



**CITY OF NORCO  
ECONOMIC DEVELOPMENT ADVISORY COUNCIL  
SPECIAL MEETING AGENDA**

**Tuesday, August 18, 2020  
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

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**PUBLIC ADVISORY: THE CITY COUNCIL CHAMBER WILL NOT BE OPEN TO THE PUBLIC**

Pursuant to Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and to ensure the health and safety of the public and City Staff while limiting human contact that could spread COVID-19, the Council Chamber will not be open for the special meeting of the Economic Development Advisory Council scheduled for August 18, 2020. The meeting will be live streamed through the City of Norco website at [www.vimeo.com/cityofnorco](http://www.vimeo.com/cityofnorco) for public view.

The public may participate in public comment by emailing comments to [edac@ci.norco.ca.us](mailto:edac@ci.norco.ca.us). Please identify the item you are referencing (e.g., general public comment, 2.B, etc.). Please limit comments to 250 words or less. All comments submitted before the agenda item has closed will be read aloud at the meeting. Any comments received after this deadline and before the meeting is adjourned will be maintained with the minutes of the meeting.

**CALL TO ORDER:** 8:15 a.m.

**ROLL CALL:** Patrick Malone, Chair  
Diane Collins, Vice Chair  
Nicole Hansen, Member  
Vicki Leonard, Member  
Michael Ryan, Member  
Andy Webb, Member  
Sigrid Williams, Member  
Tara Young, Member

**PLEDGE OF ALLEGIANCE:** Member Vicki Leonard

**1. APPROVAL OF MINUTES:**

A. EDAC Regular Meeting Minutes of July 28, 2020

**Recommended Action: Approve the EDAC regular meeting minutes.**

**2. PUBLIC COMMENTS:** *This is the time when persons viewing the meeting and wishing to address the Economic Development Advisory Council regarding matters not on the agenda may be heard. Please email [edac@ci.norco.ca.us](mailto:edac@ci.norco.ca.us) so that you may be recognized. Comments will be read at this time into the record. The Ralph M. Brown Act limits the Advisory Council's ability to respond to comments on non-agendized matters at the time such comments are made. The Economic Development Advisory Council shall not discuss or take action relative to any general public comment.*

**3. DISCUSSION / ACTION ITEMS:**

*Order of Presentation for Discussion Items:*

- 1. Staff Report Presentation*
- 2. EDAC Questions of Staff*
- 3. Public Comments*
- 4. EDAC Discussion and Action*

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A. Small Enterprise Assistance Loan (SEAL) Program

**Recommended Action: Forward to City Council for consideration.**

4. EDAC / CITY MANAGER / STAFF COMMUNICATIONS

**ADJOURNMENT**

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In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title II). Staff reports are on file in the Economic Development Department. Any writings or documents provided to a majority of the Economic Development Advisory Council regarding any item on this agenda will be available for public inspection at the City Clerk's counter in City Hall located at 2870 Clark Avenue. The meeting is recorded.



**CITY OF NORCO  
ECONOMIC DEVELOPMENT ADVISORY COUNCIL  
REGULAR MEETING MINUTES - DRAFT**

**Tuesday, July 28, 2020  
City Council Chambers, 2820 Clark Avenue, Norco, CA 92860**

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**CALL TO ORDER:** 8:15 a.m.

**ROLL CALL:**

<b>Present:</b>	Patrick Malone, Chair Diane Collins, Vice Chair Vicki Leonard, Member Michael Ryan, Member ( <i>Arrived at 8:19 a.m.</i> ) Andy Webb, Member Sigrid Williams, Member
<b>Absent:</b>	Nicole Hansen, Member Michael Kayl, Member Tara Young, Member

**PLEDGE OF ALLEGIANCE:** Chair Patrick Malone

1. ELECTION OF CHAIR AND VICE CHAIR

**M/S LEONARD/WILLIAMS to nominate Patrick Malone as EDAC Chair. The motion was carried by the following roll call vote:**

**AYES: COLLINS, LEONARD, MALONE, WEBB, WILLIAMS**  
**NOES: NONE**  
**ABSENT: HANSEN, KAYL, RYAN, YOUNG**  
**ABSTAIN: NONE**

**M/S MALONE/WILLIAMS to nominate Diane Collins as EDAC Vice Chair. The motion was carried by the following roll call vote:**

**AYES: COLLINS, LEONARD, MALONE, WEBB, WILLIAMS**  
**NOES: NONE**  
**ABSENT: HANSEN, KAYL, RYAN, YOUNG**  
**ABSTAIN: NONE**

2. APPROVAL OF MINUTES:

A. EDAC Regular Meeting Minutes of June 23, 2020

**M/S COLLINS/LEONARD to approve the regular meeting minutes of June 23, 2020, as presented. The motion was carried by the following roll call vote:**

**AYES: COLLINS, LEONARD, MALONE, WEBB, WILLIAMS**  
**NOES: NONE**  
**ABSENT: HANSEN, KAYL, RYAN, YOUNG**  
**ABSTAIN: NONE**

3. PUBLIC COMMENTS:

No public comments were made.

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#### 4. DISCUSSION / ACTION ITEMS:

##### A. Sales Tax Update, 1st Quarter 2020

Consultant Grody presented the 1st Quarter 2020 Sales Tax Update. He explained that future sales tax reports will be negatively affected by the COVID-19 Pandemic. City Manager Okoro explained that the current numbers are down relative to previous years, however they appear higher than originally projected. Following discussion and without formal motion, the EDAC Members received and filed the report on Sales Tax Update, 1st Quarter 2020.

##### B. Small Enterprise Assistance Loan (SEAL) Program

Consultant Grody presented the staff report on the proposed Small Enterprise Assistance Loan (SEAL) Program that could be used for operating expenses and capital improvements. Through this program, the City would have an opportunity to support, assist and improve its relationship with the business community on an ongoing basis, not exclusively during crises. The EDAC Members provided input for staff consideration.

Member Leonard recommended that the loan amount be increased to \$20,000.

Member Williams expressed concerns regarding eligible operating expenses, specifically payroll and rent/mortgage. She explained that the City needs assurances from program applicants and should not support businesses that cannot sustain themselves.

Member Leonard supported payroll and rent/mortgage as eligible operating expenses during special circumstances, including crises and pandemics.

City Manager Okoro explained that the purpose of the loan program is for solvent businesses and should be used to cover working capital, such as gaps in cash flow, and/or capital improvements. He acknowledged the inherent risk of nonrepayment that could result from any unsecured loan.

Member Williams agreed that capital improvements should be an eligible expense. She requested clarification regarding the two-year eligibility requirement of a business versus a business owner being "in business" (i.e., operating) in the City of Norco.

Members Collins and Leonard recommended that the Loan Committee decide what is allowable on a case-by-case basis.

Member Collins inquired about the starting fund amount. City Manager Okoro recommended allocating \$150,000 to start and explained that the City Council has the ability to appropriate more funds if needed.

Member Collins inquired about the processing time period. Consultant Grody stated that the review period should not exceed 30 business days and will be dependent on the applicant submitting correct information.

Consultant Grody noted that he would use the EDAC Members' recommendations to update the proposed framework and would make a final presentation at the next EDAC Meeting before the program is recommended to the City Council for ultimate approval.

#### 5. EDAC / CITY MANAGER / STAFF COMMUNICATIONS

City Manager Okoro explained that City Hall is open to assist the public, however public meetings are closed and may be viewed via livestream.

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Chair Malone requested updates on hotel construction and proposed developments. Consultant Grody reported that the approved Tru Hotel is in the permitting process and the proposed development at Sixth Street and Hamner Avenue is still being explored. He also reported that the City Council approved the proposed development on the former Egg Ranch property. The developer is currently working with staff and the City Council to finalize the development agreement. Consultant Grody explained that despite the current economic challenges, staff continues to receive interest for new developments.

City Manager Okoro reported that Better Nutritionals, which currently produces the product line for Vitamin Friends and Goli, the trendsetting Apple Cider Vinegar gummies sold online and at major retailers, has signed a long-term lease with CapRock Partners to occupy approximately 425,000 square feet of industrial space and create a Norco campus at the new Saddle Ranch Business Park, located at the southwest corner of Horseless Carriage Drive and Fifth Street.

#### **ADJOURNMENT**

Chair Malone adjourned the meeting at 9:06 a.m.

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Kelli Newton, Communications Manager

## **CITY OF NORCO STAFF REPORT**

**TO:** Economic Development Advisory Council (EDAC) Members

**FROM:** Roger Grody, Economic Development Consultant

**DATE:** August 18, 2020

**SUBJECT:** Small Enterprise Assistance Loan (SEAL) Program

**RECOMMENDATION:** Provide direction and forward to City Council for consideration.

At its meeting of June 23, 2020, EDAC provided valuable input on its desired framework for a potential business assistance loan initiative, now titled the “Small Enterprise Assistance Loan (SEAL) Program,” and provided additional clarification at its meeting of July 28, 2020. Virtually all of the input received from EDAC Members has now been incorporated into the proposed SEAL Program, a revolving microloan concept that offers flexibility to borrowers while protecting the City’s investments.

Consistent with EDAC recommendations, the program not only addresses local businesses’ current needs (i.e. recovering from the coronavirus pandemic), but is structured to serve the business community in healthier environments as well. During challenging times like the present, these loans can help local businesses survive, and during more prosperous periods they can help them expand operations or upgrade facilities to meet greater demand. Even after pandemic-related challenges are overcome, the SEAL Program will be a resource that serves to ensure business retention, one of EDAC’s long-stated priorities.

Attachment “A” is the revised SEAL Program framework, which is consistent with EDAC’s preferences for administering low interest loans. Maximum funding is \$20,000 per business, slightly exceeding EDAC’s recommendation, with the low interest rates—including an 18-month interest-free period—requested by EDAC Members. Funds can be used for physical improvements or working capital, and the specific nature of spending requests can be taken into account by the Loan Committee on a case-by-case basis.

SEAL Program funds will be available on a first-come/first-serve basis and applications will be reviewed by a Loan Committee consisting of EDAC Members. Consistent with EDAC direction, the SEAL Program will be eligible to both for-profit and nonprofit entities, because the City recognizes the economic value contributed by Norco’s nonprofit organizations. Previous participation in other government-sponsored grant or loan programs (e.g. CARES Act) will not preclude businesses from applying to the SEAL Program, but the Loan Committee can assess whether the level of debt is appropriate for each prospective borrower.

Attachment "A" represents the final framework of the SEAL Program, a product of the last two EDAC meetings. At this time, staff is seeking an EDAC recommendation to forward the program to City Council for further action.

FISCAL IMPACT: Potential short term cash flow impact on the General Fund.

RECOMMENDATION: Provide direction and forward to City Council for consideration.

Attachment "A": SEAL Program Framework

## ATTACHMENT "A"



**CITY OF  
NORCO**  
HORSETOWN USA

### **SMALL ENTERPRISE ASSISTANCE LOAN (SEAL) GENERAL PROGRAM FRAMEWORK [REVISED]**

#### **Eligibility:**

Norco small businesses that meet the following criteria are eligible to apply:

1. Maintain primary operations within the City of Norco
2. Possess an active City of Norco business license
3. Have been in continuing operation as a for-profit or nonprofit enterprise for at least two (2) years prior to date of application (may be waived by the Loan Committee based on special circumstances)
4. Have fewer than 25 employees

#### **Availability:**

Loans are subject to availability of funds and are provided on a first-come/first-serve basis

#### **Financial Considerations:**

The following factors will be addressed:

1. Applicants must demonstrate an ability to repay the requested loan
2. To ensure the City's interests are protected, all loans are to be personally guaranteed by the business owner(s)
3. Participation in other county, state or federal loan programs is not a disqualification, but may be considered by the Loan Committee when evaluating debt capacity and need

#### **Loan Amounts:**

Minimum: \$5,000

Maximum: \$20,000

#### **Term:**

18 months to 5 years (60 months); no prepayment penalty

#### **Graduated Interest Rates:**

- 0% simple interest first 18 months
- 2% simple interest, months 19-36
- 3% simple interest, months 37-60

#### **Eligible Uses for Funds:**

- Physical Improvements
- Working capital

**Application/Processing Fee: \$0**

**Processing Time:**

It is anticipated that funds will be disbursed 30-45 days after approval

**Required Documentation:**

- Loan application
- Bank statements (1 year)
- Profit & loss statement (2 years)
- Itemized budget for projected use of funds
- Proof of commercial liability insurance and worker's compensation insurance (if applicable)

**Loan Committee:**

Final lending decisions will be determined by the City Manager based on recommendations from a committee comprised of three (3) EDAC Members, staffed by the Economic Development Consultant

**Documentation:**

Recorded Loan Agreement and Promissory Note