



REQUEST FOR COUNCIL ACTION

Title: COVID-19 Business Loan Program

Preferred Agenda: November 24, 2020

Submitted By: Blair Larsen, Community & Economic Development Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion Roll Call ____ Other ____

Relevant Code/Policy:

Towards Council Goal: Vision Statement, Aspiration V: Economically Strong Environment; Goal 4.2: Lead Economic Development Efforts

Attachments: Draft COVID-19 Business Loan Program

Purpose of this RCA:

The purpose of this RCA is to propose a business assistance loan program targeted at those business closed by the recent statewide “Two-Week Freeze”.

Background/Context:

The COVID-19 pandemic continues to grow, and the State is imposing stricter requirements. Recently the Governor announced a statewide “Two-Week Freeze” that limits retail stores to 75% of capacity, requires restaurants to be delivery and take-out only, and outright closes gyms and fitness organizations, indoor recreational and entertainment facilities, outdoor entertainment activities, and event venues.

City Staff are concerned about the effect this will have on those businesses that have been ordered to completely close, and which have exhausted or don’t qualify for the grants offered by the State and Federal governments. Staff are also that this “Two-Week Freeze” may extend until the end of the calendar year. We propose a business loan program limited to the businesses that the Governor has ordered closed, funded with the City’s Economic Development Fund. We recommend that the loan amounts be capped at \$25,000, carry an interest rate no higher than 1.5%, and be amortized over a 10-year period.

The Challenge/Problem:

How does the City assist businesses that have been forced to close by the Governor’s recent order?

Stakeholders:

- Sweet Home Residents – Residents appreciate the businesses and services that have been ordered closed and would be adversely affected if those businesses were unable to reopen again.

- Sweet Home Businesses – Businesses ordered closed by the Governor need assistance in order to be able to reopen when the Governor’s order has been lifted.
- Sweet Home City Council – The City Council is responsible to allocating City funding to accomplish the City’s purposes and goals.

Issues and Financial Impacts:

Staff estimates that only two businesses within the City have been forced to close by this most recent order from the Governor. This would result in \$50,000 loaned out of the Economic Development Fund.

Elements of a Stable Solution:

A stable solution may include authorization of a City Business Assistance Loan Program and authorizing the City Manager to sign contracts with eligible businesses for the loan of City Economic Development Funds.

Options:

1. Do Nothing – The Council could choose to do nothing at this time.
2. Approve the proposed COVID-19 Business Loan Program as recommended and authorize the City Manager to sign contracts between the City and eligible businesses under the program – By approving the recommended program and authorizing the City Manager to sign contracts with eligible businesses, the Council would allow the use of City Economic Development funds to be loaned to businesses that have been forced to close due to the recent Governor’s order.
3. Approve the proposed COVID-19 Business Loan Program with changes and authorize the City Manager to sign contracts between the City and eligible businesses under the program – The Council may choose to direct Staff to make changes to the recommended program, such as the maximum loan amount, interest rate, and repayment schedule.
4. Direct Staff to Research Other Options – The Council may direct staff to research other ways to help affected businesses.

Recommendation:

Staff recommends option 2: Motion to approve the proposed COVID-19 Business Loan Program as recommended and authorize the City Manager to sign contracts between the City and eligible businesses under the program.