



COUNTY OF SAN DIEGO

BOARD OF SUPERVISORS

1600 PACIFIC HIGHWAY, ROOM 335, SAN DIEGO, CALIFORNIA 92101-2470

AGENDA ITEM

DATE: April 21, 2020

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TO: Board of Supervisors

SUBJECT

A PATH TO RECOVERY: BUSINESS LOAN PROGRAM FOR THE UNINCORPORATED AREA (DISTRICTS: ALL)

OVERVIEW

The novel COVID-19 virus has and will continue to cause significant negative impacts to local business within the unincorporated area. The State of California stay at home health order has required many local businesses to cease operation due to them being deemed non-essential. With a significant loss of revenue, employers can no longer pay their employees, many of which have needed to file for unemployment. Businesses have shuttered their doors, some of which cannot bear the loss of revenue long-term without the help of local assistance.

The ripple effect of the COVID-19 emergency will have budgetary impacts on local government; however, the County's strong reserves are in place for emergencies such as this. It is imperative to keep our businesses afloat during this crisis to ensure a swift path to economic recovery when the health order is lifted.

Today's action will direct the Chief Administrative Officer to negotiate and execute an agreement with the San Diego Foundation to implement a business recovery loan program for the unincorporated area to assist in the recovery effort of local businesses and contribute \$5,000,000 to the program to fund loans. The purpose of the business recovery loan program is to assist the business community by providing no-to-low interest loans to endure the financial impact caused by the COVID-19 crisis.

RECOMMENDATIONS

VICE-CHAIRMAN JIM DESMOND AND SUPERVISOR DIANNE JACOB

1. Direct the Chief Administrative Officer to negotiate and, upon successful negotiation, execute an agreement with the San Diego Foundation, to contribute \$5,000,000 to be used to implement a recovery loan program for businesses located within the unincorporated area that have suffered financial losses as a result of the COVID-19 crisis. Any agreement would, at a minimum, require:

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- A. San Diego Foundation to use the County contribution to fund loans to unincorporated businesses with 50 or fewer employees, an amount not to exceed \$50,000, interest rate not to exceed 2%, and a term not to exceed two years.
 - B. San Diego Foundation will ensure all loans funded are covered by the State of California Small Business Loan Guarantee Program or comparable program.
 - C. San Diego Foundation will return at least 95% on defaulted loans and 100% on loans that are paid off no later than 30 months after the County contribution is distributed, minus any agreed upon administrative costs and fees.
 - D. Priority will be given to applications that provide job retention and creation.
 - E. Any administrative costs should be minimized to lessen the impact on the fund and the applicants.
2. Establish appropriations of \$5,000,000 in Finance Other Countywide General Expenses Other Charges based on available General Fund fund balance to provide funding for the loan program. **(4 VOTES)**

FISCAL IMPACT

Funds associated with this request are not included in the Fiscal Year 2019-20 Operational Plan. If approved, this request will result in costs of \$5,000,000. The funding source is available General Fund fund balance. There will be no additional staff years.

BUSINESS IMPACT STATEMENT

The business recovery loan program will have a direct positive impact to businesses by providing no-to-low interest loans to help with the local economic recovery effort during the COVID-19 crisis.

BACKGROUND

In March 2020, the County of San Diego Public Health Officer issued orders to limit gathering sizes, the implementation of social distancing requirements, and the prohibition of in-house dining, to reduce the spread of COVID-19. On March 19, 2020, the Governor of California issued a “stay at home” order requiring the closure of non-essential businesses and the limitation of commercial activity.

The purpose of providing a no-to-low interest loan program is to ensure local businesses can survive the loss of revenue and are positioned to recover quickly once the health order is lifted. Supporting local businesses will help to preserve the region’s economy and ensure a diverse, thriving business community in the future.

Similar loan programs in response to COVID-19 have been implemented by neighboring jurisdictions including the City of San Diego, City of San Marcos, City of Poway and the City of Coronado.

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Today's action to contribute funds to implement a business recovery loan program in the unincorporated area will provide local businesses with critical funding to continue operating once the health order is lifted and ensure return of at least 95% of the contributed funds.

Respectfully submitted,



JIM DESMOND
Vice-Chairman, Fifth District



DIANNE JACOB
Supervisor, Second District

ATTACHMENT(S)

N/A

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

N/A

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Board of Supervisors

OTHER CONCURRENCE(S): N/A

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