

CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Economic and International Development Department

AGENDA DATE: May 20, 2014

CONTACT PERSON/PHONE NUMBER: Cary Westin, Economic and Int'l Development Director 915-212-1614

DISTRICT(S) AFFECTED: ALL DISTRICTS

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

Discussion and Action on a resolution that the Director of Economic and International Development be authorized to sign a letter to the U.S. Economic Development Administration indicating the City's intent to begin the process of substituting Accion Texas Inc. as the grantee and grant administrator for the Economic Development Administration Revolving Loan Fund. (All Districts) Economic and International Development – Cary Westin, Director, 915-212-1614

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

On May 16, 2000 the City of El Paso and the County of El Paso signed the *First Interlocal Agreement* establishing the City/County Revolving Loan Fund to provide "gap-financing" loans to existing and startup commercial businesses for the purpose of creating new permanent jobs or permanently retaining existing jobs, primarily for low and moderate-income persons. Loans authorized ranged from \$10,000 to a maximum of \$100,000 and were administered and monitored through several banking institutions. On May 08, 2001, City Council approved the **First amendment** in which the City and County contributed \$586,000 and \$167,000 respectively to the fund, the contributions were necessary to gain access to a "matching-funds" grant provided by the Economic Development Administration (EDA). On April 27, 2004 City Council approved the **Second amendment** to the Interlocal Agreement, which added funds from the Community and Adjustment and Investment Program (CAIP) of the North American Development Bank to the City/County RLF. Three years later during FY2007 and FY2008 the RLF Program was handed over to the Hispanic Chamber of Commerce, to provide Program Administration and Small Business Technical Assistance. During FY2009 the RLF Program came back to the City of El Paso to be administered and managed by the Economic Development Division. On May 7, 2013 City Council approved the **Third amendment** to the Interlocal Agreement, which removed CAIP Funds to establish the Sustainable City Centers Incentive Fund. Finally, beginning on December 2012 and concluding on April 9, 2013 per the RLF Boards' request, the Internal Audit Office of the City of El Paso conducted an audit of the Revolving Loan Fund Program (RLF) and concluded that the City of El Paso's Economic Development Division did not have expertise on staff to successfully run and monitor an effective RLF Program. As part of the review process ED's staff has taken the necessary steps to find a substitute grantee, and the recommended candidate is ACCION Texas a non-profit 501 (C)3 organization whose mission is to provide credit and services to small businesses and entrepreneurs who do not have access to loans from commercial sources. Accion Texas has served as the grant administrator of an EDA RLF in San Antonio for almost three years, and Economic Development Staff believes Accion will have similar success in El Paso.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

City Council approved the Interlocal Agreement on May 16, 2000, The First Amended Interlocal Agreement on May 08, 2001, the Second Amended Interlocal Agreement on April 27, 2004, and the Third Amended Interlocal Agreement on May 7, 2013.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

RESOLUTION

WHEREAS, the City of El Paso (“City”) has been the grantee and grant administrator for the U.S. Economic Development Administration Revolving Loan Fund (“EDA RLF”) in the City of El Paso; and

WHEREAS, the City lacks the resources to successfully maintain the program and wishes to find a substitute grantee and grant administrator for the EDA RLF in order to keep funds within the region; and

WHEREAS, Accion Texas Inc. is a non-profit that has previous experience serving as the grant administrator of an EDA RLF; and

WHEREAS, the City intends to substitute Accion Texas Inc. as the grantee and grant administrator for its EDA RLF; and

WHEREAS, in order to begin the process of transferring the City’s EDA RLF to Accion Texas Inc., a letter of intent must be sent to the U.S. Economic Development Administration.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the Director of Economic and International Development be authorized to sign a letter to the U.S. Economic Development Administration indicating the City’s intent to begin the process of substituting Accion Texas Inc. as the grantee and grant administrator for the Economic Development Administration Revolving Loan Fund.

ADOPTED this the _____ day of _____ 2014.

(SIGNATURES ON NEXT PAGE)

CITY OF EL PASO, TEXAS

ATTEST:

Oscar Leeser
Mayor

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Matthew K. Behrens
Assistant City Attorney

APPROVED AS TO CONTENT:



Cary Westin, Director
Economic and International Development

DRAFT

Dedicated to Outstanding Customer Service for a Better Community

S E R V I C E S O L U T I O N S S U C C E S S

May 20, 2014

Mr. Pedro Garza
Regional Director
Austin Regional Office
Economic Development Administration
504 Lavaca, Suite 1100
Austin, TX 78701-2858

RE: Letter of Intent

Dear Mr. Garza:

The El Paso City Council has authorized me to issue this letter of intent to begin the process of substituting Accion Texas Inc. ("Accion") as the grantee and grant administrator for the Economic Development Administration Revolving Loan Fund ("EDA RLF") award number **08-39-02411**. The City lacks the resources to successfully maintain the program and has taken the initial steps to dismantle the program.

Accion Texas has served as the grant administrator of an EDA RLF in San Antonio for almost three years, and the City believes Accion will have similar success in El Paso. The need for the RLF program to stay in our city is vital to continue promoting economic development growth in the region. As proven by the 184 loans that ACCION Texas made during FY 2013 amounting to \$2,286,493.37 dollars. Since 1996 ACCION has disbursed 1,919 loans amounting to \$20,000,000.

The City understands that the approval of this action will include, but is not limited to, allowing Accion to become substitute grantee to the City for the EDA RLF and agreeing to give Accion access to any records and documents reasonably necessary for Accion to evaluate the history and current state of the City's EDA RLF. The City also understands that approval and issuance of this letter of intent does not constitute a final agreement. It only allows for the development of a plan of action and the gathering of appropriate documentation from the City's files that is needed for the EDA's final consideration of action in making Accion the substitute grantee of the City's EDA RLF. The City also understands that final adoption may take from sixty to ninety days and will require the City Council's ratification.

I appreciate your assistance with this matter and look forward to a seamless transition.

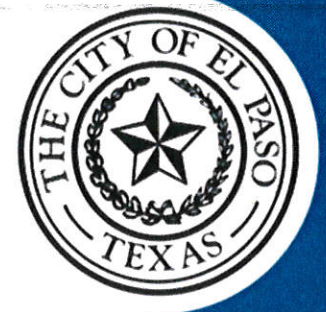
Sincerely,

Cary S. Westin
Director of Economic and International Development

ECONOMIC AND INTERNATIONAL DEVELOPMENT DEPARTMENT

P.O. Box 1890 / El Paso, Texas 79950-1890 / 915 588-4342 / www.elpasotexas.gov

DRAFT



Mayor
Oscar Leeser

City Council

District 1
Ann Morgan Lilly

District 2
Larry E. Romero

District 3
Emma Acosta

District 4
Carl L. Robinson

District 5
Dr. Michiel R. Noe

District 6
Eddie Holguin Jr.

District 7
Lilly Limon

District 8
Cortney Carlisle Niland

City Manager
Joyce A. Wilson



EXHIBIT A

[City Council Resolution Approving Letter of Intent]