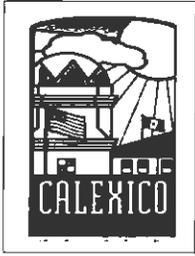


AGENDA
ITEM

4



AGENDA STAFF REPORT

DATE: September 16, 2020

TO: Mayor and City Council

APPROVED BY: Miguel Figueroa, City Manager *Mf*

PREPARED BY: Christopher Velasco, Contract Planner *CV*

SUBJECT: Approve the Formation of the COVID-19 City of Calexico Business Stabilization Lending Program

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Recommendation:

Approve the formation of the COVID-19 City of Calexico Business Stabilization Lending Program.

Background:

Small businesses face many challenges in response to COVID-19 and the negative impacts that shutdowns have had on their employees and owners. The City Calexico is committed to stabilizing the small business community by providing direct loans. A COVID-19 Business Stabilization Lending Program in Calexico will help mitigate the economic impact of the pandemic on the small business community.

The City of Calexico has \$ 150,000 committed to funding the COVID-19 Business Stabilization Lending Program. Both for-profit businesses and non-profit corporations located within the City are eligible to apply for a loan of up to \$7,500. All entities must have a valid city business license.

Funds may be used to cover short-term working capital needs, such as payroll costs, rent, routine real estate and equipment financing payments, utilities or losses due to destabilizing events.

Applicants will be eligible for loans in the amount of up to \$7,500 on a first come, first served basis and available until exhausted.

Discussion & Analysis:

Both for-profit businesses and non-profit corporation located in the City of Calexico would be eligible for funding. Those in the Agriculture, Commercial, Manufacturing/Industrial, Retail, Service sectors would be eligible to apply. Applicants must have a physical establishment within the City of Calexico and a current City Business License in operation as of December 31, 2019. Applicants must also have a demonstrated hardship due to COVID-19 (ex. loss in revenue). Loans are limited to one time



loan per business entity and businesses must be in good standing with the City (e.g., current on utility bills, no liens or judgments, etc.)

In order to assist as many businesses as possible, upon approval, funding will be up to \$7,500 per applicant.

The Applicant would be eligible for a forgiveness clause should the entity prove that it has maintained or hired back the previous workforce. The forgiveness clause would be triggered by the decrease before and after employment numbers with a 20% decrease in the forgiveness amount per one (1) Full Time Employee lost.

EXAMPLE - If a business laid off five (5) employees or more and after the six (6) month anniversary, these Full Time Employee had not been hired back or replaced, the entire loan amount would need to be paid back (20% decrease in forgiveness per job lost).

If a Full Time Employee has not been hired back/replaced, the entire loan amount would need to be paid back (20% decrease in forgiveness per job lost).

The City of Calexico determines the total number of employees of a business on a Full Time Employee basis. A full-time employee is one who works 40 hours per week. For example, one employee who works 40 hours per week equals one Full Time Employee. To determine the Full Time Employee number for part-time employees, add the total number of hours worked in a week by all part-time employee, and then divide that number by 40.

EXAMPLE - If a business has four part-time employees who work a total of 10 hours per week, those employees equal one Full Time Employee.

Approval Process

- Applications reviewed on a rolling basis.
- Applications reviewed by the City Finance Department and the City Manager's Office
- Funding decision within 5 business days of receiving a complete application. Funding anticipated to be released within 2 weeks of approval.

Fiscal Impact:

No impact to the General Fund. Funded through the City of Calexico's allocation through the CARES Act.

Coordinated With:

City Manager's Office
Finance Department

Attachments:

1. COVID-19 Business Stabilization Lending Program Guidelines
2. COVID-19 Business Stabilization Lending Program Application
3. CARES Act Funding Allocation



City of Calexico

Important Notice 09.16.2020

Phone: 760.768.2110

Fax 760.357.3831

Email: cityclerk@calexico.ca.gov

Via Press Release

www.calexico.ca.gov

CITY OF CALEXICO COVID-19 BUSINESS STABILIZATION LENDING PROGRAM GUIDELINES

IMPERIAL COUNTY IS IN TIER I – WIDESPREAD COVID-19 TRANSMISSION

Small businesses face many challenges in response to COVID-19 and the negative impacts that shutdowns have had on their employees and owners. The City is committed to stabilizing the small business community by providing direct loans. The City Council of the City of Calexico has created a COVID-19 Business Stabilization Lending Program to mitigate economic impact of the pandemic on the small business community. This lending program will be administered through the Department of Community and Economic Development.

The City of Calexico has \$150,000 committed to funding the COVID-19 Business Stabilization Lending Program. Both for-profit businesses and non-profit corporations located within the City are eligible to apply for a loan of up to \$7,500. All entities must have a valid business license.

Funds may be used to cover short-term working capital needs, such as payroll costs, rent, routine real estate and equipment financing payments, utilities or losses due to destabilizing events.

Applicants will be eligible for loans in the amount of up to \$7,500 on a first come, first served basis and available until exhausted.

Eligibility

- For-profit businesses and non-profit corporation located in the City of Calexico
- Agriculture, Commercial, Manufacturing/Industrial, Retail, Service
- Physical establishment within the City of Calexico
- Current City Business License and in operation as of December 31, 2019
- Have a demonstrated hardship due to COVID-19 (ex. loss in revenue)
- One time loan per state business entity
- Be in good standing with the City (e.g., current on utility bills, no liens or judgments, etc.)

Funding Allocation

In order to assist as many businesses as possible, upon approval, funding will be up to \$7,500 per applicant.

Forgiveness Loan Clause

Loans are limited to one time loan per state business entity and businesses must be in good standing with the City (e.g., current on utility bills, no liens or judgments, etc.)

In order to assist as many businesses as possible, upon approval, funding will be up to \$7,500 per applicant.

The Applicant would be eligible for a forgiveness clause should the entity prove that it has maintained or hired back the previous workforce. The forgiveness clause would be triggered by the decrease in before and after employment numbers with a 20% decrease in the forgiveness amount per one (1) Full Time Employee lost.

EXAMPLE - If a business laid off five (5) employees or more and after the six (6) month anniversary, these Full Time Employee had not been hired back or replaced, the entire loan amount would need to be paid back (20% decrease in forgiveness per job lost).

Full Time Employee had not been hired back/replaced, the entire loan amount would need to be paid back (20% decrease in forgiveness per job lost).

The City of Calexico determines the total number of employees of a business on a Full Time Employee basis. A full-time employee is one who works 40 hours per week. For example, one employee who works 40 hours per week equals one Full Time Employee. To determine the Full Time Employee number for part-time employees, add the total number of hours worked in a week by all part-time employee, and then divide that number by 40.

EXAMPLE - If a business has four part-time employees who work a total of 10 hours per week, those employees equal one Full Time Employee.

Approval Process

- Applications reviewed on a rolling basis.
- Applications reviewed by the City Finance Department and the City Manager's Office
- Funding decision within 5 business days of receiving a complete application. Funding anticipated to be released within 2 weeks of approval.

Submitting Your Application

Submit your application and required documentation by email beginning at noon on Monday, September 21st. No early applications will be accepted. The application period closes when funds are exhausted.

Please must submit the following required documentation along with your application. If selected, the loan applicant may be required to provide additional documentation including:

1. Loan application (www.calexico.ca.gov)
2. Current Business License
3. IRS Form W-9

4. Copy of driver license for applicants and/or individuals owning 20% or more of applicant entity

5. Employer's Quarterly Federal Tax Return dated 03/31/2020

6. Business Fictitious Name Filing, if applicable

7. Businesses Formation Documents, if applicable

- Partnership Agreement (Partnerships)
- Articles of Organization (LLC)
- Articles of Incorporation (Corporation)
- Declaration of Sole Proprietorship

Many of these documents can be found by accessing the California Department Business Entity Search Database: <https://businesssearch.sos.ca.gov/>

Contact the City Manager's Office with questions at 760.768.2110

The City of Calexico will administer these loans through the City Finance Department and the City Manager's Office. Additional details regarding program guidelines, loan terms and a link to the online application will be available on www.calexico.ca.gov on Monday, September 21, 2020.



City of Calexico
COVID-19 City of Calexico Business Stabilization Lending Program
Application

608 Heber Avenue, Calexico, CA 92231

• Phone: (760) 768-2110 • Fax: (760) 357-3831 • Email: cityclerk@calexico.ca.gov
www.calexico.ca.gov

CONTACT INFORMATION

Primary Contact Name: _____

Primary Contact Email: _____

Primary Contact Phone No: _____

BUSINESS INFORMATION

Legal Business Name: _____

Business Address: _____ Calexico, CA ZIP: _____

Primary Business Owner Name: _____

Primary Address: _____ ZIP: _____

**Please list the names and share of ownership of all other business owners:*

Full Name of Owner	Ownership Share
Type of Business Entity	Primary Business Activity
<input type="checkbox"/> Corporation (LLC, C Corp, S Corp) <input type="checkbox"/> Partnership (LLC, Joint Venture) <input type="checkbox"/> Individual/Sole Proprietorship <input type="checkbox"/> Franchise <input type="checkbox"/> Non-Profit Corporation	<input type="checkbox"/> Agricultural <input type="checkbox"/> Manufacturing/Industrial <input type="checkbox"/> Retail <input type="checkbox"/> Commercial

OFFICIAL USE ONLY

Notes :

PLEASE DESCRIBE YOUR BUSINESS. *Include what the business produces and how it generates revenue*

Days of the Week	Hours of Operation

NORMAL BUSINESS

Number of Full-Time Employees: _____ Number of Part-Time Employees: _____

How many years has this establishment been in business? _____

Impact COVID-19 *Please describe the business hardship that has resulted from COVID-19. Please address impacts on revenues, number of employees, modified business hours. (verification may be required)*

Please enter the date, month and year the hardship began: _____

Impact COVID-19 *What do you believe the impacts of COVID-19 will be over the next thirty (30) days?*

FINANCIAL INFORMATION

Federal Tax ID (EIN): _____ Business License No. _____

Total 2019 (\$) Revenue: _____ Monthly Payroll (\$): _____

Monthly Rent or Mortgage (\$): _____

Does the business or owner have any outstanding liens or judgments? YES or NO

Is the business or business owner the subject of any litigation? YES or NO

LOAN INFORMATION

Requested Loan Amount (\$)	Requested Loan Term (Max 3 years)

SUPPLEMENTAL INFORMATION

If you are selected to receive a loan you may be required to provide additional documentation, including most recent tax returns, 941's and other income/tax information.

Please attach the required documentation listed below:

- 1. Loan Application (www.calexico.ca.gov)
- 2. Current City Business License
- 3. IRS Form W-9
- 4. Copy of driver license for applicants and/or individuals owning 20% or more of applicant entity
- 5. Employer's Quarterly Federal Tax Return dated 03/31/2020
- 6. Business Fictitious Business Name Filing
- 7. Business Formation Documents, see *guidelines*

DISCLOSURE INFORMATION

The City of Calexico understands and supports the public's right to access public records. Information submitted through this application is a public record and is subject to disclosure under the California Public Records Act (PRA). In addition, the City of Calexico may be required to disclose information by subpoena, civil-investigative demand, or court-ordered, or court-authorized discovery.

** By submitting this application, the applicant certifies that all information is true and correct. Applicant acknowledges that they may be required to provide additional documentation including most recent tax returns, 941's, credit report, lease agreements or any other document(s) needed in process this loan request.*

I AGREE THAT ANY INFORMATION SUBMITTED THROUGH THIS APPLICATION MAYBE SUBJECT TO DISCLOSURE UNDER THE CALIFORNIA PUBLIC RECORDS ACT OR THROUGH ANOTHER LEGAL PROCESS.

**only check this box if you are a sole proprietor*

I AM A SOLE PROPRIETOR AND AS SUCH DO NOT MAINTAIN BUSINESS FORMATION DOCUMENTS

Signature: _____ Date: _____

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF
SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

I, Miguel Figueroa, am the chief executive or authorized designee of the City of Calexico and I certify that:

1. I have the authority on behalf of the City of Calexico to request payment from the State of California ('State') pursuant to the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
2. I understand the State will rely on this certification as a material representation in making a direct payment to the City of Calexico.
3. The City of Calexico's proposed uses of the funds provided as direct payment under the applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020 will be used only for costs that:
 - a. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
 - b. Were not accounted for in the budget most recently approved as of March 27, 2020, for the City of Calexico.
 - c. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.
4. The City of Calexico agrees to do all of the following as a condition of receipt of funds:
 - a. Adhere to federal guidance and the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, any subsequent Executive Orders or statutes, and all California Department of Public Health orders, directives, and guidance in response to COVID-19 emergency.
 - b. Use the funds in accordance with all applicable provisions of subdivision (d) of Control Section 11.90 of the Budget Act of 2020.
 - c. Report on expenditures and summarize regional collaboration and non-duplication of efforts within the region by September 1, 2020, and return any funds that are unspent by October 30, 2020 (unless extended by the Department of Finance based on reported expenditures to date), and repay the state for any cost disallowed after federal review.
 - d. Retain records to support reported COVID-19 eligible expenditures and participate in audits as outlined by the federal government and State.

CERTIFICATION FOR RECEIPT OF FUNDS PURSUANT TO PARAGRAPHS (2) OR (3) OF
SUBDIVISION (d) OF CONTROL SECTION 11.90 OF THE BUDGET ACT OF 2020

By: Miguel Figueroa

Signature:  _____

Title: Assistant City Manager

Date: July 9, 2020

\$500 Million Coronavirus Relief Fund Allocations to Cities

(Whole dollars)

Cities	Allocations ¹	Cities	Allocations ¹	Cities	Allocations ¹
Adelanto	\$ 440,336	Capitola	\$ 124,805	El Cerrito	\$ 308,098
Agoura Hills	\$ 253,931	Carlsbad	\$ 1,413,290	El Monte	\$ 1,440,602
Alameda	\$ 1,003,970	Carmel-by-the-Sea	\$ 50,000	El Paso de Robles	\$ 385,490
Albany	\$ 233,818	Carpinteria	\$ 164,649	El Segundo	\$ 207,148
Alhambra	\$ 1,071,632	Carson	\$ 1,149,617	Elk Grove	\$ 2,174,997
Aliso Viejo	\$ 617,900	Cathedral City	\$ 661,559	Emeryville	\$ 151,845
Alturas	\$ 50,000	Ceres	\$ 597,972	Encinitas	\$ 767,782
Amador	\$ 50,000	Cerritos	\$ 617,283	Escalon	\$ 92,332
American Canyon	\$ 257,277	Chico	\$ 1,362,210	Escondido	\$ 1,889,210
Anaheim	\$ 30,480,113	Chino	\$ 1,100,241	Etna	\$ 50,000
Anderson	\$ 131,756	Chino Hills	\$ 1,017,515	Eureka	\$ 329,656
Angels City	\$ 50,907	Chowchilla	\$ 224,668	Exeter	\$ 136,189
Antioch	\$ 1,389,299	Chula Vista	\$ 3,360,914	Fairfax	\$ 91,356
Apple Valley	\$ 918,553	Citrus Heights	\$ 1,084,214	Fairfield	\$ 1,444,380
Arcadia	\$ 706,404	Claremont	\$ 442,114	Farmersville	\$ 140,745
Arcata	\$ 221,792	Clayton	\$ 139,979	Ferndale	\$ 50,000
Arroyo Grande	\$ 218,384	Clearlake	\$ 176,527	Fillmore	\$ 192,195
Artesia	\$ 203,604	Cloverdale	\$ 113,754	Firebaugh	\$ 98,542
Arvin	\$ 267,649	Clovis	\$ 1,471,470	Folsom	\$ 1,007,649
Atascadero	\$ 371,118	Coachella	\$ 582,612	Fontana	\$ 2,629,939
Atherton	\$ 86,813	Coalinga	\$ 212,358	Fort Bragg	\$ 91,702
Atwater	\$ 387,428	Colfax	\$ 50,000	Fort Jones	\$ 50,000
Auburn	\$ 180,194	Colma	\$ 50,000	Fortuna	\$ 149,684
Avalon	\$ 50,000	Colton	\$ 668,202	Foster City	\$ 407,863
Avenal	\$ 162,846	Colusa	\$ 76,244	Fountain Valley	\$ 689,933
Azusa	\$ 613,134	Commerce	\$ 158,883	Fowler	\$ 79,688
Bakersfield	\$ 33,502,406	Compton	\$ 1,210,414	Fremont	\$ 2,891,945
Baldwin Park	\$ 941,494	Concord	\$ 1,606,893	Fullerton	\$ 1,751,601
Banning	\$ 384,304	Corcoran	\$ 263,019	Galt	\$ 319,161
Barstow	\$ 299,640	Corning	\$ 94,085	Garden Grove	\$ 2,158,291
Beaumont	\$ 635,569	Corona	\$ 2,077,380	Gardena	\$ 752,397
Bell	\$ 451,053	Coronado	\$ 263,994	Gilroy	\$ 704,824
Bell Gardens	\$ 524,123	Corte Madera	\$ 124,879	Glendale	\$ 2,535,249
Bellflower	\$ 964,435	Costa Mesa	\$ 1,417,179	Glendora	\$ 642,878
Belmont	\$ 331,064	Cotati	\$ 93,011	Goleta	\$ 397,862
Belvedere	\$ 50,000	Covina	\$ 603,108	Gonzales	\$ 105,025
Benicia	\$ 335,533	Crescent City	\$ 82,392	Grand Terrace	\$ 153,425
Berkeley	\$ 1,513,511	Cudahy	\$ 298,455	Grass Valley	\$ 158,846
Beverly Hills	\$ 417,024	Culver City	\$ 490,243	Greenfield	\$ 225,755
Big Bear Lake	\$ 64,279	Cupertino	\$ 735,259	Gridley	\$ 79,046
Biggs	\$ 50,000	Cypress	\$ 608,368	Grover Beach	\$ 163,155
Bishop	\$ 50,000	Daly City	\$ 1,347,591	Guadalupe	\$ 99,777
Blue Lake	\$ 50,000	Dana Point	\$ 409,258	Gustine	\$ 72,539
Blythe	\$ 237,744	Danville	\$ 541,743	Half Moon Bay	\$ 153,487
Bradbury	\$ 50,000	Davis	\$ 854,212	Hanford	\$ 732,790
Brawley	\$ 337,682	Del Mar	\$ 52,698	Hawaiian Gardens	\$ 180,873
Brea	\$ 563,387	Del Rey Oaks	\$ 50,000	Hawthorne	\$ 1,073,003
Brentwood	\$ 804,021	Delano	\$ 654,793	Hayward	\$ 1,979,381
Brisbane	\$ 57,204	Desert Hot Springs	\$ 366,216	Healdsburg	\$ 149,264
Buellton	\$ 67,465	Diamond Bar	\$ 705,972	Hemet	\$ 1,051,667
Buena Park	\$ 1,012,440	Dinuba	\$ 320,951	Hercules	\$ 315,222
Burbank	\$ 1,307,080	Dixon	\$ 246,597	Hermosa Beach	\$ 242,177
Burlingame	\$ 371,871	Dorris	\$ 50,000	Hesperia	\$ 1,190,177
Calabasas	\$ 298,714	Dos Palos	\$ 68,477	Hidden Hills	\$ 50,000
Calexico	\$ 504,948	Downey	\$ 1,401,758	Highland	\$ 683,080
California City	\$ 174,848	Duarte	\$ 267,599	Hillsborough	\$ 140,980
Calimesa	\$ 115,186	Dublin	\$ 811,404	Hollister	\$ 501,862
Calipatria	\$ 84,491	Dunsmuir	\$ 50,000	Holtville	\$ 78,515
Calistoga	\$ 66,032	East Palo Alto	\$ 380,218	Hughson	\$ 90,109
Camarillo	\$ 867,522	Eastvale	\$ 820,010	Huntington Beach	\$ 2,485,243
Campbell	\$ 522,136	El Cajon	\$ 1,288,954	Huntington Park	\$ 734,840
Canyon Lake	\$ 135,818	El Centro	\$ 563,733	Huron	\$ 90,122

¹Excludes cities that received direct federal allocation through the CARES Act (6 cities). Allocations use May 2020 Population Estimates.