

**CITY OF ATLANTIC BEACH  
CITY COMMISSION  
STAFF REPORT**

**AGENDA ITEM:** Small business relief grant program

**TODAY'S DATE:** September 2, 2020

**MEETING DATE:** September 14, 2020

**SUBMITTED BY:** Kevin Hogencamp, Deputy City Manager 

**SUMMARY:** The City Commission is considering whether to implement a small business relief grant program to assist local businesses adversely impacted by the COVID-19 outbreak. This draft is in its preliminary form; it is being reviewed by staff and has not received Commission or public input.

As proposed, this program would set aside \$50,000 in Better Jax funds to provide one-time grants for up to \$5,000 to Atlantic Beach-based and independently operated businesses. To be eligible, the awardees would have been classified as non-essential and mandated to close because of the COVID-19 outbreak.

To receive funding through this program, businesses would be required to clearly articulate a plan for applying City grant funds for an eligible use within the typical operating expenses of the business, including: commercial rent or mortgage payments, utilities, payroll, retention of employees, employee support programs, or investments in materials or equipment necessary for reopening or operating during social distancing mandates.

Repayment would not be required unless funds are not used for eligible expenses. If the program is successful and the full amount is allocated, the City Commission may decide whether to implement a second round of grants.

Among the determinations to be made by the City Commission would be:

- Whether to proceed with a small business relief grant program
- Eligibility requirements, including whether the intent of the program is to support businesses with low-to-moderate income employees
- Whether grants would be approved at the staff level or by the City Commission
- The application-to-award timeline

**RECOMMENDATION:** City Commission review and discuss the proposed guidelines, and determine next steps.

**BUDGET:** As proposed, \$50,000 would be allocated from the Better Jax fund.

**ATTACHMENT:** Draft proposed small business grant relief program guidelines

**CITY MANAGER:** \_\_\_\_\_



# **Proposed Small Business Relief Grant Program**

## **September 2020**

### **Introduction**

Understanding the impacts of COVID-19 on our economy, particularly on small businesses, the City of Atlantic Beach is launching the Small Business Relief Grants Program to assist local businesses that have been negatively impacted by the current COVID-19 crisis.

This Program is a gap-financing program in response to the COVID-19 outbreak for businesses classified as non-essential services and mandated to close. The program's purpose is to support businesses that have reopened or are reopening with reemployment of employees, social distancing requirements, and Personal Protective Equipment (PPE). In addition, this Program also may assist businesses opening new lines of business in response to the crisis, such as manufacturing medical supplies needed to respond to the Coronavirus disease or providing cleaning or in-home health services.

The City of Atlantic Beach has set aside \$50,000 to provide grants for businesses with up to twenty-five (25) employees. Eligible businesses can receive up to a maximum of \$5,000 in grant funding.

This one-time grant is to provide critical support to help City of Atlantic Beach businesses affected by the Pandemic. The intent of this grant is to support those businesses with low-to-moderate income employees. Only those businesses with low-to-moderate salaries, at or below \$19.59/hour, will be eligible. Grant recipients may be subject to an audit, and if grant requirements are not satisfied, grantor will be required to pay funding back.

### **How Can This Grant Be Used?**

To receive funding through this program, each business will be required to clearly articulate a plan for applying City grant funds for an eligible use within the typical operating expenses of the business, including: commercial rent or mortgage payments, utilities, payroll, retention of employees, employee support programs, or investments in materials or equipment necessary for reopening or operating during social distancing mandates.

Funds may not be utilized to pay bonuses, commissions, dividends, or salary increases. This is a grant, not a loan, therefore repayment is not required unless funds are not used for eligible expenses. These grants may be considered taxable income, so please contact your financial advisor for guidance.

### **Who is Eligible?**

**Applicants must meet the following criteria:**

- City of Atlantic Beach-based and independently operated;
- Physically established within the City of Atlantic Beach;
- Home-based businesses are eligible;
- Operate within the designated eligible business categories;

- Have a minimum of one employee, other than the owner, and no more than 25 employees on payroll ;
- Demonstrate a loss of revenue due to COVID-19;
- Demonstrate working capital for business operations as of February 28, 2020 (as indicated in the Balance Sheet or other documentation deemed acceptable by the City);
- Demonstrate payment of 2019 city business tax payment and 2018 Federal Income and Property Taxes (if applicable);
- Be free of outstanding code enforcement and nuisance violations for the last 12 months; and

### **Eligible Business Categories**

- Restaurant (includes full-service, limited-service, and café establishments)
- Bar
- Retail (physical brick-and-mortar establishment selling merchandise)
- Personal Service
  - Hair, beauty, and other personal services (salons, barbers, massage parlors, tattoo, spas, etc.)
  - Personal care services (child, disabled and elderly care services, funeral services, etc.)
  - Laundry services (dry cleaning, laundromats, garment repairs and alterations, etc.)
  - Cleaning services
  - Pet care services
- Personal and household goods repairs and maintenance
- Fitness centers and gyms
- Event spaces and services
- Professional services
- Contractors
- Small businesses that meet all eligibility criteria but are not included on this list may apply if proper eligibility documentation is provided.

### **How Do I Apply?**

Please complete the Pre-Application. If your business is eligible for funding, a representative from the City of Atlantic Beach will respond via email within five business days with further application information. Applications will be accepted via email or U.S. Mail:

Mail to:

**Small Business Relief Grant Program**

**Attention: City Manager's Office**

**800 Seminole Road**

**Atlantic Beach, FL 32233**

Or Email to:

**info@coab.us**

**In order to consider applications in an equitable manner, a priority scale may be applied, to include:**

- Length of contiguous operation of the business in Atlantic Beach: Priority may be given to businesses that have been in operation longer than newly established businesses;
- Annual Revenues: Priority may be given to businesses that report annual revenues of less than \$500,000;
- Financials: Priority may be given to businesses that can demonstrate the ability to continue to operate for at least three months after receiving the grant;
- To ensure an equal distribution of grants, in the case of multiple small businesses owned by the same proprietor, an award may be given to only one of the applying businesses; and
- Businesses that have received funding from other state or federal government sources, such as the Paycheck Protection Program (PPP) or the SBA Bridge Loan, are eligible to apply; however priority may be given to businesses that have not received state or federal funding.

**Grant applications must include the following documentation (Do not include with Pre-application):**

- State of Florida business registration from the Florida Division of Corporations
- Current W-9
- Copy of government or official identification, such as Driver's License, State ID, school ID (with photo), voter registration, or passport. Name on ID must match owner(s) on the W-9 or business financial documents presented
- Copy of filed 2018 business tax returns (first two pages only)
- Current City of Atlantic Beach Business Tax Receipt
- Business Financials (one of the following)
  - Schedule C (Sole Proprietors)
  - Most recent Annual or Quarterly Balance Sheet or Profit & Loss Statement;
- Documentation of loss of income (may be already specified in business financials provided) and comparison of bank statements (if P&L was not provided);
- Full employee list (as of January 31, 2020 and as of April 30, 2020). List must include each employee's name, position, and hourly salary; and
- Copy of lease (including landlord address and phone number, if applicable) or copy of mortgage statement (if applicable).

### **Important Dates**

- \_\_\_\_\_, 2020: Pre-application process begins;
- \_\_\_\_\_, 2020: 5 p.m.: Pre-application process is closed;
- Pre-applications will be reviewed by staff as they are received. Eligible businesses will be notified via email with application next steps within five business days of receipt of the pre-application;
- \_\_\_\_\_, 2020, by 5 p.m.: Application deadline with all supporting documents;

- Applicants will be notified of grant approval status via email by \_\_\_\_\_, 2020;

**Employees** is defined as full or part-time direct employees under a W-2. May include employees managed through a Professional Employer Organization, 1099 or independent contractors are not included in the employee count, however, if 50% of the business workers are 1099 independent contractors, the total number of employees including w-2 and 1099 should not exceed 25.

DRAFT