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Title: Actions pertaining to the 5-year agreement with Cen Cal Business Finance Group, Inc. regarding the administration of the City of Fresno Revolving Loan Fund:
 1. ***RESOLUTION - 27th Amendment to the Annual Appropriation Resolution (AAR) No. 2020-159 appropriating \$595,000 for the Economic Development Administration (EDA) CARES Act RLF Program (Requires 5 affirmative votes) (Subject to Mayor's veto)
 2. Approve an amendment to include administration of the City of Fresno's \$913,000 CARES Act Revolving Loan Fund Award

Sponsors: Office of Mayor & City Manager

Indexes:

Code sections:

Attachments: 1. 21 27th EDA-RLF Award_SRM.pdf, 2. Amended Agreement with Cen Cal with Exhibits.pdf, 3. 11-22-19 5 year RLF Agreement with Cen Cal.pdf

Date	Ver.	Action By	Action	Result
9/24/2020	1	City Council	adopted as amended	Pass

REPORT TO THE CITY COUNCIL

September 24, 2020

THROUGH: WILMA QUAN, City Manager
Office of the Mayor and City Manager

FROM: LUPE PEREZ, Director
Economic Development Department

BY: KELLY TREVINO, Economic Development Analyst
Economic Development Department

SUBJECT

Actions pertaining to the 5-year agreement with Cen Cal Business Finance Group, Inc. regarding the administration of the City of Fresno Revolving Loan Fund:

1. ***RESOLUTION - 27th Amendment to the Annual Appropriation Resolution (AAR) No. 2020-159 appropriating \$595,000 for the Economic Development Administration (EDA) CARES Act RLF Program (Requires 5 affirmative votes) (Subject to Mayor's veto)
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RECOMMENDATIONS

Staff recommends Council adopt the 27th AAR to appropriate \$595,000 for the EDA CARES Act Revolving Loan Fund Program and approve an amendment to the 5-year agreement with Cen Cal to include administration of the City of Fresno's \$913,000 CARES Act RLF Award

EXECUTIVE SUMMARY

The City of Fresno (City) currently has a 5-year agreement with Cen Cal to administer the City's RLF program. This Agreement went into effect on November 22, 2019, and will expire in November 2024.

The City recently applied for and received a non-competitive CARES Act RLF Grant Award (CARES RLF Award) of \$913,000, which includes \$830,000 for the RLF and an additional 10% (\$83,000) to administer the program. The CARES RLF Award requires all \$830,000 in funding must be lent within 24 months to COVID-19 impacted businesses. Due to the unusual and compelling urgency of the CARES RLF Award, it is in the City's best interest to amend Cen Cal's current agreement to include these funds so that businesses may receive assistance as quickly as possible.

This funding was provided as part of the Economic Development Administration (EDA) CARES Act Recovery Assistance to help applicants respond to the unusual and compelling urgency of the coronavirus pandemic and is not affiliated with other CARES Act funding received by the City.

BACKGROUND

In 1980, the EDA approved a \$600,000 Grant to the City to establish a RLF. In 1989, the EDA de-obligated \$100,750 of the grant funds resulting in a RLF balance of \$499,250. Since then, the funding has grown to approximately \$795,000 with around \$144,000 currently available to lend.

The goal of the original RLF is to provide financial assistance to businesses that, while credit worthy, are not able to obtain financing from the private sector. This RLF serves as a critical component of the City's efforts to diversify and enhance the economic base of the community and enhance the quality of life of its residents. The City's RLF Program has been administered by Cen Cal (formerly known as Fresno Certified Development Corporation) since January 21, 1999, during which time Cen Cal has demonstrated the ability to meet all requirements and conform to all City and EDA requirements, resulting in a continued "A-rating" with the EDA. A 5-year agreement was finalized with Cen Cal in November 2019 to continue to administer the RLF program.

The \$913,000 CARES RLF Award was awarded to the City on July 23, 2020 in order to provide funding to businesses negatively impacted by the COVID-19 Pandemic. In order to be eligible, a business must demonstrate a negative impact as a result of COVID-19 Pandemic and thereafter may be eligible for financial loan assistance through the program. Under the proposed Amendment, Cen Cal will take on additional responsibilities such as the marketing, publicity, loan servicing, technical assistance to borrowers, reporting and audit requirements of the new RLF, and will receive up to \$83,000, or 10% of the CARES RLF Award, as compensation for administration of the fund which will be billed quarterly, on a reimbursement basis over 24 months. This administrative funding will also cover the loan origination fees and allow Cen Cal to waive that cost for borrowers during the 24 month "Period of Performance". It is anticipated that the immediate need for this CARES Act RLF funding will be significant and Cen Cal will be able to loan out \$550,000 of the \$830,000 in the first

year of the program, and will bill the City for up to \$45,000 for administration of the fund. The balance of the program for both the RLF and administration of the fund, \$280,000 and \$38,000 respectively, will be appropriated in Fiscal Year 2022 along with any carryover balance from the current fiscal year.

ENVIRONMENTAL FINDINGS

In accordance with Section 15061(b)(3) of the CEQA Guidelines, the project has been determined not to be subject to the requirements of CEQA. It can be seen with certainty that there is no possibility that amending this agreement will have a significant adverse effect on the environment. Therefore, the agreement is not subject to CEQA.

LOCAL PREFERENCE

Gen Cal is a local provider, however, local preference was not considered because this contract is funded by the federal government.

FISCAL IMPACT

Administrator's compensation for the services currently received is payable from and limited to the RLF income it generates through granting and collecting loans. For the CARES RLF Award program, there is an additional \$83,000 in federal funds, allocated by the EDA, to help fund marketing and loan approvals in an effort to get all funds out within the 24 month "Period of Performance". There is no fiscal impact to the City.

Attachments:

- 1) RESOLUTION - 27th Amendment to the Annual Appropriation Resolution (AAR) No. 2020-159
- 2) Amendment to the RLF Administration Agreement with Cen Cal Business Finance Group, Inc.
- 3) Agreement with Cen Cal Business Finance Group, Inc. dated November 22, 2019