

TOWN COUNCIL WORK SESSION MINUTES

Monday, April 27, 2020

via WebEx and following Regular Council Meeting

1. Options for Local Economic Recovery for Individuals and Businesses

Interim Town Manager Tederick went over the DRAFT Business Economic Recovery/Assistance Preliminary Framework

BUSINESS ECONOMIC RECOVERY/ASSISTANCE PRELIMINARY FRAMEWORK

Intent of Program

Provide grant program for financial assistance to businesses demonstrating economic hardship from effects of Governor Northam's Executive Order 53 on March 12, 2020 and Executive Order 55 on March 30, 2020 related to the COVID-19 pandemic. Funds to be used first to pay outstanding Town of Front Royal utility bills, business occupational licensing, and real estate taxes; remaining assistance to be used by applicant for other business expenses.

Administration

The Town of Front Royal will enter into an agreement with a non-profit organization, for example, the Front Royal - Warren County Chamber of Commerce per VA Code Section 15.2- 953. Terms of the agreement will outline process for non-profit to administer a grant program of up to \$1 million for Front Royal business economic recovery/assistance.

The non-profit organization will work in conjunction with the Town of Front Royal Finance Department and a Blue-Ribbon Committee to administer the grant.

Eligibility

1. Business must have a valid Town of Front Royal Business License and been in operation prior to Governor Northam's Executive Order on March 12, 2020.
2. Business must be located within the Town of Front Royal corporate limits.
3. Business must demonstrate economic hardship of at least a 20% reduction in gross revenues, when compared to prior year; . Business in the following sectors directly impacted by Governor Northam's Executive Order 53 are exempt from demonstrating economic hardship:
 - Theaters, performing arts centers, concert venues, museums, & other indoor entertainments centers
 - Fitness centers, gymnasiums, recreation centers, indoor sports facilities, & indoor exercise facilities
 - Beauty salons, barbershops, spas, massage parlors, tanning salons, tattoo shops, and any other location where personal care or personal grooming services are performed that would not allow compliance with social distancing guidelines to remain six feet apart
 - Bowling alleys, fairs, arts and craft facilities, public and private clubs, and all other places of indoor public amusement.
4. A deadline will be set to receive applications.

Tiers of Assistance

2019 Gross Receipts	Amount of Assistance	Additional Assistance for having Town Utility Account or Town Real Estate Taxes	Total Potential Assistance
\$15,080-\$50,000	\$500	\$500	\$1,000
\$50,000.01-\$200,000	\$2,000	\$1,000	\$3,000
\$200,000.01-\$500,000	\$4,000	\$2,000	\$6,000
>\$500,000	\$9,000	\$4,000	\$13,000

Priority for Grant Assistance

1. Priority will be given to those businesses forced to temporarily close on March 12, 2020 as a result of the Governor Northam's Executive Order 53; including:
 - Theaters, performing arts centers, concert venues, museums, & other indoor entertainments centers
 - Fitness centers, gymnasiums, recreation centers, indoor sports facilities, & indoor exercise facilities
 - Beauty salons, barbershops, spas, massage parlors, tanning salons, tattoo shops, and any other location where personal care or personal grooming services are performed that would not allow compliance with social distancing guidelines to remain six feet apart
 - Bowling alleys, fairs, arts and craft facilities, public and private clubs, and all other places of indoor public amusement.
2. Businesses having a Town of Front Royal Utility Account or Real Estate Tax Account will be provided additional funds as illustrated in the third column in the chart above. Additional funds will be sent from the non-profit to the Town of Front Royal and will reference the associated business. In the event all business accounts (utility, real estate tax and business license tax) are not in arrears, the Town will apply and show as a credit balance the funds received by the non-profit towards the business accounts (either utility, real estate tax and business license tax).
3. Preference will be given to businesses that have provided a strategic plan (no more than 2 pages) for conducting business once the Governor eases or lifts restrictions related to the COVID-19 pandemic. For example: how business will be performed upon reopening, such as social distancing, additional options for customer/employee interactions, additional methods of payment to minimize contact; number of employees to be retained; etc.

Outline of Process

- I. Application Process - Possibly submitted online to Non-profit organization
 - A. General Application
 1. Personal Name
 2. Business Name
 3. Address
 4. Type of Business
 5. Telephone Number
 6. Email
 7. Number of Employees
 8. Statement/signature on document to allow utility account information to be discussed between Town of Front Royal & Non-profit.
 - B. Certified Income Statement/ImpactStatement
 1. Not required for businesses closed pursuant to Executive Order#53
 2. Certified by Accountant/CPA
 3. Used to provide proof of economic hardship as described above
 - C. Optional Strategic Plan demonstrating change in operation for COVID-19
- II. Review Process
 - A. Town will verify business license, utility account & real estate tax account.
 1. Outstanding balances for utilities, BPOL, and real estate taxes will be paid first
 2. Additional Assistance for having Town Utility Account or Town Real Estate Taxes will be credited as pre-payment towards utility account or taxes
 3. Any remaining funds will be sent to the applicant.
 - B. Blue Ribbon Committee will review applications and recommend approval of assistance based upon available funds. Funding decisions received within 14 days of submitted application. Grants funded within 14 days of approval.
- III. Non-profit Organization to Issue Payment to Town of Front Royal (if applicable) & Business

All aforementioned provisions are subject to modification(s).

Mayor Initial _____

POTENTIAL DISTRIBUTION OF \$1MILLION TO BUSINESSES FOR ECONOMIC RECOVER

Tier	# Businesses	% of Businesses in Tier Based on BPOL	Allocation \$'s	Avg Assistance Per Applicant	# of Businesses Able to be Served by Allocation & Avg Assistance	% of Businesses in Tier Receiving Assistance
\$15,080-\$50,000	187	25%	\$ 56,100.00	\$ 1,000.00	56	30%
\$50,000-\$200,000	130	17%	\$ 117,000.00	\$ 3,000.00	39	30%
\$200,000-\$500,000	81	11%	\$ 145,800.00	\$ 6,000.00	24	30%
> \$500,000	170	23%	\$ 663,000.00	\$ 13,000.00	51	30%
	568	76%	\$ 981,900.00		170	

Tier - levels of gross sales. \$15,080 represents annual income for minimum wage; thought process is that businesses with gross income of less than \$15,080 could be considered a supplemental business and not necessarily primary income.

of Businesses - Number of Town of Front Royal active 2020 business licenses with gross sales range listed in tier

% of Businesses in Tier Based on BPOL- percentage of businesses for each tier based on total number of 2020 business licenses with gross sales within tier Allocation \$'s - dollar value associated with potential assistance provided to businesses within tier (total based on providing \$1 million for assistance)

Avg Assistance Per Applicant- potential dollar value of assistance provided to each applicant

of Businesses able to be served by allocation & avg. assistance- number of potential businesses that could receive average assistance in tier based on dollar value allocated to tier.

% of Businesses in Tier Receiving Assistance - if the Town were to provide \$1 million, use the average assistance per applicant; the Town would be able to provide assistance to approximately 30% of businesses in each tier.

Mayor Initial _____

Councilman Cockrell applauded the effort of Staff; however, she requested that the Town slow down and see what is available at the State and Federal levels. Interim Town Manager advised that they [State and Federal] were providing loans. Councilman Sealock advised that loans were the standard practice for the Economic Development Authority (EDA).

Councilman Sealock noted that one restaurant has closed downtown with possibly two to three others throughout Town. The recovery plan is based on gross receipts with a cap limit of \$1 million.

Councilman Meza congratulated Staff on a job well done and thanked them for their time putting it together. He noted that Councilmen Cockrell and Thompson bring up good points on when to implement. Councilman Thompson agreed to do something sooner than later.

Councilman Sealock reminded Council that majority of Town funds could have a shortfall. He suggested that businesses could apply now and implement in June 2020. Councilman Meza voiced concern if implemented in June 2020, 90 days would have passed already.

Interim Town Manager strongly encouraged Council to give Town Staff direction on whether they want to implement the Plan and if so, how much and how should the general process work.

Interim Town Manager advised Council that this would require a public hearing before implementation due to the amount.

Mayor Tewalt advised Council that the County of Warren was not looking at implementing anything at this time, since they are waiting to see how the Federal Government works toward this goal. Councilman Sealock noted he was not in favor of waiting for the County.

Interim Town Manager questioned whether \$1,000 was really going to help a business grossing \$50,000. Councilman Gillispie voiced his desire to help the businesses and understood their hardship but agreed that what the Town was trying to implement may not help them. Councilman Cockrell agreed that \$1,000 would not pull anyone out of a lack of receipts. She questioned how many businesses were interested in the program and whether it would be supported by the public.

Mayor Tewalt asked for a consensus on whether to hold a public hearing on the Business Economic Recovery/Assistance Program. There was consensus to move forward on the public hearing to hear public input.

Interim Town Manager Tederick advised Council that Staff had prepared an outline for Residential/Utility Economic Recovery/Assistance. Council was not interested in this program and Staff was to focus on the program for the businesses.

Open Discussion: Interim Town Manager Tederick advised Council that the FY21 Budget would be on the next work session to decide whether to advertise the proposed budget as presented or a modified one.

Meeting was adjourned at 9:51pm

Mayor Initial _____

PRESENT: Mayor Tewalt, Councilman Meza, Councilman Thompson, Councilman Gillispie, Councilman Holloway, Vice Mayor Sealock, Councilman Cockrell, Interim Town Manager Tederick, Town Attorney Napier, Clerk of Council Presley, Director of Finance Wilson, Purchasing Manager Alisa Scot, Public Works Direction Boyer and members of Town Staff, the public and the press who were online.



APPROVED:

Eugene R. Tewalt, Mayor

ATTEST:

Tina L. Presley Clerk of Council

Councilman _____ moved, seconded by Councilman _____ approved the Work Session Meeting minutes of April 27, 2020 on May 11, 2020.

Mayor Initial _____