature]*

RESOLUTION No. 09-346

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 Board of Supervisors of Mariposa County as follows:

SECTION 1.

The Board of Supervisors has reviewed and hereby approves application for: State Community Development Block Grant (CDBG Program) for up to \$300,000 from the Enterprise Fund Component:

- 1) General Administration - \$22,500;
- 2) Microenterprise Assistance - \$169,000;
- 3) Micro/Technical Assistance - \$ 70,000;
- 4) Activity Delivery - \$38,500

SECTION 2.

If the grant application is approved, the County will provide local leverage for the Microenterprise Program in the amount of \$10,000.

SECTION 3.

The County Administrative Officer 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 County Administrative Officer is authorized to enter into and sign the grant agreement and any amendments thereto 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 July 14, 2009, by the following vote:

AYES: ABORN, TURPIN, BIBBY, ALLEN, CANN
NOES: NONE
ABSENT: NONE



BRAD ABORN, Chair, Board of Supervisors

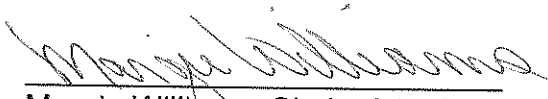
APPROVED AS TO FORM



Steven W. Dahlem, County Counsel

DEPARTMENT OF HOUSING/COMMUNITY DEVELOPMENT
County of Mariposa

ATTEST:



Margie Williams, Clerk of the Board



COUNTY of MARIPOSA

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

BRAD ABORN, CHAIR
JANET BIBBY, VICE CHAIR
LYLE TURPIN
KEVIN CANN
JIM ALLEN

DISTRICT I
DISTRICT III
DISTRICT II
DISTRICT IV
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 Consider Adoption of a Resolution Approving a Grant Application in the Amount of \$300,000 to the California Community Economic Enterprise Fund Component for FY 2009-10 for the Purpose of Continuing the Microenterprise Assistance Program for New Business Start ups/Expansion; and Authorize the County Administrative Officer to Execute the Grant Agreement and Any Amendments Thereto with the State of California for the Purposes of this Grant

RESOLUTION 09-346

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on July 14, 2009

ACTION AND VOTE:

10:38 a.m. Richard J. Benson, County Administrative Officer/Personnel/Risk Manager; PUBLIC HEARING to Consider Adoption of a Resolution Approving a Grant Application in the Amount of \$300,000 to the California Community Economic Enterprise Fund Component for FY 2009-10 for the Purpose of Continuing the Microenterprise Assistance Program for New Business Start ups/Expansion; and Authorize the County Administrative Officer to Execute the Grant Agreement and Any Amendments Thereto with the State of California for the Purposes of this Grant

BOARD ACTION: Rick Benson and Marilyn Lidyoff/Business Development Coordinator, presented the staff report; and they responded to questions from the Board relative to handling loan defaults, relative to the contractor for the program, eligibility and processing for the loans, whether there are other pending projects for CDBG applications, signature authority for the agreements, status of the existing program, and relative to the new business application process. The public portion of the hearing was opened and there was no public input. The public portion of the hearing was closed and the Board commenced with deliberations. (M)Bibby, (S)Allen, Res. 09-346 was adopted approving the grant application as requested/Ayes: Unanimous. The hearing was closed.

Cc: Marilyn Lidyoff, Economic Development Coordinator
File