

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: February 12, 2021

TO: Supervisor Marcelia Nicholson, Chairwoman, County Board of Supervisors

FROM: Aaron Hertzberg, Director, DAS Economic Development

SUBJECT: From the Director of Economic Development – Department of Administrative Services providing an informational report on the distribution of CARES Act spending: Small Business Recovery Grants

REQUEST

This report is for informational purposes, there is no request at this time.

REPORT

Milwaukee County Received \$77,428,492 from the federal Coronavirus Aid, Relief and Economic Security Act (CARES), signed in March of 2020. The County allocated \$12 million for a Small Business Recovery Grant program, operated by the Department of Administrative Services – Economic Development Division, see the previous legislative actions referenced below for details of allocations to the small business grant program.

The intention of the Small Business Recovery Grant program was to provide economic assistance to small businesses in Milwaukee County that have faced financial pressures and enhanced safety protocols associated with the COVID-19 pandemic. Messaging around the grant encouraged applications from diverse businesses and encouraged applicants to continue following health and safety guidelines from the Center for Disease Control and Prevention and State and Local Health Departments.

In total, \$11,694,548 in grants were disbursed to 1,551 businesses. Grant amounts ranged from \$3,000 to \$20,000 based on the size of the business, prioritization, and funds accepted by the business. 66% of the businesses receiving grants identified as minority, woman and/or veteran owned. Grants were distributed throughout the County, with between 45 and 153 grants per district.

An interactive map of grants was prepared by the County’s Land Information office and is linked from the County’s Economic Development webpage. The map is available at <https://mclio.maps.arcgis.com/apps/webappviewer/index.html?id=b2ded249e2b24ebf914aeac070c21daa>. The map shows the distribution of all grants, with interactive dots and Supervisory Districts for additional information.

Applications were accepted between September 17th and October 1st. Promotion was sent to Supervisors, municipal economic development contacts, Ethnic & Diverse Chambers of Commerce, media outlets and through other various partners and contacts. In total, more than 2,100 applications were received. Following extensive review of applications, funds were distributed to businesses in December.

Grants were reviewed for eligibility and grant amounts based on the criteria outlined below. Businesses with a letter of support from a qualifying member of Wisconsin's Ethnic & Diverse Business Coalition received priority in receiving grant funds. A listing of Ethnic & Diverse Business Coalition members is below. Applicants were not required to be members of said Coalition Chambers of Commerce to receive a letter of support or a grant but developing relationships with such chambers was recognized as beneficial for future support and collaboration.

219 eligible businesses had a letter of support necessary to prioritize their application for funding. These businesses were offered 100% of their eligible grant amount between \$7,500 and \$20,000 based on business size. The remaining qualified businesses were offered 50% of eligible grant amounts, reducing actual grant offers to between \$3,750 and \$10,000. Note that some businesses accepted lower grant amounts than those which they were eligible for.

Grant recipients were required to sign affidavits associated with receiving funds to confirm the business' use of funds, County audit rights, and to accept liability for any funds that can't be documented to have been used for qualifying expenses.

Milwaukee County hired Milwaukee Economic Development Corporation (MEDC) to assist in preparing grant materials, reviewing applications, and distributing grants. MEDC's contracted fee was capped at 3% of grant distributions. Milwaukee County's original contract with MEDC anticipated only a \$7 million grant program. When an additional \$5 million was added to the program MEDC agreed not to increase its fee with the larger distribution. Fees for MEDC remained at \$210,000. Upon close out of the program, MEDC returned \$95,452 in unspent allocation to Milwaukee County for use on other CARES Act eligible expenses. Additional program details are outlined below.

ELIGIBILITY REQUIREMENTS

- For-profit businesses located in Milwaukee County
- 20 or fewer full-time or full-time equivalent employees
- 2019 revenues less than \$2,000,000
- Current on property taxes owed
- Excluded businesses: national franchises, nonprofits, gaming, adult entertainment, firearms, tobacco, liquor, payday, banks and others

ELIGIBLE EXPENSES

- Expenditures between March 1 and December 31, 2020
- Restocking inventory (no alcohol)
- PPE for employees or customers
- Physical space modifications to align with CDC or state/local health guidance
- Payroll
- Rent
- Utilities

GRANT COMPLIANCE

- Assert intend use of funds or submit documentation of past expenses
- Assert that grant funds were offsetting COVID related business losses

- Agree to complete follow-up surveys
- Retain detailed records for seven years
- County rights to audit grant related expenditures
- Accept liability for expenditures that can't be documented within 30 days of a request
- Confirm that grant expenditures were not duplicative to other federal, state or local grants
- Adherence to County and local health guidelines

ELIGIBLE GRANT AMOUNT

| Business Size (Revenues) | w/ Letter (100%) | w/o Letter (50%) |
|---------------------------------|-------------------------|-------------------------|
| \$1 to \$24,999 | \$7,500 | \$3,750 |
| \$25,000 to \$99,999 | \$10,000 | \$5,000 |
| \$100,000 to \$499,999 | \$15,000 | \$7,500 |
| \$500,000 to \$2M | \$20,000 | \$10,000 |

ETHNIC & DIVERSE BUSINESS COALITION MEMBERS

- African American Chamber of Commerce of Wisconsin
- American Indian Chamber of Commerce of Wisconsin
- Greater Milwaukee Chamber of Commerce
- Hmong Wisconsin Chamber of Commerce
- Latino Chamber of Commerce of Southeastern Wisconsin
- Latino Entrepreneurial Network
- MICAH
- National Association of Minority Contractors – Wisconsin
- The Business Council, Inc.
- Wisconsin Black Chamber of Commerce, Inc.
- Wisconsin Chinese Chamber of Commerce
- Wisconsin Indian Business Alliance
- Wisconsin LGBT Chamber of Commerce
- Wisconsin Veterans Chamber of Commerce

ABOUT MEDC

MEDC is a nonprofit corporation certified by the US Treasury's Community Development Financial Institutions Fund (CDFI) since 1971. Additionally, MEDC is a Community Development Corporation under the Small Business Administration 504 Loan and Community Advantage Programs. They have extensive experience financing and assisting small businesses within the County. MEDC also operates Milwaukee County's Revolving Loan Fund, most recently reported to the board as File 20-483.

Previous Legislation

File 20-809 –adoption of a request authorizing a realignment of expenditures within the County's 2020 CARES allocation from the federal government to maximize community usage and benefit.

File 20-557 –adoption of a request authorizing a spending framework and allocation of the County’s CARES allocation from the federal government.

RECOMMENDATION

This report is for informational purposes, there is no request at this time.

Submitted by:

Aaron Hertzberg
Economic Development Director

cc: David Crowley, County Executive
Sherri Jordan, Interim Director, Department of Administrative Services
Economic and Community Development Committee Members
Donna Brown-Martin, Director, Department of Transportation
MaryJo Meyers, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Scott Manske, Comptroller
Steve Cady, Research & Policy Director
Joseph Lamers, Director, Performance Management and Budget