

COVID-19 Response & Small Business Support

May 4, 2020



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Agenda

- Highlight federal, state, and local relief programs available to Wake County businesses impacted by COVID-19
- Discuss status of Wake County's CARES Act funding and eligible purposes
- Discuss need and purpose of funding a County business relief program
- Determine next steps on a proposed County business relief program

Federal Support for Small Business via CARES Act

\$2.5 trillion in packages passed by Congress

- Aid to individuals, businesses and state and local governments through a variety of federal agencies, state, and direct local funding

Specific Small Business Administration (SBA) support includes:

- Paycheck Protection Program

- The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll.
- SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
- \$8 billion in loans approved for NC businesses to date

Federal Support for Small Business via CARES Act

- Express Bridge Loans
 - Enables small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.
- Economic Injury Disaster Loans and Loan Advance
 - This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.
- Unemployment Insurance
 - Current benefits are increased by \$600 weekly, capped at \$950/week in NC

State Support for Small Business via Golden LEAF

- Rapid Recovery Loan Program for small businesses and family farms
 - Original funding of \$15 million, with additional \$125 million approved 5/2
- Program managed through the NC Rural Center
- Loan Provisions
 - Up to \$50,000 (or two months of revenue)
 - .25% interest for six months, then 48 months of principal + 5.5% interest
 - No prepayment penalties

Small Business Support throughout Wake County

City of Raleigh

Approved \$1 million, to be used by Carolina Small Business Development Fund and Wake Tech Community College.

Town of Holly Springs

Matching up to \$15,000 in donations made to the Holly Springs Chamber of Commerce, to support small businesses.

Town of Apex

Approved \$1 million for the NC Rural Center's loan program, for businesses in town limits or ETJ.

Others

Fuquay-Varina, Garner, Wake Forest, and Zebulon utilizing local chambers of commerce and other organizations to raise funds.

Wake County CARES Act Funding – Eligible Uses

- Wake County received approximately \$194 million from the federal government to cover expenses related to local response efforts
 - Includes expenses to “directly respond to the emergency” AND
 - “Second-order effects” including “economic support to those suffering from employment or business disruption...”
- County’s first priority is to ensure funding supports direct COVID response (public health and safety) for duration of event
- Funding can be used to provide support to small businesses to reimburse the costs of business interruption caused by business closures
- County has asked Congress to allow these funds to be used for recovery of revenue losses caused by COVID-19, *not currently eligible*

CARES Act - Small Business Support

- Small business is defined by the SBA, but the County can be more specific/restrictive
- The business does not have to be completely closed to qualify
- A change in business activity as a result of COVID qualifies, but must be able to substantiate loss

As with the American Recovery and Reinvestment Act of 2009, the County expects federal guidance will change moving forward.

NC General Statutes

- NC General Statutes do not allow local governments to offer grants, regardless of federal provisions of the CARES Act
- Local governments in NC can provide emergency loans
 - Allows the business to maintain operations when cash flow is disrupted
- Flexible loan terms allowed, including:
 - Initial deferral period and interest only period
 - Lengthy amortization/repayment period
 - Market-appropriate interest rates

Proposed Wake County Small Business Support Program - \$5 Million Investment

For Small Businesses

Use \$4 million to provide loans for small businesses.

For Independent Contractors

Use \$1 million to provide loans for sole proprietors.

Geographic Location

Business is located in Wake County (not just unincorporated areas) and is locally and independently owned.

Basic Eligibility Criteria

Business does not have open tax liens or judgements and has not filed for bankruptcy.

County Would Seek Partner(s) to Administer Program

- County needs expertise of third parties who regularly administer small business loans
 - Ability and capacity to start program quickly
 - Familiarity with federal and state business assistance programs
 - Expertise in determining and evaluating eligibility requirements
 - Ability to market program to a wide and diverse audience
 - Ability to appropriately collect and retain documentation
- Staff have been in discussions with community partners who could potentially administer program
 - Administrative costs will be covered by CARES Act funding

Next Steps

TODAY:

- Board provides feedback on the broad policy guidance

BY MAY 18:

- Staff receives clarification around federal and state requirements
- Staff negotiates with vendor(s) to administer program
- Staff and vendor(s) finalize program requirements



Questions & Board Discussion