



AGENDA MEMORANDUM

Action Item for the City Council Meeting of June 9, 2020

DATE: June 3, 2020

TO: Peter Zaroni, City Manager

FROM: Constance P. Sanchez, Chief Financial Officer
constancep@cctexas.com
361-826-3189

Small Business Recovery Program Agreement with LiftFund, Inc. and Type A

CAPTION:

One reading 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 \$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 \$500,000.00 with Lift Fund, Inc. for a small business recovery program; appropriating \$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.

SUMMARY:

This item 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 \$500,000 in funding to the program.

BACKGROUND AND FINDINGS:

Due to the “stay-at-home” orders from federal, state and local authorities resulting from the COVID-19 pandemic, most small businesses had to either reduce their staff and their hours of operation or closed completely. This has put a tremendous strain on those businesses, has resulted in many layoffs, and has impacted the local economy. The national unemployment rate is at 14.7 percent or 23.9 million unemployed persons as of May 26, 2020. In an effort to help these businesses either continue functioning or to ensure that they can reopen during this phased reopening period, these companies need assistance to get through the downturn.

On April 3rd and April 7th, the Corpus Christi Business and Job Development Corporation (“Type A Corporation”) and the City of Corpus Christi City Council, respectively, approved an agreement in the amount of \$2,000,000 to provide specific and measurable services for the promotion and development of new and expanded business enterprises through the repair of arterial and collector streets within the City, namely Patti Drive from Saratoga to Dunbarton Oaks and Shoreline Blvd/Ocean Drive from IH 37 to Louisiana, with the exclusion of any portion of the work completed prior to April 3, 2020. In exchange for the funds provided by the Type A Corporation for the repair of arterial and collector streets, the City created a small business incentive program through a Chapter 380 of the Texas Local Government Code that provides assistance to small businesses impacted by COVID-19.

The small business incentive program has been providing loans to small businesses impacted by the COVID-19 pandemic for purposes of business development and incubation and the creation and retention of jobs within the City. The City entered into a Chapter 380 agreement with LiftFund, Inc. for the management and administration of the small business incentive program. This program has assisted 87 local businesses within a 5-week time frame by providing interest-free loans with a four-month deferral on the first payment. Additionally, as these loans will be paid back in the future, LiftFund, Inc. will deposit the repaid funds into the existing Dream Makers Fund to benefit local businesses with low-interest loans. As a result of the success of the program, a second phase of the program was requested from both the Type A Corporation and the City Council.

On April 20, 2020 and April 21, 2020, Type A Corporation and the City of Corpus Christi City Council, respectively, approved a second agreement to provide specific and measurable services for the promotion and development of new and expanded business enterprises through the repair of arterial and collector streets within the city, namely Interstate 37 (IH-37) from Mesquite Street to Shoreline Boulevard (North) and Staples Street from South Padre Island Drive to Gollihar Road. While the Type A Board approved the total value of this programming at \$2,500,000.00, the City Council decreased the value of the agreement from \$2,500,000.00 to \$1,000,000.00. The City Council also approved a second agreement with LiftFund, Inc. to administer a \$1,000,000 loan program. As these loans will be paid back in the future, LiftFund, Inc. will return the repaid funds back to the City of Corpus Christi who will then reimburse the Type A Corporation for the amount of the repaid loans. This second phase has assisted over 40 local businesses and will be disbursed by mid-June. Because of the local demand for this program, City staff is recommending a third phase.

The third agreement makes available an additional amount of \$500,000.00 for the Street Preventative Maintenance Program (SPMP) for streets: Cooper’s Alley from Tanchua to Shoreline and Staples Street from South Padre Island Drive to Gollihar Road. This would also bring the total value of the City’s COVID-19 Small Business Recovery Loan Program to \$3,500,000.00.

Summary of City Council Authorization:

- April 7th, approved \$2,000,000.00
- April 21st, approved \$1,000,000.00
- June 8th, requesting approval for \$500,000.00

ALTERNATIVES:

The City Council could choose not to approve this agreement or not pass this ordinance for the recommended dollar amount or propose a different dollar amount.

FISCAL IMPACT:

The additional \$500,000.00 will need to be appropriated, and the Fiscal Year 2019-2020 budget will need to be amended if this action is approved. If this item is approved today, the unreserved fund balance in the Type A Economic Development Fund will be \$2,877,296.00. The Type A Economic Development Fund sales tax expired in 2018 and is no longer receiving sales tax revenue.

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:	N/A
Mission Element:	N/A
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;

380 Agreement between the City of Corpus Christi and LiftFund, Inc.