

Memorandum



Date: April 7, 2009

Agenda Item No. 12(B)6

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Bailout Plan for Small/Medium Sized Local Businesses

A handwritten signature in black ink, appearing to read "Burgess", is written over the printed name of George M. Burgess.

The following report is in response to Resolution R-87-09, sponsored by Commissioner Dorrin D. Rolle and approved by the Board of County Commissioners (Board) on January 22, 2009. The Resolution directed the Mayor or the Mayor's designee to develop a bailout plan and gap funding for small- and medium-size local businesses substantially affected by the current recession through a loan program. In addition, the Resolution requested that a proposed plan include the definition of small- and medium-sized businesses, the nature of gap funding that would be provided, the maximum loan amount under the plan, and the mechanisms to ensure that loans under the plan would be paid back.

Background

Businesses throughout the County are suffering from weak demand for their goods and services as consumers and businesses cut back spending. Local businesses have also reported serious difficulties obtaining credit and the tightening of credit conditions. Consequently, as indicated in the FY 2009-10 Recommended Budget Priorities, the County must look for ways to support private businesses in our community, particularly our smaller companies, while at the same time recognizing the County government's fiscal constraints. We are monitoring the implementation of the recently enacted federal American Recovery and Reinvestment Act of 2009 for opportunities to provide loans to small businesses through federally funded programs.

In the interim, to immediately address these needs during FY 2008-09, we will begin forging new partnerships, maximizing existing relationships and marketing the availability of existing financial resources. This report identifies the loan programs currently available to support the County's small- and medium-size business sectors.

Current Loan Programs

Because of the scarcity of funds, identifying and aggressively marketing current loan programs will enable us to provide immediate assistance. Approximately \$3.250 million among six current loan programs have been identified that are available for fixed assets and working capital loans for small, mom & pop and medium size businesses. (See Attachment for a summary of available funding).

Partnership Initiatives

To further this assistance, the County must maintain on-going efforts to develop and implement lending and resource partnerships that will provide affordable financing, minimum funding risk and management and technical assistance to small- and medium-size businesses. Our goal is to ensure long-term sustainability of small- and medium-size business operations and to build lasting relationships between the lending institution(s) and borrowers. This can be accomplished through the development of a Strategic Alliance Memorandum (SAM) with the *Small Business Administration* (SBA) for technical/counseling resource assistance. Staff is working with the SBA to develop a SAM for the County's consideration. The SBA is also a major recipient of a federal stimulus funding package that significantly expands their programs to include fee reductions, higher guarantees, new SBA programs and other incentives and enhancements that will help unlock credit to small- and medium-size businesses.

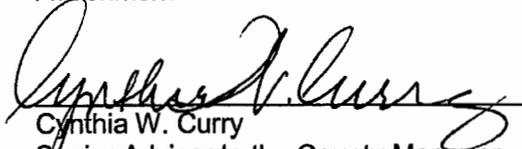
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Conclusion

Obstacles created by the current economic crisis are daunting, and small businesses face more than most. Survival requires drawing upon a network of support, formal and informal, that promotes sustainability. The Administration is actively engaged in planning and development efforts to ensure that the County is poised to move quickly to assist our small business community when anticipated federal stimulus funding is made available to local governments and/or intermediaries.

Staff looks forward to working with the Board during the FY 2009-10 budget development process to explore opportunities for small- and medium-size businesses.

Attachment



Cynthia W. Curry
Senior Advisor to the County Manager

FY 2008-09 LOAN PROGRAMS

		FY 2008-09			
Loan Program	Administering Agency	Available Funds	Loan Size	Target Business Sector	Eligibility Criteria
Community Development Revolving Loan Fund	OCED - Funds allocated through previous years. Loans provided up to \$200,000 to fund fixed assets, equipment and working capital	\$500,000	Up to \$200,000	Small	Businesses must commit to create/retain jobs with at least 51% going to low to moderate income individuals, and must create/retain one job per every \$35,000 of financial assistance. Other federal requirements must be strictly adhered to.
Micro Loan Program - Micro Business USA	OCED - Outsources this program to the agency	\$116,666	Up to \$25,000	Small / Mom & Pop	Businesses must commit to create/retain jobs with at least 51% going to low to moderate income individuals, and must create/retain at least one job. Other federal requirements must be strictly adhered to. Loans up to \$25,000 for equipment, fixed assets and working capital. OCED Planning to allocate additional funds through upcoming Action Plan amendment.
Micro Loan Program - ACCION USA	OCED - Outsources this program to the agency	\$116,667	Up to \$25,000	Small / Mom & Pop	Businesses must commit to create/retain jobs with at least 51% going to low to moderate income individuals, and must create/retain at least one job. Other federal requirements must be strictly adhered to. Loans up to \$25,000 for equipment, fixed assets and working capital. OCED Planning to allocate additional funds through upcoming Action Plan amendment.
Micro Loan Program - Tools for Change	OCED - Outsources this program to the agency	\$116,667	Up to \$25,000	Small / Mom & Pop	Businesses must commit to create/retain jobs with at least 51% going to low to moderate income individuals, and must create/retain at least one job. Other federal requirements must be strictly adhered to. Loans up to \$25,000 for equipment, fixed assets and working capital. OCED Planning to allocate additional funds through upcoming Action Plan amendment.
South Florida Regional Planning Council	South Florida Regional Planning Council-RLF	\$200,000	Up to \$25,000	Small and medium size businesses	Business applicant-tailored underwriting criteria and focused in 10 Targeted Underutilized Areas (TUAs) in Miami-Dade County
Continental National Bank (Lines of Credit)	Department of Small Business Development (SBD)	\$2,200,000	Up to \$250,000	Certified small and medium size businesses	Must have an awarded County contract in order to be eligible.
TOTAL AVAILABLE FY 2008-09 FUNDING		\$3,250,000			

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