



## Redevelopment Authority AGENDA BRIEFING MEMORANDUM

**AGENDA DATE:** May 2, 2019

**SUBJECT:**

City of Racine CDBG Small Business Development Revolving Loan Fund

**PREPARED BY:**

Matthew Rejc, Manager of Neighborhood Services  
Ben Lehner, Community Development Program Specialist

**EXECUTIVE SUMMARY:**

Department of City Development - Division of Neighborhood Services has received an application for the City of Racine Small Business Development Revolving Loan Fund.

**PROJECT BACKGROUND AND ANALYSIS:**

With technical assistance and project financing provided by the Wisconsin Women's Business Initiative Corp (WWBIC) in 2017, Andrew and Angela Molina launched Racine Brewing Company, a nano-brewery located at 303 Main Street in Racine's Historic Downtown retail corridor. Racine Brewing Company has met growth targets and was recently approved for additional WWBIC financing to facilitate wholesale distribution and participation in regional special events. Racine Brewing Company will be expanding their production from a three-barrel system to a seven-barrel system.

To fully implement this expansion plan, Racine Brewing Company needs a delivery vehicle, a sales vehicle, and a vending trailer. WWBIC assisted Racine Brewing Company with project underwriting and application to the Small Business Development Revolving Loan Fund (SBD-RLF) for a \$34,800 loan to acquire this equipment. The business will create one (1) full-time equivalent position within twelve months of closing the SBD-RLF loan. Equipment purchased with these funds will collateralize the loan.

**PROGRAM BACKGROUND:**

In 2015, the City of Racine requested that the Redevelopment Authority of the City of Racine (RDA) establish the SBD RLF. Administered by the Division of Neighborhood Services, the SBD RLF is funded by CDBG dollars as determined in the 2015-2019 Comprehensive Plan and the Annual Plan. Racine Common Council has final approval of loan recommendations made by the RDA.

The goal of the SBD RLF is to create and retain jobs for the benefit of low-to-moderate income (LMI) households in the City of Racine. The SBD RLF program aims to further Racine's economic development goals, and requires creation and/or retention of one Full Time Equivalent job for every \$35,000 borrowed, with a minimum of 51% of said jobs made available to members of CDBG-qualifying LMI households.

**BUDGETARY IMPACT:**

The Community Development Committee and Common Council allocated \$125,400 of CDBG for the purposes of financing the Small Business Development Revolving Loan Fund through the 2018 Annual Action Plan. There are sufficient resources available to fund this request.

**RECOMMENDED ACTION:**

Staff recommends that the Redevelopment Authority of Racine approve a Resolution authorizing the Mayor, City Clerk, and Executive Director of the Redevelopment Authority to execute written agreements and loan documents to allocate CDBG Economic Development funds to Racine Brewing Company for a 10 year, 2% APR loan, 12 mo. principal deferred, not to exceed \$35,000, to create one Full Time Equivalent position consistent with federal regulations.