

Erie Small Business Emergency Relief Grant Program Update

The Town of Erie began implementing a Small Business Emergency Relief Grant Program on Monday April 6th, 2020. Applications are considered on a rolling basis. There are limited funds available for the program, and awards are made based on demonstrated financial need and potential for future business viability (as demonstrated through the application and the requested supporting materials). Here is a summary of the applications received to date.

- 70 applications received
- 59 applications have been evaluated within three "rounds" of review
- 41 applications have been approved/awarded representing \$285,000 (List of awardees provided below)
- 10 of the applications were marked incomplete (Economic Development staff have reached out on a number of occasions following up with applicants notifying them their applications are incomplete, and did not receive information in time for review)
- 2 of the applications the Grant Review Committee agreed to defer to Round 4 of the review process. (review requires additional information from applicant not provided)
- 6 of the applications did not pass the two phase evaluation criteria (provided below) and were denied

Application Process

Applications are reviewed first by Erie's staff for completeness and eligibility. Following a determination of eligibility, applications are reviewed and scored by a Review Committee composed of Town staff and representatives from the board of the Erie Chamber and the Erie Economic Development Council. The Review Committee submits recommendations on the applications to the Town Administrator, who considers the Review Committee's recommendation and makes the final determination to approve, defer, or deny a grant award.

The Program is open to small businesses and restaurants with a brick-and-mortar presence within the Town's boundaries, including locally owned franchises. Home-based businesses are eligible for the Program as long as they are registered within the Town of Erie. \$10,000 grants are available for small businesses with 11+ full-time employees. \$5,000 grants are available for small businesses with 2-10 employees.

Submitting an application is not a guarantee of a grant award, and the Town may terminate the Program at any time, for any reason.

Use of Funds

These cash grants are designed to assist eligible small businesses that may have temporarily closed, are having difficulty paying their rent and utilities, or have or are considering reducing staff (number or hours). Eligible uses of funds include direct business expenses related to the continued operation; such as payroll, inventory or supplies, lease/rent payments, and utilities for the business.

	Amount	Status
A Quilter's Corner	\$10,000	Approved
Baile Barbour Insurance	\$5,000	Approved
BEATTIES COMMUNITY PHARMACY	\$5,000	Approved
Birdhouse	\$5,000	Approved
CADCO, INC	\$5,000	Approved
Chiropractic Center of Erie	\$5,000	Approved
Common Ground International	\$5,000	Approved
Cristos Coffee	\$10,000	Approved
Echo Brewing*	\$10,000	Approved
Elementum 3D	\$10,000	Approved
Erie Animal Hospital	\$5,000	Approved
Escape Uptown	\$5,000	Approved
Exploring Minds Academy	\$5 <i>,</i> 000	Approved
Fitness 1440	\$10,000	Approved
Flatirons Physical Therapy	\$5,000	Approved
Flatirons Prenatal Imaging	\$5 <i>,</i> 000	Approved
Front Range Inflatables	\$5,000	Approved
FRP Apparel	\$5 <i>,</i> 000	Approved
Galway Vista dba The Goddard School	\$10,000	Approved
Ginger Hawk Customs	\$5,000	Approved
Integral Physical Therapy PLLC	\$10,000	Approved
Kiddie Academy of Erie	\$10,000	Approved
La Casona Del Mariachi*	\$10,000	Approved
Larkridge Family and Cosmetic Dentistry	\$10,000	Approved
Latitude Digital	\$10,000	Approved
Lazy Dog Erie, LLC	\$10,000	Approved
Live Your Life Integrated Health	\$5,000	Approved
Primrose School of Erie	\$10,000	Approved
Rockton MT, LLC (dba Miners Tavern)	\$10,000	Approved
Rose Café*	\$5,000	Approved
Rownhorst Chiropractic	\$5,000	Approved
Rusty Melon	\$10,000	Approved
Si Senor	\$5,000	Approved
Stellar Colorado Homes	\$5,000	Approved
Subway Sandwiches	\$5,000	Approved
Summit Vision Care	\$5,000	Approved
Symbia Allergy Solutions	\$5,000	Approved
The Dugout Grill & Bar	\$5,000	Approved
Toney Family Chiropractic	\$5,000	Approved
Wilco Bos, LLC	\$5 <i>,</i> 000	Approved
Wild Sun Behavioral Services	\$10,000	Approved
Total	\$285,000	

Approved Applications to Date

Evaluation Criteria

This evaluation criteria was adopted and adapted based on a template developed and provided by the NOWAK METRO FINANCE LAB of Drexel University. The evaluation is broken into two phases to help Erie evaluation staff sort through applications in an oversubscribed system. Phase1 is for whittling down the pool to a manageable number based on a set of articulated principles to serve the smallest businesses that are not always served by the SBA. Phase 2 is to further evaluate and prioritize from this pool.

Statement of priorities for a small business relief program

We see small business relief funds serving as a bridge to more stable economic cycles. These funds are intended to stabilize the most vulnerable small businesses and support jobs for workers. To achieve these priorities, we used three key principles in awarding grants.

- 1. A prioritization of businesses that have or are reconfiguring their COVID-19 business models to retain hourly workers, since they will likely have salutatory economic benefits.
- 2. A prioritization of businesses that are vital anchors in their neighborhoods and communities since small businesses are the gathering places of their neighborhoods and the lifeblood of a local economy.
- 3. A prioritization of businesses with open applications in process or least-likely to be served by the SBA. The SBA's 7(a) loan is well set up, but because of unprecedented volume in the Paycheck Protection Program, banks are mostly lending to clients with pre-existing relationships. Because of this the SBA's paycheck protection program misses certain vulnerable businesses that lack pre-existing lending relationships.

Two Scoring Phases

The first phase scores the initial pool of applicants along a numerical metric. This creates a baseline score. Applications that score at or above 68% (17/25) on Phase 1 scoring move onto the phase two. The second phase is reviewed by a committee who make the final recommendation to the Town Administrator. Each application is scored out of 55 points (25 in phase 1, 30 in phase 2).

The following categories were systematized from emerging first mover criteria (newly established COVID emergency relief fund data) nationally, and require a minimum set of criteria such as good tax-standing.

Phase 1 Scoring: X/25										
Scoring System	1	2	3	4	5	Rationale	Score:			
Years of Operation	<1	1-3 years	3-5 years	5-10 years	10+ years	We care about supporting small businesses that are anchors in their communities. Years of operation is a proxy variable for this.				
Locally Owned, Locally Operated, Brick and Mortar Location		-	Locally Owned, Locally Operated, In home business	Brick and mortar locally operated	Brick and Mortar, Locally owned, Locally Operated	Geography matters- ideally we are stabilizing neighborhood businesses that serve as important economic anchors				
Gross Receipts	<\$150k	\$150k-\$250k	\$250k-\$500K	\$500k-\$1M	\$1M+	This score is designed to reflect the contribution to the tax base.				
Fiscal Stability (% of funding in the bank to cover operational expenses on a monthly basis)	0%	25%	50%	75%	100%+	We want to make sure that we are allocating scarce funding to viable businesses, so we want to understand how much cash small businesses have in their accounts.				
Owner is investing their own funds	Business is not investing any additional personal capital	Business is investing less then grant request	Business is matching grant request	Business is investing 1.5 x grant request	Business is investing 2x+ grant request	The fund is designed to serve as bridge funding to more stable economic cycles, business owners that are investing will expand the impact of the grant funds				
						Total	>17			

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Scoring System	1	2	3	4	5	Rationale	Score:
serve as a bridge for the small	This will not meaningfully establish a bridge to a more stable business cycle	It's unlikely that this funding will meaningfully establish a bridge to a more stable business cycle	The funding may meaningfully establish a bridge to amore stable business cycle	The funding is likely to establish a bridge to a more stable business cycle.	The funding will meaningfully establish a bridge to a more stable business cycle	The fund is designed to serve as bridge funding to more stable economic cycles	
	The small business intends to use the money to pay outstanding debt or non-covid-19 related expenses	Between 0% and 50% of the funding will be used to pay for expenses specifically related to COVID-19	Between 51% and 80% of this funding will be used to pay for expenses specifically related to COVID-19	Between 81% and 99% of this funding will be used to pay for expenses specifically related to COVID-19	The small business intends to use all the	The funding is intended to be directly used for stabilizing small businesses and workers as disrupted by COVID- 19. The funding is not intended to be used to pay outstanding debt from before the crisis.	
To what extent does this small business have a vital economic role in its community?	This business followed existing development and is not an anchor of the community it resides		This business partially plays a role in its neighborhood. The Business has considered community facing services		The business played a vital role in its neighborhood and has or is catalyzing development around it	Geography matters- ideally we are stabilizing neighborhood businesses that serve as important economic anchors	
to what extent does this small business have a vital social and cultural role in its community?	The business has no community-facing services		the business has considered having community facing services		The business has community facing services	Geography matters- ideally we are stabilizing neighborhood businesses that serve as vital anchors for holding the fabric of their community together.	
business demonstrated adaptability	This small business has not re-configured its business model and does not demonstrate adaptability		This small business is in the process of re- configuring its business model in a way that demonstrates its adaptability		The small business has demonstrated an ability to re-configure its business model in a way that demonstrated adaptability	models are more likely to endure COVID-19 and remain open after	
To what extent could this business service its debt in 2020 (during	This small business had a 2020 debt service coverage ratio of less than .95	2020 debt service	This Small business had a debt service coverage	This small business had a 2020 debt service coverage ration between 1 and 1.25		We want to support businesses that will make the best use of this money. If the applicant scores low on this criterion, we recommend other technical assistance. Debt service coverage ratio is the net operating income divided by the total debt service.	