Legislation Details (With Text)

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On agenda:	3/24/2020		**Final action:**		
Title:	Consider a Small Business & Non-Profit COVID-19 Emergency Loan/Grant Fund Proposal PURPOSE: The purpose of this item is for the Council to consider a proposal to create a Small Business & Non-Profit Loan/Grant Covid-19 Emergency Fund.				
Indexes:					
Code sections:					
Attachments:	1. Attachment A - COUNCIL RESOLUTION COVID 19 EMERGENCY LOAN FUND, 2. Attachment B - EMERGENCY COVID-19 FUND				

Date	Ver.	Action By	Action	Result

TITLE:
Consider Small Business & Non-Profit COVID 19 Emergency Fund Proposal
PURPOSE: The purpose of this item is for the Council to consider a proposal for a Small Business & Non-Profit Loan/Grant COVID 19 Emergency Fund.
DEPARTMENT: Economic Development

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INFORMATION: Staff has been working with the Town Manager and the Carrboro business community to create a program to respond to the immediate needs of small businesses and non-profits, resulting from the COVID 19 outbreak. Staff has outlined a proposal for rapid in-take, evaluation of requests, and deployment of funds. Attached you will find the outline for the program (Attachment 1).

The proposed funding source for the emergency program is the Town's Revolving Loan Funds. Other possible sources include Carrboro TDA, which will hold a special called meeting on Monday March 22nd to consider a resolution to allocate TDA funds to the Town of Carrboro to assist businesses affected by the COVID 19 Emergency. Other funds that will be made available to Carrboro businesses include Orange County's Article Economic Development Fund.

The purpose of the fund is to assist Carrboro based businesses and non-profits with short-term payroll and other reoccurring expenses during the State/Town declared COVID 19 Emergency in order to maintain and sustain operations for existing viable businesses. The fund is intended to assist businesses that are in good standing with creditors, but are low on capital to maintain operations. Funding approval is at the discretion of the Town of Carrboro.

Staff is working with the Carrboro Business Alliance to provide information to all businesses about loan opportunities, including from the Small Business Administration (SBA) and other private crowd-sourced bridge

loans. The SBA is beginning to launch its Economic Injury Disaster Relief Program <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>. The Chamber invited all businesses (members and non-members) to participate in a call with the SBA to provide information on Friday, March 20th. Town staff shared this information with Town business and non-profit contacts. In short, the SBA will provide up to a $25,000 unsecured loan and up to $2,000,000 secured loans to business at a 3.75% interest rate and 3% for non-profits for a 30 year time period.

In addition, Staff is collaborating with The Carrboro United initiative that is connecting farmers, food producers and restaurants with consumers to create a safe hub for food distribution. Their first event is Saturday March 21st in the parking lot of East Main Square. Carrboro United has also established a crowd-sourced Emergency Impact Loan Fund to provide short term working capital bridge loans to support Carrboro's small business community.

FISCAL & STAFF IMPACT: Use of existing Revolving Loan Funds and Tourism Development Authority Funds

RECOMMENDATION: Staff is recommending the Town Council consider the proposal to earmark $300,000 of the existing Revolving Loan fund for first stage of funding during the COVID 19 Emergency. Staff is suggesting the TDA contribute $175,000 to the fund.

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