

WORKING DRAFT AS OF JUNE 15

TO: Mayor Fischer/Metro Council
FROM: Mary Ellen Wiederwohl, Rebecca Fleischaker
DATE: June 15, 2020
SUBJECT: Coronavirus Relief Fund Small Business Assistance Proposal - UPDATED

Limitations on use of funds:

In accordance with federal guidance with charging expenditures to the Coronavirus Relief Fund, this program allows eligible economic support expenses as the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures and expenses related to a payroll support program (similar to the Paycheck Protection Program) for Louisville businesses.

“Quality of Life” Support for Louisville Small Business

- Grants would be made to small businesses to prevent business closures and preserve hundreds of our fun and funky businesses that keep Louisville weird.
- Grants are intended to provide six (6) months of assistance to businesses with 20 FTEs or fewer (as of March 16, 2020), located in Louisville/Jefferson County, based on negative impacts due to COVID-19. Businesses with 50 FTEs or fewer (non retail) that have remained closed (as of June 12, 2020) or whose business activity have been severely restricted under state executive order as of March 26, 2020, may also qualify for this program.
- Grant amounts will be up to \$50,000 based on demonstrated impact from COVID-19.
- Industries of focus include retail (including direct services), food service, arts & entertainment, recreation, and childcare.
- At least fifty percent (50%) of program funds will be spent in low-to-moderate income (LMI) census tracts.
- The goal of this initiative shall be to exceed the goals established in LMCO 37.67 for the utilization of minority, female, and disabled owned businesses. Certification not required.

Budget

\$21.2 million provides assistance for up to 400 businesses, includes three (3) Project Managers (temporary contract positions to assist in disbursement of funds and reporting)

Eligible Expenses/Use of Funds include:

1. Payroll
2. Utility and lease/mortgage assistance
3. Fixed cost support – to include debt service (interest only), business insurance, other fixed costs
4. Online-based sales – web integration to new online platform to allow online sales

Applications shall include:

- Louisville Metro Revenue Commission business number – business must be in good standing with Louisville Metro (will receive Technical Assistance if business is not)
- Notarized form containing attestation of negative impact of COVID-19 to their business, including documentation of lost revenue due to required closures, etc.
- Detail of proposed uses of funds (payroll, utility and lease/mortgage assistance, fixed cost support, online sales platform integration, etc.); recipient to show how funds will be used to maintain or ensure the viability of their company for the next six (6) months.
- Proof of ownership of business, including any disadvantaged status (certification not required)

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Reporting/Accountability Requirements

Applicants shall sign a form certifying that the funds received through this program will be used in the way as described in the application materials. Funds must be spent and accounted for by December 30, 2020. Funds will be released in up to three (3) tranches (every two (2) months), with recipients required to submit reports with backup documentation showing all payments made for payroll, utilities, lease or mortgage, and fixed costs prior to release of second and third tranches.

NOTE: Council may choose to express intent to fund “up to six (6) months of assistance” but appropriate only two (2) months at a time, “dependent upon additional Federal assistance appropriated by Congress for small businesses and/or local government” or similar.

Timeline and Application Review Process

- Upon approval by Metro Council, an application process and date (July 1?) will be announced through Metro communications and small business resource providers (SBA, SBDC, LHOME, Navigate/JFCS, GLI, LIBA, etc.). Goal will be disbursement of funds within two (2) weeks of receiving application.
- Applications will be processed by the new contract Project Managers who will work under the purview of our METCO Loan Officer and the leadership of the Department of Economic Development.
- Applications will be reviewed by a Committee comprised of METCO Board members, Economic Development staff, and community members with banking and community development expertise.
- As noted above, at least fifty percent (50%) of program funds will be spent in LMI census tracts and goal of exceeding disadvantaged business goals of LMCO 37.67.
- Map of LMI census tracts to be attached.
- Funds will be disbursed on a first-come, first-served basis, as long as the 50% LMI requirement is met. Metro reserves discretion on application processing to ensure the intent of supporting small businesses in LMI census tracts and disadvantaged businesses.

BACKGROUND INFORMATION

Proposal is based on the following information:

- Average utility bill (water and LG&E):
 - Restaurants – \$2500/month
 - Retail – \$700/month for small retailers
- Average lease based on \$20/sf at an average of 3,000 sf – \$5,000/month
- Average cost of fixed costs (e.g., business insurance, health insurance, debt service) – \$3,000/month
- Other financial assistance:
 - Average emergency loan (LHOME) - \$20,000
 - Average PPP loan (big and small companies) - \$114,000