Legislation Details (With Text)

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Title:	Recommendation to request City Manager to work with Department of Economic Development to research, prepare, and propose an equitable and effective “COVID-19 Small Business Recovery Loan Plan” for key sectors that have been hit hardest by closures associated with the COVID-19 emergency including but not limited to: (i) restaurants, (ii) retail, (iii) services, (iv) non-profit, (v) property-based businesses, and (vi) other very small businesses that provide employment to Long Beach residents; and, propose funding levels that consider the number of Long Beach business licenses within each category, and the projected needs of those within those categories to rebound.			
Sponsors:	COUNCILWOMAN STACY MUNGO, FIFTH DISTRICT, COUNCILWOMAN MARY ZENDEJAS, FIRST DISTRICT, COUNCILMAN AL AUSTIN, EIGHTH DISTRICT, COUNCILMEMBER REX RICHARDSON, NINTH DISTRICT			
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Date	Ver.	Action By	Action	Result
6/9/2020	1	City Council	approve recommendation	Pass

Recommendation to request City Manager to work with Department of Economic Development to research, prepare, and propose an equitable and effective “COVID-19 Small Business Recovery Loan Plan” for key sectors that have been hit hardest by closures associated with the COVID-19 emergency including but not limited to: (i) restaurants, (ii) retail, (iii) services, (iv) non-profit, (v) property-based businesses, and (vi) other very small businesses that provide employment to Long Beach residents; and, propose funding levels that consider the number of Long Beach business licenses within each category, and the projected needs of those within those categories to rebound.

Closing the economy has caused great strain on local families. While the City has also suffered significant revenue losses many believe the fastest way for the City to rebound is to first invest funds available in the mom and pop businesses in Long Beach. Accelerating their recovery accelerates the recovery of the economy and thus restores revenue levels to provide critical services.

Many cities will receive regional, state and federal funding and use it to plug budget holes created. However, many believe that investing those funds in support for our small businesses will shore up city revenue faster thus stopping the structural deficit more quickly resulting in the least impact to services provided by the city and its employees.

City Revolving Loan Fund

The City of Long Beach has been operating a very successful Revolving Loan Fund (RLF) in partnership with the Economic Development Administration (EDA) for over 30 years. This program in our Economic Development Department and overseen by our City Economic Development Commission Loan Committee has provided hundreds of local businesses over $10 million since its inception and is needed more than ever to stabilize local small businesses and the jobs they support.
As part of the Economic Relief Package approved by the City Council on April 14th, staff have been working hard to lend 100 percent of the City's remaining loan fund balance-66 emergency microloans and $660,000 approved since the beginning of the COVID-19 emergency-and to identify new funding sources to offer more loans to our local businesses and non-profits that are struggling to secure funds from other sources including private banks and federal agencies.

The City has received notification that the EDA is inviting certain recipients with successful RLF programs to apply for special supplemental funds from the federal CARES Act on a noncompetitive basis. Specifically, the EDA has invited the City to apply for up to: (a) up to $2.4 million for the creation of a new COVID-19 economic relief and recovery fund for local small businesses, and (b) up to an additional ten percent of that amount to defray administrative costs necessary to establish the new fund. Consistent with City Council direction to seek new emergency funds for local businesses and non-profit organizations, the City Manager will be submitting this grant application to the EDA for supplemental funding and will bring the award (if granted) to the City Council after receiving notification.

COVID-19 Small Business Recovery Loan Plan

The purpose of the proposed COVID-19 Small Business Recovery Loan Plan (Plan) should be to provide equitable and easy to access lending to small businesses and non-profit organizations citywide that need immediate emergency relief to transition and recover quickly from the COVID-19 emergency. The Plan should:

- Focus on economic sectors that have been hit hardest by the COVID-19 emergency;
- Help small businesses quickly recover and make the investments necessary to address COVID-19 related requirements for public health and safety;
- Be accessible to business owners across the City with equal demographic and geographic distribution with a focus on small business that have been unable to secure loans from private banks or other government loan programs;
- Provide timely and sufficient financial relief for small businesses that are most impacted by an acute downturn in revenue caused by an unforeseen emergency outside their immediate control;
- Concentrate immediate near-term investment in small businesses that provide services and employment opportunities to the community;
- Ensure businesses can retain existing employees and hire new employees and keep their businesses afloat during this time of economic hardship while preventing a chain reaction of reduced spending, inability to pay bills, job losses, or even closure; and
- Implement strategies that allow existing small businesses and property owners to defer

near term expenses and retain capital (to be repaid or renegotiated after the recovery is underway);
- Promoting policies that incentivize construction and other activities that provide jobs, procure materials, and create economic transactions; and

- Include technical assistance to small businesses impacted by COVID-19 through partners such as the Small Business Development Center and other community based organizations.

The City Manager and staff should work with the Economic Development Commission Loan Committee to create the Plan and present to the City Council for final review and approval with period updates about the performance of the fund and its impact on local small businesses.

This matter has been reviewed by Budget Manager Grace H. Yoon on June 1, 2020.

This recommendation requests the City Manager to work with the Economic Development Department to propose a COVID-19 Small Business Recovery Loan Plan. Implementing this recommendation is anticipated to require a moderate level of staff hours beyond normal budgeted scope of duties and is expected to have a moderate impact on existing City Council priorities assuming sufficient time to work with the EDA and the Economic Development Commission Loan Committee, complete the Plan, and balance against other priorities.

Approve recommendation.

[Enter Body Here]

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