

**INDIAN RIVER COUNTY, FLORIDA**

**M E M O R A N D U M**

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**TO:** Jason E. Brown; County Administrator

**THROUGH:** Phillip J. Matson, AICP; Community Development Director

**THROUGH:** Bill Schutt, AICP; Chief, Long-Range Planning

**FROM:** Matt Kalap; Planner, Long-Range Planning

**DATE:** August 10, 2020

**RE: Revolving Loan Fund Grant Application To Economic Development Administration From Treasure Coast Regional Planning Council**

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It is requested that the information herein presented be given formal consideration by the Board of County Commissioners at its regular meeting of August 18, 2020.

**DESCRIPTION AND CONDITIONS**

The Treasure Coast Regional Planning Council (TCRPC) is an applicant for a competitive Economic Development Administration (EDA) grant under the “Fiscal Year 2020 EDA Public Works and Economic Adjustment Assistance Programs including CARES Act Funding”. This is a funding opportunity to create a Revolving Loan Fund (RLF) within Martin County, St. Lucie County, and Indian River County to assist small and medium size businesses in recovery from economic damages caused by the COVID-19 Pandemic.

The TCRPC is seeking to create an RLF with a value of \$1,000,000 with an additional \$40,000 for administrative expenses. The TCRPC does not currently operate an RLF and proposes working with the South Florida Regional Planning Council (SFRPC) to operate this RLF. Under the application rules, a local (non-federal) match of 20% of the project budget of \$1,040,000 must be provided. Therefore, a total match of \$208,000 is needed. Apportioning this match between Indian River County, St. Lucie County, and Martin County based on county populations results in a commitment of \$52,000 from Indian River County.

In July of 2020, both the Martin County Board of County Commissioners and the St. Lucie County Board of County Commissioners approved participation in the RLF program and committed to providing matching funds for the program.

## **ANALYSIS**

The retention and growth of small and medium sized businesses can be constrained by a lack of access to capital. This situation has been compounded by the economic damage caused by the COVID-19 Pandemic and the restrictions implemented in order to limit the spread of COVID-19.

The proposed RLF will provide a means to put capital in the hands of small businesses within Martin, St. Lucie, and Indian River Counties that might not otherwise be able to obtain loans. While set up with CARES Act funding, the RLF has the opportunity to have a lasting impact on the region for years to come. As loans are repaid, the funds will be loaned out again to new borrowers allowing the program to continue and expand. As noted in the attachment provided by the TCRPC, the SFRPC has a successful track record operating a RLF through the United States Department of Commerce, EDA. That program provides low interest loans ranging from \$25,000 to \$500,000 to small and medium size businesses. Since 2002, the SFRPC RLF has serviced more than 410 loans, totaling over \$37,000,000 that has helped fund projects totaling over \$112,000,000. As a result of these investments, more than 8,000 jobs have been created or saved.

As proposed, the RLF will operate with the same loan parameters as the SFRPC RLF. Under those parameters loans could vary between \$25,000 and \$500,000 each, with no guarantee on the number of loans that will be provided and no ability to designate/reserve loans for use in each jurisdiction.

## **CONCLUSION**

The total project budget for the RLF is \$1,040,000 which includes \$40,000 for administrative expenses. 80% of the proposed project's budget (\$832,000) will be funded through a competitive EDA grant which the TCRPC is applying for. 20% of the proposed project's (\$208,000) budget will be funded through a local (non-federal) match that will be apportioned to Martin, St. Lucie and Indian River Counties based on population. Under the grant application rules to establish the \$1,000,000 RLF, Martin and Indian River Counties would each need to contribute 25% (\$52,000) and St. Lucie County would need to contribute 50% (\$104,000) of the local (non-federal) match on a one-time basis after which, the loan program would continue to operate without additional funding being required.

In accordance with EDA regulations, the matching funds shall not be restricted in any way and, therefore, the total loan funds must be made available across the 3-county lending area. Thus, the TCRPC will not be able to apportion the amount of loans made relative to the amount of match contributed by each of the counties. Also, the number of loans could range between 2 and 40.

At the August 18, 2020 Board of County Commissioners meeting, Mr. Tom Lanahan, Director of the TCRPC will be present to answer questions about the program.

### **FISCAL IMPACT**

The total amount of local match proposed by the TCRPC from Indian River County is \$52,000 (see attachment 1). Funding in the amount of \$52,000 will be provided via budget amendment from General Fund/Cash Forward-Oct 1.

### **RECOMMENDATION**

Staff recommends that the Board of County Commissioners consider the TCRPC request, direct any questions to Tom Lanahan and, provide the TCRPC with a recommendation regarding participation in the program.

### **ATTACHMENTS**

1. Revolving Loan Fund match request from TCRPC