



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Director, Community and Economic Development Department
Carol Wolfe, Division Manager, CEDD (Business Services/Workforce Partnerships)
COPY: City Council and City Clerk's Office
Tadd Wille, Deputy City Manager
SUBJECT: Resolution to accept CARES ACT Supplemental Revolving Loan funding from the EDA -
September 29, 2020
DATE: September 15, 2020

SUMMARY AND PURPOSE:

The purpose of this memo is to seek Council resolution to accept the EDA CARES ACT supplemental funding for the City's existing Revolving Loan Fund (RLF) in the amount of \$1,287,000.00. The supplemental grant funds must be expended by August 24, 2022.

On May 30th, 2020 the CED Business Services/Workforce Partnership Division submitted a response to a non-competitive solicitation to existing EDA Revolving Loan Sites within the region to apply for supplemental funds to address the negative impacts of COVID19 on small businesses. The proposal was approved, fully funded and awarded to the City. The administration of the RLF will be performed by Tacoma Community Redevelopment Authority (TCRA)

COUNCIL SPONSORS: NA

BACKGROUND:

On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the outbreak of coronavirus disease 2019 (COVID-19) and its resulting impact on the economy and public health across the nation. Staff were contacted in May regarding the Economic Development Administration Supplemental RLF funds that would be made available to assist existing RLF jurisdictions address COVID-19 impacts to the business community. The funds must be disbursed within a 24-month period and jurisdictions will be able to keep loan re-payments as part of their overall RLF fund program for future uses. Future uses will not need to be tied to COVID-19 impacts. The administration of these funds will be performed by the TCRA.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

CED staff surveyed applicants from the first round of COVID-19 RLF funds. The survey included those who inquired about the loans, applied for the loans regardless if they received funding or not. The survey information along with review of survey conducted by the Pierce County Economic Development Department, input from the MBDA Office and regular participation on the Pierce County/EDB weekly online discussions around the impacts of COVID-19 on the business community, have all informed CED Staff in the preparation of the next round of EDA-RLF funding.

PROJECT DELIVERY METHODOLOGY:

CED staff will deploy small loans of up to \$25,000, to Tacoma businesses beginning late September / early October using the non-competitive \$1,287,000 in EDA CARES ACT RLF Supplemental funds. \$1,170,000 will be distributed



as micro-loans with \$117,000 allocated toward administration and management of the program. Portions of the administrative funds will be used to contract with “Community Navigators” that have a track record of assisting underrepresented businesses in accessing resources during the COVID-19 pandemic, and, in general, to build business capacity and provide technical assistance. These Community Navigators will work with CED Staff to increase the awareness of the loan funds to underrepresented businesses, assist those businesses in overcoming systemic and other barriers to applying, and direct businesses to technical assistance services to address broader issues in their ability to access capital to sustain/grow their business.

Equity and Accessibility: *(Mandatory)*

Initial outreach will be made through community-based organizations and/or other individuals with cultural competency in working with minority owned businesses and those that are located in areas of low economic opportunity as identified in the Equity Index. Following this, promotion of the program will then be conducted through standard methods of Social Media, Press Release, MakeitTacoma.com and City of Tacoma web page banners with marketing materials that clearly emphasize underrepresented businesses from the first round of EDA -RLF COVID-19 Stabilization Loan funding.

CED staff will also work closely to market the program through the MBDA Office as they have identified a diverse roster of strategic partners to address the COVID-19 pandemic.

Tacoma 2025 strategic goals:

- Economic Vibrancy and Employment
- Education and Learning
- Government Performance

ALTERNATIVES:

The resources used to fund the EDA CARES ACT Program are derived from the Economic Development Administration. Council could decide to not authorize the allocation of staff and its activities projected to occur.

EVALUATION AND FOLLOW UP:

CED staff will adhere to the EDA – RLF Administrative Plan approved in late 2019. Staff will evaluate our performance in reaching underrepresented businesses compared to the first round of COVID-19 Stabilization Loan funds.

STAFF RECOMMENDATION:

Staff recommends the adoption of the Resolution and the acceptance of the EDA CARES ACT Supplemental Revolving Loan funds.

FISCAL IMPACT:

By adopting the motion to formally accept the grant, the Council will be committing to the implementation of the EDA CARES ACT Supplemental Revolving Loan Program administered by the TCRA. Funds used to support staff and their Program activities will be paid directly from the grant. This amounts to \$1,287,000 grant funds over 24 months. Staff will request year-end budget adjustments for 2020 if needed.



Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1195 - Special Revenue Fund EDA Title IX	852400 - UDAG	various	\$1,287,000
TOTAL			\$1,287,000

What Funding is being used to support the expense?

Federal funding from U.S Economic Development Administration

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

NO, PLEASE EXPLAIN BELOW

This is a CARES Grant and was not planned in the budgeting processes. Staff will request year-end budget adjustments for 2020 if needed.

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No

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ATTACHMENTS:

None