



MEMORANDUM

Date: March 20, 2020

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Pima County Access to Federal COVID-19 Resources to Assist Businesses**

As regional medical and emergency management teams address the spread of the COVID-19 virus, the urgency to limit the spread of the virus has resulted in unprecedented actions necessary that impact many industries that have high volumes of customer contact and density. There are also secondary effects on other retail and service providers. Efforts are under way to encourage continued utilization of those impacted businesses whenever possible, but there will be a significant impact on unemployment and the long-term sustainability of many businesses. Pima County staff is facilitating information and technical assistance regarding state and federal programs that can provide direct help to businesses in Pima County.

Federal funding will be the largest source of help to Pima County businesses and employees in need of assistance. A third round of federal legislation currently being developed would strengthen unemployment benefits, food assistance and paid leave for dislocated workers. Additionally, a \$300 billion small business emergency economic relief is under consideration as part of the current legislation. If signed in to law, the Pima County Economic Development office believes this legislation will provide the most tangible assistance to Pima County businesses that are at the highest risk of failure due to the economic effects related to the COVID-19 pandemic.

Of immediate benefit to struggling businesses, the Federal government has initiated and funded programs to provide disaster assistance through the Small Business Administration (SBA). The State of Arizona applied on March 18, 2020 for a statewide disaster designation and on March 19, 2020 received the requested designation qualifying small businesses across the state for benefits from these programs. The Pima County Economic Development office has begun referring businesses to this program.

Business owners are encouraged to look at the application process on the website below and begin the process to not only collect the needed materials for the application but to also assess the impact of the current conditions on the medium-term financial sustainability of their companies including incidental expenses when applying for the Loan.

The Honorable Chairman and Members, Pima County Board of Supervisors
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The SBA has established some basic guidelines including an explanation of the program, as well as, a Three Step Process, both of which are attached to this memorandum.

The SBA application site for Disaster Assistance is: <https://www.sba.gov/funding-programs/disaster-assistance>. Assistance in the process and access to possible other funding sources is available through the Small Business Development Center (SBDC) at Pima Community College, who can also assist. While Pima Community College is physically shut down, the staff in the SBDC is working remotely and can be contacted at: Pima College ekirton@pima.edu and State of Arizona <http://www.azsbdc.net> .

With increasing unemployment, the non-profit organizations will see increasing demand. A potential resource for Non-Profits is: <https://www.growthpartnersaz.org/news/expanded-access-to-loans-for-small-businesses-and-nonprofits/>. Pima County will be posting this information, as well, as additional assistance programs on the COVID-19 web page as we learn more about other options. Additionally, messages will be coordinated with the Joint Information Center at the Emergency Operations Center for consistency.

The economic impact to Pima County and the rest of the United States from the COVID-19 pandemic will be significant. Federal, state and local programs are developing rapidly in response to this crisis and will continue to be made available to the business community and dislocated workers through Pima County staff and programs.

CHH/dr

Attachments

c: Jan Leshar, Chief Deputy County Administrator
John Moffatt, Director, Economic Development Office
Patrick Cavanaugh, Deputy Director, Economic Development Office



U.S. Small Business
Administration

SBA Disaster Assistance in Response to the Coronavirus

- The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.
- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19).
- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on our website: [SBA.gov/disaster](https://www.sba.gov/disaster).
- SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.
- For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.
- Visit [SBA.gov/disaster](https://www.sba.gov/disaster) for more information.



U.S. Small Business Administration



The Three Step Process: Disaster Loans

About Disaster Loans

The U. S. Small Business Administration (SBA) provides low-interest, long-term disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property. SBA disaster loans offer an affordable way for individuals and businesses to recover from declared disasters.

STEP 1: Apply for Loan

- Apply: 1) online; 2) in-person at a disaster center; or 3) by mail.
- Apply online at the SBA's secure website disasterloan.sba.gov/ela.
- As a business of any size, you may borrow up to \$2 million for physical damage.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private non-profit organization you may borrow up to \$2 million for Economic Injury.
- As a small business, you may apply for a maximum business loan (physical and EIDL) of \$2 million.
- As a homeowner you may borrow up to \$200,000 to repair/replace your disaster damaged primary residence.
- As a homeowner or renter, you may borrow up to \$40,000 to repair/replace damaged personal property.

STEP 2: Property Verified and Loan Processing Decision Made

- SBA **reviews your credit** before conducting an inspection to verify your losses.
- An SBA verifier will **estimate** the total physical loss to your disaster damaged property.
- A loan officer will determine your **eligibility** during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination. Our goal is to arrive at a decision on your application within 2 - 3 weeks.
- A loan officer will contact you to discuss the loan recommendation and your next steps. You will also be advised in writing of all loan decisions.

STEP 3: Loan Closed and Funds Disbursed

- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once we receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
 - Physical damage:
 - \$25,000
 - Economic injury (working capital):
 - \$25,000 (In addition to the Physical damage disbursement)
- A case manager will be assigned to work with you to help you meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

For more information or to find a local disaster center, contact SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).

Required Documentation

The following documents are required to process your application and reach a loan decision. Your Loan Officer and Case Manager will assist you to ensure that you submit the proper documentation. Approval decision and disbursement of loan funds is dependent on receipt of your documentation.

BUSINESSES	HOMEOWNERS AND RENTERS
<ul style="list-style-type: none"> • Business Loan Application (SBA Form 5) completed and signed by business applicant. • IRS Form 4506-T completed and signed by Applicant business, each principal owning 20% or more of the applicant business, each general partner or managing member and, for any owner who has more than a 50% ownership in an affiliate business. (Affiliates include business parent, subsidiaries, and/or businesses with common ownership or management). • Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available. • Personal Financial Statement (SBA Form 413) completed, signed and dated by the applicant (if a sole proprietorship), each principal owning 20% or more of the applicant business, each general partner or managing member. • Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used). <p>ADDITIONAL INFORMATION THAT MAY BE NECESSARY TO PROCESS YOUR APPLICATION:</p> <ul style="list-style-type: none"> • Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20% or more of the applicant business, each general partner or managing member, and each affiliate when any owner has more than a 50% ownership in the affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management. • If the most recent Federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year is acceptable. • A current year-to-date profit and loss statement. • Additional Filing Requirements (SBA Form 1368) providing monthly sales figures. 	<ul style="list-style-type: none"> • Home Loan Application (SBA Form 5c) completed and signed by Applicant and Co-Applicant. • IRS Form 4506-T completed and signed by Applicant and Co-Applicant. <p style="text-align: center;">APPLY FOR ASSISTANCE AT disasterloan.sba.gov/ela</p> <p style="text-align: center;"></p> <p style="text-align: center;">Or Call 1-800-659-2955 (SBA Customer Service Center) 1-800-877-8339 (TTY: Deaf and Hard-of-Hearing)</p>

For more information or to find a local disaster center, contact SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).

sba.gov/disaster

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