



ALBANY CITY COUNCIL
AGENDA

Monday, March 30, 2020

4:00 p.m. Work Session

This meeting will have remote access. At 4:00 p.m., join the meeting from your computer or iPad by clicking the link below:

<https://www.gotomeet.me/cityofalbany/ccm>

You can use your iPad microphone or dial in using your phone.

United States (toll free): 1-877-309-2073

Access code: 491-970-829

- 4:00 p.m. Call to order and roll call
- 4:10 p.m. Emergency Loan Fund – Seth Sherry. [Pages 2-9]
Action Requested: Information, discussion, direction.
- 4:30 p.m. Amending Resolution No. 6873, extending the local state of emergency – [Page 10]
Action Requested: Adoption.
- 4:40 p.m. Business from the council
- 4:45 p.m. City manager report
- 4:50 p.m. Adjournment

Due to Governor Brown's Executive Order No. 2012, prohibiting public gatherings during the COVID-19 pandemic, this meeting is accessible to the public only via phone and video connection.



MEMO

TO: Albany City Council

VIA: Peter Troedsson, City Manager

FROM: Seth Sherry, Economic Development Manager

DATE: March 26, 2020 for the March 30, 2020 City Council Meeting

SUBJECT: Emergency Loan Fund

Action Requested:

Consider capitalizing an emergency loan fund with \$200,000 from the Economic Opportunity Fund.

Discussion:

As the COVID-19 crisis has continued to disrupt our normal patterns of life, it has been especially burdensome on business. In addition to concerns about human health, it has been extremely humbling to speak with businesses every day who are feeling the swift fallout of the almost overnight loss of contracts, customers, and supply chains.

Federal and state funds will continue to coalesce and come to the aid of many of our businesses, but the availability of those funds is uncertain and most certainly will not be accessible for some time to come. In light of this reality, the question becomes, “what about the gap in time?” One of the answers is cash; cash on hand to meet existing debt obligations will be key for many of our small businesses’ survival over the next few weeks and months. In order to dissuade predatory borrowing (very high interest loans) and preserve long-term viability, staff proposes a low interest emergency loan fund.

Various combinations of emergency loans and grants funds are being developed around the state, but one of the first and most effective has been the fund capitalized in partnership by Lane County, Eugene and Springfield and administered by Community Lending Works (CLW). CLW is a not-for-profit Community Development Finance Institution (CDFI) that many small businesses have relied on for non-traditional lending. The Lane Co. Partners capitalized and deployed \$400,000 in emergency low interest loan funds. The efficiency and value of this loan program has garnered statewide interest and respect.

Staff proposes that the City of Albany use CLW in the same manner: to immediately stand up an emergency loan fund, targeting small businesses that may experience financial hardship in the coming weeks and months as federal money is made available. The basic loan structure is:

- Simple, two-page application form.
- Loans up to \$15,000.
- No payments for the first six months.
- Interest-only payments from seven to twelve months.
- Remaining principle and interest to be re-paid over the next four years.



CLW will underwrite and administer the loan and requires monthly progress check-ins to help keep businesses on-track, pursuant to their emergency response plan (submitted at the time of loan application). CLW's administrative costs are covered by the 2 percent interest rate charges to the recipient, and an additional 2 percent paid by the City. Staff proposes the City capitalize the emergency loan fund with \$200,000 from the Economic Opportunity Fund.

Budget Impact:

Allocate \$200,000 of the \$1.65 million total amount from the Economic Opportunity Fund.

SS:sd

Attachment

AGREEMENT

Small Business Emergency Loan Fund

This Agreement is made and entered into effective on the date described in paragraph 4.0 by and between the City of Albany (“City”), The Albany Revitalization Agency (ARA) and Community Lending Works (“CLW”) Community Lending Works] a private non-profit 501(c)(3), referred to collectively in this Agreement as the "Parties".

RECITALS

- A. The World Health Organization has declared COVID-19 pandemic a global pandemic. The President of the United States has declared COVID-19 to be a national emergency. The Governor of the State of Oregon had declared COVID-19 a public health emergency.
- B. The orders resulting from these various declarations and the recommended hygiene protocols and limits on the number of individuals that can gather at a single location has had a severe economic impact on small businesses and their employees.
- C. The current restrictions are expected to remain in place for at least the next several weeks.
- D. The Parties believe that relying solely on State and Federal loan programs will not be as impactful as many people assume. Many small businesses across industries will not be around to apply for those programs in the estimated 3-4 weeks it will take to set those up.
- E. Small businesses and their employees need immediate financial assistance to mitigate the effect of the COVID-19 pandemic.
- F. The Parties wish to establish a Small Business Emergency Loan Fund (“Fund”) to assist impacted local small businesses in the City of Albany.

1.0 Small Business Emergency Loan Fund Structure

1.1 The Fund will be initially capitalized with \$200,000 from the City’s Economic Opportunity Fund to Community Lending Works.

1.1.1 The investments will be at 0% interest for 6 years.

1.1.2 Any principal paid back to the fund by Borrowers will be returned to the City by CLW by December 31 of each year.

1.1.3 Understanding that loan defaults may occur, the City agrees that any principal forgiven by CLW due to the permanent closure of a Borrower will not be owed back to the City or ARA,

1.2 The Parties acknowledge that CLW is the subject matter expert and will own and administer the Fund. CLW will provide the City and any additional investors into the Fund with a monthly report on the status of the fund and its use.

1.3 Eligibility. Employer with less than 40 Full Time Employees as of the end of the calendar year 2019 are eligible to apply for a loan.

1.4 Allocation of Funds. After funds are made available for businesses, funds from the City will be allocated 100% to businesses in the City.

2.0 Application Requirements

2.1 The application process will be streamlined and limited to no more than two pages in length.

2.2 The applicant must provide 2019 financials and 2020 year to date financials to ensure that funds do not go to businesses that were failing pre-COVID-19. CLW has sole discretion in determining the pre-COVID-19 health of each business.

2.3 The applicant must provide an Emergency Action Plan outlining and explaining, at a minimum, how the applicant would use the emergency funds; other measures already taken to appropriately downsize operations and reduce expenses; and how long the business currently expects to remain 'in operation' (even if closed to the public) with the help of the Emergency Loan. CLW has sole discretion to determine the reasonableness of the Emergency Action Plan.

2.3.1 Emergency Loan Funds can only be used for business expenses. Personal expenses (e.g. paying the owner's mortgage or rent on a residential unit) are not allowed uses. Emergency loan funds should also be used for expenses that do not have an alternative source of assistance (e.g. if a business has closed their doors, staff

can be laid off and qualify for unemployment insurance; requesting emergency loan funds for payroll would likely not be allowed unless there is a specific duty that necessitates a specific staff member to remain on payroll)

2.3.2 The Emergency Action Plan should clearly explain how the proposed uses will help the business whether the financial crisis for as long as possible.

2.4 CLW has sole discretion on the final approval or denial of all loans, as well as ongoing loan servicing.

3.0 Loan Terms

3.1 Loan amounts would range between \$5,000.00 and \$15,000.00 to provide operational shore-up support.

3.2 No loan payments would be due for six (6) months after the loan is made, but interest would begin accruing immediately at an interest rate not to exceed two percent (2%).

3.3 Payments from seven months (7) to twelve months after the loan is made would be interest only.

3.4 The balance of the loan repayment would be repaid over the following twenty-four (24) to forty-eight (48) months. .

3.5 The applicant will be required to report monthly to CLW so that CLW can provide technical assistance.

3.6 No collateral will be required however applicant will be legally obligated to repay the loan.

4.0 Duration. The agreement term shall take effect on the Effective Date and shall continue in place until allocated funds are lent or until earlier terminated pursuant to Paragraph 5.0 of this agreement. The effective date is the date of the last necessary signature to the Agreement.

5.0 Termination. Upon thirty days' prior written notice delivered to the persons designated in Paragraph 7.0 to receive notice, either party, without cause, may terminate its participation in this agreement.

6.0 Amendments. This agreement may be modified or extended by written amendment signed by a majority of the parties. Additional Parties may be added to the agreement with agreement of a majority of the then existing Parties.

7.0 Administration. Each party designates the following person as its representative for purposes of administering this agreement.

For CLW:

For the City:

Seth Sherry

333 Broadalbin St SW

Albany, Oregon 97321

Ph: 541-231-4870

8.0 Indemnification. To the extent allowed by the Oregon Constitution and the Oregon Revised Statutes, each of the parties hereto agrees to indemnify, defend, and save the other harmless from any claims, liability or damages including attorney fees, at trial and on appeal, arising out of any error, omission or act of negligence on the part of the indemnifying party, its officers, agents, or employees in the performance of this agreement.

9.0 Dispute Resolution. The parties shall exert every effort to cooperatively resolve any disagreements they may have under this Agreement. In the event that the parties alone are unable to resolve any conflict under this Agreement, they agree to present their disagreements to a mutually agreeable mediator for mediation. Each party shall bear its own costs for mediation and the parties shall share the cost of the mediator. This mediation procedure shall be followed to its conclusion prior to either party seeking relief from the court, except in the case of an emergency.

10.0 Insurance. Each party working under this agreement is either a subject employer under the Oregon Worker's Compensation Law and shall comply with ORS 656.017, which requires each to provide Worker's Compensation coverage for all its subject workers, or is an employer that is exempt under ORS 656.126.

12.0 Assignment. Neither party shall assign this agreement in whole or in part, or any right or obligation hereunder, without the other party's written approval.

13.0 Compliance with Laws. CLW shall comply with all applicable federal, state, and local laws, rules, ordinances, and regulations, including the Lane Code and the Lane Manual at all times and in their performance under this Agreement. CLW specifically agrees that it will

comply with all applicable requirements of Federal and State civil rights and anti-discrimination statutes, rules and regulations.

14.0 No Third-Party Beneficiaries. Nothing in this agreement is intended to confer any rights to any person, firm, group, corporation or entity who is not a named party to this agreement.

15.0. Interpretation. This agreement shall be governed by and interpreted in accordance with the laws of the State of Oregon.

Community Lending Works:

City of Albany

By: _____

By: _____

Date: _____

Date: _____

Small Business Emergency Loan Fund Underwriting Process/Criteria

- **Baseline Review:**
 - Complete application;
 - Business is located in participating jurisdiction;
 - Business had 20 or fewer FTE ;
 - Business is from an industry impacted by Coronavirus and/or social distancing measures.
- **Financial Review:**
 - Business was profitable in 2019 and YTD 2020;
 - Any business loss is explained in the narrative, and is justified by planned expansion, etc.;
 - Business is requesting no more than 30% of gross sales in 2019;
- **Emergency Plan Review**
 - Business has a clearly thought-out emergency plan to scale down and/or close;
 - Plan indicates an understanding of contingencies including supply chain uncertainty, potential for crisis to last longer than expected, etc.;
 - Business is requesting funds for allowed business uses and not personal use;
 - Business has made attempts (or has plans) to access other assistance sources;
 - Clear link between requested funds, planned uses, and plan for the business to survive the crisis for as long as possible.



RESOLUTION NO. _____

A RESOLUTION AMENDING RESOLUTION NO. 6873, WHICH DECLARED A LOCAL STATE OF EMERGENCY AS A RESULT OF THE COVID-19 PANDEMIC, EXTENDING THE LOCAL STATE OF EMERGENCY UNTIL REVOKED BY THE MAYOR OF THE CITY OF ALBANY, OREGON.

WHEREAS, the following conditions have resulted in the need for a state of emergency declaration:

1. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020.
2. Coronavirus are a group of viruses that can cause respiratory disease, with the potential to cause serious illness or loss of life for individuals with underlying health conditions.
3. COVID-19 requires a significant amount of resources at the local level to keep the public and community informed and as safe as possible.
4. On March 8, 2020, Oregon Governor Kate Brown declared a state of emergency due to the COVID-19 outbreak in Oregon (Executive Order No. 20-03), finding that COVID-19 has created a threat to public health and safety, and constitutes a statewide emergency under ORS 401.025(1).
5. The continued spread of the COVID-19 virus creates an extreme risk to public health, government and business continuity, and the local economy in the city of Albany, across the entire city; and

WHEREAS, Resolution No. 6873 stated that the duration of this declaration of emergency shall be from “0800 on the 13th day of March 2020 to and including 0800 on the 27th day of March 2020. The duration of the emergency declaration shall be limited to two weeks, but it may be extended in two-week increments”; and

WHEREAS, on March 23, 2020, Governor Kate Brown issued Executive Order No. 20-12 (see attached) to implement further restrictions in order to protect the health, safety and welfare of Oregonians; and

WHEREAS, the severity and magnitude of the emergency is beyond the timely and effective response capabilities of the City of Albany; and

WHEREAS, the unknown duration of the COVID-19 pandemic is having significant financial impact to the community; and

WHEREAS, pursuant to ORS 401.309(1), the governing body of a city may declare, by ordinance or resolution, that a state of emergency exists within the city; and

WHEREAS, pursuant to Albany Municipal Code 2.28.040 (1), if the city manager determines that a state of emergency exists, the city manager is empowered to “Request the City Council to proclaim the existence or threatened existence of a ‘local emergency’; and

WHEREAS, pursuant to Albany Municipal Code 2.28.040 (6), the city manager may redirect City funds for emergency use, or order such other measures as are found to be immediately necessary for the protection of life and/or property.

NOW, THEREFORE, BASED ON THE ABOVE FINDINGS, I ORDER THAT:

Section 1. A local state of emergency is declared to exist throughout the city of Albany.

Section 2. All necessary City funds shall be redirected for emergency use, and standard City procurement procedures shall be suspended for any contract or purchase necessary to reduce the impact of the COVID-19 pandemic on the employees of and services delivered by the City of Albany.

Section 3. All non-essential City commissions, committees, task forces and City events are cancelled until May 1, 2020.

Section 4. This Declaration of State of Emergency is effective immediately and shall remain in effect until revoked by the mayor of the City of Albany, Oregon.

Section 5. I further declare that the emergency manager take all necessary steps authorized by law to coordinate the response of this emergency, including but not limited to requesting assistance from the State of Oregon and Linn County.

NOW, THEREFORE BE IT RESOLVED that the Albany City Council declares that a local emergency continues to exist within the city of Albany; and

BE IT FURTHER RESOLVED that this request be forwarded to the county commissioners of Linn and Benton counties, Oregon, and through them request that the Governor of Oregon declare a state of emergency and consider the city of Albany an "emergency area" as provided for in ORS 401.055, and that the State provide such assistance as requested by the City of Albany and available through the State of Oregon; and

BE IT FURTHER RESOLVED that the Governor may request such additional assistance from the President of the United States as shall be needed; and

BE IT FURTHER RESOLVED that Resolution No. 6873 is hereby amended; and

BE IT FURTHER RESOLVED that this Declaration of State of Emergency is effective immediately and shall remain in effect until revoked by the Mayor of the City of Albany, Oregon.

DATED AND EFFECTIVE THIS 27TH DAY OF MARCH 2020.


Mayor

ATTEST:



(Deputy) City Clerk

