

Kern Recovers Program Guidelines

1. Program Eligibility Guidelines:

- a. Applicant must be one of the following:
 - i. A business concern (corporation, partnership, LLC, sole proprietor, etc.)
 - ii. A tax-exempt veterans organization described in section 501(c)(19) of the Internal Revenue Code.
 - iii. A tax-exempt nonprofit organization described in section 501(c)(3) or 501(c)(6)
- b. Applicant must be in business prior to March 1, 2020.
- c. Applicant must be independently owned and operated.
- d. Applicant must be directly impacted by COVID-19 and utilize loan proceeds to mitigate these impacts.
- e. Applicant must be a **Small Business** satisfying all of the following criteria:
 - i. Have 50 or fewer concurrent w-2 employees, average over 12 months prior to March 1, 2020, as supported by payroll tax filings, workers compensation filings, or internal payroll records
 - ii. Have \$5,000,000 or less in annual revenues in calendar year 2019, as supported by the 2019 tax return filing or internal financial reporting, if the 2019 tax return has not been filed.
- f. Applicant must be a **Local Business** as defined using the definition of a “local vendor” in Section 2.38.131 of the Kern County Ordinance defining such businesses as follows:
 - i. Has had a fixed office or distribution point located in and having a street address within the county for at least the past six (6) months;
 - ii. Holds any required business license by the county or a city within the county;
 - iii. Employs at least one (1) full-time or two (2) part-time w-2 employees whose primary residence is located within Kern County, or if the business has no w-2 employees, is at least fifty percent (50%) owned by one (1) or more persons whose primary residence(s) is located within Kern County; and
 - iv. Will credit all sales taxes generated pursuant to the Kern Recovers Program award amount to its business location in Kern County. If the business does not generate California sales tax, this section is not applicable.

2. Program Award and Funding Guidelines:

- a. Except as included below, all applications from eligible applicants will be processed by the loan processor in the order received.
- b. Except as indicated below, and based on available program funds, approved applications will receive program funding by the County in the order in which their applications are approved regardless of which loan processor recommends approval of the application.
- c. First preference will be given to support severely impacted business sectors such as restaurants, salons, gyms, hotels, tourism, and other non-essential industries as identified by the Governor’s executive order. Applications from these sectors will be prioritized and expedited.
- d. Second preference will be given to businesses that have not already been awarded funding through the Payroll Protection Program or other COVID-19 related business support from the state or other local governmental entities (“Other Support”). Although business that have received Other Support may submit applications for funding through the Kern Recovers Program, those applications will not be processed or approved until such time as the County

has determined adequate time has passed to allow businesses that have not received Other Support to apply for funding through the Kern Recovers Program.

- e. Notwithstanding the forgoing, a sole proprietor that is not a w-2 employee of the business and received Other Support for w-2 based payroll costs but no form of compensation for the owner, may apply to the Kern Recovers Program only for payroll for the owner pursuant to Section 3(a)(iii) of these Guidelines. Applications submitted pursuant to this section shall be treated equally as to those that have not received Other Support.
- f. Additional efforts will be made to market this program specifically to the rural communities throughout Kern County.

3. Forgivable Loan Guidelines:

- a. Maximum Amount of Forgivable Loan:
 - i. Up to 4 months of average monthly payroll costs with a maximum of \$75,000 per loan. For purposes of this calculation the applicant may use either of the following:
 - 1. Average monthly payroll for calendar year 2019, or that portion of the year the business was open if it was not open the entire calendar year, as supported by payroll tax filings, workers compensation filings, or internal payroll records
 - 2. Average monthly payroll from January 1, 2020 to February 29, 2020, as supported by payroll tax filings, workers compensation filings, or internal payroll records
 - ii. Eligible payroll costs for this calculation include w-2 employee compensation, paid time off, allowance for dismissal or separation, group health care benefits, retirement benefits, and payroll taxes.
 - iii. For sole proprietors, payroll for the owner of the business shall be determined by the average monthly net Schedule C profit for calendar year 2019, or that portion of the year the business was open if it was not open the entire calendar year.
 - iv. For the purpose of this calculation there is a \$100,000 annualized salary cap for each w-2 employee and sole proprietor.
- b. Loan proceeds must be used as follows; at least 34% to cover payroll and payroll related costs (group health care benefits, retirement benefits, payroll taxes), up to 33% for general working capital, and up to 33% for rent, mortgage interest, and utilities.
- c. Loan proceeds may be used to pay w-2 employees a premium wage as an incentive for rehiring and retaining w-2 employees so long as the premium hourly wage does not exceed 15% of that w-2 employee's hourly wage immediately prior to May 15, 2020 or \$100,000 in annualized salary.
- d. Loan proceeds may not be used to pay sole proprietors more per week than their average weekly net Schedule C profit for calendar year 2019.
- e. Loan proceeds must be spent within 16 weeks of being received or by December 30, 2020, whichever is first.
- f. Loan proceeds cannot be used to pay for any expenses already paid for with the Payroll Protection Program or other COVID-19 related business support from the state or other local governmental entities. Nor can the business seek reimbursement from these other programs for expenses paid for through the Kern Recovers Program loan proceeds.
- g. All principal and interest payments on the loan will be deferred until it is either forgiven or due and payable pursuant to these guidelines.
- h. It is recommended that the borrower, within 18 weeks of the date of the loan, receive business consulting from an SBA Technical Assistance Resource Partner such as the CSU

Bakersfield Small Business Development Corporation ("CSU Bakersfield SBDC") which offers this service at no cost.

- i. Loan Forgiveness/Repayment:
 - i. Loan proceeds spent within the allowable time frame and for the allowable uses, along with all accrued interest on those proceeds, will be forgiven upon receipt of acceptable documentation of compliance with these forgiveness requirements.
 - ii. Documentation of compliance with forgiveness requirements is due from the borrower within 18 weeks of loan issuance.
 - iii. Loan amounts not forgiven will become due and payable in full 26 weeks from the loan date with a 1.0% interest rate from the date of loan issuance for that portion of the loan not forgiven.

The Kern Recovers Program Guidelines contained herein are subject to modification by the County of Kern.