

## REQUEST FOR COUNCIL ACTION

**To: Honorable Mayor and Members of the City Council**

**From: Henry Holling  
Interim City Manager**

**AGENDA DATE REQUESTED:** January 13, 2009

**ACTION REQUESTED: COUNCIL AUTHORIZATION TO REQUEST A GRANT FROM THE ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) FOR: OPTION A – AN INCREASE OF \$250,000 IN FUNDING FOR THE CITY OF PEORIA REVOLVING LOAN FUND; AND/OR OPTION B - \$50,000 FROM THE CITY'S REVOLVING LOAN FUND TO USE AS A MATCH FOR A REGIONAL REVOLVING LOAN FUND.**

**BACKGROUND:** The City of Peoria has the opportunity to request additional funds for its Revolving Loan Fund (RLF) through the U.S. ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) grant process. The EDA grant has a 50/50 match. Two requests, which are described below, are being brought before the Council for consideration.

**OPTION A:** The City would request a grant of \$250,000 which would require a match of \$250,000 according to the EDA guidelines. Staff would propose matching this request with funds that currently exist in the RLF. Utilizing RLF funds for the match would not restrict the use of the funds for future loans.

**OPTION B:** The Economic Development Council (EDC) has proposed creating a Regional RLF that would provide an additional layer of funding for businesses. Not only would a business be able to receive up to \$150,000 from the City RLF and \$150,000 from the County RLF, but would also be eligible for an amount from the Regional RLF. Under this program each community who desires to utilize the regional RLF would be required to contribute a match for the grant. The City would propose using \$50,000 from our RLF for this match. The match for the Regional RLF grant request would no longer be in the City's RLF, but would be transferred to the EDC Regional loan program.

Currently the balance of the City's RLF is a little over \$400,000, providing adequate funding for both matches. However, if the Regional RLF were approved this amount would be reduced by \$50,000. These matches would **be required only in the event that the EDA approved a grant** for either program. If no grant is approved, the City RLF will remain the same and the Regional RLF would not be created.

The increase in jobs, which is required for the City's RLF, is of benefit for the citizens of Peoria and surrounding communities. The RLF low interest loan has also proven to be a great incentive for new or existing businesses desiring to locate or expand within our City.

**FINANCIAL IMPACT:** To date the City's RLF has assisted 40 businesses in their efforts to move to or expand in our City. An increase in the RLF funds would allow the City to assist more businesses, create more jobs and bring increased revenue to the City.

**NEIGHBORHOOD CONCERNS:** N/A


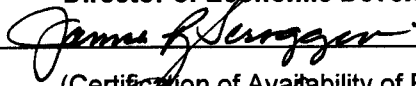
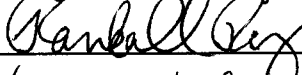
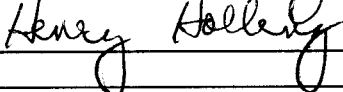
**IMPACT IF APPROVED:** If approved Staff will proceed with the request for EDA grant funds for these programs.

**IMPACT IF DENIED:** Staff will continue to offer the RLF program with existing funds. The current funding level would provide loans for two businesses if the loans were at the maximum amount of \$150,000 each.

**ALTERNATIVES:** N/A

**EEO CERTIFICATION NUMBER: N/A**

**RELATIONSHIP TO THE COMPREHENSIVE PLAN:** This proposed expansion assists in achieving both the vision and goals of the Comprehensive Plan as follows: Chapter 5 ECONOMICS--VISION: A HEALTHY, THRIVING ECONOMY; and GOAL: A.1. Create a favorable business climate. A1.1. Continue to identify financial incentives to attract and retain businesses.

<b>Department Director</b>	 _____
	<b>Director of Economic Development</b>
<b>Finance Director</b>	 _____
	(Certification of Availability of Funds)
<b>Corporation Counsel</b>	 _____
<b>City Manager</b>	 _____