



## Staff Report

**TO:** City Council  
**FROM:** Todd Parton, City Manager  
**DATE:** June 16, 2020  
**SUBJECT:** Establishment of a Business Assistance Program (BAP) for Local Businesses that Have Experienced COVID-19 Related Losses

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### Background and Analysis:

City Council directed that an item be placed on an agenda to discuss the establishment of a financial support program for local businesses who have experienced losses related to the COVID-19 pandemic. The concept presented, the Business Assistance Program (BAP), is a zero-interest, two-year loan program. An outline of the BAP is attached to this memorandum.

The stated intent of the BAP is to help ensure the viability of small, locally owned businesses facing financial strain directly related to COVID-19. Funds would be used as gap financing to address basic business expenses limited to rent, mortgage, or payroll related costs.

A total of \$750,000 from the City's General Fund unobligated reserves would be allocated. It is anticipated that the deadline for awarding loans would be September 1, 2020.

Two key elements are that loans must be fully collateralized and that loan recipients would not be allowed to reduce employee rosters or significantly decrease payroll.

Some final details remain outstanding, including the following:

- Loan administration – will a loan committee be established, or will the City outsource this to a local lending institution;
- Qualifying businesses – will this loan program apply to home-based businesses or will it be restricted to brick and mortar businesses;
- Uncollectible amounts – how much of the principal loan amounts should be written off/deemed uncollectable and what collections process(es) will be used?

**Fiscal Impact:**

City estimates that preparation of this report cost approximately \$375.

**Recommended Action:**

City staff is looking for City Council direction and action and, since this is a policy-related decision, does not have a specific recommendation at this time.

**Attachments:**

- A. City of Beaumont – Business Assistance Program Outline