



Redevelopment Authority AGENDA BRIEFING MEMORANDUM

AGENDA DATE: July 18, 2019

SUBJECT:

City of Racine CDBG Small Business Development Revolving Loan Fund

PREPARED BY:

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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:

911 Tacos and Catering LLC, a Woman-Owned Business Enterprise (WBE), is a restaurant located at 817 Main Street in Downtown Racine. Serving specialty, home-style Mexican fare, 911 Tacos and Catering, LLC has exceeded growth projections outlined in their business plan. 911 Tacos and Catering LLC has developed preliminary, exclusive contracts with area corporations to provide lunch service to employees via a new food truck operation.

911 Tacos and Catering LLC has worked with the Wisconsin Women's Business Corporation for project underwriting and submitted an application to the Small Business Development Revolving Loan Fund (SBD-RLF) for a \$57,000 loan to purchase a fully-equipped food truck and assist with working capital. The existing commercial kitchen at the restaurant will be used as a 'home-base'; for food prep, inventory storage, and clean up/sanitization. The business will create two (2) full-time equivalent positions within twelve months of closing the SBD-RLF loan. Equipment purchased with these funds will collateralize the loan to the greatest extent possible.

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 911 Tacos and Catering, LLC to create two Full-Time Equivalent positions, consistent with federal regulations.