

**Monterey County Small Business Revolving Loan Fund:
ARPA Micro Loan Program**

Overview

The Monterey County Small Business Revolving Loan Fund (MCSBRLF) adapted to pandemic needs, issuing 20 microloans to support small businesses despite initial program limitations.

Executive Summary

Small and start-up businesses faced many challenges during the COVID-19 pandemic, including supply chain disruptions, inflation, and lack of access to capital. Losses and business earnings were disproportionately felt by small and start-up businesses during the COVID -19 pandemic. Many turned to the County and local governments for funding assistance. In Monterey County, where we face economic uncertainties that contribute to many of these businesses' challenges, we, as a County, must determine how to disperse limited funding when the needs far surpass the resources. Due to this the County needed to determine how to provide funding needed by those businesses in need.

In partnership with California Coastal Rural Development Corporation (CCRDC) the Economic Development Division amended the MCSBRLF program to include micro loans. This amendment was approved by the Board of Supervisors.

The County has administered the Monterey County Small Business Revolving Loan Fund (MCSBRLF) for over twenty years. However, when the pandemic hit, loan requests dropped significantly, while demand for smaller-sized loans surged. The existing program did not accommodate these microloans due to their high volatility and associated risks. Recognizing the urgent need to support small businesses, the County took an innovative step by amending the program to include microloans, despite the risks. This forward-thinking adjustment allowed the program to issue 20 successful loans, directly supporting local businesses in a critical time.

The amendment to the MCSBRLF was the result of a collaborative and innovative effort between the County of Monterey Economic Development Division and CCRDC. Together, they reimagined the County's revolving loan program to address the unique challenges posed by the pandemic. By embracing risk and introducing microloans, they provided crucial support to start-ups and small businesses, showcasing a bold and adaptive approach to economic development in a time of crisis.

The micro loan amendment to the MCSBRLF resulted in 20 small and start-up businesses receiving loan funds that otherwise would not have. This amended has led to 8 of the 20 businesses repaying their loan early, 83 jobs retained in Monterey County, and the other 12 businesses on track to repayment.

This program is replicable in any city/county that has access to a revolving loan fund. Many cities/counties in California have revolving loan funds and are able to roll out a program similar to this to assist businesses in need. This program can be utilized in cities/counties that have experienced impacts to their small and start-up business community.

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