

ERIN MENDENHALL  
MAYOR



LORENA RIFFO JENSON  
DIRECTOR

DEPARTMENT of ECONOMIC DEVELOPMENT

CITY COUNCIL TRANSMITTAL

  
Lisa Shaffer (Jul 25, 2023 14:05 MDT)

Lisa Shaffer, Chief Administrative Officer

**Date Received:** 07/25/2023

**Date sent to Council:** 07/25/2023

**TO:** Salt Lake City Council  
Darin Mano, Chair

**DATE:** 7/13/2023

**FROM:** Lorena Riffo Jenson, Director, Department of Economic Development 

**SUBJECT:** Emergency Loan Program Repayment Legislative Intent Follow Up

**STAFF CONTACTS:** Roberta Reichgelt, ([roberta.reichgelt@slcgov.com](mailto:roberta.reichgelt@slcgov.com))

**DOCUMENT TYPE:** Information Item

**RECOMMENDATION:**

**BUDGET IMPACT:** \$1M issued for the Emergency Loan Program in FY20.

**BACKGROUND/DISCUSSION:**

Upon City Council approval for funding from the general fund balance in March of 2020, the Department of Economic Development (DED) created the Emergency Loan Program (ELP). The creation of the ELP was a result of the COVID-19 pandemic and the immediate shutdown of many small brick and mortar businesses and nonprofit operations. The program provided \$1M in funding to small businesses and nonprofits until federal support programs were created and further financing was received to keep the businesses afloat.

Repayment of loans funded by the Emergency Loan Program was intended to commence 90 days upon the end of the Emergency Proclamation, however, the impacts of the COVID-19 pandemic proved to be long lasting and detrimental to the business community. Consequently, in October of 2022, DED proposed a further deferment of repayment to the City Council as businesses and nonprofits were still struggling to reach revenue levels prior to the pandemic. The City Council approved the deferment of all loan repayments until December 31, 2024, and also provided

further guidance with three legislative intents. One legislative intent: “That by March 1, 2023, the Department of Economic Development propose criteria and processes for borrowers that might not have an alternative to loan forgiveness or write-off.” DED is the proposed criteria below that will be processed and approved by the department on a case-by-case basis.

To date, four (out of 52) recipients have paid off their ELP loan in full and eight (8) have opted to begin monthly payments. The majority (92%) of the remaining borrowers, upon expiration of the deferral period, will owe \$333.33/month for 60 months, and the remaining (8%) will owe up to \$250/month for 60 months. All loans were provided at 0% interest, so all payment goes toward paying down principal balance.

The program did not include any collateral requirements; however, all borrowers signed a personal guarantee (with the exception of a few nonprofits) that gives the City discretion to pursue the guarantors personally for nonpayment.

#### *Program Repayment Alternative: Economic Hardship Application*

Upon expiration of the deferral period, DED proposes implementing an application process for borrowers who can demonstrate an economic hardship. A borrower will be considered for partial loan forgiveness if hardship is demonstrated, or full loan forgiveness if borrower can demonstrate their business provides some public benefit. The hardship application would request from the borrowers the following information:

- Personal income status: personal financials for past 2 years
- Business income status: business income for past 2 years (if applicable)
- Business projections for next 3 years (if applicable)
- Summary of personal and business/nonprofit assets, if any
- Narrative that explains the current state of the business’/nonprofit’s financial health and how full repayments of the loan would provide financial harm to the borrower (if borrower cannot make repayment).

#### *Proposed Criteria*

- 1) Reduced payment with partial forgiveness, based on ability to pay

Upon receipt of a hardship application, a financial analysis (form attached) would be completed with the above requested information to determine the borrower's ability to make lower payments. If the borrower makes consistent payments of the agreed-upon amount for the 5-year repayment period, the remaining portion of the loan may be forgiven.

- a. A re-amortization period of up to 10-year max would be considered to achieve lower monthly payment amounts (current amortization is a 5-year period)
- b. Reduced payment with enhanced forgiveness (up to full forgiveness), based on ability to pay AND public benefit.

In addition to granting a reduced payment based on financial hardship as outlined above, DED could consider some type of public benefit to be proposed by the business in determining enhanced loan forgiveness.

- Borrower must include narrative on how the business/nonprofit could provide a public or economic benefit to Salt Lake City to qualify for enhanced loan forgiveness.

- Public benefit would have to be objective and quantifiable. (i.e. providing a service for free or reduced rate to a Salt Lake City resident or business).
- Enhanced loan forgiveness would be determined administratively.

### *Next Steps*

DED will communicate relevant information on loan repayment and partial forgiveness options to the borrowers by the end of 2023. DED will begin accepting any hardship applications (as needed) early 2024 and begin the financial analysis process. This will allow for borrowers to have a decision by the time they are requested to begin repayment on January 1, 2025.

### *Attachments*

Emergency Loan Program Financial Analysis Template

Previous Emergency Loan Program transmittals dated April 13, 2020 and September 14, 2022.

**SLC Emergency Loan Program Financial Analysis**

Business Name:

Guarantor(s)

**Loan Summary**

Original Loan Amount:	
Current Loan Balance:	

**Business Performance Summary**

	Application Projection			Financials from Tax Returns			Projection		
	Year 1	Year 2	Year 3	2022	2023	2024 (if avai	2025	2026	2027
Revenue									
COGS									
Operating Expense									
Net Operating Income				\$0	\$0	\$0	\$0	\$0	\$0
Depreciation/Amort							\$0	\$0	\$0
Cash Flow				\$0	\$0	\$0	\$0	\$0	\$0

**Debt Service Coverage**

ELP Debt Service									
Other Debt									
Total Cash Requirement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DSCR	#DIV/0!	#DIV/0!	#DIV/0!	#REF!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

	#DIV/0!	#DIV/0!	#DIV/0!
	#DIV/0!	#DIV/0!	#DIV/0!
	#DIV/0!	#DIV/0!	#DIV/0!
	0.00	0.00	0.00

**Amended Annual Debt Payment**

Original Loan @ 0%		
Monthly	Annual	Year to Repay
\$0	\$0	#DIV/0!
\$0	\$0	#DIV/0!
\$0	\$0	#DIV/0!
\$0	\$0	\$0

**Personal Financial Data**

Personal Balance Sheet at time of Application		
Assets	Liabilities	Net Worth
		\$0

Guarantor #1:

Guarantor #2:

Guarantor #3:

Comment:

ERIN MENDENHALL  
MAYOR



LORENA RIFFO-JENSON  
INTERIM DIRECTOR

DEPARTMENT of ECONOMIC DEVELOPMENT

CITY COUNCIL TRANSMITTAL

  
Lisa Shaffer (Sep 15, 2022 08:33 MDT)

Date Received: 9/15/2022

Lisa Shaffer, Chief Administrative Officer

Date sent to Council: 9/15/2022

**TO:** Salt Lake City Council  
Dan Dugan, Chair

**DATE:** 9/14/2022

**FROM:** Lorena Rizzo Jenson, Interim Director, Department of Economic Development 

**SUBJECT:** Emergency Loan Program Repayment

**STAFF CONTACTS:** Roberta Reichgelt, ([roberta.reichgelt@slcgov.com](mailto:roberta.reichgelt@slcgov.com)) x7694

**DOCUMENT TYPE:** Ordinance

**RECOMMENDATION:** Adopt an Ordinance

**BUDGET IMPACT:** \$1M issued for the Emergency Loan Program in FY20.

**BACKGROUND/DISCUSSION:**

The COVID-19 Pandemic (“Pandemic”) has impacted the world and our local economy to an unprecedented level. It is widely known that small businesses have experienced extreme difficulties relating to the pandemic that are, in turn, having a great impact on the economy. In the early days of the Pandemic, the City sought to mitigate the negative effects for long term health and the well-being of the economy by releasing an Emergency Loan Program (ELP).

Established in March of 2020, ELP's goal was to assist small businesses immediately impacted by the Pandemic by providing financial relief for businesses and their employees. In other words, the program was intended to close the financial gap between closure and the eventual State and Federal relief programs (see program transmittal to Council attached). The City’s ELP was one of the first in the country to be established at the onset of the pandemic.

The ELP provided \$1M in funding to 52 Salt Lake City businesses and nonprofits in amounts ranging from \$5,000 up to \$20,000. The repayment of these loans was set to begin 90 days after the Mayor's Emergency Proclamation ended on May 7, 2021. During this 90-day window, DED sent out a survey to recipients to understand the potential impacts of requiring loan repayment. The response rate was 12% and more than half of those responses indicated that it would be *somewhat difficult* or *extremely difficult* to make repayments on their loan. Because Salt Lake City's small businesses were still recovering from the impacts of the Pandemic, the City's Department of Economic Development ("DED") administratively deferred repayment of all loans until December 31, 2021. Loan repayments were set to begin on January 1, 2022; however, the ELP loans remain outstanding, pending policy direction from City Council. During this period, two of the 52 recipients have exercised the option to pay off their loan and none of the remaining loans are in repayment. Additionally, of the 52 businesses/nonprofits that received loans, two businesses<sup>1</sup> and one nonprofit have since closed.

### *State of the Economy*

While many industries have experienced recovery in taxable sales, some industries continue to face economic challenges. Below are industries which 1) experienced losses in 2020 compared to 2019, 2) represent more than \$100m in taxable sales in 2019, and 3) continue to see fluctuations in revenue with the introduction of new COVID variants:

- Food Service and Drinking Places
- Accommodations (i.e. hotels)
- Arts, Entertainment and Recreation

These industries are central to Salt Lake City's quality of life and urban core experience. The severe impact of the Pandemic on these industries was predicted at the onset of the Pandemic-related shutdowns, which was why DED targeted these industries for the Emergency Loan Program. *Of the SLC businesses and nonprofits that received funds, 67% came from the above listed industries.* Furthermore, a McKinsey study was done on these industries predicting when they would recover back to 2019 pre-Pandemic levels and found that it could be as long as 2024/2025<sup>2</sup> before they would experience full recovery. This is due to low financial resilience (balance sheets for small businesses in these industries lack flexibility, since a significant portion of the costs are relatively fixed) and also because these industries typically operate on extremely thin margins.

Another industry significantly represented in the ELP recipients was retail (21%, not including food and beverage). All of the ELP recipient retail businesses have brick and mortar locations in Salt Lake City. Retail had already been suffering with the rise of Amazon and other online retail options, and the Pandemic only exacerbated this issue, forcing retailers to adapt their sales models.

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<sup>1</sup> ONE OF THESE TWO BUSINESSES HAS SINCE REOPENED AS A NEW BUSINESS CONCEPT.

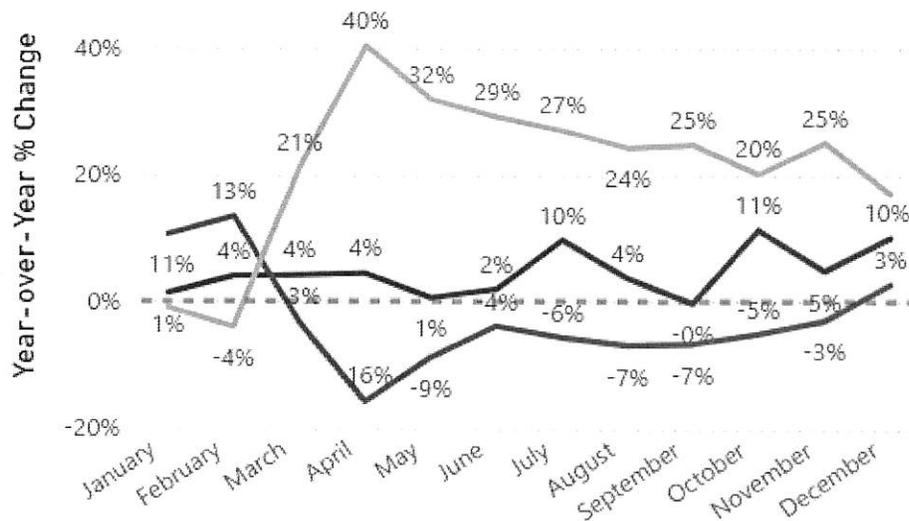
<sup>2</sup><https://www.mckinsey.com/industries/public-and-social-sector/our-insights/us-small-business-recovery-after-the-covid-19-crisis>

Supply chain issues have also caused stress on businesses due to COVID infections setting off port closures. It is not surprising that the impacts of this are more severe on small businesses, as they are not able to easily pursue alternative transport options. In addition, the current high inflation rate that our country and state are collectively facing continues to further impact our small business community. Lastly, current labor shortages have caused Salt Lake City’s small businesses to have difficulties finding employees to support their businesses. This will almost certainly create further negative economic impacts on small businesses and serves to demonstrate how uncertain their economic recovery is in the short-term future, necessitating further assistance for small businesses.

In general, Salt Lake City experienced a dramatic drop in year-over-year sales in 2020 with April 2020 having a 16% drop and continued negative year-over-year performance until December of 2020. 2021 saw tremendous recovery, with April 2021 seeing 40% year-over-year growth. This overall recovery continues into the latest months captured by County data (December 2021),<sup>3</sup> but the data indicates ongoing fluctuations due to spikes in COVID cases from variants.

### Year over Year % Change in Taxable Sales by Filing Period

Year ● 2019 ● 2020 ● 2021



### Loan Program Repayment Examples from Illinois and Utah

Due to the continued financial impact to small businesses, communities throughout the nation that also instituted emergency loan programs are finding ways to eliminate the debt burden on their small businesses. The State of Illinois’ Small Business Emergency Loan Fund supported their

<sup>3</sup> <https://slco.maps.arcgis.com/apps/MapSeries/index.html?appid=c07ef403435442909c7dc30c0da2b718>

recipient businesses by later releasing a Business Interruption Grants Program that businesses could use to pay back the loan<sup>4</sup>.

Locally, the State of Utah's Small Business Bridge Loan Program was deployed around the same time as the City's Emergency Loan Program with a similar objective to keep businesses afloat while awaiting federal funding. A total of \$12M was delivered to 1,150 businesses and nonprofits<sup>5</sup>. Loan repayment restarted 12 months after the funds were issued (approximately Spring of 2021) and as of December 2021 only \$4M had been collected. At the end of 2021 and beginning of 2022 the Governor's Office of Economic Opportunity (GO Utah) sent out communication stating that borrowers' loans would be converted to grants and any businesses that had begun making payment would be reimbursed. No application was required for this conversion of the funds; instead, GO Utah simply worked with the borrowers to amend their current loan contract.

### *Policy Considerations*

In order to pursue next steps for the City's Emergency Loan Program loan recipients, DED presents the following Policy Considerations for Council to contemplate:

- 1) Loan deferment for 12 additional months until January 1, 2023. (As noted above, repayment was set to begin in January 2022 and the loans remain pending policy direction). This option would give loan recipients additional time to further recover the economic losses to their business.
- 2) Loan deferment until December 31, 2024 - this deadline is in alignment with the American Rescue Plan Act (ARPA) expenditures deadline. This takes into consideration that small businesses could seek opportunities from ARPA funds to assist with financial hardships the business may be experiencing. Please note, however, that ARPA funds may only be used for Pandemic-related business operating expenses and labor, and debt repayment is not an eligible use of ARPA funds. Thus, this deferment would provide an opportunity for businesses to access assistance that would potentially free up other revenue for the ELP debt repayment. In addition, the deferment of debt payments is a key item that supports the recovery of businesses, and this timeline is in alignment with the economic data and information referenced above.
- 3) Convert all loans into grants, similar to what other emergency loan programs have done, such as the Governor's Office of Economic Opportunity as described previously. This would relieve the businesses of having to pay back the debt as they continue to recover. Should this option be approved, a public benefit analysis for each of the 52 individual businesses/nonprofits would need to be executed prior to converting any of the loans to grants.

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<sup>4</sup> <https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/IllinoisSmallBusinessEmergencyLoanFund.aspx>

<sup>5</sup> <https://business.utah.gov/news/sorenson-impact-center-releases-first-report-on-bridge-loan-program/?highlight=bridge+loans>

- 4) Convert some of the loans into grants by creating guidelines to consider for businesses that can demonstrate a hardship and need for relief. Should this option be approved, a public benefit analysis for each individual business/nonprofit that meets the guidelines for a grant would need to be executed in order to relieve the business/nonprofit of repayment.

The City deeply values its local, small business community and wants to assist borrowers whose businesses may still be recovering from the COVID-19 Pandemic. Therefore, the Department of Economic Development recommends to Council to consider further deferment of repayment in line with the ARPA expenditures deadline of December 31, 2024 (option 2, above). This would allow for additional time needed to further support small business recovery. At that time, DED can assess each business's ability to repay and can provide further recommendations to Council on an individual basis.<sup>6</sup> By availing this option to small businesses, the City would further demonstrate its strong support for the small business community.

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<sup>6</sup> IT IS IMPORTANT TO NOTE THAT DED RECOMMENDATIONS AT THAT TIME MAY INCLUDE SOME SELECTIVE RECOMMENDATIONS TO WRITE-OFF OR REDUCE LOAN PRINCIPAL, DEPENDING ON CONDITIONS OF THE LOAN RECIPIENT BUSINESSES.

SALT LAKE CITY ORDINANCE  
No. \_\_\_\_\_ of 2022

(Ordinance approving the deferral of Emergency Loan Program loans)

WHEREAS, on March 10, 2020, the Mayor issued a “Proclamation Declaring a Local Emergency” (“Proclamation”) in response to the global outbreak of COVID-19 (“Pandemic”).

WHEREAS, on March 24, 2020, Salt Lake City Corporation (the “City”) created a revolving loan fund referred to as the Emergency Loan Program (the “ELP”) via Resolution No. 4 of 2020 to provide financial relief for small businesses located in Salt Lake City in response to the Pandemic’s adverse economic impacts; and

WHEREAS, the City, via Resolution No. 4 of 2020, adopted certain loan criteria and processes to govern the ELP (the “Program Terms”); and

WHEREAS, the ELP, administered by the City’s Department of Economic Development (the “DED”), provided one million dollars in funding to fifty-two Salt Lake City businesses and nonprofits in amounts ranging from \$5,000 up to \$20,000; and

WHEREAS, pursuant to the Program Terms, the repayment of the ELP loans was set to begin 90 days after the Proclamation ended on May 7, 2021; and

WHEREAS, the repayment of the loans was additionally deferred from August 7, 2021, to December 31, 2021 in response to ongoing adverse economic impacts arising from various coronavirus variant outbreaks in the Pandemic during the fall; and

WHEREAS, economic recovery for small businesses continues to be unsteady, with Salt Lake City businesses in retail, food/beverage services, hospitality, arts, entertainment, and recreation industries continuing to face financial stress due to the Pandemic’s lingering impacts, such as variant spikes, global supply chain issues, increasing inflation, and labor shortages; and

WHEREAS, these continuing adverse impacts may further strain the financial condition of the City's small business ELP loan recipients; and

WHEREAS, the City deeply values its local, small business community, and wishes to relieve the economic pressure on ELP loan recipients to permit them additional time for a full and robust economic recovery; and

WHEREAS, a deferral of the ELP loans until December 31, 2024, in line with the ARPA expenditure deadline, would provide ELP loan recipients the opportunity to more fully recover from the adverse impacts brought by the Pandemic.

NOW, THEREFORE, be it ordained by the City Council of Salt Lake City, Utah, that:

SECTION 1. Deferral of ELP loans until December 31, 2024. The City Council hereby authorizes the deferral of repayment of the ELP loans until December 31, 2024. The City Council authorizes the Mayor to negotiate and execute amendments to the loan agreements and any other relevant documents necessary to evidence this deferral, including incorporating such other terms and agreements as recommended by the City Attorney's office.

SECTION 2. Effective Date. This ordinance shall become effective on the date of its first publication.

Passed by the City Council of Salt Lake City, Utah, this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Dan Dugan, Council Chair

ATTEST AND COUNTERSIGN:

\_\_\_\_\_  
CITY RECORDER

Transmitted to Mayor on \_\_\_\_\_.

Mayor's Action: \_\_\_\_\_ Approved. \_\_\_\_\_ Vetoed.

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY RECORDER  
(SEAL)

Bill No. \_\_\_\_\_ of 2022.

Published: \_\_\_\_\_.

APPROVED AS TO FORM  
Salt Lake City Attorney's Office

Date: September 14, 2022

Sara Montoya  
Sara Montoya, City Attorney

ERIN MENDENHALL  
MAYOR  
EXECUTIVE DIRECTOR, RDA



BEN KOLENDAR  
ACTING DIRECTOR

DEPARTMENT of ECONOMIC DEVELOPMENT

CITY COUNCIL TRANSMITTAL

A handwritten signature in black ink that reads "Rachel Otto".

Rachel Otto, Chief of Staff

Date Received: \_\_\_\_\_

Date sent to Council: \_\_\_\_\_

**TO:** Salt Lake City Council  
Chris Wharton, Chair

**DATE:** April 13, 2020

**FROM:** Benjamin Kolendar, Acting Director, Department of Economic Development

**SUBJECT:** Emergency Loan Program Update

Handwritten initials in black ink that appear to be "BJK".

**STAFF CONTACTS:** Peter Makowski, Acting Director of Business Development Division

[peter.makowski@slcgov.com](mailto:peter.makowski@slcgov.com); (801) 573-1760

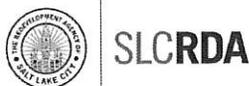
**DOCUMENT TYPE:** Information Item

**RECOMMENDATION:** NA

**BUDGET IMPACT:** NA

**BACKGROUND/DISCUSSION:**

In response to the COVID-19 pandemic, and Mayor Mendenhall's "State of Local Emergency" declaration on March 10<sup>th</sup>, 2020, Salt Lake City's Department of Economic Development (DED) focused all efforts to support the business community as business shutdowns, partial and full closures were recommended and later required.



SLCRDA.COM



WWW.SALTLAKEARTS.ORG



SLC.GOV/ED

DED immediately responded by surveying the business community through an online survey. DED provided emergency information and assembled business resources, available at that time, by building a COVID-19 website, housed on our Department site. The information received from companies as a result of the survey demonstrated a need for small business support that was rapid and flexible. Staff immediately researched emergency economic relief programs, which resulted in the creation of the Emergency Loan Program (ELP). The programs' mission is to assist small businesses immediately impacted by COVID-19 by providing financial relief for businesses and their employees and bridging the financial gap between closure and eventual State and Federal relief programs.

On Tuesday March 17<sup>th</sup>, City Council approved the allocation of \$1,000,000, sourced from the Economic Development Loan Fund (EDLF), to fund ELP small business loans. The funds were to be distributed in two rounds of \$500,000 for amounts requested by the borrower.

#### Loan Terms:

- Loan Amount: up to \$20,000
- Term: 5 years
- Interest Rate: 0%
- Repayment Terms: Equal monthly payments of principal. Repayment will commence approximately 90 days following the subsidence of the COVID-19 outbreak and following notice from the City. Any write-off or loan forgiveness must be approved by the City Council.

#### Eligible Borrowers:

- Must have physical location within Salt Lake City limits
- Must have 50 employees or less
- 25% of this funding shall be allocated to businesses West of I-15.
- Guarantee: Loan is guaranteed by any owner holding 20% or more interest in the ownership of the business (*Non-Profit Organizations exempt*).

#### Required information:

- Complete Application
- Financials: profit and loss, and balance sheets from previous year
- Business tax returns from previous year
- Most recent month-end or quarterly financial statement
- Previous year's personal tax returns
- Copy of Salt Lake City Business License
- Copy of driver's license or government issued ID
- Signed W-9 form
- Copy of lease or mortgage statement

### **Loan Processing and Evaluation**

Applications were received and uploaded for our Application Review Team to process. After ensuring that all required application documents have been received, the Application Review Team evaluated and scored each application (evaluation form attached).

The following criteria was considered when scoring each complete application:

- Business type (25 pts) - priority on restaurant, retail, bars, events spaces, arts based businesses that have been heavily affected by the mandated closures/limitations.
  - 25 = Targeted industry (restaurant/bar/retail/event/arts)
  - 15 = Non-targeted industry
  - 0 = Not applicable (home based business, independent contractor, etc)
- Financial Need (25 pts) – rating the completeness of financial information provided and overall health of the business. Prioritizing those that have been disrupted in operations due to the county and state mandated closures for certain types of businesses.
  - 25 = Complete financials/Healthy business
  - 15 = Incomplete financials/Unhealthy business
  - 0 = No financials
- Narrative (25 pts) - Businesses must provide an overview of the business in the form of an Executive Summary, which must demonstrate under normal circumstances the business would be profitable without disaster disruption, and the impact on the business such as decreased customers, decreased sales, etc.
  - 25 = Detailed description of business/impact
  - 15 = Incomplete description of business/impact
  - 0 = No narrative
- Use of funds (15 pts)
  - 15 = Working capital, inventory, marketing
  - 0 = Non-applicable use
- Credit Score (10 pts) – *Non-Profit Organizations exempt*
  - 0 = 0-549
  - 2 = 550-599
  - 4 = 600-649
  - 6 = 650-650
  - 8 = 700-749
  - 10 = 750+

All complete applications were reviewed, scored and ranked by total score (100 points possible).

### **Loan Committee**

Once complete applications were reviewed and scored, they were packaged for review by the ELP Loan Committee. The Loan Committee consists of representatives from the City Council, SLC Business Advisory Board, Redevelopment Agency of Salt Lake City, SLC Arts Council, and Downtown Alliance. The Loan Committee was provided the following:

- List of complete applications for review
- Evaluation form and methodology
- Access to all application files

### **Loan Committee Ranking**

The Loan Committee was charged with ranking all complete loans and selecting those to be funded.

- The Loan Committee members selected the top 25 loans to fund at the applicant's requested amount (25% of complete applications will be west side businesses)
- Staff tallied the committee rankings, evaluated additional loans, and approved the loan package for funding.
  - Round 1 Loan Committee Ranking Attached
  - Round 2 Loan Committee Ranking Attached

### **Diversity**

When developing the ELP, DED took the following measures to attempt to reach all members of the community:

- Installed Google Translation on the ELP website, translating our website in thousands of languages.
- Offered applications in English, Spanish, Vietnamese, Swahili.
- Worked with the Suazo Business Center and other ethnic Chambers of Commerce to adapt application requirements to fit the needs of their communities.
- Included gender and ethnicity data tracking in all applications
- Partnered with the Suazo Business Center and the Small Business Development Center to assist non-English speaking applicants with completing their applications.

DED collected data on applications as it pertains to diversity. Diverse Applications are defined as loan applications with non-white and/or female guarantors. DED used following methodology to measure this data:

- Data categorized by Loan Recipients (funded) and Total Applications (complete applications only)
- Data subcategorized by Funding Round and totaled.
- Represented Diverse Applications of Loan Recipients and Total Applications as a percentage.
- Guarantors are required to own 20% of the business applying. Data reflects applications with ethnic and/or female guarantors. Many applications included two guarantors, gender/ethnicity was collected for both in these cases and were captured in the analysis.
- Represented Loan Recipients and Total Applications of Total Guarantors as a percentage.
- Compared Loan Recipients and Total Applications ethnic/gender data to Salt Lake City demographic data (Source: Source: EDCUtah, JobsEQ, <http://wwwchmuraecon.com/jobseq>, January 2020)

After two rounds of funding, completed applications and loans funded displayed the following demographic characteristics:

Loan Recipients = 52				Guarantors = 75		
	Round 1	Round 2	Total	% of Total Apps	% of Total Guarantors	% of SLC Pop*
Hispanic	2	4	6	11.5%	8.0%	21.60%
Asian	1	2	3	5.8%	4.0%	5.40%
American Indian	0	1	1	1.9%	1.3%	1.50%
Black	0	0	0	0.0%	0.0%	2.30%
Pacific Islander	0	0	0	0.0%	0.0%	1.50%
Other	2	3	5	9.6%	6.7%	-
<b>Total Racially Diverse</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>21.2%</b>	<b>17.3%</b>	<b>32.30%</b>
<b>Women-Owned</b>	<b>13</b>	<b>13</b>	<b>26</b>	<b>44.2%</b>	<b>34.7%</b>	<b>48.50%</b>

Total Applications/Guarantors = 376				Guarantors = 436		
	Round 1	Round 2	Total	% of Total Apps	% of Total Guarantors	% of SLC Pop*
Hispanic	5	21	26	6.9%	6.0%	21.60%
Asian	6	24	30	8.0%	6.9%	5.40%
American Indian	1	4	5	1.3%	1.1%	1.50%
Black	2	2	4	1.1%	0.9%	2.30%
Pacific Islander	0	2	2	0.5%	0.5%	1.50%
Other	4	10	14	3.7%	3.2%	-
<b>Total Racially Diverse</b>	<b>18</b>	<b>63</b>	<b>81</b>	<b>20.7%</b>	<b>18.6%</b>	<b>32.30%</b>
<b>Women-Owned</b>	<b>26</b>	<b>190</b>	<b>216</b>	<b>40.7%</b>	<b>49.5%</b>	<b>48.50%</b>

\* Source: 2018 Census Data (est)  
 \*\*Totals in red are not cumulative for percentages below; some applications had multiple minority guarantors  
 (11/78 minority owned applications approved;  
 23/153 women owned approved)

## Data Analysis

### Observations

- While racially diverse applications were short of population demographics across the board, round 2 showed a significant increase from round 1 to round 2.
- Total recipient percentages for racially diverse and women owned against applications were fairly consistent with minor increases for both categories.

## Round One Funding

On Wednesday evening, March 18<sup>th</sup>, DED launched the first round of funding via our website and started accepting applications online. Note, Salt Lake City experienced a 5.7 magnitude earthquake earlier that morning. During round one, while responding to impacts of the earthquake, DED on-boarded, reviewed and evaluated all applications received, while creating the backend processes, including an Application Review Team, required to perform these tasks. DED worked with local partners to develop a streamlined application and review process, making our website and documents multi-lingual, and assisting applicants with translation and financial needs. All solutions involved virtual and online tools to “work from home” and social distancing requirements. Due to time and capacity constraints, DED was unable to assist customers with their applications, thus only completed applications were considered for funding in round one.

On Monday, March 23<sup>rd</sup>, the round one application period closed. DED received 341 applications, with 73 complete loans packaged for loan committee review. On Wednesday, March 25<sup>th</sup>, complete applications were forwarded to the ELP Loan Committee, consisting of members from the City Council, SLC Business Advisory Board, Redevelopment Agency, Downtown Alliance, and SLC Arts Council, for consideration. Due to funding constraints, 26 of 73 complete applications were

funded. On Thursday, March all applicants, both funded and unfunded, were notified and staff began helping applicants complete their applications.

- Application and Evaluation Results

<b>APPLICATIONS</b>	<b>ROUND 1</b>
Total Complete Applications	73
Total Incomplete Applications	268
East of I-15 Applications	295
West of I-15 Applications	46
<b>Total applications</b>	<b>341</b>

<b>EVALUATIONS</b>	<b>ROUND 1</b>
East of I-15 Evaluated	64
West of I-15 Evaluated	9
<b>Loans Evaluated</b>	<b>73</b>

- Funding Results

<b>FUNDING</b>	<b>ROUND 1</b>
<b>Total Loans Funded</b>	<b>26</b>
<b>Total Loans Not Funded</b>	<b>315</b>
East Side \$ Requested	\$5,401,883
West Side \$ Requested	\$791,000
<b>Total \$ Requested</b>	<b>\$6,192,883</b>
East Side \$ Funded	\$377,000
West Side \$ Funded	\$120,000
<b>Total \$ Funded</b>	<b>\$497,000</b>

### **Round Two Funding**

On Wednesday, March 26<sup>th</sup>, DED launched round two of funding and immediately on-boarded, reviewed and evaluated new applications, while working with incomplete applications from round one. This required staff to review hundreds more applications while simultaneously helping hundreds of applicants complete their applications. Similar to round one, DED created the backend processes, including a complete Customer Service Team, throughout the round two application period. On Thursday, April 2<sup>nd</sup>, the round two application period closed and all

complete loans applications were forwarded to the ELP Loan Committee for approval. The committee approved 26 of 303 loans on Monday, April 6th.

- Application and Evaluation Results

<b>APPLICATIONS</b>	<b>ROUND 2</b>
Total Complete Applications	303
Total Incomplete Applications	83
East of I-15 Applications	336
West of I-15 Applications	50
<b>Total applications</b>	<b>386</b>

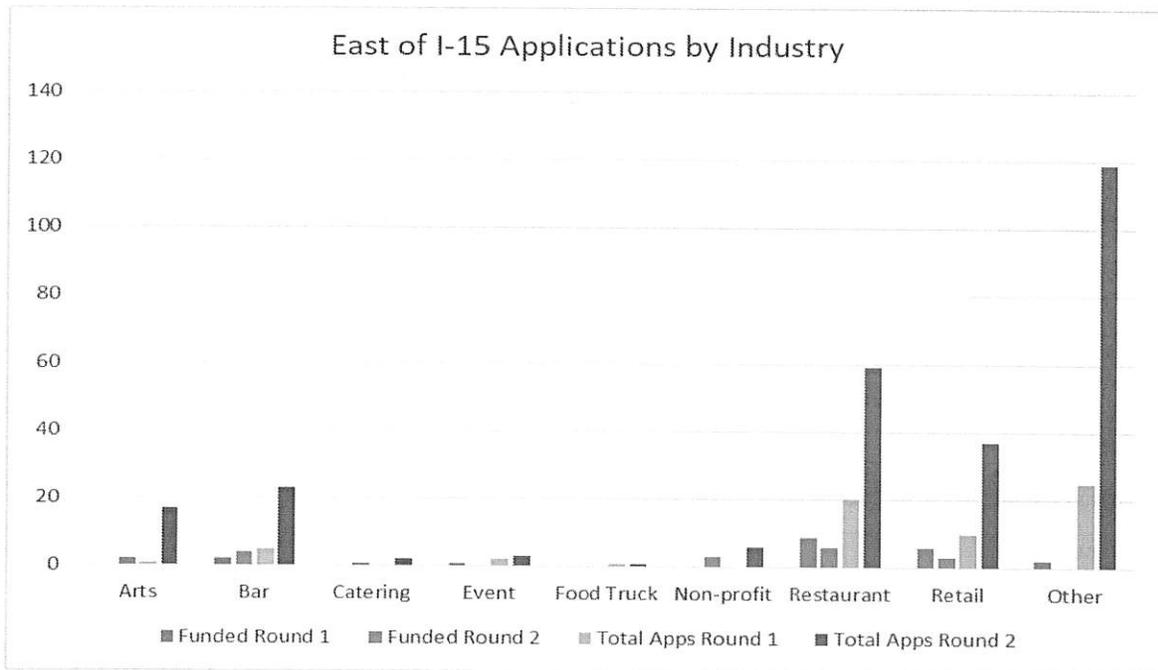
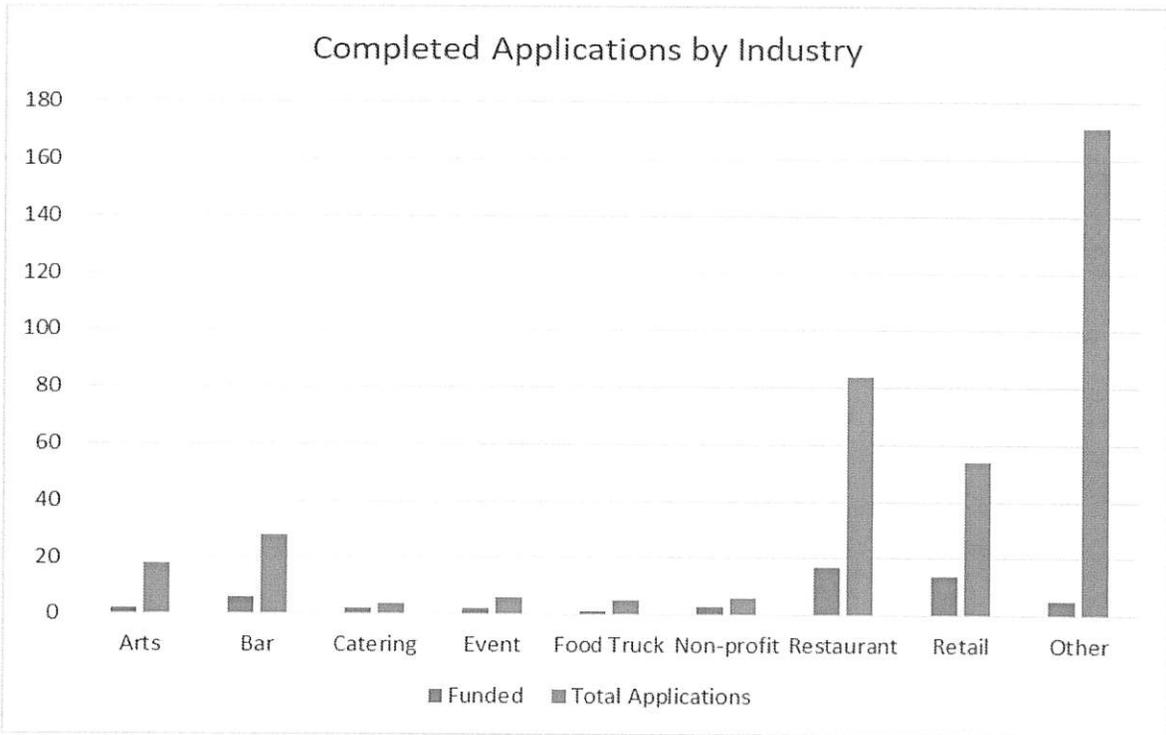
<b>EVALUATIONS</b>	<b>ROUND 2</b>
East of I-15 Evaluated	266
West of I-15 Evaluated	37
<b>Loans Evaluated</b>	<b>303</b>

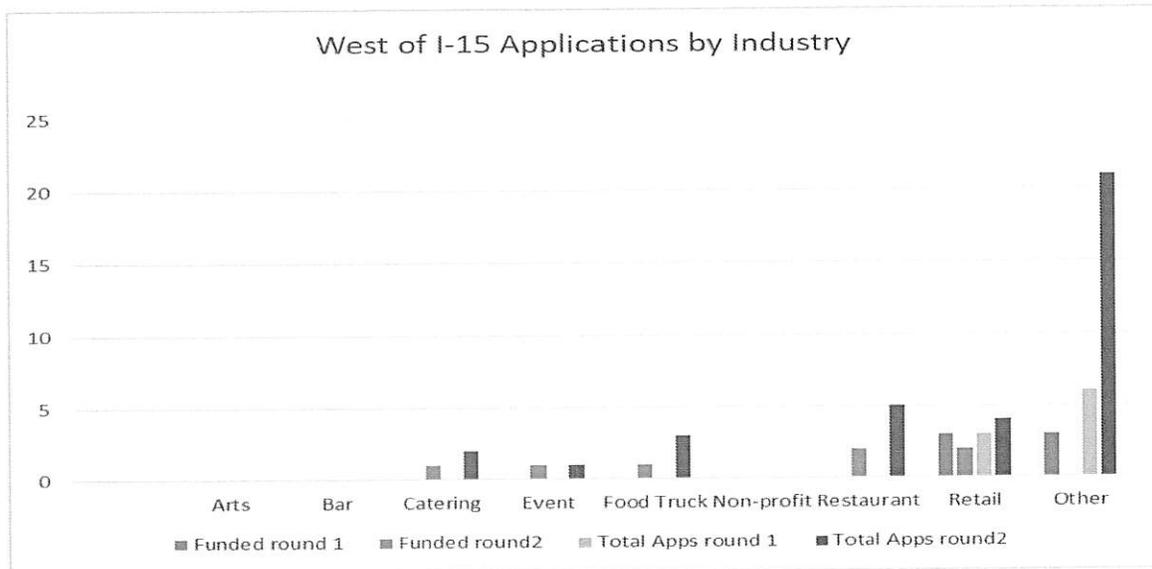
- Funding Results

<b>FUNDING</b>	<b>ROUND 2</b>
<b>Total Loans Funded</b>	<b>26</b>
<b>Total Loans Not Funded</b>	<b>360</b>
East Side \$ Requested	\$5,800,472
West Side \$ Requested	\$860,000
<b>Total \$ Requested</b>	<b>\$6,660,472</b>
East Side \$ Funded	\$360,000
West Side \$ Funded	\$135,000
<b>Total \$ Funded</b>	<b>\$495,000</b>

### **Industry Funding Results**

The ELP funding focused on key industries (Restaurant/Bar, Retail, Event, Arts) identified through our online survey. The graphs below represent completed applications by industry.





**Program Financial Results**

APPLICATIONS	ROUND 1	ROUND 2	TOTAL
Total Complete Applications	73	303	376
Total Incomplete Applications	268	83	351
East of I-15 Applications	295	336	631
West of I-15 Applications	46	50	96
<b>Total applications</b>	<b>341</b>	<b>386</b>	<b>727</b>

EVALUATIONS	ROUND 1	ROUND 2	TOTAL
East of I-15 Evaluated	64	266	330
West of I-15 Evaluated	9	37	46
<b>Loans Evaluated</b>	<b>73</b>	<b>303</b>	<b>376</b>

FUNDING	ROUND 1	ROUND 2	TOTAL
<b>Total Loans Funded</b>	<b>26</b>	<b>26</b>	<b>52</b>
<b>Total Loans Not Funded</b>	<b>315</b>	<b>360</b>	<b>675</b>
East Side \$ Requested	\$5,401,883	\$5,800,472	\$11,202,355
West Side \$ Requested	\$791,000	\$860,000	\$1,651,000
<b>Total \$ Requested</b>	<b>\$6,192,883</b>	<b>\$6,660,472</b>	<b>\$12,853,355</b>
East Side \$ Funded	\$377,000	\$360,000	\$737,000
West Side \$ Funded	\$120,000	\$135,000	\$255,000
<b>Total \$ Funded</b>	<b>\$497,000</b>	<b>\$495,000</b>	<b>\$992,000</b>

## **Lessons Learned**

- The City needs a reliable source of diverse owned businesses in order to appropriately benchmark applications. Population demographics may not accurately correlate to business ownership.
- The digital divide can pose challenges to quickly administering programs virtually.
- The first round and second round had a large disparity of minority applications. The second round had a higher volume and percentage of diverse applications.
- The Mayor's ADA liaison and policy advisors on human rights and refugees & new Americans should be included in the loan committee for future rounds.
- If the Business Development team asks organizations to select review committee members, diverse representation should be considered before confirming those members.
- Technology solutions for additional rounds of funding and/or future financial programs would drastically reduce processing manpower. It's likely that a technology solution could also help with the challenge of incomplete applications.
- Requirements for non-profits should differ from for-profit businesses.

## **Attachments**

- Loan Evaluation Form
- Final Approved Businesses

SLC Emergency Loan Program (ELP) EVALUATION MATRIX			
Business Applicant:			
Amount Requested:			
Evaluator:			
FINANCIAL INFORMATION AND IMPACT			
		<b>Applicant's Score</b>	<b>Maximum amount of points</b>
1	Rate: Business Type (priority on restaurant, retail, events spaces, arts based businesses - ones that have been heavily affected by the mandated closures/limitations (priority business = 25, medium = 15, low = 10)		25
2	Rate: To what extent the business financials been impacted due to the COVID 19. Paying special attention to ones that have been disrupted in operations due to the county and state mandated closures for certain types of businesses. (financials are complete, show a picture of financial health = 25, financial information are incomplete or looking unhealthy = 15, 0 = no information)		25
3	Rate: Executive Summary / Impact Statement: Businesses must provide an overview of the business in the form of an Executive Summary, which must demonstrate under normal circumstances the business would be profitable without disaster disruption, and the impact on the business such as decreased customers, decreased sales, etc. (detailed information including business description, how they've been impacted = 25, either did not answer all questions or did not provide much detail = 15, no detail, no information = 0)		25
4	Rate: Use of Funds: Is the applicant using the funds for one of the qualified uses? (working capital, marketing, inventory = 15, anything else = 0)		15
5	Credit Score rating:	score	
		0-549	0
		550-599	2
		600-649	4
		650-699	6
		700-749	8
		750+	10
<b>TOTAL POINTS</b>		0	100

Loan Summary										
Corporate Financial Data from 2019										
Balance Sheet										
Total Assets					Total Liabilities					
Profit and Loss from 2019										
	Sales	Cost of Goods Sold	% Cost of Goods Sold	Payroll	Rent	Other Expenses	Net Ordinary Income	Other Income/Expenses	Net Income	
2019			#DIV/0!							\$0.00
YTD			#DIV/0!							\$0.00
Personal Tax Returns from 2019										
Wages, Salary, Tips				Profit and Loss Information						
Adjusted Gross Income				Other expenses = Total expenses minus rent, minus payroll						
				Net ordinary income = net operating income						
Personal Tax Returns from 2018										
Wages, Salary, Tips										
Adjusted Gross Income										
Notes:										

<b>Round 1 Loan Recipients</b>	<b>Reported Race Guarantor 1</b>	<b>Reported Gender Guarantor 1</b>	<b>Reported Race Guarantor 2</b>	<b>Gender Guarantor 2</b>
Tradition	white	male	white	male
Cucina Deli	white	male		
Marble Cast Productions	other	male	other	female
Les Madeleine	hispanic	female		
Desert Dog Daycare	white	female	white	male
Equipt Expedition Outfitters	white	male		
Brewvies	white	male		
Atelier LLC	white	female	white	female
Mineral and Matter	white	female		
LUX Events	hispanic	male	white	male
Tullie	white	female	white	male
Sun Trap	white	male	white	male
Cornerstone Aviation	white	female		
Ken Sanders Rare Books	white	male		
Vosen's Bread Paradise	white	male	white	female
Comfort Bowl	asian	male		
Kyoto	white	male	n/a	male
Butterfly Jac Salon	white	female	white	female
Greek Souvlaki	white	male		
Western Rivers	white	male		
Sugarhouse BBQ	white	male	white	male
Este Pizza Sugarhouse	white	male	white	female
Proper Brewing	white	male		
Challenger Industrial Supply	white	male		
Sierra Wholesale Supply	white	male		
Proper Cuisine	white	male		

<b>Round 2 Loan Recipients</b>	<b>Reported Race Guarantor 1</b>	<b>Reported Gender Guarantor 1</b>	<b>Reported Race Guarantor 2</b>	<b>Gender Guarantor 2</b>
Nomad Eatery	white	female		
Flourish Bakery	n/a	n/a		
Caputo's	white	n/a		
King's English	white	female	white	female
Salt Lake Film Society	white	female		
Zaater & Zayton	other	female	other	female
Beehive Floral	white	female		
Galaxy LLC	hispanic	female	hispanic	female
Red Iguana	hispanic	female		
Amour Café	white	female	white	male
Urban Lounge	white	male	white	male
Fisher Beer	white	male		
Sweet Lake	hispanic	female	white	male
Utah Arts Festival Foundation	n/a	n/a		
Utah Cultural Alliance	white	female		
Publik Coffee	white	female		
Urban Pioneer Foods	white	female		
Hayat's Grill	other	male		
Relax Nails LLC	asian	male	asian	male
Quarters Arcade Bar	white	male	white	male
East Liberty Tap House	white	male	white	male
Garage on Beck	white	male		
Blue Copper	white	male	white	male
Toasters	white	male	white	n/a
Hello Bulk	american indian	female		
Utah Arts Alliance	white	male		