

## **El Cajon may soon contribute to a microloan program for East County businesses** **City Council tentatively approved a plan to earmark up to \$300,000 toward the new initiative,** **which might also include contributions from three other East County cities**

By Lauren J. Mapp

A microloan program may be on the horizon to benefit East County small-business owners following approval by the El Cajon City Council to commit \$300,000 toward the initiative.

During its bimonthly meeting on Tuesday, the City Council voted unanimously to conditionally allocate the funding for a low-interest, microloan program following a presentation from City Manager Graham Mitchell.

During the meeting, Mitchell reported that staff had recently met with Alejandra Y. Castillo, Assistant Secretary of Commerce for the Economic Development Administration, as well as the County of San Diego and the East County Economic Development Council to discuss developing a microloan program or revolving loan fund.

If the plan moves forward, the County of San Diego and three other East County cities — La Mesa, Lemon Grove and Santee — would also pitch in to provide an additional \$200,000 for a total of \$500,000 that could receive matching grants from federal programs, potentially bolstering the initiative to a \$7 million loan fund.

According to the U.S. Small Business Administration, microloans provide short-term funds that help small businesses start up and expand. Through the SBA's microloan program, borrowers can receive up to \$50,000 to pay for supplies, working capital, machinery and more, and the average recipient receives \$13,000.

"Typically a revolving loan fund is set up by a group of municipalities or government agencies and banks, and they lend out money usually micro, smaller than typical loans to businesses that would otherwise not qualify because they're brand new, they don't have a revenue history," Mitchell said. "(With) revolving loan funds, as the monies that come back as loan payments, they are then recycled back into other loans."

Tuesday's vote did not create a formal budget amendment, but Mitchell said it was a necessary first step toward creating the microloan program before further discussions with other government agencies, potential service providers and other potential funding sources.

Mitchell said in an email that the next steps would be a vote in the El Cajon City Council to amend the budget, which could happen in one of the next few meetings, and a later vote to decide whether the city will enter into agreement with the other cities.