

**RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS**

Planning & Development Committee
INITIATED BY



James Otterstein
DRAFTED BY

Planning & Development Committee
SUBMITTED BY

November 30, 2020
DATE DRAFTED

**MODIFYING THE ROCK COUNTY COVID-19 EMERGENCY
SMALL BUSINESS LOAN FUND**

1 **WHEREAS**, various federal, state and local programs have been approved to assist with the ongoing
2 efforts to combat and mitigate the COVID-19 global pandemic, including the County’s COVID-19
3 Emergency Small Business Loan Fund (SBLF); and
4

5 **WHEREAS**, the overall utilization of the SBLF has been tempered by the availability of funding
6 originating from the federal government that is grant-based, or has forgivable and/or zero-interest bearing
7 elements; and
8

9 **WHEREAS**, the demand for this type of COVID-related funding continues to evolve, particularly as small
10 businesses are making critical operational and financial decisions that will determine if they will be able
11 to survive the existing and future pandemic-related public health mandates and recommendations; and
12

13 **WHEREAS**, the presence of COVID-19 will continue to drive the need for creative and different financial
14 tools that small businesses can leverage to stabilize, sustain, strengthen or restart their operations; and
15

16 **WHEREAS**, the County of Rock has a responsibility, as well as an opportunity, to assist its small business
17 community by modifying the existing SBLF into a more comprehensive offering; and
18

19 **WHEREAS**, the County Board of Supervisors has reviewed the need for responding to the pandemic’s
20 ever-evolving impacts on small businesses, and it also understands the importance of enhancing Rock
21 County small business ecosystem.
22

23 **NOW THEREFORE, BE IT RESOLVED**, the Rock County Board of Supervisors, duly assembled this
24 17th day of December, 2020, authorizes and approves the modification of the Rock County COVID-19
25 Emergency Small Business Loan Fund (SBLF) into four different, yet related, program allocations. In
26 addition to preserving and servicing the original SBLF [Fund I], a new micro-loan offering will be
27 dedicated toward meeting the needs of: minority-owned small businesses [Fund II]; home-based
28 businesses that represent new start-ups and/or early stage firms [Fund III]; and non-profits that provide
29 cultural, social, or tourism-related assistance [Fund IV]. These reallocated or reprogrammed monies for
30 Fund II, Fund III and Fund IV will be equal and in the amount of \$225,000 per Fund. The remaining SBLF
31 balance will be for Fund I.
32

33 **BE IT FURTHER RESOLVED** that overall SBLF program oversight, policy and funding decision
34 making authority remains granted to the appointed seven-member Rock County COVID-19 Emergency
35 Small Business Loan Fund Committee (LFC). Additionally, the County Board Chair is authorized to
36 appoint a five-member subcommittee, at least two of which are to be members of the LFC and at least
37 three of which are to be County Board members, to make funding and policy recommendations to the
38 LFC regarding Funds II – Fund IV. Subcommittee appointments will be for a period of time deemed
39 necessary to address, respond, or recover from the impacts of the COVID-19 pandemic
40

41 **BE IT FURTHER RESOLVED** that the County Board continues to delegate the administrative, fiscal
42 and program management of this modified Rock County COVID-19 SBLF to the County’s Planning,
43 Economic and Community Development Department.
44

45 **BE IT FURTHER RESOLVED** the LFC is empowered to direct and approve expenditures from the
46 existing SBLF Administrative Fund; and at its discretion, direct staff to develop third-party agreements
47 to administer and/or provide services, as needed, on the County’s behalf.

MODIFYING THE ROCK COUNTY COVID-19 EMERGENCY SMALL BUSINESS LOAN FUND
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Respectfully submitted,

PLANING & DEVELOPMENT COMMITTEE

/s/ Alan Sweeney
Alan Sweeney, Chair

/s/ Wayne Gustina
Wayne Gustina, Vice Chair

/s/ Wes Davis
Wes Davis

/s/ J. Russell Podzilni
J. Russell Podzilni

/s/ Robert Potter
Robert Potter

FISCAL NOTE:

The existing Small Business Loan fund balance will be reallocated to these programs. No additional funds are being requested. The Small Business Loan Program was started with \$1,000,000 in sales tax revenue.

/s/ Sherry Oja

Sherry Oja
Finance Director

LEGAL NOTE:

The County Board is authorized to take this action pursuant to secs. 59.01, 59.51 and 59.57, Wis. Stats., as well as Rule IV-C of the County Board Rules.

/s/ Richard Greenlee

Richard D. Greenlee
Corporation Counsel

ADMINISTRATIVE NOTE:

Modifying the loan fund in this manner would better direct resources to small businesses that do not have access to capital to maintain operations during the pandemic (Fund III), consistent with the County Board's original goal in establishing the COVID-19 Emergency Small Business Loan Fund. It would also recognize the importance of supporting minority-owned small businesses (Fund II), consistent with the Board's 2020 resolution committing the County to "eliminate...opportunity gaps along racial lines, and increase the success of all groups by distributing resources justly across all communities." Finally, it would provide resources to certain non-profit organizations that have not had as many opportunities to access government grants and loans (Fund IV), consistent with the recommendations of the Entertainment Sector of the Reopen Rock Task Force.

/s/ Josh Smith

Josh Smith
County Administrator

EXECUTIVE SUMMARY

In response to the COVID-19 pandemic, various federal, state programs have been approved during 2020 to assist with the ongoing efforts to combat and mitigate the COVID-19 global pandemic. On April 9th, the County Board of Supervisors approved the creation of the Rock County COVID-19 Emergency Small Business Loan Fund (SBLF). Funding for the SBLF derived from the transfer in of \$1,050,000 in excess sales tax revenues collected during prior years. As such, \$1,000,000 was established as the original loan or program fund balance, with \$50,000 allocated toward SBLF administrative expenses.

The online SBLF application portal began accepting applications on April 24th and it remains open today. Since May, the Loan Fund Committee has approved 15 loans – totaling \$238,500, with loans ranging in amounts from \$8,500 to \$20,000. Each loan has a two-percent interest rate, with a four year repayment schedule and a six-month deferral period. Each borrower is required to provide collateral, in an amount equal to the loan amount and in an approved form, to secure the SBLF. To date, one SBLF borrower has repaid its entire loan amount and the remaining SBLF borrowers will begin making their scheduled repayments in 2021.

The influx of COVID-19 grant-based, as well as forgivable and/or zero-interest loan features, has created a dynamic and fluid financing environment. From the onset of the pandemic, small businesses that possessed the expertise and organizational capacities positioned themselves to secure assistance from these funding sources. Meanwhile, others generally continue to find themselves unable to meet program eligibility perimeters; or provide the required financials or accounting documentation to support said funding applications. Further challenges exist when attempting to identify, value and secure collateral – as most small businesses are generally already leveraged.

In recognition of the current, as well as projected, COVID-19 landscape, this Resolution recommends the modification of the existing SBLF. While the original framework of the SBLF will be maintained, specifically in what's been renamed as Fund I, Fund II through Fund IV represents reallocated and unencumbered program funding. Fund II will be reserved for minority-owned small business, which have been historically under-served and under-represented; Fund III will be targeted at home-based small businesses, specifically those representing early stage and/or start-ups; and Fund IV will be aimed at non-profits that provide cultural, social, and/or tourism-related assistance, the operations of which can have a significant impact on the local economy. The proposed reallocation or segregation of funding for Fund II, Fund III and Fund IV is \$225,000. Any remaining and unallocated fund balance will then be reserved to support Fund I.

Per applicant funding will be capped at \$10,000 for Fund II – Fund IV; and the amounts will be structured as a zero-percent, working capital loan with a three-year repayment period. In addition to providing COVID-19 impact documentation, applicants will need to demonstrate they are in good standing and represent non-franchise, small businesses. Prioritization will be given to small business that are affiliated with business or personal services, as well as hospitality and retail business. Additional funding consideration will be given to small businesses that have been unable to secure longer-term, bridge financing to stabilize, sustain, strengthen or restart their operations. When and where appropriate, ongoing technical assistance from Rock County's small business ecosystem will be a stipulation for receiving financial support from Fund II – Fund IV.

Given the unique, as well as diverse, needs of the Fund II – Fund IV applicant pool, a five-member subcommittee, at least two of whom would be members of the SBLF Loan Fund Committee (LFC) and at least three of which would be County Board members, will be created to make funding and policy recommendations to the LFC. In addition to continuing with its overall SBLF program oversight, policy and loan decision making authority, the LFC will maintain its direct Fund I responsibilities. To assist the LFC and its subcommittee, the County's Planning, Economic and Community Development Department will continue providing SBLF administrative, fiscal and program management support.