



Legislation Text

File #: 23-0745, **Version:** 1

Recommendation to approve the defederalization of Revolving Loan Funds (RLF) from Economic Development Administration (EDA) grant award number 07-49-05046; and

Authorize City Manager, or designee, to enter into an agreement with EDA to affect such defederalization and restrict future use of existing RLF funds. (Citywide)

City Council approval is requested to defederalize grant funding from the Economic Development Administration (EDA) for the Long Beach Revolving Loan Program (RLF). Grant award 07-49-05046 was received in 2001. This grant provided \$1 million in federal funding with \$1.1 million in local match to create Long Beach's RLF providing loans for local small businesses.

Since the RLF program began in 2001, it has provided \$6.1 million in capital funding to 172 Long Beach businesses, including 101 emergency loans issued from 2020 to the end of the emergency declaration (May 2023) to assist businesses impacted by the COVID-19 pandemic. The funds will continue to be used to improve access to capital for local businesses and support economic recovery and growth through the existing RLF small business loan programs. The fund has a current capital base of \$2.2 million.

This grant became eligible for defederalization after 7 years of good performance, releasing federal interest in the grant award. Defederalization will release federal interest in the RLF award, reducing the reporting requirements for City of Long Beach (City) staff to maintain compliance. Staff are seeking to defederalize now to allow the City to leverage existing funding as a match for future EDA grant funding to the RLF.

As part of the defederalization process, the EDA requires a signed agreement with the City. This agreement officially relinquishes federal interest in the funding and commits the City to continue using the funds for local economic development in accordance with the initial award purpose.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on June 21, 2023 and by Budget Management Officer Nader Kaamouh on June 29, 2023.

City Council action is requested on July 18, 2023, so funding can be defederalized prior to the next reporting deadline.

This item has no fiscal impact. If approved, the requested action defederalizes RLF funds

made available under EDA Grant Award 07-49-05046, reducing reporting requirements and related administrative burdens. The RLF funds will continue to be made available to provide capital to Long Beach businesses in support of the local economy. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

BO MARTINEZ
DIRECTOR
ECONOMIC DEVELOPMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER