



The Corporation of the City of Cornwall
Regular Meeting of Council
Report

Department: Planning, Development and Recreation
Division: Economic Development
Report Number: 2020-290-Planning, Development and Recreation
Prepared By: Bob Peters, Division Manager
Meeting Date: April 29, 2020
Subject: Cornwall Small Business Emergency Support Loan Program

Purpose

To seek Council's approval to implement a new program that would provide emergency support loan to qualifying small businesses in Cornwall.

Recommendation

That Council approve the Cornwall Small Business Emergency Support Loan program.

Financial Implications

Funding for the Small Business Emergency Support Loan would be provided under the Community Improvement Program, with total program funding capped at \$500,000. Funds are available in the Brownfields Reserve and as loans are paid back the Reserve would be replenished. If fully subscribed and if all applicants meet their commitments by December 31, 2022, the forgivable portion of the loan would be \$100,000. The forgivable portion would be included and funded through the 2021 and 2022 budgets at \$50,000 each year.

Strategic Priority Implications

This development falls under the Economic Development section of City Council's Strategic Priorities. It is also supported by the City's Economic Development Strategic Plan.

Background / Discussion

Preamble

Small businesses in Cornwall are the backbone of the community, and they are now facing significant challenges. Actions taken by senior levels of government in response to the COVID-19 crisis have disrupted the economy and the ability of many small businesses to earn revenue has been severely impaired.

Although there have been a number of support measures put into place at Federal and Provincial levels, additional assistance is required.

Following a recent survey of its members, the Canadian Federation of Independent Business reports that only 20% of small businesses in Canada are fully open, 30% do not have cash flow to pay April bills and 39% are worried about permanent closure. The average cost of COVID-19 on small business is estimated at \$214,915.

In order to provide relief and to support efforts by local business owners to improve their operations, City staff have developed a loan program for local small businesses. Details of the proposed program have been shared with selected community stakeholders and has received strong support.

Cornwall Small Business Emergency Support Loan

The Cornwall Small Business Emergency Support Loan is an interest-free loan of up to \$5,000 for qualifying businesses to provide assistance and support to offset the effects of the COVID-19 crisis. Up to \$1,000 of that amount will be eligible for complete forgiveness if \$4,000 is fully repaid on or before December 31, 2022.

Eligible Businesses

A business will be eligible to apply for this loan if:

- it is a for-profit company;
- it is situated and is operating in Cornwall;
- it has 25 employees or less;
- it can demonstrate that business operations have been adversely affected by the COVID-19 crisis.



Businesses that meet the above criteria are invited to make a loan application and present it to Cornwall Economic Development before May 15, 2020.

Due to funding constraints, not all applications received may be successful.

Priority consideration will be given to businesses that can demonstrate clear and substantial hardships resulting from a disruption of business operations as a result of the COVID-19 crisis. Examples of hardships include, but may not be limited to, the following:

- A business that has been classified as a non-essential workplace
- A business that has been required to cease day-to-day operations
- A business that has had to lay-off employees
- A business that has seen significant decreases in revenues
- A business that has seen significant disruptions in supply chain
- A business that has seen significant disruptions in external markets

Loan Details

Eligible businesses may qualify for a loan of up to \$5,000, as detailed below:

1. *Relief Support*: a loan of \$2,500 to provide immediate emergency support, and;
2. *Transitional Support*: a loan of up to \$2,500 to offset costs incurred in helping the business transition to a more versatile business model. Transitional support funds must be used to offset expenditures of \$2,500 or more made between March 17 and December 31, 2020 that will make the business more resilient to future business disruptions. Qualifying expenses include: web development, the addition of eCommerce functionality, renovations, and other expenditures that will allow the business to adapt to new public safety regulations.

The Cornwall Small Business Emergency Support Loan is interest-free. A fifth of the loan (20% = \$1,000) is eligible for complete forgiveness if the other four-fifths (80% = \$4,000) is fully repaid on or before December 31, 2022. If the loan cannot be repaid by December 31, 2022, it can be converted into a 3-year term loan charging an annual interest rate of 5%.

While no principal repayments are required until December 31, 2022, program participants will be encouraged to make regular installment payments to match the incoming cash flows from their business operations.



Funding Details

The Cornwall Small Business Emergency Support Loan is being provided under the City of Cornwall's Community Improvement Program. Total program funding is capped at \$500,000.

Financial Assistance Options

The Cornwall Small Business Emergency Support Loan is not expected to impair the ability of local businesses to apply for other financial assistance supports. This includes funding programs supported by Federal and Provincial governments and administered through financial institutions.

Document Title:	Cornwall Small Business Emergency Support Loan - 2020-290-Planning, Development and Recreation.docx
Attachments:	
Final Approval Date:	Apr 26, 2020

This report and all of its attachments were approved and signed as outlined below:

Mark A. Boileau - Apr 24, 2020 - 4:14 PM

Tracey Bailey - Apr 25, 2020 - 9:26 AM

Maureen Adams - Apr 26, 2020 - 8:55 AM