

FINANCE COMMITTEE

November 13, 2012 8:15 A.M. 651 Pine Street, Room 101, Martinez

Supervisor John Gioia, District I, Chair Supervisor Federal Glover, District 5, Vice-Chair

Agenda Items:

Items may be taken out of order based on the business of the day and preference of the Committee

- 1. Introductions
- 2. Public comment on any item under the jurisdiction of the Committee and not on this agenda (speakers may be limited to three minutes)
- Suspension of the County's CDBG Small Business/Microenterprise Loan Program and Repurposing of the Revolving Loan Fund balance to the amount available for FY 2013/14 CDBG Infrastructure/Public Facilities projects (Gabriel Lemus/Conservation and Development)
- 4. Next meeting December 10

- © The Finance Committee will provide reasonable accommodations for persons with disabilities planning to attend Committee meetings. Contact the staff person listed below at least 72 hours before the meeting.
- Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the County to a majority of members of the Finance Committee less than 96 hours prior to that meeting are available for public inspection at 651 Pine Street, 10th floor, during normal business hours.
- Dublic comment may be submitted via electronic mail on agenda items at least one full work day prior to the published meeting time.

For Additional Information Contact:

Lisa Driscoll, Committee Staff Phone (925) 335-1023, Fax (925) 646-1353 Lisa.driscoll@cao.cccounty.us

Glossary of Acronyms, Abbreviations, and other Terms (in alphabetical order):

Contra Costa County has a policy of making limited use of acronyms, abbreviations, and industry-specific language in its Board of Supervisors meetings and written materials. Following is a list of commonly used language that may appear in oral presentations and written materials associated with Board meetings:

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ABAG	Assembly Bill	HCD	(State Dept of) Housing & Community Development
ABAG	Association of Bay Area Governments	HHS	Department of Health and Human Services
ACA	Assembly Constitutional Amendment	HIPAA	Health Insurance Portability and Accountability Act
ADA	Americans with Disabilities Act of 1990	HIV	Human Immunodeficiency Syndrome
AFSCME	American Federation of State County and Municipal	HOV	High Occupancy Vehicle
4105	Employees	HR	Human Resources
AICP	American Institute of Certified Planners	HUD	United States Department of Housing and Urban
AIDS	Acquired Immunodeficiency Syndrome		Development
ALUC	Airport Land Use Commission	Inc.	Incorporated
AOD	Alcohol and Other Drugs	IOC	Internal Operations Committee
BAAQMD	Bay Area Air Quality Management District	ISO	Industrial Safety Ordinance
BART	Bay Area Rapid Transit District	JPA 	Joint (exercise of) Powers Authority or Agreement
BCDC	Bay Conservation & Development Commission	Lamorinda	Lafayette-Moraga-Orinda Area
BGO	Better Government Ordinance	LAFCo	Local Agency Formation Commission
BOS	Board of Supervisors	LLC	Limited Liability Company
CALTRANS	California Department of Transportation	LLP	Limited Liability Partnership
CalWIN	California Works Information Network	Local 1	Public Employees Union Local 1
CalWORKS	California Work Opportunity and Responsibility	LVN	Licensed Vocational Nurse
	to Kids	MAC	Municipal Advisory Council
CAER	Community Awareness Emergency Response	MBE	Minority Business Enterprise
CAO	County Administrative Officer or Office	M.D.	Medical Doctor
CCHP	Contra Costa Health Plan	M.F.T.	Marriage and Family Therapist
CCTA	Contra Costa Transportation Authority	MIS	Management Information System
CDBG	Community Development Block Grant	MOE	Maintenance of Effort
CEQA	California Environmental Quality Act	MOU	Memorandum of Understanding
CIO	Chief Information Officer	MTC	Metropolitan Transportation Commission
COLA	Cost of living adjustment	NACo	National Association of Counties
ConFire	Contra Costa Consolidated Fire District	OB-GYN	Obstetrics and Gynecology
CPA	Certified Public Accountant	O.D.	Doctor of Optometry
CPI	Consumer Price Index	OES-EOC	Office of Emergency Services-Emergency
CSA	County Service Area		Operations Center
CSAC	California State Association of Counties	OSHA	Occupational Safety and Health Administration
CTC	California Transportation Commission	Psy.D.	Doctor of Psychology
dba	doing business as	RDA	Redevelopment Agency
EBMUD	East Bay Municipal Utility District	RFI	Request For Information
EIR	Environmental Impact Report	RFP	Request For Proposal
EIS	Environmental Impact Statement	RFQ	Request For Qualifications
EMCC	Emergency Medical Care Committee	RN	Registered Nurse
EMS	Emergency Medical Services	SB	Senate Bill
EPSDT	State Early Periodic Screening, Diagnosis and	SBE	Small Business Enterprise
	treatment Program (Mental Health)	SWAT	Southwest Area Transportation Committee
et al.	et ali (and others)	TRANSPAC	Transportation Partnership & Cooperation (Central)
FAA	Federal Aviation Administration	TRANSPLAN	Transportation Planning Committee (East County)
FEMA	Federal Emergency Management Agency	TRE or TTE	Trustee
F&HS	Family and Human Services Committee	TWIC	Transportation, Water and Infrastructure Committee
First 5	First Five Children and Families Commission	VA	Department of Veterans Affairs
	(Proposition 10)	VS.	versus (against)
FTE	Full Time Equivalent	WAN	Wide Area Network
FY	Fiscal Year	WBE	Women Business Enterprise
GHAD	Geologic Hazard Abatement District	WCCTAC	West Contra Costa Transportation Advisory
GIS	Geographic Information System		Committee



CONTRA COSTA COUNTY DEPARTMENT OF CONSERVATION AND DEVELOPMENT

30 Muir Road Martinez, CA 94553

Telephone: (925) 674-7882

MEMORANDUM

DATE: November 13 2012

TO: Finance Committee

Supervisor John Gioia, Chair

Supervisor Federal Glover, Member

FROM: Gabriel Lemus, CDBG Program Planner

SUBJECT: Suspension of the County's CDBG Small Business/Microenterprise Loan Program

and repurposing of the Revolving Loan Fund balance to the amount available for

FY 2013/14 CDBG Infrastructure/Public Facilities projects.

RECOMMENDATIONS

- 1. Approve repurposing the CDBG Revolving Loan Fund balance of approximately \$180,000 from the County's Small Business/Microenterprise Program to eligible FY 2013/14 CDBG Infrastructure/Public Facilities (IPF) projects.
- 2. Direct the Department of Conservation and Development to prepare a staff report on the Committee's recommendations for Board of Supervisors consideration on December 11, 2012.

BACKGROUND

Small Business/Microenterprise Loan Program: The Department of Conservation and Development (DCD) has been administering the CDBG Small Business/Microenterprise Loan Program (Business Loan Program) over the last twelve years. The purpose of the County's Business Loan Program was to provide business loans to eligible small businesses or microenterprises located in Contra Costa County. DCD was able to administer the Program and make business loans on an on-going basis by establishing a CDBG Revolving Loan Fund, a routine way of utilizing CDBG funds for ongoing loan programs. All loan repayments from previous business loans made under the Business Loan Program were deposited into the Revolving Loan Fund which made it possible for DCD to keep loan repayments readily available to make additional business loans. Over the last twelve years, DCD has provided 24 business

loans to eligible Contra Costa County businesses, totaling \$876,980.

Over the past two years, DCD has had a lull in applications for business loans. Part of this lull is due to the economic climate, but staff believes that the primary reason is that business owners are required to meet strict federal requirements, such as creating jobs and making those jobs available to eligible low-income residents. For example, businesses receiving loans under the Business Loan Program had to document that it retained or created jobs that were held by or made available to low-income persons on a "full-time equivalent" basis. The administrative work to document this requirement can be burdensome to many businesses, and depending on the business, this requirement is not as easily attainable for small businesses until many years after the loan was made. Furthermore, staff has been advised that there has been a rise of loan programs provided by various private, non-profit organizations that can provide business loans in Contra Costa County without the strict requirements required by the CDBG program.

In response to the above, in FY 2012/13 the County provided CDBG funds to support a new initiative, Contra Costa CAN!, to connect Contra Costa County business owners with the various Bay Area organizations (i.e. Opportunity Fund, Oakland Business Development Center, TMC Solutions, and local banks/credit unions) providing business loans to Contra Costa County business owners (see attached Board Order and Fact Sheet). This new initiative is being provided via a partnership between the West Contra Costa Business Development Center (WCC-BDC) and the Contra Costa Small Business Development Center (SBDC), a center hosted by the County's Workforce Development Board. Although CDBG funds helped finance this new initiative, the CDBG funds are not the source of the loan funds, therefore eliminating many of the strict federal requirements that business owners had to meet under the County's Business Loan Program. The CDBG funds are primarily used toward staff time associated with outreach and marketing of the initiative. The WCC-BDC provides the necessary marketing and outreach of the initiative and for the various loan programs available on a County-wide basis. Marketing and outreach strategies include but not limited to: direct mailers to various business entities and economic development agencies within the County; presentations to the various Chambers of Commerce in the County; and outreach to the various banks and traditional lending institutions within the County to develop a referral system. Additionally, the WCC-BDC and the SBDC provide the initial screening and loan packaging service of potential businesses and connects those businesses with the most appropriate loan provider. It is anticipated that at least 25 Contra Costa County businesses will obtain a loan through the various loan providing organizations, exceeding the average of two business loans per year under the County's Loan Program. Given the lull in applications under the County's Business Loan Program and the rise of a new loan connection initiative, staff recommends suspending the County's Business Loan Program.

Repurposing the Revolving Loan Funds: The County is currently in the middle of its two-year CDBG funding cycle and it is anticipated that all currently funded projects in the Public Service and Economic Development categories will be funded at their current amounts in FY 2013/14. Given that the County did not receive any Infrastructure/Public Facilities (IPF) applications for projects to be undertaken in FY 2013/14, staff has issued a Request for Proposals (RFP) for IPF projects to be carried out next fiscal year, provided the County receives CDBG funds in FY 2013/14. Applications answering the RFP are due on December 10, 2012, and staff recommendations for the IPF applications will be presented to the Finance Committee in March 2013. By suspending the County's Business Loan Program, there will be approximately \$180,000 within the Revolving Loan Fund that can be utilized on other eligible CDBG activities. Staff recommends repurposing the additional \$180,000 from the

Revolving Loan Fund to be allocated to eligible FY 2013/14 CDBG IPF projects for FY 2013/14 only.

Public Hearing and Transmittal of Recommendations: The Committee's recommendations will be forwarded to the full Board of Supervisors prior to the public hearing that is scheduled for December 11, 2012.

Attachments: 1. October 16, 2012 Contra Costa CAN! Board Order

2. Contra Costa CAN! Fact Sheet

cc: Catherine Kutsuris, Director, Department of Conservation and Development Robert Calkins, CDBG Program Manager To: Board of Supervisors

From: Mary N. Piepho, Board of Supervisors District III

Date: October 16, 2012

Subject: Contra Costa CAN! - Increasing Lending Opportunities for Contra Costa's Small

Businesses



RECOMMENDATION(S):

ACCEPT report by the Business Development Center on the Contra Costa CAN! campaign. (Supervisor Piepho)

FISCAL IMPACT:

None.

BACKGROUND:

In today's economic climate, local entrepreneurs face difficulty accessing traditional bank financing. Without capital, their business growth is restricted. While there are dedicated nonprofit lenders with funds available for Bay Area businesses, their presence and activity in Contra Costa is limited.

Contra Costa CAN! (Capital Access Network), a new partnership lead by the Business Development Center, is committed to increasing lending opportunities for Contra Costa's small businesses.

CONSEQUENCE OF NEGATIVE ACTION:

Not applicable.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

✓ APPROVE	OTHER			
✓ RECOMMENDATION OF CNTY ADMINI	STRATOR RECOMMENDATION OF BOARD COMMITTEE			
Action of Board On: 10/16/2012 APPROVED AS RECOMMENDED OTHER Clerks Notes: OTE OF SUPERVISORS				
AYES 4 NOES the Boar ATTES	certify that this is a true and correct copy of an action taken and entered on the minutes of d of Supervisors on the date shown. STED: October 16, 2012 J. Twa, County Administrator and Clerk of the Board of Supervisors			
Contact: Jen Quallick 925.252.4500 By: Jun	ne McHuen, Deputy			

cc:

CONTRA COSTA CAN!

Increasing Lending Opportunities for Contra Costa's Small Businesses

Purpose

In today's economic climate, local entrepreneurs face difficulty accessing traditional bank financing. Without capital, their business growth is restricted. While there are dedicated nonprofit lenders with funds available for Bay Area businesses, their presence and activity in Contra Costa is limited.

Contra Costa CAN! (Capital Access Network), a new partnership lead by the Business Development Center, is committed to increasing lending opportunities for Contra Costa's small businesses.

Project Components

<u>Marketing & Outreach</u>: A targeted marketing campaign and preliminary screening efforts will identify potential business loan applicants.

<u>Loan Packaging</u>: Business Counselors will help interested borrowers prepare a loan package, including financial projections, document compilation and a business plan.

<u>Approval</u>: Nonprofit lending partners will review the completed loan package and make the final decision.

<u>Funding</u>: Nonprofit lending partners will stipulate the loan terms and will fund and service the loan.

Target Businesses

Small businesses unable to obtain traditional bank financing who are seeking to start or grow their operations in Contra Costa County. Industries: Food, Transportation and Medical.

Principal Project Partners

- Business Development Center
- Contra Costa County
- Contra Costa SBDC
- Wells Fargo Bank
- Opportunity Fund











Partnership Opportunity: What is in it for you?

<u>Business growth</u>: Offering alternative lending resources helps your existing businesses to expand and hire more employees.

<u>Economic Revitalization:</u> Ability to attract more businesses to your cities & districts through access to capital.

<u>Visibility</u>: Opportunity to reach the business community with a positive message of hope.

To refer a potential borrower or for more information, call the Business Development Center at (510) 223-9900

About the Business Development Center (BDC)

Supporting entrepreneurship since 1995, the BDC believes that small businesses are vital to a thriving community. As a nonprofit agency, we are committed to helping entrepreneurs open and operate successful companies. We believe that by strengthening local businesses you create jobs and empower families – changing lives, one business at a time.