



Request for Council Action

TO: Mayor and City Council
THROUGH: Tim Murray, City Administrator
FROM: Deanna Kuennen, Com and Econ Dev Director
MEETING DATE: August 12, 2020
SUBJECT: Resolution 2020-115 Approving Faribault
 Small Business Relief Fund Awards

Background:

Governor Walz distributed \$841 million in federal CARES Act funding to cities, counties, and towns across the state for coronavirus-related expenses. Based on the funding allocation formula, the City of Faribault received \$1,799,427. While there are numerous allowable uses of these funds as outlined in the Treasury's Coronavirus Relief Fund Guidance and set forth in section 601(d) of the Social Security Act, at the July 18, 2020 City Council meeting, the Council approved a Faribault Small Business Relief Fund Policy and Program Guidelines, dedicating \$500,000 of the City's CARE Act allocation to the program. The City Council discussed the importance of providing direct grants to small businesses – recognizing that using a portion of the City's CARES Act funding for this public purpose not only meets the federal guidelines, it has the likelihood of having positive long-term impacts on the community by assisting businesses so that they can remain open and viable, weathering this economic crisis.

Staff used a number of methods to inform the business community of the Small Business Relief Fund, including posts on social media, an advertisement on FCTV, direct email blasts, flyers, and the Chamber of Commerce newsletter. Per the approved program policy and guidelines, applications were accepted through an online application form on the City's website, between the dates of July 20, 2020 and noon on August 3, 2020. During this time nearly 70 applications were received, of which 60 were deemed to meet the eligibility guidelines. The following summarized the received applications:

Faribault Small Business Relief Fund

Total Funding Available	\$500,000
Total Applications	67
Total Eligible Applications	60
Total Funding Request of Eligible Applications	\$420,000
Percentage of "1-5 employee" Applicants	60-percent
Percentage of "6-50 employee" Applicants	40-percent

Recommendation:

Staff has reviewed the received applications to ensure that the businesses meets the eligibility criteria. Based on that review, Staff recommends that the City Council approve Resolution 2020-115 Awarding Small Business Relief Fund Awards to 60 Faribault businesses.

Attachments:

- Resolution 2020-115 Approving Faribault Small Business Relief Fund Awards
- City of Faribault Small Business Relief Fund (SBRF) Policy and Program Guidelines (*approved July 14, 2020*)

CITY OF FARIBAULT

RESOLUTION #2020-115

APPROVING FARIBAULT SMALL BUSINESS RELIEF FUND AWARDS

WHEREAS, the City of Faribault understands that the COVID-19 pandemic has had an immediate and detrimental impact on small businesses; and

WHEREAS, the City of Faribault received \$1,799,427.00 in federal CARES Act funding; and

WHEREAS, the Treasury's Coronavirus Relief Fund Guidance and section 601(d) of the Social Security Act outline allowable uses of the CARES Act funding; and

WHEREAS, direct business assistance is an allowable use, to provide financial support to businesses experiencing financial hardship as a result of the COVID-19 pandemic; and

WHEREAS, the City Council strongly believes that providing direct business assistance to small businesses as a means to survive the current economic crisis serves an important public purpose and is in the best interest of the community as a whole; and

WHEREAS, the City Council approved the Faribault Small Business Relief Fund Policy and Program Guidelines on July 14, 2020, and dedicated \$500,000 of its federal CARES Act funding, from Fund 298, to support small businesses that incurred losses due to business interruption caused by required or voluntary closures, or losses due to decreased customer demand as a result of the COVID-19 pandemic; and

WHEREAS, the City received a total of 60 applications from eligible businesses during the application period, requesting a total amount of \$420,000 in Faribault Small Business Relief Funds.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Faribault, Minnesota that the Applicants identified in Exhibit A be awarded Faribault Small Business Relief Funds, and that the Community and Economic Development Department be responsible for collecting all

necessary business documentation as outlined in the program policy and guidelines to verify eligibility and evidence of business impact prior to releasing funds.

ALSO, BE IT RESOLVED that businesses have five (5) business days after notification of award to submit necessary documentation and failure to submit required documentation will result in forfeiture of the award.

BE IT FINALLY RESOLVED, by the City Council of the City of Faribault, Minnesota that the Mayor, City Administrator, staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary in order to accomplish the intent of this Resolution.

Date Adopted: August 12, 2020

Faribault City Council

Kevin F. Voracek, Mayor

ATTEST:

Timothy C. Murray, City Administrator

Exhibit A – Faribault Small Business Relief Fund Awards

Clayton Enterprises	1802 4th St NW	6 to 50	\$10,000.00
Erickson Chiropractic	1819 2nd Ave NW	6 to 50	\$10,000.00
Back in Action Rehab LLP	1819 2nd Ave NW	6 to 50	\$10,000.00
Beauti Nails & Spa	300 Western Ave Suite 106	1 to 5	\$5,000.00
The Dentist's House LLC	505 4th St NW	6 to 50	\$10,000.00
Chau Le Inc - Fancy Nails	200 Western Ave C-3	1 to 5	\$5,000.00
Ultimate Tanning Salon of Faribault	1746 Grant St NW	6 to 50	\$10,000.00
Faribault Interiors Inc	550 Wilson Ave Suite 103	1 to 5	\$5,000.00
Sirek Hydraulic Service	3110 Industrial Drive	1 to 5	\$5,000.00
Fleur de Lis gallery	318 Central Ave	1 to 5	\$5,000.00
Wieber Physical Therapy, Inc.	1961 Cardinal Lane Suite A	6 to 50	\$10,000.00
Dynamic Electric, LLC	2800 1st Ave NW	6 to 50	\$10,000.00
T-Town Daycare	1112 Pearl Dr	1 to 5	\$5,000.00
The 3 Ten Event Venue	310 Central Ave	6 to 50	\$10,000.00
J-Bar, Inc. d/b/a Southside Sales & Leasing of Faribault Inc.	1829 6th St NW	1 to 5	\$5,000.00
Hamer Law Office	1645 Lyndale Ave N Suite 102	1 to 5	\$5,000.00
Our Place on 3rd.	20 3rd St NW	1 to 5	\$5,000.00
Fit for Life by Sheila Rolling, LLC	1400 Cannon Circle Suite 6	1 to 5	\$5,000.00
Betsy Bauer Daycare	311 Sunshine Lane	1 to 5	\$5,000.00
Professional Contractors Inc. aka: Procon	203 NW 1st Ave	6 to 50	\$10,000.00
Finally A Gift Store	18 NE 2nd St	1 to 5	\$5,000.00
Bernie's Grill	129 Central Ave	6 to 50	\$10,000.00
Suenos de Quinceanera	108 Central Ave	1 to 5	\$5,000.00
Studio 14 Salon & Spa	204 Central Avenue	6 to 50	\$10,000.00
Johnson Advisors	116 Central Ave	1 to 5	\$5,000.00
On Target A & M Inc.	117 Central Ave N	6 to 50	\$10,000.00
Faribault Animal Center	1818 Grant St NW	1 to 5	\$5,000.00
Glass Garden Beads, LLC	318 Central Ave Suite 105	1 to 5	\$5,000.00
10,000 Drops Craft Distillers, LLC	28 4th Street NE	1 to 5	\$5,000.00
Medina Grocery Inc.	309 Central Ave	1 to 5	\$5,000.00
Fashions on Central	325 Central Ave	1 to 5	\$5,000.00
Southern Heights Dental	1575 20th St NW #102	6 to 50	\$10,000.00
Richie Eye Clinic	1575 20th St NW #101	6 to 50	\$10,000.00
Crossroads Surgery Center	1575 20th St NW #203	1 to 5	\$5,000.00
Golden Star Coffee	230 Central Ave Suite 104	1 to 5	\$5,000.00
Barwago Wireless Inc.	309 Central Ave N	1 to 5	\$5,000.00
Vogelsberg Trucking Inc.	2989 1st Ave NW	1 to 5	\$5,000.00
Weddings by Deb LLC	214 Central Ave N	1 to 5	\$5,000.00
Cannon Valley Cleaning LLC	2534 2nd Ave NW	1 to 5	\$5,000.00
Southern Minnesota Woodcraft, Inc.	2700 Airport Dr W	6 to 50	\$10,000.00
Floors by Farmer	502 Central Ave N	1 to 5	\$5,000.00
Bloom Floral	408 Central Ave N	1 to 5	\$5,000.00
Basilleo's Pizza 2.0	108 4th St NW	6 to 50	\$10,000.00
Chappuis Jewelry	413 Central Ave N	6 to 50	\$10,000.00
Faribault Print Shop	402 Central Ave	1 to 5	\$5,000.00
Boxers Grill	429 Central Ave	6 to 50	\$10,000.00
RM Erickson Furniture, Inc.	30 NW 5th St	6 to 50	\$10,000.00
Furlong Motors Direct	1920 5th St NW	1 to 5	\$5,000.00
Hoisington Family Chiropractic	1033 1st St NE	1 to 5	\$5,000.00
B.C. Shoes Inc., DBA Burkhartzmeyer Shoes	128 Central Ave N	6 to 50	\$10,000.00

Crack of Dawn Bakehouse	209 Central Ave N	6 to 50	\$10,000.00
VP Online Auctions	55 Willow St	1 to 5	\$5,000.00
The Music Mart, Inc.	550 Wilson Ave Suite 102	1 to 5	\$5,000.00
DuFour Cleaners	14 2nd St NW	1 to 5	\$5,000.00
Lindale Halal Market Inc.	131 Lyndale Ave N	1 to 5	\$5,000.00
Taran Grocery and Deli Inc.	14 3rd St NW	1 to 5	\$5,000.00
Hope Center for Seniors	2700 Cardinal Ave Suite B	1 to 5	\$5,000.00
Faribault Childcare Center LLC	2700 Cardinal Ave Suite A	6 to 50	\$10,000.00
Gran Plaza Mexican Grill Inc.	520 Central Ave	6 to 50	\$10,000.00
Glenn's Service LLC	628 Central Ave	6 to 50	\$10,000.00

Total Funding Allocated	\$ 500,000.00
Total Funding Awarded	\$ 420,000.00
Balance	\$ 80,000.00



CITY OF FARIBAULT
COVID-19 / CARES Act
Small Business Relief Fund (SBRF) Policy and Program
Guidelines

OVERVIEW:

The City of Faribault understands that the COVID-19 pandemic has had an immediate and detrimental impact on our small local businesses. In an effort to provide temporary relief, the City of Faribault has created the Small Business Relief Fund (SBRF). The SBRF is funded through CARES Act dollars, and is intended to provide one-time financial support to businesses experiencing financial hardship as a result of the COVID-19 pandemic, and help these businesses survive the current economic crisis.

Program Guidelines

The purpose of the City of Faribault Small Business Relief Fund (SBRF) is to provide temporary financial support to small local businesses in the community adversely impacted by the COVID-19 pandemic. Grant funds will help businesses pay for critical expenses such as rent payments, mortgage payments, utilities, payments to suppliers, and costs associated with reopening. Providing this assistance will help increase the capacity of small businesses with a physical location in Faribault survive the crisis and prevent potential blight within neighborhoods. This support will offset costs businesses incurred as a result of business interruption due to required closures, or voluntary closures to support social distancing during the COVID-19 pandemic.

Grant Amounts	
The City of Faribault will make \$500,000 available for direct business assistance grants.	
Maximum Grant Award:	\$10,000 <i>for businesses with 6-50 employees</i>
Maximum Grant Award:	\$5,000 <i>for businesses with 1-5 employees</i>

The SBRF will be administered by the Community and Economic Development (CED) Department. CED will work with business resource providers and economic development partners to provide outreach to our businesses to notify them that this one-time assistance is available. Business owners with questions or those that need assistance filling out the online application are encouraged to contact CED – at 507.333.0388, or via email at smarkman@ci.faribault.mn.us

These program guidelines adhere to federal rules and regulations associated with the CARES Act funding, and have been adopted by City Council Resolution 2020-105 approved on July 14, 2020.

Please note: The City Council of the City of Faribault reserves the right to revise these guidelines as needed to best address the impact of the current pandemic and to reflect any changes/additions/interpretations of the CARES Act.

Terms

One-time emergency grant of up to \$10,000 – to offset economic injury from the COVID-19 pandemic and fund eligible operating expenses. Businesses may use the grant funds to pay for non-payroll costs of business interruption caused by required closures, voluntary closures to support social distancing, and eligible expenses. Eligible non-payroll expenses include:

- Rent payments,
- Mortgage payments,
- Utilities,
- Payments to suppliers,
- Costs associated with reopening, and/or
- Other critical *non-payroll* business expenses as approved by CED and which are consistent with the intent of the program.

Eligible Businesses

Businesses must meet all the following criteria as of March 1, 2020 to be eligible. A business owner's immigration status does not impact eligibility. Eligible businesses must:

- Be a locally owned and operated for-profit business with a physical establishment inside the City of Faribault city limits.
- Have at least one W-2 eligible employee in addition to the owner as of March 1, 2020 and not more than 50 employees

- Have been operating for at least 6 months prior to March 1, 2020
- Be licensed and in good standing with the Minnesota Secretary of State and the Minnesota Department of Revenue
- Be current on property taxes prior to July 15, 2020, if applicable
- Demonstrate a significant loss in revenue since March 15, 2020 and can document costs of business interruption/financial hardship as a result of COVID-19.

Ineligible Businesses

- Home-based businesses; those without a physical establishment (except for licensed in-home childcare providers)
- Non-profit organizations
- Self-employed, independent contractors, or businesses with no employees other than an owner(s)
- Corporate chains, multi-state chains
- Businesses in default conditions prior to March 1, 2020
- Businesses that primarily derive income from gambling
- Businesses that derive any income from adult entertainment
- Businesses that derive income from passive investments; business-to-business transactions; real estate transactions; property rentals or property management; billboards; or lobbying

In addition to the SBRF, businesses are strongly encouraged to apply for all available COVID-related funding.

Please note, in order to serve as many businesses as possible, businesses will be ineligible to receive duplicative funds from the City of Faribault and other resources for the same expenses. Businesses can, and should, access all available resources but the use of funds for each funding source must be separate and unique.

Application Process

- Applications will be accepted from **July 20, 2020 until August 3, 2020 at noon**
- Applicants are asked to complete an [application form via the web](#) insert hyperlink
- Please contact [CED](#) if you need assistance filling out the electronic application form

Community & Economic Development ~ Attn: Samantha Markman
507.333.0388 / smarkman@ci.faribault.mn.us

- All applications will be time and date stamped through the online application portal. If applications received by the deadline exceed the funding available, CED Staff will forward funding recommendations to City Council based on a first-come, first-served basis.
 - Ineligible applicants will be contacted via email with information regarding why their application is ineligible.
- CED will make a funding recommendation to City Council on August 12, 2020.
- CED will notify approved applicants by email on or before August 14, 2020 regarding their grant award.
- Upon notice of an approved application, applicants will be required to submit the following within 5 business days and prior to closing:
 - 2019 Federal Business Tax Return or appropriate Business Tax Schedule-based on entity type.
 - Evidence of revenue loss related to the COVID 19 emergency. Applicant should submit documentation that best demonstrates the impact and is deemed acceptable to CED. Some examples of acceptable documentation include Sales Tax Reporting, Period Statements from 3rd-party Sales Platforms, Merchant Services Statements, and Point of Sale or Register reports.
 - Evidence of employment prior to March 1st, 2020. Acceptable documentation may include period reporting from a 3rd-party payroll processor, applicant's Federal Form 941/Employer's Quarterly Federal Tax Return, or other State or Federal payroll-related filing.
 - Any additional documentation or information deemed necessary by CED to determine eligibility, generate loan documents, disburse loan proceeds, or meet program reporting requirements.
 - Failure to submit required documentation will result in forfeiture of loan award.