

April 6, 2020

CITY OF GONZALES BUSINESS ASSISTANCE

This unprecedented time has brought us challenges, but we want you to know that you are not alone, and that the City of Gonzales is here to support you. As so, we are reaching out to see how we can help and to share information on several business assistance alternatives. Our goal is to help you get through these trying times and help save jobs in our community so that we can all overcome this together.

Below are three options, among several, that may be able to provide some of the assistance that you may need. These include:

1. The City of Gonzales COVID – 19 bridge loan – a loan from the City with a 1% interest rate intended to bridge to a larger loan if needed. This loan is for all “non-essential” and “essential” businesses in Gonzales (all businesses);
2. Small Business Administration loan at 3.75%; and lastly
3. The Paycheck Protection Program offered by the Small Business Administration.

City Bridge Loan: The City has put in place a COVID – 19 bridge loan that would provide up to \$10,000 with a 1% interest rate to support you until you are able to access the state and/or federal assistance available to you. Under this program, loan payments would be deferred for six months and/or forgiven if you are, (1) able to retain employees, (2) quickly rehire any employees that you may have laid off, or (3) if you are the only person working in the business, allow you to maintain your business.

I plan to reach out to you immediately to discuss the City’s bridge loan program and if you would like more information about this optional bridge loan, please feel free to call our economic development consultant Angel Johnstone at 559-289-1004, or email her at angelhjohnstone@yahoo.com or contact me directly at 831-675-5000 or mstundt@ci.gonzales.ca.us.

Small Business Administration Loan: In addition, I want to bring to your attention that the Small Business Administration is offering loans up to 2 million dollars with low interest (3.75%) for qualified applicants/businesses. Collateral is required for loans exceeding \$25,000. Please contact Mechanics Bank in Gonzales for more information at:

Adrienne Flores, VP/Banking Services Manager/Gonzales Branch
Tel 831.675.3637 - Adrienne_flores@mechanicsbank.com

Alternatively, you may obtain this SBA loan information online at www.sba.gov/disaster. You can also apply online by using the Electronic Loan Application (ELA) via the Small Business Administration’s secure website at <https://disasterloan.sba.gov/ela>. Also disaster loan information and application forms may also be obtained by calling the Small Business Administration’s Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an email to disastercustomerservice@sba.gov.

As the economic impact associated with COVID – 19 is widespread there will be a large number of businesses seeking assistance from public agencies such as the Small Business Administration. This will result in long wait times on web sites and on the telephone.

Paycheck Protection Program is a Small Business Administration loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the COVID 19 crises. This loan

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can be used to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

Funds are provided in the form of loans that will be **fully forgiven** if certain conditions are met. These funds can be used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

Eligibility: Small businesses with 500 or fewer employees—including nonprofits, veterans' organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors— are eligible. Businesses with more than 500 employees are eligible in certain industries.

When to Apply: **Starting April 3, 2020**, small businesses and sole proprietorships can begin applying now. In addition, starting April 10, 2020, independent contractors and self-employed individuals can apply. We strongly encourage you to apply as quickly as you can because there is a funding cap and this program will **only be available through June 30, 2020**.

How to Apply: You can apply through any existing Small Business Administration lender (Mechanics Bank or California Coastal Certified Development Corporation) or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. All loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found at www.sba.gov.

Locally you can reach out to Mechanics Bank or California Coastal Certified Development Corporation at 831-424-1099 or <https://www.calcoastal.org/>

Lastly, there are State of California initiated small business assistance programs. Because there is too much information to convey about this program in this flyer, I invite you to get additional information via the State's web site at...<https://business.ca.gov/coronavirus-2019>

The City of Gonzales values your business and the important service you provide to our community. You exemplify the Gonzales Way - "Love, Care and Connect". The City is committed to working with you as we work through this challenging time. Please feel free to call our economic development consultant Angel Johnstone at 559-289-1004, or email her at angelhjohnstone@yahoo.com, or contact me, if you have any questions.

Matthew Sundt
Community Development Director/Building Official
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