

CITY OF SEBASTOPOL
CITY COUNCIL
AGENDA ITEM

Meeting Date: October 6, 2020
To: Honorable Mayor and City Councilmembers
From: City Administration
Administrative Services Director
CoMission
Subject: Approval of Modification to City of Sebastopol Business Loan Program (Allocation of Unused Percentage of Funds for Tier 1 to be Allocated to Tier 2 Applications) and Extension of Loan Program for 10 Days
Recommendation: That the City Council Discuss and Consider Actions as listed below.
Funding: Currently Budgeted: Yes No N/A
Net General Fund Cost:
Amount: \$10,370 over 5 years

Account Code/Costs authorized in City Approved Budget (if applicable) AK (verified by Administrative Services Department)

INTRODUCTION:

This item is to request that the City Council Approve Modification to City of Sebastopol Business Loan Program (Allocation of Unused Percentage of Funds for Tier 1 to be Allocated to Tier 2 Applications) and Extension of Loan Program for 10 Days.

BACKGROUND:

At the Council study session held on August 12, 2020, the City Council received a presentation from CoMission outlining the results of the Business Survey as well as offering proposed actions and identified challenges. At the September 15, 2020 City Council meeting, the Council reviewed the report and provided direction to CoMission to proceed with the application process.

DISCUSSION:

The City opened the application process began at 8:00 a.m Friday September 18, 2020 and the deadline was at 5 p.m. Monday September 28, 2020. Attached to this staff report for additional information from CoMission are the results of that first wave of the initial loan application process.

Tier 1:

Based upon the submissions, only one applicant requested a \$5,000 loan. The City set aside \$60,000 for this Tier 1 loan limit of \$5,000.

Tier 2:

Based upon the submissions, a total of 12 applications received; 10 requested at \$10,000; 1 requested \$9,500 and 1 requested at \$5,500 for a total of \$115,000 . The City set aside \$90,000 for this Tier 2 loan.

This puts the tier 2 loan requests over \$25,000 of the City allotment. It is recommended the City approve the residual of tier 1 to be allocated and added to tier 2 for \$25,000 to allow the funding to all of the tier 2 loan applications.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, staff anticipates receiving public comment from interested parties following the publication and distribution of this staff report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the meeting for this item.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to scheduled meeting date.

FISCAL IMPACT:

The fiscal impact is estimated to be \$10,370 over 5 years.

RECOMMENDATION:

That the City Council approve of modification to City of Sebastopol Business Loan Program (Allocation of Unused Percentage of Funds for Tier 1 to be Allocated to Tier 2 Applications) and Extension of Loan Program for 10 Days.

Attachment

CoMission's Initial Loan Application Report

City-Sponsored Loan Program

Application Report

Applications Received:

Total received: 16

Presumed eligible once complete: 13

We are following up with 5 applicants for minor administrative corrections, several cited fire evacuations as creating challenges to responding and submitting additional materials in a timely manner. All indications point to these 5 applications being deemed eligible for this program.

Deemed ineligible: 3

All three ineligible applicants opened their doors after the cutoff date of October 1, 2019.

*The applicants and their requests can be found on the following page

Funding Breakdown

Total funding requested: \$120,000

Tier 1 loans requested: 1 loan totalling \$5000

Tier 2 loans requested: 12 loans totalling \$115,000

This means that the 40% of the program (or \$60,000) that was reserved for Tier 1 loans (loans of \$5,000 or less) was drastically underutilized, and the requests for Tier 2 loans exceeded the allotment (\$90,000) by \$25,000.

Should all 13 applications be deemed complete and eligible, there would be \$30,000 remaining unclaimed during this application period.

Recommendations

We recommend the following actions be taken by the City:

- Approve the use of the remaining Tier 1 allocation to be used in order to award loans to all Tier 2 applicants.
- Open a second application period from October 12th through October 18th to allow for the distribution of the remaining funds to applicants that did not make the first application period.

List of Eligible Applicants and Status

| Business Name | Amount Requested | Submission Complete? | Qualified as Eligible? |
|-------------------------------|------------------|----------------------|------------------------|
| Brian Jacobs, PPS, LCSW, LPCC | \$5,000 | Y | Y |
| Mother's Ruin | \$10,000 | Y | Y |
| Rialto Cinemas | \$10,000 | Y | Y |
| Serenity Villa | \$10,000 | Y | Y |
| Martha's Old Mexico | \$10,000 | Y | Y |
| Gypsy Cafe | \$10,000 | Y | Y |
| Lori Austin Gallery, LLC | \$10,000 | Y | Y |
| Sonoma West Times | \$10,000 | Y | Y |
| East West Cafe | \$10,000 | Awaiting items | likely |
| The Nectary | \$10,000 | Awaiting items | likely |
| Muir's Tea Room | \$9,500 | Awaiting items | likely |
| Nani Studio | \$5,500 | Awaiting items | likely |
| Subiri R&D Group | \$10,000 | Awaiting items | likely |
| TOTAL | \$120,000 | | |