



MINUTES
SPECIAL COMMITTEE MEETING
LEGISLATION AND CODES
10/21/2020 at 6:37 PM

Roll Call:

Members present: Daniels (chair), Schaber,

Members absent: Thomas

Meeting called to order at 7:16 PM.

Old Business:

Item 1. A RESOLUTION TO ENACT THE SMALL BUSINESS WORKING CAPITAL GRANT PROGRAM (Neff)

Neff went over the grant again. He is fully confident that everything is in order. The one issue was the application date that can be changed to 11/10 (that they were looking at). He is confident in the plan and the program. He has worked with Regional Planning, the County Auditor, and the OBM to be sure that they will be in compliance. This is a working capital grant that can repay for rent, mortgage, utilities, and salaries. He looked at the other legislation received today and believes that it would be a great supplement to this. The other proposal will fill in the gaps with businesses that are not eligible under his program – i.e. home businesses and non-profits. He is hopeful this can go to council on Monday.

Ratliff reiterated his position from previous meetings. He believes that this should be done at a state or federal level. They are focusing on other things. He does not think that it is their responsibility. We need to be judicious and cautious with how we spend money in the the next year or two. He says people are out of work in retail and restaurant jobs and that will create a reduction in income tax receipts to the city. We are lucky that our factories did continue working. It would be foolish to think otherwise. He cautions us about thinking that we have an extra \$100,000 to spend. We keep hearing that help is still coming from Washington for individuals and businesses. I would hate to be a council person that voted for this and then in the next year we have to lay off a police officer or fire fighter of cut services because of budget issues. He thinks we need to not spend as much as we can. He thinks we need to be cautious. He is not for this program here.

Fosnaugh asked why we want to sacrifice small businesses because we do not want to step up when federal and state government does not. We have invested a lot in rebuilding our

downtown. If we let our small businesses down, there goes our downtown and our city. Small business supports our city and if we do not support them, we have failed.

Ratliff said in the big picture, \$2,500 is not going to make or break any business. No business will go under because they do not get \$2,500. This program is too late. We do not have time to let the word get out. It is destined to fail. If we had done this in March or April, he would have gone for it. We do not have enough time and the amount of money is not going to make any difference.

Meade said that it is important to realize that the state has passed \$1.3 billion dollars in aid today for local businesses. The state is addressing this issue. In the next year, there is so much uncertainty. If we can put money towards police, this allows us to be fiscally conservative if a problem comes up next year.

Luke Henry (The Brickyard) spoke from a small business perspective. He has invested a lot in downtown businesses. It is his understanding that the federal government directed that CARES Act money be invested in small businesses to fill in the gaps. The money released by the state is a refund on workers comp premiums. Federal funds were through paycheck protection. Both of those only really affect those employers who have a large number of employees. Where this money is needed the most is small businesses, restaurants, etc. The Brickyard did not receive any money from state or federal. They had to immediately shut down after opening due to COVID. They had invested \$1 million downtown. The good businesses in are downtown are struggling. Owner operators are not getting this federal or state aid. He believes that this (CARES Act) money has been designated to serve this purpose. He is aware of other communities that have done these types of grants up to \$10,000. He believes that there is a need within our city. This is a small seed investment to preserve these businesses to get them through to other side. They are bringing sales tax/income tax revenue to our city and attracting shoppers to come to our city to spend month.

Ratliff clarified that the PPP was for every business, including self-employed with 0 employees. He assisted around 30 of them in the application processes. He is not sure where Henry would have gotten that information.

Henry said that newer businesses did not qualify because businesses had to be in business for a significant amount of time.

Neff said that this grant program that he has written, and they are trying to get some help to these businesses that had to close by order of the state. They have brick and mortar. Just because governor shut them down, does not mean that they did not have expenses. He has tried to get with administration to get an understanding of where this \$2.5 million CARES Act money has been spent. This program is a very small percentage of this total. He believes that

the second resolution is wrapping around his resolution to support businesses that are not included in his. He asks that both be sent to council and have the discussion there. His is for \$100,000 and the second by administration is \$50,000. The total is 6% of \$2.5 million.

Daniels said the committee is blindsided by the second piece of legislation. Schaber said that he was under the impression that they would have one proposal that was streamlined to get this money out to businesses. He believes that Neff's proposal is too cumbersome. He does not think there is enough time to do it as written and he would not vote for it as it. Daniels said that he was expecting one proposal for \$100,000, not a second proposal and an increase in the ask. Schaber thinks they need to do something, but that it needs to be very simple. He thinks that something needs to be done quickly. There are many businesses that did not qualify or did not know about other grants. He is concerned they may have the same problem.

Neff respectfully asked that this resolution be sent to council and let council decide. Put it in their hands. We are the legislative body of the government and it is our decision to make for the \$100,000 request for the working capital grant program.

Daniels reminded Neff that if it does not come out of committee, it still could be added to a council agenda at the wishes of three council members. He hopes that if this happens, that it comes as a streamlined proposal. People tonight are trying to guide towards that. They want to support it, but we do not have time. He would hope that they stay with a \$100,000 proposal and either work it out tonight, or next week at council if he can get two other votes. It needs to be streamlined. He is sort of in the center on this. He does not like the idea of adding more money. There are a lot of obligations for the city next year and he is not overly enthusiastic about what the budget will look like. There is only so far he is willing to go.

Neff said that he is willing to work on it right now if we could somehow combine it if they only want to go to \$100,000. He does not think this is a cumbersome piece of legislation, as is being alluded to. Businesses can choose what they want to do and apply for what they want and have applications in by the 10th. He would personally rather have both pieces of legislation go through for a total of \$150,000. He is willing to work on it right now if we want to try to put it all together into one and be done.

Daniels said he is not going over \$100,000. When we held this special meeting, that was what was to be brought before us and discussed. He is not going to, at the last hour, add \$50,000 and have two programs. He is willing to discuss one proposal at \$100,000 and how to streamline the process and make this easy to apply for.

Swanger said she was under the understanding that having this meeting would have given them time to put the two proposals together for one policy, one program, and streamlined. She does not want to look at two proposals and add more money. We need to be able to get the

information out and people will know about it. She does not want to lose money from the city because people do not apply for this.

Neff asked that they move forward to try to work this out tonight. He asked the Mayor to talk about the other proposal so that there is no misunderstanding. Time is of the essence.

Mayor Schertzer stated that they did not bring forward their proposal on Monday night. It has created more confusion. It was never meant to be two separate programs. It was meant to be one or another. He sensed Monday night that there was a lot of skepticism over the original ordinance. They had one prepared and he had agreed to send it out to everyone. The intention was never to be \$150,000. He is skeptical that they will be able to spend \$100,000 in the little time available. That will cause the city to lose the opportunity to use the remaining amount. He has supported this all along. He will defer to council members to come to an agreement on a program.

Schaber proposed to just go down the list and make some decisions.

- Any business in the city of Marion or just brick and mortar? Daniels preference that it be open to any business. Schaber agreed. Daniels preference would be to allow non-profits. Neff agreed with the concept of opening it up to non-profits.
- What expenses? Receipts? Reimbursement? Schaber asked if they would just get an amount or would they need to have receipts. Neff said qualifying expenses under Mayor's plan are PPE, social distance barriers and signage, and enhanced disinfectant supplies and hand sanitizer. It is his opinion and complete understanding that there are a lot more eligible expenses, but that is where they get into more complicated reporting as far as profit and loss statements. He is not sure that a business is going to be able to come up with \$1,000 worth of PPE. He is trying to make this most advantageous to business. He thinks they may want to include rent, mortgage, and utilities. Daniels suggested that the Community Reinvestment Act (tax abatement) required receipts. He is calling back on that as an example. That is a one-page document for a 10-year tax abatement. He would agree that allowable uses should be expanded. Swanger suggested adding a qualifiable items as rent while they were closed and could not serve customers. Daniels asked if this could be used to replace income. Neff agreed that is a stipulation. Working capital is rent, mortgage, utilities, and payroll (but not lost revenue). Auditor would want to see profit and loss statements to show a loss of income during this time. He is not sure that we would need that if we were only talking rent and utilities. Warr-Cummings liked Swanger's idea. That should be easy to document. She thinks by adding that, it would make it easy to hit the maximum for their tier and would be easy to document. Daniels does not suggest that every business create a P and L to obtain this. It is arduous if it is correct and we have no method to

audit it. Rent and mortgage would be easy to verify – receipt, lease agreement. Utilities would just be the bill.

- Number of employees? Daniels liked tiered approach. Neff agrees with a tiered plan. His concern is whether we are talking FTE. Daniels thinks it should be FTE.
- Total amount? Neff wondered about reconsidering max eligibility. He feels that he has some businesses who may not have rent and utilities and it seems like they would fit into Tier 1. Maybe have first tier go to \$500.

Henry made additional comments. He did not understand that this had to be reimbursement. From his understanding with other communities, he thought this was just a “grant”. It seems like a lot of logistics vs. making it just a grant that people have to sign off and certify that there was a loss. Anyone in business, could easily have a \$1,000 expense.

Ratliff said that just because you had a loss does not mean that you are eligible under the CARES Act. He believes that money can only be given for certain items not just because there was a loss. Daniels agreed.

Schaber speculated 1-5 employees could fill out a form and sign it and we just give them \$500 and they are on their way. Is that a possibility? Could we be that relaxed on it?

Daniels speculated that we could make this a grant program and we give them a certain dollar amount per employee. This would be verifiable through auditor’s tax records.

Warr-Cummings stated that with her experience with audits on federal money, she would be reluctant to make it this relaxed. If we were found in error, we could be required to repay from general fund as a finding.

Ratliff thinks that we have to have meticulous records about what this money is used for. He does not think it can just be a grant program with no receipts. Who is going to administer the program and track it so we can assure that it was run correctly?

Neff stated there has been a lot of time and effort on his part to make this happen. He has spent time talking to Evelyn, the County Auditor, other communities, the Office of Budget As far as making this happen. He thinks that we are totally OK here. His situation he was going to have grants administered by the Port Authority to clearance these grants. They are grants. He feels completely confident that we are 100% in the right and doing the right thing. He knows that the Mayor and others have said that his application was cumbersome and there is some validity to that. We are talking rent, mortgage, and utilities, PPEs, and social distancing. It seems like it would be easy for businesses to prove these payments and be approved. Warr-Cummings confirmed that the Port Authority would be willing to do it. She said that Chaffin

had suggested that the City Auditor may be able to do that as well. They would be able to research that the applicant is current on bills owed to the city. Neff said that he is completely confident in the research that he has done. This isn't some out of the box thinking. Communities all over the state are implementing these programs. We are behind on time and time is of the essence. However, he is confident that this is completely allowable, 100%.

Neff proposed that we make changes as already suggested to the "Mayor's proposal". He would like to see the amount \$100,000 (total) rather than the \$50,000 proposed by the Mayor.

Ratliff thinks that tier should start with a category for just 1 (self-employed owner). Fosnaugh disagreed. Ratliff said that if we are on hook if it is not done correctly, he believes that it should be administered in house.

Schaber asked how the expenses are different from Neff – are there any others that need to be considered. Is that basically the only differences? Neff stated there were a million differences between the two. He is not sure why we have that question now. He thinks Warr-Cummings agrees that this is the easiest. He thanked the committee for the work done on this tonight.

Final version –

- Daniels is looking at the current (Mayor's) application that is one page with a blue header and just increasing eligibility to include rent/mortgage and utilities that were incurred during the initial shut down (under qualified expenses), as well as including all items on Mayor's proposal (PPEs et al).
- The total amount would be \$100,000.
- Neff would like the tier levels addressed. He would suggest tier 1 would be 1-10 employees up to \$1,000; tier 2 would be 11 or more up to \$2,500. Later, all agreed to change tiers to: Tier 1: 1-5 \$1,000; Tier 2: 6-10 \$1,500; Tier 3: 11 or more \$2,500.
- The auditor's office will administer the program.

Daniels stated that this must pass with 7 votes to meet deadline. If it does not pass with 7 votes, that will kill the ordinance.

Schaber made a motion to modify Mayor's proposal as indicated above, approve, and send on to council; Daniels 2nd: Roll Call: Ayes – Daniels, Schaber, Nays – none

Legislation approved and sent to council (2-0)

There being no further business to come before this committee, the chair adjourned the meeting at 7:39 PM.

Josh Daniels, Chair

Tarina R. Rose, Council Clerk