

City Council – Action Request Form

Date: April 11, 2022

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Scott Tesh, Budget and Performance Management Director
Meridith Martin, Budget and Performance Management Deputy Director

Council Action Requested:
Resolution Approving The Extension of the Recovery Grants Program for Small Businesses and Non-Profits

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: No
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:
 The City of Winston-Salem has accepted \$51.7 million through the American Rescue Plan Act’s (ARPA) Coronavirus Local Fiscal Recovery Fund (CLFRF) from the U.S. Department of the Treasury. The City received the first tranche totaling \$25,866,035.50 in May 2021 and will receive the second tranche in 2022. The City must obligate all funds by December 31, 2024, and the funds must be spent with work completed by December 31, 2026.

On November 15, 2021, the City Council approved a resolution that established the Recovery Grants Program for Small Businesses and Non-Profits. The resolution appropriated \$3 million for the program and authorized the City Manager to enter into an agreement with the United Way of Forsyth County to administer the program with an amount not to exceed \$50,950 for its administration.

The recovery grants program provided micro-grants program for small businesses, small social service non-profits and small, travel, tourism, hospitality, and arts (TTHA) non-profits. The purpose of these program was to provide economic support to small businesses and non-profits that are in danger of ceasing operations. The funds were not intended to replace revenues and are

Committee Action:

Committee	Finance 4/11/22	Action	Approval
For	Unanimous	Against	

Remarks:

limited in scope based on State law authority. The total for each area was \$1 million dollars. Program guidelines included the following, which are also displayed in Exhibit 1:

- All entities must be located within the city corporate limits.
- All entities must have been conducting business prior to the onset of the pandemic (January 1, 2020)
- All payments will be for entities in arrears for rent, mortgage, and/or utility payments.
- Total payments will not exceed \$25,000 per entity.
- Payments will only be made for obligations incurred before City Council approval.
- Small businesses:
 - Must have fewer than 25 FTEs
 - Must be independently owned (no chains)
- Non-Profits:
 - Must have an organizational budget under \$1,000,000
 - Must show proof of service in QCTs or to similar populations
 - Must have board approval to apply

Applications were open from January 18 through February 18, 2022. The program's first cycle had twelve approved organizations receive a micro-grant totaling \$201,752.29. Of the twelve agencies approved, one was a social service non-profit and eleven were small businesses. Forty applications were submitted with a total funding request of \$561,597.68. The United Way of Forsyth County is currently contacting the agencies that were not approved to assist with gathering the appropriate documentation required to be approved.

Staff received feedback noting that the guideline relating to the "obligations must be incurred before City Council approval" caused issues with the program. Most notable, several applicants indicated they had arrears more than sixty days old but had been required to pay those to stay in business. In doing so, they were forgoing other operating needs. Allowing the program to cover payments in arrears through the current date would allow businesses to catch up and focus on re-opening and provide needed capital for current operations.

Staff recommends reopening this program with an edit to the guideline that "obligations must be incurred prior to the opening of the application process." The revised list of guidelines is attached at Exhibit B, which includes the program covering payments for rent, mortgage, and utilities incurred up to the application opening date. The City will continue to work with United Way on the program.