



# **CITY COUNCIL AGENDA REPORT**

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**MEETING DATE: APRIL 7, 2020**

**ITEM NUMBER: NB-5**

**SUBJECT: AUTHORIZATION TO EXPLORE PARTNERSHIP WITH THE ORANGE COUNTY INLAND EMPIRE SMALL BUSINESS DEVELOPMENT CENTER NETWORK**

**DATE: MARCH 31, 2020**

**FROM: CONNOR LOCK, CHIEF OF STAFF**

**PRESENTATION BY: CONNOR LOCK, CHIEF OF STAFF**

**FOR FURTHER INFORMATION CONTACT: CONNOR LOCK  
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## **RECOMMENDATION:**

To authorize the City Manager to explore partnership with the Orange County Inland Empire Small Business Development Center (SBDC) Network to potentially develop an economic revitalization program including resource assistance for Costa Mesa small businesses.

## **BACKGROUND:**

At the request of Council Member Andrea Marr, staff presents this overview of the next steps for a potential partnership with the Small Business Development Center, and seeks Council approval to engage in more substantive discussions with the SBDC and conduct a review of possible business capitalization program elements.

The Orange County Inland Empire SBDC Network works with client small businesses to assist them primarily in accessing capital, and secondarily with launching their business, implementing expansion strategies, and in turning a profit overall.

In November, 2019, the SBDC held a small business graduation ceremony on Small Business Saturday at the OC Marketplace, showcasing 30 small businesses that they helped access capital and get off the ground.

The SBDC is partially funded by the U.S. Small Business Administration, the California Governor's Office of Business and Economic Development (GO-Biz), and seven host institutions including their network host, California State University, Fullerton. Local organization grant funds and philanthropy from financial institutions also support SBDC consulting and training services, which are offered at no cost to clients.

**ANALYSIS:**

At this time, the SBDC is partnering with Community Reinvestment lenders to provide extremely low-interest loans to struggling small businesses to cover their fixed costs. Some examples are \$15,000-\$30,000 loans at zero- to 2-percent interest loans with terms of 3, 5, or 7 years. SBDC has worked with cities such as Garden Grove, who set aside \$250,000 from their general fund, to match those dollars with philanthropic donations that can cover loans to businesses throughout the City, as opposed to using CDBG dollars which would only be eligible to cover loans within designated census tracts.

In the state of California alone, as of Monday, March 23, 2020, 770,000 small businesses had applied for Small Business Administration (SBA) loans, and 30 million small businesses exist across the United States. Even as Congress has appropriated an additional \$350 Billion in SBA loans, bringing the total to \$400 Billion, the average loan if every business applied would be \$13,333.33. SBDC local programs may be more direct and potentially faster, and authorizing the City Manager to explore their program offerings and potential partnership could prove a pivotal and vital tool in the survival of small businesses in Costa Mesa.

**ALTERNATIVES CONSIDERED:**

The City Council may choose not to direct staff to explore a potential partnership with SBDC.

**FISCAL REVIEW:**

There is no fiscal impact to exploring potential partnership with the SBDC.

**LEGAL REVIEW:**

The City Attorney's Office has reviewed this staff report approved as to form.

**CONCLUSION:**

Recommendation to authorize the City Manager to explore partnership with the Orange County Inland Empire Small Business Development Center (SBDC) Network to potentially develop an economic revitalization program including resource assistance for Costa Mesa small businesses.

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**CONNOR A. LOCK**  
Chief of Staff

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**LORI ANN FARRELL HARRISON**  
City Manager

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**KIMBERLY HALL BARLOW**  
City Attorney