



COUNTY of MARIPOSA

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BRAD ABORN
LYLE TURPIN
JANET BIBBY
KEVIN CANN
JIM ALLEN

DISTRICT I
DISTRICT II
DISTRICT III
DISTRICT IV
DISTRICT V



MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: RICK BENSON, CAO
Attn: Marilyn Lidyoff, Economic Development Coordinator

FROM: MARGIE WILLIAMS, Clerk of the Board *MW*

SUBJECT: PROGRAM INCOME REUSE PLAN
Res. 10-34

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on January 19, 2010

ACTION AND VOTE:

10:01 a.m. Richard J. Benson, County Administrative Officer

PUBLIC HEARINGS:

A) To Adopt a Resolution Approving the Program Income Reuse Plan Funded by the State of California Housing and Community Development Block Grant

BOARD ACTION: Rick Benson and Marilyn Lidyoff/Economic Development Coordinator presented the staff report. Marilyn Lidyoff responded to questions from the Board relative to the use of the funds and the use of the funds that are repaid; and relative to the income level criteria.

The public portion of the hearing was opened and input was provided by the following:

Jeanetta Phillips commended Marilyn Lidyoff for her work on this program; and she stated she would like to see the County pursue funding for those in the next income level.

Sara Hogg stated she is excited about this program. She is on disability and this program will give her a chance to become more independent by pursuing a small business.

Steve Lach, President of Mariposa Brewing Company, thanked Marilyn Lidyoff for her work on this program and he commented on how this program could help his business. He also thanked the Tourism Bureau for their promotion.

Heather Lawson, Lawson Studio, provided input on how this program could help her with her business development.

Jeremy Collins, Collins Construction, commented on the importance of the small businesses in the County and the importance of this program to the small contractors.

Eleanor Keuning stated she agrees with Jeanette Phillips' input and would like to see this pursued further.

The public portion of the hearing was closed and the Board commenced with deliberations. (M)Aborn, (S)Allen, Res. 10-34 was adopted approving the Program Income Reuse Plan/Ayes: Unanimous. The hearing was closed.

Cc: Chris Ebie, Auditor
File

DEPARTMENT: Administration/Economic Development

BY: Richard J. Benson, CAO

PHONE: 966-3222

RECOMMENDED ACTION AND JUSTIFICATION:

PUBLIC HEARING: A Resolution of the County of Mariposa to approve the Program Income Reuse Plan funded by the State of California Housing and Community Development Block Grant.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The purpose of this Public Hearing is for the governing board to approve a resolution of the Program Income Reuse Plan; disseminate information and to solicit citizen input on the proposed Mariposa County Program Income Reuse Plan (Exhibit "A").

On December 2, 2008, the Business Development Coordinator submitted a grant application to HCD in the amount of \$200,000 to develop and launch a Microenterprise Business Assistance Program (Program).

On June 15, 2009, the County of Mariposa was notified of a grant award for full funding, in the amount of \$200,000.

On October 27, 2009, the Board of Supervisors approved Grant Agreement No. 08-EDEF-5890 between Mariposa County and the State of California Department of Housing and Community Development (HCD) in the amount of \$200,000 to implement the Program.

Recently, Mariposa County received executed Grant Agreement No. 08-EDED-5890, which cites a 90-day Special Conditions clause requiring that the local governing board approve a Program Income Reuse Plan. Under federal guidelines adopted by the State of California's CDBG program, local governments are permitted to retain program income so long as the local government has received advance approval from the state of a local plan that will govern the expenditure of the program income.

Highlights of the Program Income Reuse Plan:

Examples of Program Income include payments of principal and interest on business loans using CDBG funds, interest earned on program income pending its disposition and interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease on real property acquired or improved with CDBG funds; income (net of costs that are incidental to the generation of the income) from the use of rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating jurisdiction or subrecipient.

General Administration (GA) Cost Limitations:

Up to eighteen percent (18%) of the total program income expended on all activities during a single program year may be used for CDBG general administration expenses.

Distribution for Reuse of program Income:

One revolving loan account (RLA) namely the California Community Economic Enterprise Fund Component has been established to utilize program income. Therefore, one hundred percent of the established RLA of all program income will be deposited into the Business Expansion and Retention Revolving Loan Account.

A copy of the Public Hearing Notice to discuss the proposed Program Income Reuse Plan is attached as Exhibit "B".

JUSTIFICATION:

The intent of the Program Income Reuse Plan is to stimulate economic development, provide "gap" financing for businesses that can document the need for CDBG assistance and create or retain qualifying permanent jobs principally filled by members of household, who have an annual income of 80 percent or less than the county's median household income, adjusted for size.

FINANCIAL IMPACT:

A cash match was not required under the Microenterprise Assistance Program.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

The State of California Department of Housing and Community Development would revoke the contract in the event County did not pursue program.

Financial Impact? () Yes (x) No Current FY Cost: \$ Annual Recurring Cost: \$
Budgeted In Current FY? () Yes (x) No () Partially Funded

Amount in Budget: \$ Resolution, page 1

Additional Funding Needed: \$ Mariposa County's Program Income Reuse Plan
Exhibit "A", page 2 -5

Source: Public Hearing Notice, Exhibit "B", page 6

Internal Transfer _____

Unanticipated Revenue _____ 4/5's vote

Transfer Between Funds _____ 4/5's vote

Contingency _____ 4/5's vote

() General () Other _____

() Approved _____

CLERK'S USE ONLY:

Res. No.: 10-34 Ord. No. _____

Vote - Ayes: 5 Noes: _____

Absent: _____

Handwritten signature
Approved

COUNTY ADMINISTRATIVE OFFICER:

Requested Action Recommended

No Opinion

Comments:

Minute Order Attached () No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____

Attest: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California

By: _____
Deputy

CAO: *Handwritten signature*

RESOLUTION NO. 10-34

**A RESOLUTION OF THE COUNTY OF MARIPOSA
TO APPROVE THE PROGRAM INCOME REUSE PLAN
FUNDED BY THE STATE OF CALIFORNIA HOUSING AND COMMUNITY
DEVELOPMENT BLOCK GRANT**

WHEREAS, the County of Mariposa received a grant under the State of California Housing and Community Development Block Grant; and

WHEREAS, the County of Mariposa is required to have an adopted and state approved Program Income Reuse Plan in order to retain and reinvest Program Income funds in the local community; and

WHEREAS, the County of Mariposa wishes to establish a plan in compliance with State of California Housing and Community Development (HCD) standards, which will provide maximum flexibility in meeting the needs of the local community;

NOW, THEREFORE, BE IT RESOLVED by the County of Mariposa as follows:

SECTION 1.

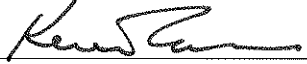
The County of Mariposa hereby approves the Program Income Reuse Plan, dated January 19, 2010.

SECTION 2.

Upon approval of the Plan, the County Administrative Officer or his designee is authorized to sign the Plan and all administrative reports related to the Mariposa County Program Income Reuse Plan attached hereto as Exhibit "A".

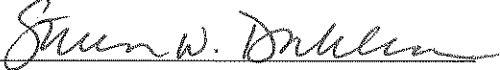
PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Mariposa was held on January 19, 2010, by the following vote:

AYES: ABORN, TURPIN, BIBBY, CANN, ALLEN
NOES: NONE
ABSENT: NONE



Kevin Cann, Chairman of the Board

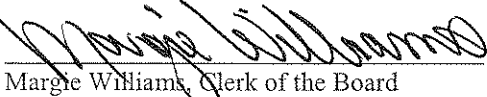
APPROVED AS TO FORM



Steven W. Dahlem, County Counsel

State of California Department of Housing and Community Development
County of Mariposa

ATTEST:



Margie Williams, Clerk of the Board

Exhibit "A"
Mariposa County Program Income Reuse Plan

Agency: Mariposa County Economic Development Office

Date of this Plan: January 2010

The purpose of this plan is to establish guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded under the State Community Development Block Grant Program (CDBG).

Need for Plan Governing Reuse of Program Income: This Reuse Plan is intended to satisfy the requirements specified in Federal statute and regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489 (e) (3). These statutory and regulatory sections permit a unit of local government to retain program income for CDBG-eligible community development activities. Under federal guidelines adopted by the State of California's CDBG program, local governments are permitted to retain program income so long as the local government has received advance approval from the state of a local plan that will govern the expenditure of the program income. This plan has been developed to meet that requirement.

Program Income Defined: Program Income is defined in federal regulation at 24 CFR 570.489 (e) which specify that program income is the gross income received by the jurisdiction that has been directly generated from the use of CDBG funds. (For those program income-generating activities that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation). Examples of program income include: Payments of principal and interest on business loans made using CDBG funds; interest earned on program income pending its disposition, and interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; income (net of costs that are incidental to the generation of the income) from the use of rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating jurisdiction or sub recipient.

If the total amount of income generated from the use of CDBG funds (and retained by the County) during a single program year (July 1 through June 30) is less than \$25,000, then these funds shall not be deemed to be program income and shall not be subject to these policies and procedures. However, Quarterly and Annual Program Income Reports must be submitted regardless of whether the \$25,000 threshold is reached or not.

Portfolio Management Costs: Cost of managing the portfolio of CDBG and HOME-funded loans may be charged to PI under general administration or activity delivery within the allowable limits set by HUD.

General Administration (GA) Cost Limitation: Up to eighteen percent (18%) of the total program income expended on all activities during a single program year may be used for CDBG general administration expenses.

Reuses of Program Income: Program income must be: a) disbursed for an activity funded under an open grant prior to drawing down additional Federal funds; b) forwarded to the state of California, Department of Housing and Community Development (Department); or c) distributed to one or more Revolving Loan Accounts according to this Program Income Reuse Plan after adoption of the plan by the County jurisdiction and approval by the Department. This Reuse Plan must be adopted by the local governing board only after compliance with the County's citizen participation process as specified in Federal Regulations at 24 CFR 570.486, Local Government Requirements.

The County reserved the option of utilizing program income to fund/augment a CDBG funded activity included in a grant agreement. In order to exercise this option the County must first follow the citizen participation process, hold a public hearing, obtain a governing body resolution, and obtain approval from the State CDBG Program.

Planning Activities: The County reserves the option of utilizing program income, within the 18 percent general administration annual cap to fund planning for CDBG-eligible activities. Such planning activities may include: cash match for a State CDBG Planning and Technical Assistance Grant; environmental reviews or other studies necessary for CDBG-eligible projects or programs; or application preparation for CDBG or other grants/loans to supplement funding for CDBG-eligible activities. The costs of such planning activities may be charged to an RLA if the planning is for the same activity as the RLA. Otherwise, PI may only be expended on planning activities in conjunction with an open CDBG Planning and Technical Assistance grant.

Distribution for Reuse of Program Income: The County's program income that has not been committed to open grant activities will be distributed as follows:

One revolving loan account (RLA) has been established to utilize the program income. The allocation to the RLA is as follows:

- a. One hundred percent (100 percent) of all program income will be deposited into the Business Expansion and Retention Revolving Loan Account.

Funds shall not be transferred between RLAs or to an open grant activity without conducting a properly noticed CDBG Citizen Participation public hearing. However, the transfer of program income between RLAs and to grant-funded activities during the program year in the aggregate amount of \$5,000 or less will not be subject to the citizen participation requirement to hold a property noticed public hearing.

Reporting and Federal Overlay Compliance: The County shall comply with all State CDBG reporting requirements, including submittal of a single annual Grantee Performance Report that reports on all of the County's RLAs, and the required Quarterly and Annual Program Income Reports, which shows combined PI receipts and actual PI expenditures for all RLA's and grants on one report (see Chapter 10 of the CDBG Grant Management Manual for due dates). The County shall ensure that the use of program income under this Reuse Plan complies with all CDBG program requirements, including citizen participation, environmental review, equal opportunity, Section 3 employment, lead-based paint, labor standards, acquisition and relocation, procurement, property management, and maintenance of adequate accounting and recordkeeping systems. To ensure ongoing compliance with CDBG requirements, the County shall utilize the latest available State CDBG Program Grant Management Manual for guidance on compliance procedures and policies. The County shall obtain the Department's written approval before proceeding with any PI-funded activity.

Maximum Funds in Revolving Loan Accounts: Program Income received by the RLAs during the program year (July 1 through June 30) shall be substantially expended by the end of the program year (June 30). At any given time, the funding balance for either of the RLAs should not exceed the typical cost of a single RLA project, plus reasonable general administration and activity delivery amounts.

Revising the Plan: The County Board of Supervisors has the authority to amend this document with a properly noticed board meeting and approval by the State Department of Housing and Community Development (HCD).

Revolving Loan Accounts: The purposes and allowed uses of funds under the County's RLA are as follows:

Business Expansion and Retention RLA

This fund will be used to provide "gap" financing for businesses that can document the need for CDBG assistance and that will create or retain qualifying permanent jobs that will be principally filled by members of household which have an annual income that is 80 percent or less than county's median household income, adjusted for size.

The RLA will serve residents of Mariposa County.

At least 51 percent of the funds actually expended for the activity funded under this RLA during the program year shall be used on revolving activities (i.e. loans). No PI shall be expended during the program year under this RLA on grants for public infrastructure improvements that are needed to accommodate a specific business expansion or retention project. No more than 10 percent of the total funds expended for business assistance activities shall be used for activity delivery costs. No more than 18 percent of the total amount of PI actually expended annually may be expended for general administrative costs. In any event, the total expended for non-revolving activities (grants, activity

delivery costs, and general administration) shall not exceed 49 percent of the total funds expended during the program year (July 1 thru June 30).

If the activities funded under the RLA are for the same activities as those funded under an open State CDBG grant agreement, then the funds available in this RLA shall be expended prior to drawing down funds from the State CDBG program.

The review and funding of requests for CDBG loan or grant assistance under this RLA shall be conducted under the federal underwriting guidelines specified at 24 CFR 570.482 (e) that have been incorporated into the County's adopted Business Revolving Loan Fund Program Guidelines (Attachment "A") and include the project review procedures. These guidelines will ensure that the amount and terms of the CDBG assistance are appropriate given the documented needs of the business and given the amount of public benefit (job creation/retention) that will result from the CDBG-assisted project. In addition, any activity requesting funding under this RLA shall be deemed to be eligible under Section 570.482 and Section 105 (a) of the Act and shall be determined to provide sufficient public benefit as specified under section 570.482 (f). Any CDBG assistance for infrastructure shall meet the requirements of Section 570.483 (b) (4) (f), which requires ongoing job tracking for all businesses that initially benefit from an infrastructure project as well as any subsequent business(s) benefiting from these improvements. All assistance provided to activities under the RLA shall be made for activities that are located within the County's jurisdiction.