

Memorandum

5/4/20

Community & Economic Development

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To: Mayor Lott and City Councilors

RE: Winooski Small Business Loan Program Committee – Tier 4 Covid-19 Relief Loan Recommendations

At their April 6th meeting, City Council approved use of the Winooski Small Business Loan (WSBL) funds for Covid-19 relief loans to Winooski businesses which have faced mandatory closures in response to the Covid-19 pandemic. The first two Covid-19 relief loans were approved by City Council at their April 20th meeting. We have received four additional loan applications since then, and the Winooski Small Business Loan Committee met to evaluate and score the applications on April 30th.

The loans are evaluated based upon scoring criteria established in the original Winooski Small Business Loan policy guidelines. However, several questions related to the evaluation criteria and scoring thresholds were discussed and clarified by the committee at our April 30th meeting. In order to ensure a fair, consistent and impartial evaluation process the committee has established the following guidelines:

Program Eligibility:

- Businesses with known code violations are eligible for funds, with the condition that receipt of funds requires the business to meet code standards by the end of the loan term.
- Home operations with no storefront are eligible for funds and will be evaluated based on the loan fund scoring criteria.
- Based on the limited available funds, loan applications must meet a threshold evaluation score of at least 5 points of a possible 10 points in order to receive funding.



Committee Discussion of Evaluation Criteria:

- Years in Operation – this criterion gives higher scores to businesses that meet thresholds for years in operation as a means of demonstrating financial viability. This criterion reflects the program credit analysis exemption for businesses that have been operating for at least 3 years, and establishes a tiered point system for extending that rationale across applications.
 - 2 pts = 3 years or more
 - 1 pt. = 1 year to just under 3 years
 - 0 pt. = under 1 year
- Vacancy - the original WSBL evaluation form was based on filling vacant space. This criterion has been adjusted for the Covid-19 relief funds to focus on whether loss of a business would result in highly visible storefront vacancy. The scoring tiers are as follows:
 - 2 pts. = downtown or gateway corridor location
 - 1 pt. = storefront outside downtown and gateways
 - 0 pt. = no storefront
- Jobs – The original WSBL evaluation looked at creation of jobs. For the purposes of the Covid-19 relief funds, the committee is looking at number of jobs retained. Scoring functions as follows:
 - 2 pts. = 11 jobs or more retained
 - 1 pt. = 1-10 jobs
 - 0 pt. = 0 jobs

As currently structured, there would be little likelihood of any applicant receiving 0 points. The committee will revisit this system at our next meeting to potentially adjust the threshold numbers.

- Desired Business Type – the criteria as initially written evaluated whether an applicant was adding a desired type of business to the community, based on the Economic Development Strategic Plan community survey results. In evaluating the emergency loan applications, the committee considers whether the loan will help to retain a desired business type. Scoring tiers are:
 - 2 pts = a business type in the top 10 (of approximately 30) desired business types, OR a business that meets multiple desired business categories within the list
 - 1 pt. = business type in the top 11-30
 - 0 pt. = not among the list of most desired business types



- Certified Minority-owned or women-owned business – criterion remains unchanged from original loan program.
- Improves previously deteriorated commercial space or property and Assists business in complying with city code requirements criteria are not considered for purposes of the Covid-19 Relief Loan Fund.

Four loan applications eligible for the WSBL Covid-19 Relief Loans were evaluated at the April 30th committee meeting based on the above-referenced scoring criteria. The Committee is pleased to herein provide its evaluation and recommendations to City Council for their ultimate decision regarding use of the funds:

Application 1 Committee Recommendation: Approval

Business: Birdfolk Collective

Business Address: 17 East Allen Street

Loan Amount: \$10,000

Loan Term: 60 months

Application 2 Committee Recommendation: Approval

Business: Autumn Records

Business Address: 11 East Allen Street, Suite 2

Loan Amount: \$6,500

Loan Term: 60 months

Application 3 Committee Recommendation: Approval

Business: Sally's Flower Shop

Business Address: 325 Main Street, #5

Loan Amount: \$5,000

Loan Term: 60 months

Application 4 Committee Recommendation: Denial (did not meet threshold score for funding)

Business: Dave's Painting & Plus

Business Address: 188 Hickok Street

Loan Amount: \$8,000

Loan Term: 60 months



If City Council votes to approve three loans and deny the fourth as recommended by the Committee, the Covid-19 Relief Loan Program will retain \$158,500 for future applicants. The ultimate disposition of funds is at the discretion of City Council.

