



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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**File #:** RS2022-1356, **Version:** 2

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A resolution appropriating \$20,000,000.00 in American Rescue Plan Act funds from Fund #30216 to create a Nashville Small Business Recovery Fund.

WHEREAS, on June 15, 2021, the Metropolitan Council passed Resolution RS2021-966, a resolution which accepted grant funds for local government support from the Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021 ("ARP Funds") from the U.S. Department of the Treasury to The Metropolitan Government of Nashville and Davidson County, which was subsequently signed into law by Mayor John Cooper on June 16, 2021; and,

WHEREAS, Resolution RS2021-966 established a COVID-19 Financial Oversight Committee ("the Committee") whose role is to collect, consider, and recommend appropriate uses of the ARP Funds as designated by the Metropolitan Council disbursement plan. The Committee will submit its reports and recommendations to the Mayor, the Director of Finance, and the Metropolitan Council not later than June 30, 2025; and,

WHEREAS, there are federal requirements for use of ARP Funds that require that these funds be expended or obligated on or before December 31, 2024; and,

WHEREAS, the Committee recognizes that supporting local business development, including the maintenance and sustainability of small businesses, is a critical priority for the city; and,

WHEREAS, the Committee recognizes the negative financial effects of the COVID-19 pandemic as they apply to local small businesses and their employees; and,

WHEREAS, the Mayor's Office of Economic and Community Development recognizes the importance of ensuring that Nashville's small businesses have the adequate support to recover from the impacts of the COVID-19 global pandemic; and,

WHEREAS, the Mayor's Office of Economic and Community Development seeks to create a program that helps small businesses throughout the Metropolitan Nashville and Davidson County with a focus on businesses in North Nashville/Bordeaux and the areas of distress; and,

WHEREAS, the program will allocate \$9,000,000 to a grant program under the NSBRF in which \$2,500,000 will be for small businesses in North/Nashville/Bordeaux; \$3,000,000 for businesses in distressed areas of Davidson County and \$3,500,000 for businesses throughout the county that meet the guidelines of the program; and,

WHEREAS, the program will allocate another \$9,000,000 to a Nashville Opportunity Fund) that is managed by Pathway Lending in which \$2,500,000 of the allocation will be focused on providing loans to businesses in North Nashville/Bordeaux and the balance of the program of the capital will be available to all businesses in Davidson County that meet the requirements of the program; and,

WHEREAS, the Mayor's Office of Economic and Community Development seeks to work with Pathway Lending, in partnership with financial institutions located in the North Nashville/Bordeaux area, to recapitalize the Nashville Opportunity Fund and to provide services to the small businesses in Nashville and Davidson

County; and,

WHEREAS, the Committee and Mayor's Office recommend \$2,000,000 be allocated to the non-profit community to provide technical assistance, marketing, and outreach to the small businesses in Nashville and Davidson County; and,

WHEREAS, the Mayor's Office of Economic and Community Development seeks to establish and provide for the administration of the Nashville Small Business Recovery Program to support local economic development by maintaining small business operations and creating/retaining employment in Metropolitan Nashville, details of which are described in more detail in Exhibit A; and,

WHEREAS, it is to the benefit of the citizens of The Metropolitan Government of Nashville and Davidson County that this resolution be approved.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. The Metropolitan Council accepts this resolution as a recommendation of the COVID-19 Financial Oversight Committee.

Section 2. That \$20,000,000.00 from the Covid-19 American Rescue Plan Fund #30216 is hereby appropriated to the Mayor's Office of Economic and Community Development to be used in described in Exhibit A.

Section 3. This resolution shall take effect from and after its final passage, the welfare of the public requiring it.

#### Analysis

This resolution appropriates \$20,000,000 in American Rescue Plan Act funds for the creation of a Nashville Small Business Recovery Fund (NSBRF).

The COVID-19 Financial Oversight Committee recommends appropriating funds to the Mayor's Office of Economic and Community Development for the creation of a program to help small businesses throughout Metropolitan Nashville a Davidson County with a focus on businesses in North Nashville/Bordeaux and the areas of distress.

The program will allocate \$9,000,000 to a grant program under the NSBRF, which would be allocated as follows:

- \$2,500,000 would be used for small businesses in North Nashville/Bordeaux;
- \$3,000,000 would be used for businesses in distressed areas of Davidson County; and
- \$3,500,000 would be used for businesses throughout the county that meet the guidelines of the program.

In addition, the program will allocate an addition \$9,000,000 to a Nashville Opportunity Fund managed by Pathway Lending. \$2,500,000 would be focused on providing loans to businesses in North Nashville/Bordeaux and the balance of the program funds would be available to all businesses throughout the county that meet the requirements of the program.

Finally, \$2,000,000 would be allocated to the non-profit community to provide technical assistance, marketing, and outreach to small businesses in Nashville and Davidson County.

The estimated program administration costs for Pathway Lending for administration of the grant program would be \$810,000 (9.0% of \$9,000,000) and administration costs for the loan program would be \$675,000 (7.5% of \$9,000,000), with expected additional administration costs of the loan program such as origination fees for each loan along with interest income.

Additional details about these proposed programs can be found in Exhibit A attached to the resolution.

*Fiscal Note: This appropriation, along with the appropriations per Resolution No. RS2022-1357 and Resolution No. RS2022-1362 would be the 19<sup>th</sup>, 20<sup>th</sup>, and 21<sup>st</sup> resolutions appropriating from the American Recovery Plan Act (ARP) Fund for a cumulative total of \$97,910,250. The total grant award is \$259,810,600 and the first half of this amount was received in July 2021.*