

RESOLUTION NO. 2021-20

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
PROVIDING DIRECTION REGARDING CHANGES TO THE CITY OF
MARINA SMALL BUSINESS AND RESIDENTIAL COVID-19 LOAN
PROGRAMS, VESTING DISCRETION IN THE CITY MANAGER, CITY
ACCOUNTING SERVICES MANAGER AND CITY ATTORNEY TO MAKE
REQUIRED CHANGES TO THE PROGRAM GUIDELINES NECESSARY TO
IMPLEMENT AND ADMINISTER THE PROGRAM; AND CONTINUING
THE AUTHORITY OF THE CITY MANAGER TO EXECUTE ANY
AGREEMENTS AND PROMISSORY NOTES NECESSARY TO
IMPLEMENT THE PROGRAM

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

WHEREAS, COVID-19 is primarily transmitted through interpersonal contact in confined spaces and in-person operation of businesses creates a significant risk of transmitting the COVID-19 virus; and,

WHEREAS, small businesses are in need of assistance as a result of layoffs, temporary business closures, curtailment of operations, and economic disruption during this emergency; and,

WHEREAS, on March 17, 2020, the Health Officer of the County of Monterey issued an Order directing all businesses to cease non-essential operations at physical locations in the County; and,

WHEREAS, on April 3, 2020, the Health Officer of the County of Monterey issued a second Order clarifying and further limiting business activities, including construction, and again directing all businesses to further cease non-essential operations; and,

WHEREAS, on April 21, 2020, the City Council adopted Resolution 2020-41 establishing the Stabilizing Loan Program for Businesses of Marina; and,

WHEREAS, the Small Business Loan Program was subsequently amended and extended on June 23, 2020, September 1, 2020, and December 17, 2020; and,

WHEREAS, On May 26, 2020 the Health Officer of the County of Monterey issued an Order moving the County into Stage 2 of the COVID-19 recovery process which authorized certain businesses to reopen and on June 11, 2020, the County Health Officer issued a Supplement Order authorizing certain other businesses to operate in Monterey County in accordance with State Guidelines; and,

WHEREAS, on December 9, 2020, the Health Officer of the County of Monterey issued an Order, in addition to the other restrictions set forth by the State, that the Regional Stay at Home Orders were to go into effect on December 13, 2020, at 10 p.m. and to continue in effect until January 11, 2021, at 6:00 a.m.; and,

WHEREAS, the impacts from the COVID-19 virus, the associated measures to protect public health, and Regional Stay at Home Orders and other regional orders for non-essential businesses to cease operations and the resulting lay-off of employees at these businesses' physical locations has had and continues to have a dramatic negative effect on many non-essential small businesses' financial resources with many such businesses experiencing, or expecting to experience soon, a sudden, unexpected and continuing loss of revenue; and

WHEREAS, a small business, that is, a business physically located in the City of Marina since January 1, 2019 with ten or fewer full or part time employees for a business other than a restaurant, or 20 or fewer employees for a restaurant business, as of March 1, 2020, may need a very rapid interim response from local agencies, lenders, and support providers to survive the above-described impacts; and

WHEREAS, additional economic impacts are anticipated which may further inhibit small businesses which have not been required to close as a result of the County Health Officer or the State of California's orders due to the coronavirus pandemic from temporarily fulfilling their financial obligations for outstanding indebtedness such as paying rent or a mortgage for business premises, paying utility charges for business operations, paying employee wages, and/or paying health benefits for employee(er); and

WHEREAS, the City has experienced a loss of sales tax revenue during 2020 and the City Council anticipates a continuing loss in sales tax revenue as a result of the COVID-19 outbreak due to the temporary or permanent closure and the curtailment of operations of many small businesses; and

WHEREAS, it is in the community's interest to support small businesses which have chosen to locate and operate within the City of Marina by providing access to capital while other sources of state and federal funding are pending; and

WHEREAS, the Stabilizing Loan Program for Small Business is necessary to preserve the welfare of citizens of Marina; 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, continued 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 housing and capital while other sources of state and federal funding are pending; and

WHEREAS, on April 21, 2020, by its adoption of Resolution 2020-40 the City Council established the Stabilizing Loan Program for Residents of the City; and,

WHEREAS, the Residential Loan Programs were subsequently amended and extended on June 23, 2020, September 1, 2020, December 17, 2020 and February 2, 2021; and

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

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

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

1. The City Council hereby finds and directs staff to take certain actions.
2. The City Council hereby vests discretion in the City Manager, Accounting Services Manager, and City Attorney to make required changes to the program guidelines necessary to effectively implement and administer the program.
3. The City Manager continues to be authorized to execute any agreements necessary to implement the Stabilizing Loan Program for Small Business 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.

PASSED AND ADOPTED, at a special meeting of the City Council of the City of Marina, duly held on the 16th day of March 2021, by the following vote:

AYES: COUNCIL MEMBERS: Medina Dirksen, Burnett, Berkley, Biala, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ATTEST:

Bruce C. Delgado, Mayor

Anita Sharp, Deputy City Clerk

City of Marina Business Loan Program Summary Round #4



Program

Round 4 Total Funding: \$400,000
 Source: General Fund
 Decision Authority: City Determination is final. Additional applications based upon on changed circumstances are allowed.

Loan Terms

Maximum Loan: \$15,000 per business for those that have not received a loan through Rounds 1 - 3 of the Business Loan Program. \$5,000 per business for those that have received a loan through Rounds 1-3 of the Business Loan Program.

Limitation: May not receive residential loan also.

Basis of Loan Amount: Documented delinquent bills for rent, employee wages and health benefits, utilities, mortgage, or income reduction related to COVID-19 on business located in Marina if not closed during COVID event. If closed, any unpaid business expense during the COVID event.

Interest Rate: 0% if repaid by December 31, 2023; or,
 3% from loan's funding date to be repaid by December 31, 2024.
 A minimum of 20% of loan must be repaid no later than December 31, 2023

Qualifications

1. Must have a business license of the City Marina as of January 1, 2019, for one of the following business categories:

Automotive Repair	General Retail	Secondhand Dealers & Stores
Bars	Laundry Services	Restaurants
Beauty Parlors and Shops	Massage Parlors	Retails Sales
Cafes	Massage Technician	Physical Fitness, Exercise, Personal Training
Electronic Repair & Service	Printers	Vehicle sales (inside City limits)
General Service	Professional & Semi-Professional	

Business must have had 10 or fewer full or part-time employees before March 1, 2020. The requirement for restaurants is 20 or fewer employees.

2. Income Requirement:
 - Gross Annual Business Revenue under \$1 million.
3. **Applications to be submitted to the City with supporting documentation on or before March 31, 2021, or award of loans totaling \$400,000 whichever occurs first.**

Applications are available at the City's website at CityofMarina.org then by clicking on COVID-19 and selecting City Loans for COVID Impacts. For More Information, call Marisol Gomez, Accounting Services Manager, 831-884-1203

City of Marina Resident Loan Program Summary, Round #4



Program

Total Cumulative

Program Funding: \$52,000

Source: General Fund

Decision Authority: City Determination is final.

Additional applications based upon changed circumstances are allowed.

Loan Terms

Maximum Loan: \$3,500 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% in repaid by December 31, 2023; or,
3% from loan's funding date to be repaid by December 31, 2024.

Qualifications

1. Must be a resident of the City Marina as of January 1, 2020 or Home Occupation in the City of Marina as of January 1, 2020
2. Must have a household income of less than 120% of the Monterey County Median, adjusted for household size
3. Must have had economic damage due to the COVID 19 event due to unemployment or reduction of hours

Due Dates

Applications to be submitted to the City with supporting documentation on or before January 31, 2021 or award of loans totaling \$52,000, whichever occurs first.

Applications are available at the City's website: CityofMarina.org under "Help for Residents" button.

For more information, call Marisol Gomez, Accounting Services Manager, at 831-884-1203 or email residentLoanApp@cityofmarina.org

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of March 16, 2020

CITY COUNCIL TO RECEIVE AN UPDATE ON THE CITY OF MARINA SMALL BUSINESS AND RESIDENTIAL COVID-19 LOAN PROGRAMS AND CONSIDER ADOPTING RESOLUTION NO. 2021- PROVIDING DIRECTION REGARDING CHANGES TO THE PROGRAMS; VESTING DISCRETION IN THE CITY MANAGER, CITY ACCOUNTING SERVICES MANAGER AND CITY ATTORNEY TO MAKE REQUIRED CHANGES TO THE PROGRAM GUIDELINES NECESSARY TO IMPLEMENT AND ADMINISTER THE PROGRAM; AND CONTINUING THE AUTHORITY OF THE CITY MANAGER TO EXECUTE ANY AGREEMENTS AND PROMISSORY NOTES NECESSARY TO IMPLEMENT THE PROGRAM

REQUEST:

It is requested that the City Council consider:

1. Adopting Resolution No. 2021-, receiving an update on the City of Marina Small Business and Residential COVID-19 Loan Programs and providing direction regarding changes to the programs; vesting discretion in the City Manager, Accounting Services Manager, and City Attorney to make required changes to the program guidelines necessary to implement and administer the program; and continuing the authority of the City Manager to execute any agreements and promissory notes necessary to implement the program.

BACKGROUND:

On April 21, 2020, the City Council adopted Resolution 2020-41 establishing the Stabilizing Loan Program for Businesses and Residents of Marina. The Programs were subsequently amended and extended on June 23, 2020, September 1, 2020. At the December 17, 2020 City Council meeting, the City Council discussed the status of the current COVID Relief Business and Residential Loan Programs. Following the discussion, the City Council approved Resolution No. 2020-159 adding Four Hundred Thousand Dollars (\$400,000.00) from the General Fund – Unallocated Revenues account and approving a 4th Round of COVID-19 Marina Small Business Loans. The 4th Round requirements are included in the Business Loan Program Summary in **(EXHIBIT “A”)**. At the same City Council meeting the City Council directed staff to extend the Residential COVID-19 Loan Program until January 31, 2021 and modified certain terms to allow for a higher household income to qualify and an increase in loan limits. On February 2, 2021, the City Council approved an extension to the Residential COVID-19 Loan Program until March 31, 2020 under the requirements published in the City of Marina Resident Loan Program Summary, Round #4 **(EXHIBIT “B”)**.

ANALYSIS:

The 4th Round City of Marina Small Business and Residential COVID-19 Loan Programs are set to expire on March 31, 2021. To date, rounds 1-4 have resulted in a total of \$177,300 in 21 business loans and \$28,333 in 16 residential loans. The City Council has previously allocated a total of \$550,000 to the Small Business COVID-19 Loan Program and \$52,000 to the Residential COVID-19 Loan Program. Table 1 below shows a summary of the loans funded to date.

Table 1. Summary of Rounds 1-4 Small Business and Residential COVID-19 Loans Funded

Loan Type	Total Funding	Applications Funded	Total Funding	Remaining Funding
Residential	\$52,000	16	\$28,333	\$23,667
Business	\$550,000	21	\$177,300	\$372,700
Total	\$602,000	37	\$203,633	\$396,367

Since the City Council adopted the 1st Round COVID Relief Business and Residential Loan Programs there have been 3 additional Rounds of loan periods with varied requirements and loan terms. Both of the programs require that an applicant was established at a physical address in the City of Marina as of January 1, 2019. Additionally, both programs require that applicants provide proof of economic impacts from COVID (i.e., loss of job, reduced revenue) and as a result have delinquencies in rent, mortgages, utilities, employee wages, etc. Tables 2 & 3 below summarize the other provisions of Rounds 1 – 4 for the Business and Residential Loan Programs.

Table 2. Summary of Rounds 1-4 Small Business COVID-19 Loan Program

	Round 1	Round 2	Round 3	Round 4
Loan Period	4/21/20-5/31/20	6/1/20-8/31/20	9/1/20-12/31/20	12/31/20-3/31/21
Max. Loan	\$10,000	\$10,000	\$10,000	\$15,000 1 st loan \$5,000 if 2 nd
Interest Rate	0% until 5/31/21 3% by 5/31/22	0% until 8/31/21 3% by 8/31/22	0% until 12/31/21 3% by 12/31/22	0% until 12/31/23 3% by 12/31/24 Must pay 20% of loan by 12/31/23
# employees	10 or fewer 20 for restaurant	10 or fewer 20 for restaurant	10 or fewer 20 for restaurant	10 or fewer 20 for restaurant
Household Inc.	90% AMI	112% AMI if open in March & April 2020 135% AMI if closed in March & April 2020	112% AMI if open in March & April 2020 135% AMI if closed in March & April 2020	none
SBA Loan App.	Required	Required	Required	Not Required
Gross Revenue	None	None	None	Less than \$1 mill

Table 3. Summary of Rounds 1-4 Residential COVID-19 Loan Program

	Round 1	Round 2	Round 3	Round 4
Loan Period	4/21/20-5/31/20	6/1/20-8/31/20	9/1/20-12/31/20	12/31/20-3/31/21
Max. Loan	\$2,000	\$2,000	\$2,000	\$3,500
Interest Rate	0% until 5/31/21 3% by 5/31/22	0% until 8/31/21 3% by 8/31/22	0% until 12/31/21 3% by 12/31/22	0% until 12/31/23 3% by 12/31/24 Must pay 20% of loan by 12/31/23
Household Inc.	80% AMI	80% AMI	80% AMI	120% AMI

Possible Council direction includes:

- Allow the programs to expire on March 31, 2021.

- Extend the Round 4 Programs to May 31, 2021 or later.
- Bring all current and past loans under the Round 4 repayment schedule.
- Amend other terms and create a Round 5.

FISCAL IMPACT:

Allocations have previously been made by the City Council from the General Fund – Unallocated Revenues account. Rounds 1-4 have resulted in a total of \$177,300 in 21 business loans and \$28,333 in 16 residential loans. There has been \$550,000 allocated to the Small Business COVID-19 Loan Program and \$52,000 allocated to the Residential COVID-19 Loan Program. Table 1 below shows a summary of the loans funded to date. Currently, there is \$23,667 remaining in the Residential Loan Program allocated funding and \$372,700 remaining in the Business Loan allocated funding.

CONCLUSION:

This request is submitted for the City Council consideration

Respectfully submitted,

Matt Mogensen
Assistant City Manager
City of Marina

REVIEWED/CONCUR:

Layne Long
City Manager
City of Marina