

RESOLUTION NO. 1086

CITY OF LACEY

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LACEY ESTABLISHING A BUSINESS SUPPORT PROGRAM IN RESPONSE TO THE NOVEL CORONAVIRUS (COVID-19).

WHEREAS, on January 31, 2020, the United States Department of Public Health and Human Services Secretary Alex Azar declared a public emergency for the novel coronavirus (COVID-19) beginning on January 27, 2020; and

WHEREAS, on February 29, 2020, Governor Jay Inslee signed a Proclamation declaring a State of Emergency exists in all counties in the State of Washington due to the number of confirmed cases of COVID-19 in the state; and

WHEREAS, the United States Centers for Disease Control and Prevention identifies the potential public health threat posed by COVID-19 as high, and has advised that person-to-person spread of COVID-19 will continue to occur and the best way to prevent a calamitous explosion of cases is to prevent infected people from coming in close contact with healthy ones; and

WHEREAS, on March 16, 2020, Governor Jay Inslee imposed restrictions prohibiting gatherings of fifty (50) people or more and implementing measures to contain the spread of the virus; and

WHEREAS, on March 17, 2020, the Center for Disease Control and Prevention issued recommendations limiting gatherings to ten (10) persons or fewer.

WHEREAS, on March 19, 2020, the Lacey City Council passed Resolution No. 1085 finding the COVID-19 outbreak to constitute an emergency; and

WHEREAS, on March 23, 2020, Governor Jay Inslee imposed a “Stay Home, Stay Healthy” order requiring every Washingtonian to stay home unless they are engaged in an essential activity and banning all gatherings for social, spiritual and recreational purposes and ordering all businesses to close unless they are designated as an essential business; and

WHEREAS, while the practice of social distancing is critical in mitigating the rate of spread of the COVID-19 virus, it is having significant negative economic effects on small businesses and workers; and

WHEREAS, disruptions to workers and small businesses are serious, as small businesses are the backbone of our economy, and provide the foundation of employment, services for the community, and revenue in order for cities and other public agencies to continue to provide essential services for the public welfare and benefit; and

WHEREAS, citizens who have lost their primary source of income may be unable to afford to stay home or practice social distancing which could have a negative impact on the public's health; and

WHEREAS, state agencies and partners are working to swiftly respond to the economic impact that the COVID-19 pandemic is having on Washington State; and

WHEREAS, the Lacey City Council recognizes that one of its essential functions is to secure the health and welfare of Lacey's citizens; and

WHEREAS, small business plays a vital role in the overall health and welfare of Lacey's citizens; and

WHEREAS, resources are necessary to help small businesses survive and certain small businesses reasonably require public aid in order to survive; and

WHEREAS, the Lacey City Council has previously designated funds for investment in economic development that are currently available to address the COVID-19 emergency.

NOW THEREFORE, the Lacey City Council resolves as follows:

Section 1. The City Council hereby adopts the recitals expressed above as Findings of Fact in support of this Resolution.

Section 2. The City Council hereby allocates One Million Dollars (\$1,000,000) from the Strategic Investment fund to be utilized for economic recovery response to the impacts resulting from the COVID-19 pandemic.


Section 3. The City Council directs that Five Hundred Thousand Dollars (\$500,000) of the funds allocated in Section 1 herein be used to establish the COVID-19 Small Business Stabilization Fund and directs the City Manager to enter into an agreement with the Thurston Economic Development Council Center for Business & Innovation to administer a grant program consistent with the criteria described in Exhibit A, attached hereto.

Section 4. The City Council directs that the remaining Five Hundred Thousand Dollars (\$500,000) of the funds allocated in Section 1 herein be utilized to supplement the COVID-19 Small Business Stabilization Fund or other economic recovery measures as may be deemed appropriate by the City Council.

Section 5. The provisions of this Resolution shall become effective upon adoption and shall continue until further formal action of the City Council.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 21st day of March, 2020.

LACEY CITY COUNCIL

By 
Mayor

Attest:


City Clerk

Approved as to form:

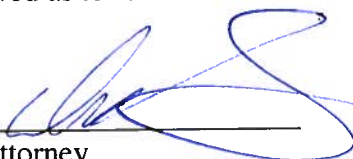

City Attorney

EXHIBIT A
COVID-19 SMALL BUSINESS STABILIZATION FUND
GRANT CRITERIA & PROCEDURES

Purpose

To assist small, locally owned Lacey-based for-profit businesses, the City of Lacey is committing up to \$500,000 to the COVID-19 Lacey Small Business Stabilization Grant Fund, an emergency fund that provides working capital grants in amounts up to \$10,000 to qualifying small businesses. The following are the criteria for financial support:

Criteria

1. The business must be a current Lacey business and have had a Lacey business license and a physical location in the City of Lacey on or before March 1, 2020. The business must also have been in business for at least one year from the date of application.
2. The business has twenty-five (25) full time equivalent employees or fewer. However, priority will be given to businesses with ten (10) full time equivalent employees or fewer.
3. The business is engaged in a type of business eligible to receive funding by the US Small Business Administration.
4. Grants cannot be made to businesses owned, or partially owned, by managers, officers, directors or public officials associated with the Thurston Economic Development Council (EDC) or the City of Lacey.
5. The business must have experienced a loss of income due to COVID-19.
6. The business must be able to demonstrate with financial statements or tax returns that they were profitable prior to the disruption caused by the COVID-19 virus.
7. Based on the information submitted on the Economic Injury Worksheet, grants may not exceed \$10,000.
8. Grant may be used to leverage funding from a public or private financing program, so long as the total of the funding does not exceed the amount on the Economic Injury Worksheet
9. Priority will be given to businesses not eligible for federal or state programs providing equal or greater economic relief under the Lacey Small Business Stabilization Grant.

Grant funds eligible for:

1. Payment of rent or required monthly loan payments
2. Payments of essential wages, taxes, and normal benefits to employees essential to maintain business.

3. Normal operating costs that are included in “cost of goods sold” on businesses’ income statement (raw materials for manufacturers, component pieces for assemblers, items for resale for retailers, food for restaurants. etc.)
4. Normal operating expenses that are included in “operating expenses” on businesses’ income statement (utilities, insurance, professional services, etc.)
5. Normal draw or wages on a weekly or monthly basis to owner

Grant funds ineligible for:

1. Any expense that would not be considered an eligible business expense by IRS rules
2. Political contributions
3. Bonuses to owners or employees
4. Wages to any member of owner’s family who is not a bona fide employee
5. Charitable contributions
6. Gifts or parties
7. Draw or salary to owner that exceeded the amount that they were paid on a weekly or monthly basis for the same period last year
8. Pay down or pay off debt by more than required in underlying debt instrument.

Process

1. Business owner contacts the EDC to obtain application and confirm whether:
 - a. Funds are still available, and
 - b. The business has met the business license requirement, and
 - c. The business is a for-profit business, and in a type of business that is eligible for SBA financing.
2. Complete the Economic Injury Worksheet and submit it electronically to the EDC.
3. After reviewing the Worksheet for completeness, The EDC will determine whether the business qualifies for the amount sought, verify additional data as necessary, and communicate the amount of the grant to be funded, if any.
4. If awarded, EDC will prepare a check, contact the applicant, execute any necessary documents, and provide check to applicant.

Reconsideration Process

1. Grant Reconsideration process will be handled as follows:
 - a. Declined due to not meeting business license requirements—Applicant can seek reconsideration by providing proof of both current business license, and business license for same business operating on or before one year before date of application, even if operating in a different name, or form of business (sole proprietorship, LLC, etc.) Reconsideration to be made by EDC.
 - b. Declined due to business being of an ineligible type for SBA funding—Applicant can seek reconsideration by providing proof that business is

- engaged in an eligible type of business. Reconsideration to be made by EDC.
- c. Declined due to incomplete submission of necessary documents, incomplete Economic Injury Worksheet, or other required information or documentation-- Applicant can seek reconsideration by providing required complete documents. If documents are not available, applicant can work with EDC to determine if alternative documents are available. Reconsideration to be made by EDC.
 - d. Declined due to EDC's evaluation of amount of economic injury or determination that financial information for period prior to economic injury does not support amount of grant requested or any grant—EDC may develop a reconsideration process.

Reporting

The EDC will provide a weekly report to the Lacey Director of Community and Economic Development documenting the businesses grant funding, the amount of the funding, the business need and remaining grant fund balance.

Administration of program

1. Upon the Lacey City Council adoption of the Resolution establishing the COVID-19 Lacey Small Business Stabilization Grant Fund, the City will transfer funds to the EDC. The EDC will hold funds in a separate account specifically set up for the business stabilization grant fund.
2. The EDC will not provide, and the City will not seek, confidential business information such as financial statements, tax returns, or proprietary information. This applies to the financial information of the owner(s) of the businesses.
3. Minor technical changes regarding the administration of the grant program be permitted with written approval of the City Manager or Community & Economic Development Director.
4. Adjustments beyond those that are considered minor and technical, such as grant criteria or change to maximum funding amount shall be approved by the Lacey City Council.
5. City and EDC will jointly develop any application document needed beyond the Economic Injury Worksheet to ensure that the process is as simple, streamlined, and easy for the applicant as possible. City and EDC will also develop an acknowledgement form to meet audit requirements. Application may be approved on behalf of City by Community & Economic Development Director, and Acknowledgement document may be approved on behalf of City by Finance Director.