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Approve Scope of Work for CDBG Business Loan Development and Loan Servicing Activities

The Community Development Block Grant (CDBG) program provides opportunities to boost economic development in Fort Bragg through provision of subsidized loan funding for eligible businesses. Loan funding may become available if the City successfully applies for a CDBG Business Assistance Loan Program in a new grant application. In addition, for larger loans, the City is eligible to apply for CDBG Over-the-Counter (OTC) loan funds on an “as needed” basis when eligible businesses and projects are identified. The City’s most recent loan development and loan servicing contract with Community Development Services ended on March 31, 2016. City staff lacks the specialized knowledge to perform loan underwriting activities, to prepare loan proposals, or to perform other activities required for a successful Business Assistance Loan Program or OTC application. In addition, the City has several outstanding business assistance loans that require CDBG-compliant, post-funding tasks. In order to be pro-active in the creation of economic development opportunities as well as to ensure compliance with existing loan requirements, it would be helpful to engage the services of a qualified CDBG business loan consultant. Consultant fees may initially be funded with General Administration funding from the open 2014 CDBG grant. If a successful OTC application is funded, loan and application development costs specific to a funded OTC project may be retroactively reimbursed through the OTC grant. A CDBG-compliant procurement process is required in order to contract with a consultant for a maximum period of three years. Staff recommends issuance of a Request for Proposals for consultant services, as needed, not to exceed \$20,000 for an initial period of up to 16 months or until October 31, 2017 (the termination date of the 2014 CDBG grant). If an additional grant that provides General Administration or Activity Delivery funding is awarded, consideration could be given to extending the contract period. The following scope of work is proposed for these activities:

- Networking, consultation, analysis, financial underwriting and other tasks necessary to develop CDBG-eligible Business Assistance and/or OTC loans pursuant to State HCD requirements and City guidance.
- Coordination with the City to ensure accurate and timely completion of CDBG OTC or other application processes.
- For funded projects, completion of Special Conditions documentation, loan closing documents, documentation of Public Benefit, and assurance of compliance with other HCD OTC and other

CDBG funding requirements; and development and implementation of post-funding loan servicing procedures.

- Completion of annual and as-needed CDBG loan verifications, analyses, and reporting for funded loans, excluding loan payment processing and Form 1099-Interest preparation tasks that are completed by City staff.
- Other related economic development activities as may be appropriate and mutually agreed upon between City and consultant.