



## SMALL BUSINESS RELIEF FUND CITY OF PARKERSBURG WEST VIRGINIA

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### **OVERVIEW**

The City of Parkersburg, through the use of Community Development Block Grant – Coronavirus Response (CDBG-CV) funds, has established the Small Business Relief Fund (SBRF). The SBRF seeks to assist small businesses in the City avoid job loss caused by closures related to social distancing by providing short-term working capital assistance to enable retention and/or creation of job opportunities for low- to moderate-income persons. Furthermore, this funding can be used to help small business restart their operations after being closed due to the coronavirus pandemic.

The SBRF Program will be administered by the Mid-Ohio Valley Regional Council (MOVRC). MOVRC has decades of experience managing a variety of loan programs funded by the USDA, US-Department of Commerce, Appalachian Regional Commission and State of West Virginia. The City is proud to be partner with MOVRC to implement the SBRF Program.

To receive a hard copy or electronic copy of the application, please call 304.422.4993 or email [ana.ambrose@movrc.org](mailto:ana.ambrose@movrc.org).

### **BASIC ELIGIBILITY CRITERIA**

To be considered eligible for assistance through the SBRF, a small business must meet the following criteria:

- Be located in the corporation limits of the City of Parkersburg.
- Have been in business for at least one year (since March 1, 2019).
- Have been in good standing with applicable City fees as of December 31, 2019.
- Must be a low- to moderate-income (LMI) business owner and/or a business that employs (or previously employed) at least 51% LMI workers.
- Must employ ≤ 25 Full Time Equivalent (FTE) Low- to Moderate- Income (LMI) Workers, however, priority will be given to business that employ ≤ 10 FTE LMI workers during the first application cycle. Please see definition for FTE-LMI Worker further below.

## **Terms and Conditions of SBRF Assistance**

Funds awarded to an eligible business, through the SBRF Program, may be used for working capital expenses. For the purpose of this program, eligible working capital expenses include the following:

- Payment for business rent or required monthly business loan payments.
- Payments of wages, taxes, and normal benefits for business employees essential to maintain your business.
- Normal operating costs that are included in “cost of goods sold” on a business income statement (raw materials for manufacturers, component pieces for assemblers, items for resale for retailers, food for restaurants. etc.)
- Normal operating expenses that are included in “operating expenses” your business income statement (utilities, insurance, professional services, etc.).

Assistance provided through the SBRF Program will be structured as a forgivable loan. To determine the amount of funds an eligible business may apply for through the SBRF Program, please see below:

1. Every eligible business may apply for up to \$5,000 in assistance, provided they can document their unmet need.
2. Eligible businesses can apply for an additional \$500 per FTE-LMI worker/job opportunity.
3. Based on the parameters above, the maximum amount of assistance an eligible business may apply for and/or receive (provided they document their unmet need) is \$17,500.

The eligibility requirements for loan forgiveness are listed below:

1. If the eligible business files the appropriate documents (close out report) with the Mid-Ohio Valley Regional Council at the end of the reporting and upon review it is determined that the financial assistance provided was used on eligible expenses (based on the guidelines above), up to \$5,000 may be forgiven at that time.
2. If the 51% threshold described above in #2 regarding the retention and/or creation of FTE-LMI workers/job opportunities is not met, the balance of funds received would have to be paid back to the MOVRC at zero (0) percent interest within 180 days of the reporting period. The portion of funds to be returned would be determined based on the number of FTE-LMI workers and/or job opportunities not retained, brought back on the payroll and/or created above the minimum threshold. Please note, FTEs

are specific to the position and not individuals who may or may not currently hold it.

For the purpose of this program, the reporting period shall be defined as 90 days from the date all loan closing documents are executed with the Mid-Ohio Valley Regional Council. All SBRF funds must be expensed during that time. A closeout report that documents how the funds were used for eligible working capital expenses, and payroll (job opportunities for FTE-LMI workers) must be submitted to MOVRC for review no later than 30 days after the end of the reporting period.

### **Financial Documents to be Submitted**

- List of current assets and liabilities (balance sheet).
- Statement of revenues and expenses for 2019 and 2020.
- Documentation showing payroll for the first eight months of 2019 and 2020.
- List of financial assistance applied for and/or received from other local/state/federal sources. Please include a copy of the application and award letter (if applicable). If your business has applied for assistance and the status of your application is pending or you have received a denial letter, please provide this information as well.

This information is necessary to ensure funding is made available to those with a documented unmet need, and that businesses are not dually enriched from the SBRF and other local/state/federal resources.

### **Definitions**

#### **Low- to Moderate- Income (LMI) worker/job opportunity is defined as**

jobs/employment opportunities for individuals that have an annualized income  $\leq$ \$35,500 per year (or approximately \$17.06 hourly), excluding fringe benefits. This determination was made in accordance with HUD Income Guidelines effective July 1, 2020 for the Parkersburg Metropolitan Statistical Area (Section 8 low-income limit) and is further substantiated by the Final Notice Pending Publication in the Federal Register regarding the use of CDBG-CV funds<sup>1</sup>.

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<sup>1</sup> US Department of Housing and Urban Development – Final Notice Pending Publication in the Federal Register (Docket No. FR-8218-N-01), Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Program (Section III.B.5(d)(iii): LMI Job Creation and Retention Records).

**Full Time Equivalent (FTE)** – to determine the number of FTE – LMI workers/job opportunities, the business shall divide a worker’s scheduled hours by their full-time work week in accordance with applicable State and Federal regulations. For example, if a full-time work week for an employer is forty (40) hours, someone working twenty (20) hours a week would be considered a 0.5 FTE (20 Hours/ 40 Hours = 0.5 FTE). Following this example, if the same employer had 1 individual that worked forty hours per week and 4 individuals that worked twenty hours per week, the employer would have 3 FTEs (1FTE + (0.5 FTE x 4)).

To determine the number of the FTE-LMI job opportunities available before the pandemic, the applicant shall use/submit payroll information on or before January 21, 2020. This date is significant, because it is when the first confirmed case of Coronavirus was reported in the United States according to the Centers for Disease Control and Prevention (CDC).<sup>2</sup>

**Forgivable Loan** - a form of loan in which its entirety, or a portion of it, can be forgiven or deferred for a period of time by the lender when certain conditions are met. If the terms and conditions of said loan are not met, a portion will have to be repaid with zero (0) percent interest.

**Unmet Need** - the difference in the amount of total need for eligible activities (working capital) and the total assistance for the same purpose.

**Duplication of Benefits (DOB)** - A duplication of benefits occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a recovery purpose. The amount of the duplication is the amount of assistance provided more than need. Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C.

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<sup>2</sup> US Department of Housing and Urban Development Notice: CPD-20-05 Issued: May 8, 2020

## **Frequently Asked Questions (FAQs):**

### **Q: Who is eligible for assistance through the SBRF Program?**

A: Funding through the SBRF can only be made available to private, for-profit entities in accordance with 42 U.S. Code § 5305: Activities eligible for assistance.

### **Q: How much assistance is available through the SBRF Program?**

A: The maximum amount of assistance available to eligible small businesses is capped at \$17,500. Total assistance awarded depends on the documented unmet need, potential duplication of benefits and number of FTE-LMI workers at the time of application.

### **Q: How does the forgivable loan work?**

A: Applicants awarded funds through the SBRF will have to sign a promissory note, security agreement and/or personal loan guarantee with the Mid-Ohio Valley Regional Council. Applicable documents may also be recorded by MOVRC staff with the West Virginia Secretary of State's Office and released if/when a small business meets all the program requirements.

### **Q: Will I have to repay any of the loan funds?**

A: It depends. Your business may be responsible for paying a portion of the loan back at zero percent interest if  $\leq 51\%$  of the FTE-LMI jobs (documented at the time of application) are not retained, brought back on the payroll and/or created at the end of the program reporting period.

### **Example:**

An eligible business submits an application for assistance and documents that they currently and/or used to employ 10 FTE- LMI workers on or before January 21, 2020. If at the end of the reporting period, the business can only retain and/or make available 6 FTEs for LMI workers, then the business will not have to repay any portion of their loan. If the same business can only retain and/or make available 4 FTEs for LMI workers at the end of the reporting period, then the business will have to repay the portion of the loan in excess of \$5,000 (if applicable). The amount potentially eligible for repayment will be specified in the promissory note.

Please note, this program was designed to assist eligible small business retain, bring back on the payroll and/or create job opportunities for LMI workers. If in the above

example a business could only retain and/or rehire 4 FTE-LMI person, but still strives to make at least 6 FTE-LMI job opportunities available, they may not have to pay back any portion of the loan, provided the business is able to document their efforts at the end of the reporting period (e.g. written letters of offer, posts on social media for employment opportunities, etc.). Note, MOVRC staff may ask for additional documentation to substantiate the information provided in the closeout report. This may include, but is not limited to updated payroll information, applications received for employment and efforts to advertise for a position(s) that have gone unfilled.

**Q: Can funds be used to purchase inventory for my small business?**

A: Yes, so long as the need is documented in your financial statements. While the SBRF Program can assist with working capital expenses, the City's program goal is to retain, bring back on the payroll and/or create FTE-LMI workers/job opportunities during the reporting period in accordance with HUD regulations.

**Q: How long do I have to spend the SBRF funds?**

A: All funds awarded to an eligible small business must be expensed within 90 days of closing on the applicable loan documents from MOVRC. This is referred to in the program guidelines as the reporting period. Any funds not expensed after 90 days will have to be returned to MOVRC.

**Q: What documents will have to provide at the end of the reporting period?**

A: All businesses will have to document how SBRF funds were expensed during the reporting, as well as the number of FTE-LMI workers/job opportunities that were retained, brought back on the payroll and/or created to ensure compliance with terms and conditions of the SBRF program.