

RESOLUTION NO. 3274-2009

RESOLUTION OF THE FORT BRAGG CITY COUNCIL ESTABLISHING A MICRO-LOAN PROGRAM TO ASSIST DOWNTOWN BUSINESSES AND ALLOCATING UP TO \$50,000 FROM THE GENERAL FUND TO THE MICRO-LOAN PROGRAM (ACCOUNT NO. 110-0000-1302)

WHEREAS, during the Downtown Streetscape Project construction activities in the spring of 2009, many businesses along Laurel, Redwood, Alder, and Pine Street in the Central Business District experienced diminished sales or losses due, in part, to the construction work; and

WHEREAS, some businesses have reported a decline in sales of between 30-60% compared to last year's sales during the same period; and

WHEREAS, the financial well-being of businesses in Fort Bragg's downtown is of great importance to the City of Fort Bragg as downtown businesses are a critical component of the economic activity in our community; provide jobs to local residents; provide goods and services to residents and visitors; and contribute a significant amount of sales tax to help fund general citywide services; and

WHEREAS, the City Council wishes to establish a Business Assistance Micro-Loan Program to provide short-term loans to local businesses that have experienced a temporary decline in revenues due, in part, to construction activities associated with the Downtown Streetscape Project; and

WHEREAS, based on all the evidence presented, the City Council finds as follows:

1. Streetscape work in the downtown has contributed to a decline in sales for downtown businesses; and
2. A vital business climate in Fort Bragg benefits the entire community by strengthening the City's ability to fund citywide services; and
3. The City Council would like to establish a Business Assistance Micro-Loan Program to provide short-term loans to local businesses that experienced revenue shortfalls due, in part, to street construction.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fort Bragg does hereby establish a Business Assistance Micro-Loan Program consistent with the Program Guidelines included in Exhibit "A;" and

BE IT FURTHER RESOLVED that the City Council amends the FY 2008-09 Budget to authorize expenditure of up to \$50,000 from the unallocated fund balance in the General Fund for the Business Assistance Micro-Loan Program, Account No. 110-0000-1302.

The above and foregoing Resolution was introduced by Councilmember Courtney seconded by Councilmember Turner and passed and adopted at a regular meeting of the City Council of the City of Fort Bragg held on the 26th day of May, 2009, by the

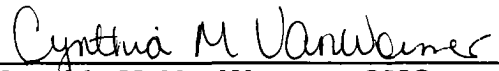
following vote:

AYES: Councilmembers Turner, Courtney, Gjerde, and Mayor Hammerstrom.
NOES: None.
ABSENT: Councilmember Melo.
ABSTAIN: None.



DOUG HAMMERSTROM,
Mayor

ATTEST:



Cynthia M. VanWormer, CMC
City Clerk

EXHIBIT "A"

GUIDELINES FOR BUSINESS ASSISTANCE MICRO-LOAN PROGRAM

Purpose: The City of Fort Bragg Business Assistance Micro-Loan Program is intended to help businesses that have experienced a temporary decline in revenues due to construction activities associated with the Downtown Streetscape Project. The program is intended to provide capital to assist businesses in making rent payments, payroll, and purchasing inventory to assure their on-going viability and tenancy in the Central Business District.

Source of Funding: The source of funding is the General Fund, and the \$50,000 allocated to this program in FY 2009-2010 is to be loaned out on a first-come, first-served basis to eligible applicants.

Features of Micro-Loan Program:

4. Eligible applicants: The Micro-Loan Program is intended to provide one-time assistance to existing downtown businesses that have been adversely impacted by construction activities associated with the 2009 Downtown Streetscape project. The Micro-Loan Program is only available to business owners who lease the premises in which their business is located.
5. General credit requirements: A loan applicant must (a) show ability to operate a business successfully; (b) have enough borrowing ability or equity to operate, with the micro-loan, on a sound financial basis; and (c) show that the past earning record and future prospects of the business indicate the ability to repay the loan.
6. Maximum loan amount: \$10,000.
7. Interest rate: 6%.
8. Term: 24 months.
9. Payment schedule: Monthly, first three months may be deferred upon request.
10. Timely payment incentive: The Micro-Loan Program is structured to encourage timely repayment of the loans. If all loan payments are made on time and in full, all interest paid will be deducted from the final payment.
11. Collateral: The loans are unsecured.
12. Loan Fee: None.
13. Prepayment penalty: None.

Loan Review: All loan applicants must complete a loan application and submit required documentation. Loan applications will be reviewed by a "Loan Committee" consisting of the Community Development Director and Finance Director and/or their designees. The Loan Committee shall make recommendations regarding approval of loans and requested deferrals of loan payments and/or restructuring of loans, if necessary.

Loan Approval: The City Manager shall make the final decision on approval or denial of all loan applications submitted, including terms and conditions of loan agreements. All loans shall be reported to the Fort Bragg City Council.