

**CITY MANAGER'S OFFICE MEMORANDUM
#17-2020**

DATE: April 13, 2020
TO: Honorable Mayor Meredith Leighty and City Council Members
THROUGH: Heather Geyer, City Manager *hmg*
FROM: Debbie Tuttle, Economic Development Director *DT*
SUBJECT: COVID-19 Small Business Assistance Grant Program

PURPOSE

Staff is seeking City Council's consideration to authorize \$500,000 from the General Fund Reserves to support a COVID-19 Small Business Assistance Grant (CSBAG) program. This grant would be one-time emergency gap funding for qualified businesses until other funding sources can be secured through personal loans and federal relief programs.

The proposed grant program is designed to support small storefront "non-critical" businesses forced to close and "critical" storefront businesses severely impacted due to limited operations (ex. restaurants, bars, childcare, etc.). The CSBAG being proposed would be for businesses with 25 or fewer full-time equivalent (FTE) employees. Limited funds are available for this program, and applications would be based on a first-come, first-served basis, demonstrated financial need, and future business viability.

The funding would be solely used to pay for 50 percent of two months of lease or mortgage payments not to exceed a total of \$6,000 as defined in the CSBAG Program Overview (Attachment 1). The grant program would be retroactive for payments from March 17, 2020-July 15, 2020. Monthly rent payments eligible for grant funds include monthly base rent and any rent-related expenses, such as common area maintenance or reimbursement for insurance, utilities, and taxes that may be a part of normal rent. Monthly mortgage payments eligible for the grant include principal and interest.

BACKGROUND

The recent COVID-19 pandemic has created a state of economic emergency for Northglenn's business community. Northglenn small businesses have temporarily closed or have been forced to significantly curtail operations and will suffer substantial economic loss and hardship due to COVID-19.

The [Governor's Stay-at-Home](#) Order and the Colorado Department of Public Health and Environment (CDPHE) [Public Health Order 20-24](#) (PHO) have forced many retail and commercial operations to close their storefront businesses. For those defined as a "critical" business under the PHO, their operations are allowed to continue, but are severely restricted by social distancing requirements. In both situations, the loss of revenue has been, and will continue to be, substantial to not only Northglenn businesses, but also the city.

Approximately 72 percent of the city's General Fund budget is from sales and use tax. The proposed grant program would be an investment in our business community's viability to continue doing business, the local economy, and our municipal tax base.

Based on staff conversations with Northglenn businesses over the past month, the biggest need is rent or mortgage payment assistance. The goal is to help provide gap funding until federal programs and other funding sources are available. Of the 750 storefront business, there is approximately 450 that may be eligible under the proposed eligibility criteria. The proposed CSBAG program is based on similar approaches by peer communities.

Proposed criteria:

1. Storefront qualifying business in operation for at least three months;
2. Good standing with the City of Northglenn for any permits, licenses, utilities, and taxes;
3. 25 or fewer FTE's;
4. Not a corporately-owned national chain, but individually-owned franchise owners are eligible;
5. Demonstrate a financial need for the grant and loss of revenues caused by COVID-19;
6. Evidence showing that they have applied for Small Business Administration (SBA) grants/loans or other financing to assist their future viability of operations; and
7. Grants would be issued on a first-come, first-served basis until the funding is depleted.

COUNCIL CONSIDERATIONS

1. City Council could choose not to authorize the approval of \$500,000 from the General Fund Reserves for the CSBAG program, a smaller amount, or a larger amount.
2. City Council could authorize the CSBAG program for an approved amount, and due to limited funding, increase the eligibility guidelines such as sales and use tax producing businesses only, or identify further criteria not outlined in the proposed Program Overview (Attachment 1).
3. City Council could choose not to authorize the CSBAG program in favor of an alternative assistance program.

BUDGET/TIME IMPLICATIONS

The budget and time implications are listed below:

Fund:	General Fund Reserves
Budget Appropriation:	\$500,000
Implementation Time:	April 28, 2020-July 15, 2020
Staff Time:	To be determined based on applications

STAFF RECOMMENDATION

Our businesses are the backbone of the city that supports Northglenn's local economy. This grant supports immediate action to help impacted businesses mitigate these unprecedented challenges until SBA funding or other financial resources become available.

Staff recommends approval of \$500,000 from the General Fund Reserves to fund a one-time grant to support qualified, storefront small businesses as defined in Attachment 1. If City Council directs staff to move forward, a resolution will be presented at the April 27, 2020 meeting for consideration and approval.

STAFF REFERENCE

If you have any comments or questions, please contact Debbie Tuttle, Economic Development Director and NURA Executive Director, at dtuttle@northglenn.org or 303.450.8743.

ATTACHMENTS

1. Proposed COVID-19 Small Business Assistance Grant (CSBAG) Program Overview
2. Presentation



DRAFT
NORTHGLENN
COVID-19 SMALL BUSINESS ASSISTANCE GRANT

PROGRAM OVERVIEW

Northglenn small businesses have been negatively impacted by governmental actions enacted to protect the public health and alter the spread of the COVID-19 pandemic. The City of Northglenn developed a COVID-19 Small Business Assistance Grant (CSBAG) to assist small businesses for qualified “non-critical” businesses and “essential” storefront businesses severely impacted due to limited operations (ex. restaurants, bars, childcare, etc.) with 25 or fewer full-time equivalent (FTE) employees. Eligible uses of funds allow for short-term rent and mortgage obligations until other funding sources can be secured through personal loans and federal relief programs.

Limited funds are available for this program, and applications are based on a first-come, first-served basis, demonstrated financial need, and future business viability. Applications will be reviewed and approved by designated staff members appointed by the City Manager.

Use of Funds

The funds are to be used by qualifying businesses to satisfy fixed costs stemming solely from monthly rent and mortgage payments:

1. Funds will be issued as a one-time grant to be used to pay for 50 percent of two months of lease or mortgage payments not to exceed a total of \$6,000 per qualified business.
2. The grant funds shall be used solely for monthly base rent and any rent-related expenses, such as common area maintenance or reimbursement for insurance, utilities, and taxes that may be a part of normal rent. Monthly mortgage payments eligible for the grant include principal and interest.
3. Grants are issued to qualifying businesses on a first-come, first-served basis until the fund is depleted.

Eligibility Guidelines

To qualify for the CSBAG program, a business must meet all of the following criteria:

1. Must have a physical Northglenn storefront business that has been in operation for at least three months prior to applying for the grant.
2. Must be in good standing with the City of Northglenn for any permits, licenses, utilities, and taxes.
3. Must have 25 or less FTE's. Documentation is required reflecting the annual payroll and number of FTE's prior to March 17, 2020.
4. Businesses with multiple physical locations in the City of Northglenn may apply for the grant program for only one location. The FTE count shall be based only on the specific location applying for the grant.
5. Corporately-owned national chains may not apply for the grant program. However, individually owned franchise operators are eligible.

6. Businesses must demonstrate a financial need for this grant, which may include, but is not limited to:
 - a. Documentation that they have been forced to temporarily close or its operations have been dramatically impacted due to COVID-19 public health orders.
 - b. Provide one year (2019) of monthly financials.
 - c. Provide support for the monthly rent or mortgage payment amount, such as an executed lease agreement or mortgage coupon.
 - d. Preferences will be given to locally-owned and operated businesses.
7. Documentation showing that they have applied for SBA grants/loans or other financing commitments to assist their future viability of operations due to lost revenue from COVID-19.

Awards and Disbursement of Funds

Reviewers will determine eligibility and determine the grant amount. Awards will depend upon the number of applicants, availability of funds, and demonstrated need.

Applications will be accepted through July 15, 2020. Grants are made on a first-come, first-served basis subject to funding availability. Once funds for the program are depleted, the program will be suspended pending additional funding.

Applicants who are awarded funding under the program will receive a Project Award notification which will outline all terms and conditions. The City of Northglenn reserves the right to offer awards different from the specific amount requested. Release of funds may take up to three weeks.

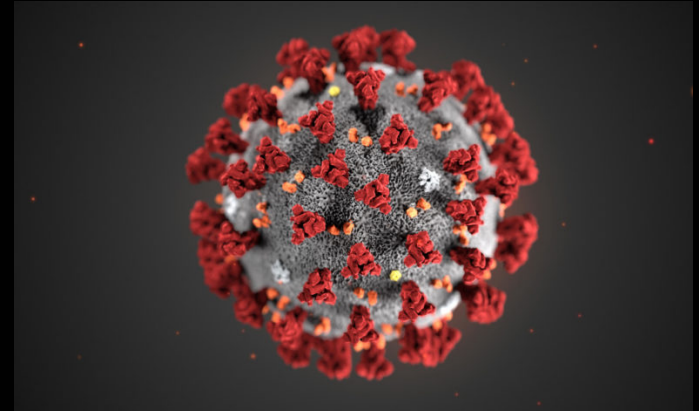
Application

Applicants must complete and sign an application form, which is available at www.COVIDSmallBusinessAssistanceGrant.

All applications and associated materials will be considered confidential. Only complete applications will be accepted, and all submissions will become the property of the City of Northglenn. A W-9 must be included with the application.

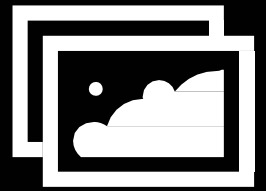
Questions and applications may be emailed to dtuttle@northglenn.org or mailed to:

City of Northglenn
Attn: Debbie Tuttle
11701 Community Center Drive
Northglenn, CO 80233
720.315.8141 (cell)
303.450.8743 (office)



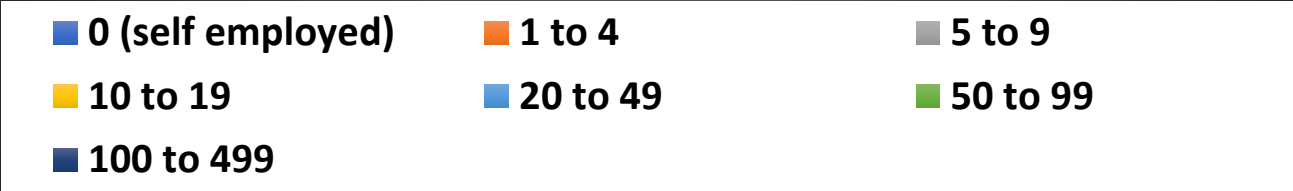
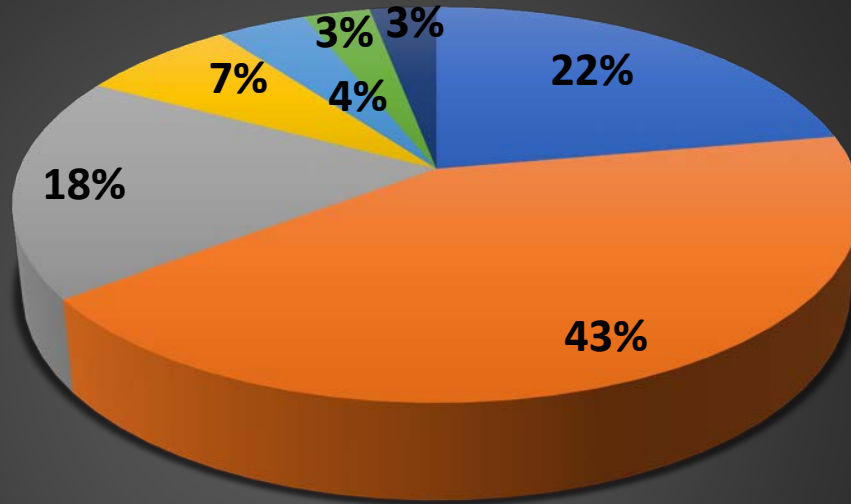
COVID-19 Proposed Small Business Assistance Grant

April 13, 2020

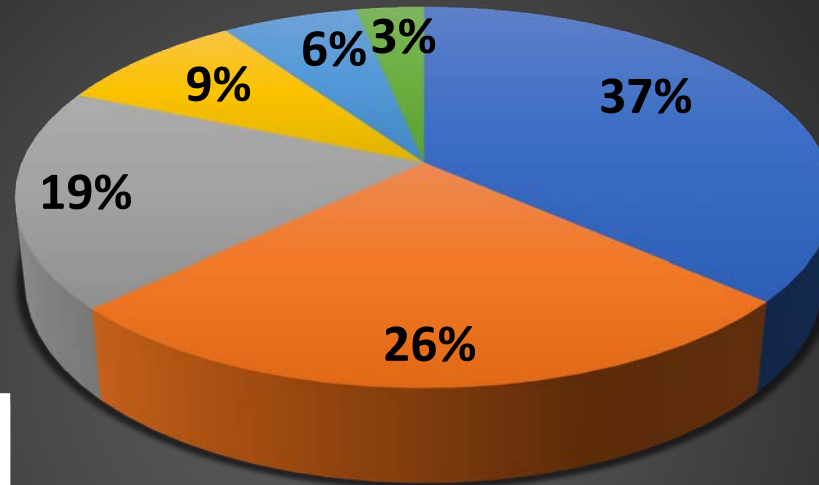


ACED COVID-19 Economic Impact Business Survey

- **308 Respondents**
- **102 Northglenn**



Northglenn How many FTE employees?

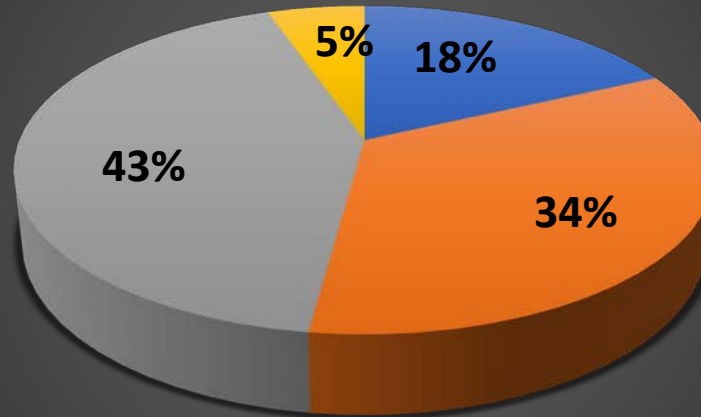


- | | |
|---------------------|----------------------|
| Access to Capital | Tax Relief |
| Rental Assistance | Marketing Assistance |
| Business Consulting | Staffing Assistance |

Northglenn

Other types of assistance?

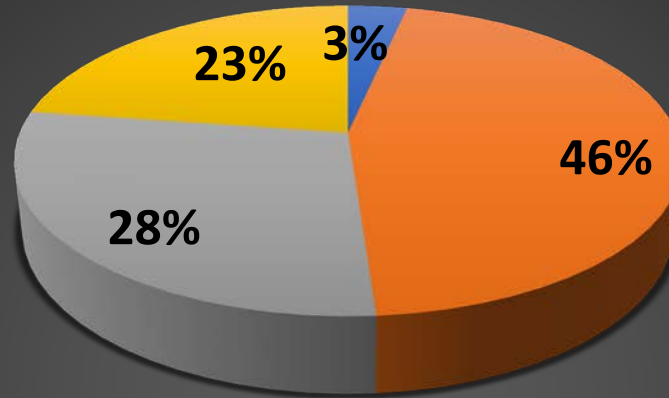
Will you be able to pay rent?



■ Yes ■ NO ■ I don't Know ■ Don't pay rent

Northglenn

Will you be able to pay rent?



- Will probably go out of business
- Very Worried
- Worried
- Somewhat Worried



Northglenn

How worried are you that your business will survive?

- Adams County
 - \$5M low interest loans
 - \$2M grants
- Arvada – \$2.5M low interest loans
- Brighton – \$475K low interest loans
- Broomfield – \$100K grants (\$7.5K grant)
- Golden – \$1.25M grants (\$2K grant)
- Thornton – \$300K – Considering add'l \$1.7M grants
- Westminster – \$1.5M grant (\$7.5K grant)
- Wheat Ridge – \$2.5K grants

Other City Examples



Proposed Northglenn COVID-19 Small Business Assistance Grant

- Storefront only
- 25 or less employees
- Good standing with City
- Demonstrate financial need & stability
- Documentation applied for other funding (SBA, loans etc.)
- Preferences given to locally-owned and operated
- Locally owned franchise businesses are eligible (not corporate national chains)
- Grants are on first-come, first-served basis

Proposed Northglenn Grant Criteria

- \$500,000 proposed allocation
- General fund reserves
- 50% of two months rent not to exceed \$6,000
- Solely used for:
 - Base rent and any rent-related expenses, such as common area maintenance, insurance, utilities, and taxes, or
 - Monthly mortgage payments that include principal and interest.

Proposed COVID-19 Grant Funding Structure

- Total Proposed Allocation - \$500,000
- Total Storefronts – 750
- Potentially Eligible for Grant – 450
- Estimated Average Grant – \$4,000
- Businesses Projected to Fund – 125
- First-Come – First-Served Basis
- Grant Period – April 24-July 15 (or fund is depleted)

Approximately 125 Businesses



Questions?