

**SMALL BUSINESS RELIEF FUND  
CITY OF VIENNA, WEST VIRGINIA  
PROGRAM GUIDELINES**

May 7, 2020

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**OVERVIEW**

The City of Vienna, 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 of jobs held by low-and moderate- income persons. Furthermore, this funding can be used to help small businesses restart their operations after being closed for a period of time due to the coronavirus pandemic.

**BASIS 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 Vienna.
- Have been in business for at least one year (on or before March 1, 2020).
- Have been in good standing with applicable City fees prior to December 31, 2019.
- Must be low- to moderate-income (LMI) microbusiness owners and/or businesses that employ (or previously employed) at least 51% LMI workers.
- Must employ no more than 25 Full Time Equivalent (FTE) LMI workers; however, priority will be given to businesses that employ no more than 10 FTE LMI workers during the first application cycle.

## **TERMS AND CONDITIONS OF SBRF ASSISTANCE**

Assistance provided through the SBRF will be structured as a forgivable loan. Every approved applicant will receive a grant, not to exceed \$5,000, for working capital expenses. For the purposes of this program, eligible working capital expenses include the following:

- Payment for business rent or required monthly business loan payments.
- Payments of essential wages, taxes, and normal benefits for 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, components pieces for assemblers, items for resale for retailers, food for restaurants, etc.)
- Normal operating expenses that are include in “operating expenses” on your business incomes statement (utilities, insurance, professional services, etc.)

Approved applicants will also be eligible to receive an additional \$500 per FTE as an incentive to retain low- and moderate-income jobs. However, approved applicants will need to demonstrate that at least fifty-one percent (51%) of the small business payroll, specific to FTEs for LMI, was maintained and/or brought back onto the payroll during the reporting period. For the purpose of this program, the reporting period will be defined as 90 days from the date of the award notice of the relief funds.

If this threshold is not met, a portion of the funds received will have to be paid back to the City of Vienna at zero percent (0%) interest within 90 days. The portion of funds to be returned will be determined based on the number of FTE-LMI positions not retained about the minimum threshold. Please note, FTEs are specific to the position and not individuals who may or may not currently hold it.

Furthermore, the Company must document that the job/s would be lost without the SBRF assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs assistance is provided.

1. The job is known to be held by a low- or moderate-income person;

2. The job can reasonably be expected to turn over within the following two year and that steps will be taken to ensure that it will be filled by, or made available to, a low – or moderate-income person upon turnover.

Under this program, the maximum assistance that could be provided to each business in the form of a forgivable loan is \$10,000.

### **FINANCIAL DOCUMENTS TO BE SUBMITTED**

- List of current assets and liabilities (financial statement) – This information will be used to help calculate two metrics for staff to verify unmet needs for funds so there is no duplication of benefits from other potential sources of assistance.
  - **Net Working Capital (NWC)** = Current Assets – Current Liabilities
    - **NWC** should be positive in normal circumstances; it means the business can pay short-term liabilities. If negative, the business is experiencing financial difficulty.
  - **Working Capital Ratio (WCR)** = Current Assets + Current Liabilities
    - Banking institutions typically want to see a WCR greater than or equal to 1 for lending purposes.
    - A WCR of less than or equal to 1 would also indicate there is a need for capital.
- Documentation showing business revenue and payroll for the first four months of 2019 and 2020. This includes documentation that verifies the number of FTEs for LMI persons.
- 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 you have applied for assistance and your status 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. (Please refer to the City’s policy regarding Duplication of Benefits for more information. A copy is attached.)

## **DEFINITIONS**

### **Full Time Equivalent (FTE) low – to moderate-income (LMI) worker:**

employment opportunities (jobs) for individuals that have an annualized income less than or equal to \$32,950 (80% of Area Median Income). This determination was made in accordance with HUD Income Guidelines effective June 28, 2019 for the Parkersburg Metropolitan Statistical Area.

**Forgivable Loan:** a form of a 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:** 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.

## **FREQUENTLY ASKED QUESTIONS (FAQs)**

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

A. The maximum amount of assistance available to eligible businesses in the City of Vienna is capped at \$10,000. Total assistance awarded is in the form of a forgivable loan and depends on the documented unmet need, potential duplication of benefits, and the number of FTE-LMI jobs at the time of the 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 personal loan guarantee with the Mid-Ohio Valley Regional Council. These documents will be recorded 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 (0%) interest if 51% of the FTE LMI jobs (documented at the time of the application) are not retained at the end of the reporting period. The amount potentially eligible for repayment will be specified in the promissory note.

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

A. Yes as 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 FTE – LMI jobs 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 receiving an award letter from the MOVRC. This is referred to in the program guidelines as the reporting period. Any funds not expenses after 90 days will be returned to the MOVRC.

**Q. What documents will have to be provided at the end of the reporting period?**

A. All businesses will have to document how SBRF funds were expensed during the reporting period as well as the number of FTE-LMI jobs retained on the payroll, to ensure compliance with terms and conditions of the SBRF Program.