

# OPERATING BUDGET FISCAL NOTE

**DATE OF COUNCIL CONSIDERATION:**

5/24/12

**CONTACT DEPARTMENT(S):**

Economic Growth and Redevelopment Services

**FUND:**

Special Revenue Fund

**SUBJECT:** Approve an ordinance amending the Fiscal Year 2011-2012 Economic Growth and Redevelopment Services Fee Schedule (Ordinance No. 20110912-007) to authorize fees related to the Family Business Loan Program.

**CURRENT YEAR IMPACT:** This item amends the FY 2012 Approved Fee Schedule by adding four new fees.

**FIVE-YEAR IMPACT:**

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Total Revenue	<u>76,450</u>	<u>152,900</u>	<u>107,200</u>	<u>31,000</u>	<u>500</u>
Total Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Budget Impact	<u>76,450</u>	<u>152,900</u>	<u>107,200</u>	<u>31,000</u>	<u>500</u>

**ANALYSIS / ADDITIONAL INFORMATION:** The FBLP will be funded through a U.S. Department of Housing and Urban Development (HUD) loan guarantee under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. The regulations for the loan guarantee program allow the City to collect fees and interest to offset costs for processing the application, servicing the approved loans, ensuring loans are in compliance with HUD requirements, and managing the loan portfolio. This includes: a one-time application fee of \$200; a one-time fee ranging 2% to 5% of total HUD 108 loan amount, depending on the job creation benefit of the loan; a one-time SBA Section 504 Lender Fee of 50% of the partnering SBA Section 504 lender's fee; reimbursement of the City's out-of-pocket costs for processing the loan; and a \$100 per occurrence late payment penalty fee.

The Five-Year Impact section is based on EGRSO's average anticipated revenue from the Family Business Loan Program. The estimated revenue is based on the average number of loan applications and loans issued. Actual revenue amounts generated by these fees depends on the number and size of loans issued each fiscal year.