



## **AGENDA MEMORANDUM**

Ordinance for the City Council Meeting of April 21, 2020

**DATE:** April 16, 2020

**TO:** Peter Zaroni, City Manager

**FROM:** Constance Sanchez, Chief Financial Officer  
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<p><b>Small Business Recovery Program Agreement with LiftFund, Inc. and Type A</b></p>
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**CAPTION:**

Ordinance approving an agreement between the City of Corpus Christi and the Corpus Christi Business and Job Development Corporation in an amount not to exceed \$2,500,000.00 for Type A funding of arterial and collector streets within the City; approving a Chapter 380 agreement in an amount not to exceed \$2,500,000.00 with Lift Fund, Inc. for a small business recovery program; appropriating \$2,500,000.00 from the unreserved fund balance of the Business and Job Development Fund for use on the arterial and collector street improvements; amending the operating and capital budget; and declaring an emergency.

**PURPOSE:**

The purpose is to approve a Chapter 380 agreement with LiftFund, Inc. for small business relief related to COVID-19 and a Type A project for the funding of repairs to arterial and collector streets within the City of Corpus Christi. The agreement is to add an additional \$2,500,000 in funding to the program.

**BACKGROUND AND FINDINGS:**

Due to the current “stay-at-home” orders from federal, state and local authorities, most small businesses have had to reduce their staff and their hours of operation or have had to closed completely. This has put a tremendous strain on those businesses and has resulted in many layoffs. It is estimated that unemployment in the area may rise to 30% in April. The United States Congress has passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the Small Business Administration has implemented programs that can help businesses in need. These programs take time to process, and most companies cannot wait for the funds to be dispersed.

In an effort to help these businesses either continue in business or to ensure that they can reopen once the orders are lifted, these companies need an affordable loan program

to get through this downturn. The City has an ongoing relationship with LiftFund, Inc. that extends to Type A funding for their loan buy-down program and the more recent Type B funding for the Dream Makers Fund that established dedicated resources to be used as a revolving loan fund for small companies within Corpus Christi.

LiftFund, Inc. has established a process to take in applications and provide 0% interest loans up to \$25,000 to help small businesses in the City limits that have suffered financial losses as a result of COVID-19. LiftFund, Inc. is a local Community Development Financial Institution (CDFI), dedicated to strengthening small business within the city limits. The Small Business Recovery Program was funded with an initial \$1,700,000 in COVID-19 disaster relief loans to business in Corpus Christi. As loans are paid back, LiftFund, Inc. will deposit the repaid funds into the Dream Makers Fund. The fund will absorb any loan defaults – the losses being subtracted from the total loan fund reducing the amount of funds available for future lending. Funds deposited into the Dream Makers Fund may only be used to provide loans to small businesses within Corpus Christi.

### **ALTERNATIVES:**

The City Council may choose to change the amount of the agreement or not pass the ordinance. This would not provide assistance to small businesses within the City.

### **FISCAL IMPACT:**

In order to add additional funding to this program, \$2,500,000 already appropriated in the Fiscal Year 2019-2020 operating budget to be transferred to the Street Maintenance Fund (Fund 1041) is being recommended to be repurposed for this program. In turn, Type A funds in the amount of \$2,500,000 were appropriated and approved by the Type A Board on April 20, 2020 to be transferred to the Street Maintenance Fund (Fund 1041) to be used for arterial and collector streets necessary for new and expanded business enterprises. Neither this action nor the action by the Type A Board negatively impacts the Street Maintenance Fund.

### **Funding Detail:**

Fund:	1020 General Fund
Organization/Activity:	15100 Economic Development Incentives
Mission Element:	707 Economic Development
Project # (CIP Only):	N/A
Account:	540116 – 380 Agreement - LiftFund
Fund:	1140 Business and Job Development
Organization/Activity:	
Mission Element:	
Project # (CIP Only):	N/A
Account:	260800 Unreserved Fund Balance

### **RECOMMENDATION:**

Staff recommends approval of the small business assistance agreement with LiftFund, Inc. and the Type A funding of arterial and collector streets.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance

Agreements – Type A Agreement Amendment; Draft 380 Agreement  
Presentation