

RESOLUTION NO. 2020-40

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA ESTABLISHING A STABILIZING LOAN PROGRAM FOR RESIDENTS OF THE CITY IN RESPONSE TO THE COVID-19 PANDEMIC, VESTING DISCRETION IN THE CITY MANAGER, CITY FINANCE DIRECTOR AND CITY ATTORNEY TO MAKE REQUIRED CHANGES TO THE PROGRAM GUIDELINES NECESSARY TO IMPLEMENT AND ADMINISTER THE PROGRAM, AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AGREEMENTS AND PROMISSORY NOTES NECESSARY TO IMPLEMENT THE PROGRAM, AND AUTHORIZING THE FINANCE DIRECTOR TO MAKE NECESSARY ACCOUNTING AND BUDGETARY ENTRIES

WHEREAS, on March 13, 2020, the City Manager in his role as the Director of Emergency Services, issued a “Proclamation of a Local Emergency Related to the COVID-19 (Coronavirus) pandemic; and

WHEREAS, the impacts from the COVID-19 virus; the associated measures to protect public health; and local, regional, and national orders for residents to shelter in their places of residence has had a dramatic negative effect on many resident’s financial resources with many residents experiencing, or expecting to experience soon, sudden and unexpected loss of income; and

WHEREAS, many residents face destabilized housing situations due to the impacts of the COVID-19 pandemic which has created undue hardship for residents due to a lack of alternative housing; and

WHEREAS, individuals most impacted may need a very rapid response from local agencies, lenders, and support providers to survive these impacts; and

WHEREAS, further economic impacts are anticipated which may further inhibit City residents from fulfilling their financial obligations such as paying rent or a mortgage, utility charges and other non-discretionary financial commitments; and

WHEREAS, it is in the community’s interest to support residents of the City of Marina by ensuring adequate access to capital while other sources of state and federal funding are pending; and

WHEREAS, the City has One Hundred Thousand dollars available in its Emergency Fund which could be budgeted to fund the Stabilizing Loan Program for Residents; and

WHEREAS, the Stabilizing Loan Program for Residents is necessary to protect the health, safety, and welfare of the citizens of Marina; and

WHEREAS, the Stabilizing Loan Program for Residents is to be effective as of April 21, 2020; and

WHEREAS, COVID-19 therefore has and will continue to cause conditions of peril to the health, safety, and welfare of City of Marina residents.

NOW, THEREFORE, be it resolved by the City Council of the City of Marina that:

- A. The City Council hereby finds and determines that the above-described conditions and the conditions described in the Proclamation of Local Emergency related to the COVID-19 outbreak warrant and necessitate the creation of the Stabilizing Loan Program for Residents and the establishment of this Program is in furtherance of a public purpose and in the best interest of the public.
- B. The City Council hereby finds and determines that the commitment of funds to the Stabilizing Loan Program for Residents will not affect or detrimentally impact maintaining a revenue structure adequate to meet the City's financial requirements for the execution of balanced programs and the basic level of City services necessary to carry out the duties, obligations and mandates required by the Home Rule City Charter of the City of Marina.
- C. The City Council hereby finds and determines that residents' preparations for, response to, mitigation of, and recovery from the spread and impact of COVID-19 and the responses thereto require the City to divert resources from normal-day-to-day operation.
- D. The Stabilizing Loan Program for Residents is hereby established and funded with \$100,000 from the Emergency Fund in accordance with the program guidelines set forth in the COVID-19 Marina Resident Loan Requirements attached as Exhibit A to this Resolution.
- E. The City Council hereby vests discretion in the City Manager, City Finance Director and City Attorney to make required changes to the program guidelines necessary to effectively implement and administer the program.
- F. The City Manager is authorized to execute any agreements necessary to implement the Stabilizing Loan Program for Residents with all necessary expedience commensurate with the urgency of the COVID-19 impact on the local economy including, but not limited to, loan agreements and promissory notes.
- G. The Finance Director is authorized to make necessary accounting and budgetary entries.

PASSED AND ADOPTED, at a regular meeting of the City Council of the City of Marina, duly held on the 21st day of April 2020, by the following vote:

AYES: COUNCIL MEMBERS: Berkley, Urrutia, O'Connell, Morton, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ATTEST:

Bruce C. Delgado, Mayor

Anita Sharp, Deputy City Clerk

Residential Loan Program Summary

Program

Total Funding: \$100,000

Source: General Fund

Decision Authority: City Determination is final. Additional applications on changed circumstances may allow additional applications.

Loan Terms

Maximum Loan: \$2,000 per household

Basis of Loan Amount: Documented delinquent bills for rent, utilities, or mortgage on property located in Marina for a primary residence.

Interest Rate: 0% if repaid within one year of funding of loan; or,
3% from loan's funding

Qualifications

1. Must be a resident of the City Marina as of January 1, 2020
2. Must have a household income of less than 80% of the Monterey County Median, adjusted for household size; **or, non-discretionary debt (mortgage, one car payment) more than 25% of monthly income.**
3. Must have had economic damage due to the COVID 19 event due to unemployment or reduction of hours in excess of 50% of work income.

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of April 21, 2020

**RECOMMENDATION TO CONSIDER ADOPTING RESOLUTION NO. 2020-
, ESTABLISHING A STABILIZING LOAN PROGRAM FOR RESIDENTS OF
THE CITY IN RESPONSE TO THE COVID-19 PANDEMIC, VESTING
DISCRETION IN THE CITY MANAGER, CITY FINANCE DIRECTOR AND
CITY ATTORNEY TO MAKE REQUIRED CHANGES TO THE PROGRAM
GUIDELINES NECESSARY TO IMPLEMENT AND ADMINISTER THE
PROGRAM, AUTHORIZING THE CITY MANAGER TO EXECUTE ANY
AGREEMENTS AND PROMISSORY NOTES NECESSARY TO
IMPLEMENT THE PROGRAM, AND AUTHORIZING THE FINANCE
DIRECTOR TO MAKE NECESSARY ACCOUNTING AND BUDGETARY
ENTRIES**

REQUEST: The City Council consider

- 1) Adopting Resolution No. 2020-, establishing a stabilizing loan program for residents of the city in response to the COVID-19 pandemic, vesting discretion in the City Manager, City Finance Director and City Attorney to make required changes to the Program Guidelines necessary to implement and administer the program, and
- 2) Authorizing the City Manager to execute any agreements and promissory notes necessary to implement the program, and
- 3) Authorizing the Finance Director to make necessary accounting and budgetary entries

BACKGROUND:

In response to the dramatic and wide-spread economic effects of the COVID-19 shelter in place health orders, the City Council directed that a relief loan program be developed for both residents and local businesses. The Council directed that \$100,000 be set-aside for both programs, \$100,000 for resident and \$100,000 for local business relief loan programs.

The following materials are included in this staff report Council's review and approval:

- A program summary;
- A detailed loan requirements sheet;
- A loan application; and,
- A promissory note.

ANALYSIS:

The City does not have unlimited resources. In fact, the City's resources will be substantially curtailed as the whole communities, economic resources diminish. However, the intent of this program is to provide a lifeline, particularly to those who may not easily or at all qualify for other programs. The proposed residential program is as follows:

The basic details of the residential loan program are the following:

Program

Total Funding: \$100,000

Source: General Fund

Decision Authority: City Determination is final. Additional applications on changed circumstances may allow additional applications.

Loan Terms

Maximum Loan: \$2,000 per household

Basis of Loan Amount: Documented delinquent bills for rent, utilities, or mortgage on property located in Marina for a primary residence.

Interest Rate: 0% if repaid within one year of funding of loan; or, 3% from loan's funding

Loan Qualifications

1. Must be a resident of the City Marina as of January 1, 2020
2. Must have a household income of less than 60% of the Monterey County Median, adjusted for household size; **or, non-discretionary debt (mortgage, one car payment) more than 25% of monthly income.**
3. Must have had economic damage due to the COVID-19 event due to unemployment or reduction of hours in excess of 50% of work income.

Staff would recommend Council consider the following revisions to the program:

- 1) Remove the ability to qualify due to non-discretionary debt more than 25% of monthly income; or, allow such to qualify after May 31, 2020.
- 2) Provide a Maximum Term: 36 months
- 3) Provide a Minimum payment: 1/20 of original loan, commencing no later than 1 year after loan funding.

Due to the shortness of time, a package for the business loan program was not developed by agenda publishing times. However, that package will be present to Council and the public as soon as the materials are developed but no later than the Council meeting. The intent is to make the two programs look similar.

FISCAL IMPACT:

These two programs may cost the City up to \$200,000 if the loans are not paid back.

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Eric Frost
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina

SOURCE OF FUNDING: General Fund

Attachments:

- program summary
- detailed loan requirements sheet
- loan application
- promissory note