



Administrative Policy Manual

Policy No: G-1

Date: 12-21-11

Approved: *Dan Martiz*

Approved by City Council 12-7-11, Item Number 8

SUBJECT: BUSINESS ASSISTANCE POLICY

1. **PURPOSE:** To establish policies and procedures regarding the business assistance application and approval process, as well as the type, form and amount of assistance that may be provided by the Redevelopment Agency ("Agency") to new or existing businesses in Indio within the Merged Redevelopment Project Area.
2. **SCOPE:** The Agency hereby establishes policies and procedures that will guide the decision-making process regarding assistance to businesses that need City/Agency financial assistance to expand, enhance or establish a business within the Merged Redevelopment Project Area.
3. **GENERAL POLICY:** It shall be the general policy of the Agency that, to the extent feasible and as funding may be available on a yearly basis, it may provide financial assistance in the form of a loan to those businesses that exhibit the greatest likelihood of success/self-sufficiency, provide the highest return to the Agency, and/or that create substantial new employment opportunities. The Agency views this assistance as critical in helping to expand the Agency's economic development and revitalization efforts. One-third of the funds budgeted for this purpose may be used exclusively to assist existing businesses and two-thirds may be used to attract new businesses into the City.
4. **APPLICATION PROCESS:** As a requirement to apply for available assistance, each applicant (business owner) will be required to submit an application packet that contains the following items. (Submitting the items listed below will not guarantee that assistance will be approved.)
 - 4.1. Assistance Request Letter—the applicant must submit a letter with the application packet explaining the need for, amount of, and proposed use of the assistance being requested.
 - 4.2. Copies of Business Tax Returns or Proof of Business Experience—the applicant shall submit a copy of the Business Tax Returns for the past two years and other satisfactory documentation that proves the business has been in continuous operation in Indio for the past two years prior to the date of

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application. For new businesses establishing in Indio, applicant shall submit documentation that demonstrates prior related business operation/management experience or the capability/competency in operating a successful business.

- 4.3. Business Plan—the applicant shall submit a Business Plan that contains: an itemization of business income/expenses for the last two years, income/expense projections for the next two years, a detailed explanation of the proposed use of the funds or assistance, a listing of the business owners/principals, a list of yearly organization and/or production goals for a 5-year period, and any other information that will demonstrate how the business will remain in continuous operation.
 - 4.4. Description of Security —the applicant shall provide a description of the collateral that is intended to be used to secure the full amount of the assistance being requested.
 - 4.5. Filing of a Universal Commercial Code (UCC) Statement—the applicant shall file the UCC Statement (Exhibit 1) with the State of California prior to the disbursement of any loan funds from the Agency.
5. FUNDING APPROVAL PROCESS:
- 5.1. The Executive Director (or his/her designee) will review and consider all requests for assistance. The reviewer will consider the extent to which the business, if chosen to receive assistance, will better serve a high-priority community need, such as generating new revenue (such as sales tax, Transient Occupancy Tax (TOT), and/or property tax revenue), and can justify long-term sustainability. For the purpose of this policy, a high-priority business may be characterized as any of the following in the Merged Redevelopment Project Area:
 - 5.1.1. A business with high amenity value or that meets a community need, such as national chain sit-down restaurant or entertainment venue;
 - 5.1.2. A business that generates significant sales tax (in excess of \$10 million in gross revenues per year);
 - 5.1.3. A business that generates significant new property tax revenue (in excess of \$5 million assessed value in new or increased property value per year);
 - 5.1.4. A hotel that produces in excess of \$1 million in new or increased gross revenue per year, or
 - 5.1.5. A business that produces at least 25 jobs.
 - 5.2. After review of the applications, the Executive Director will subsequently bring forth recommendation to the Redevelopment Agency Board for final consideration and approval of the assistance to be provided. The report to the

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Redevelopment Agency Board will include a description of other applications (if any) that were not recommended to receive assistance.

- 5.3. All applicants will be notified of the Redevelopment Agency Board's decision in a timely manner.
- 5.4. The Agency reserves the right to reject all applications and not approve assistance, or to reconsider applications that were not successful previously.
- 5.5. Applications will be processed on an as needed basis.
6. FORM OF ASSISTANCE AND ELIGIBLE USE OF FUNDS:
 - 6.1. The Agency may provide market-rate interest-bearing financial assistance subject to available budgeted funds. Funds not utilized in a fiscal year shall be rolled over to the subsequent fiscal year.
 - 6.2. Repayment will be amortized over a maximum term of 5 years.
 - 6.2.1. A first-year payment deferral option may be granted by the Agency.
 - 6.2.2. There will be no prepayment penalty; therefore, it can be repaid in full at any time during the term of the loan.
 - 6.2.3. For new businesses locating in Indio, the assistance may be forgiven after successful and continuous operation of at least five (5) years at the discretion of the Agency.
 - 6.3. Applicant will enter into a loan agreement and a promissory note securing the loan.
 - 6.4. The applicant will be required to provide an approved form of security in an amount that is not less than the amount of the loan.
 - 6.5. Eligible Use of Funds—The business may utilize the loan funds to purchase furnishings, fixtures and equipment, and cover business start-up and advertisement/promotion costs. The funds may also be used for, but not limited to, new construction and building improvements on non-Agency owned property, subject to applicable laws.
7. AUTHORITY/DISCRETION: The Executive Director will have the authority and discretion to make minor modifications to this policy as needed to continuously reflect the Agency's priorities and needs.