Brenwynne Grigg

From: Max Mertz
Sent: Thursday, July 9, 2020 12:09 PM
To: Brenwynne Grigg
Cc: Linda Thomas
Subject: Recommendations for changes to the Phase 2/3 business grant program

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ESTF members, Susan Bell and I have met with members of the JEDC board and staff over the last two weeks regarding possible changes to the existing Phase 2 and 3 Business Sustainability Grant Ordinance. Please also see the memo from Brian Holst of JEDC. I have also met with the Mayor and Rob Palmer about feasibility and best way to implement the proposed changes.

I recommend the following changes to better implement the intent of the program and to best assist the businesses harmed by the grants:

1. Implement a simplified grant process for small businesses – Under this program businesses would be eligible for a grant not to exceed $5,000 based on their 2019 gross sales as reported to the CBJ on their sales tax returns. The grant would be calculated based on 10% of the gross sales reported on the sales tax returns. As examples, if a business had $25,000 in sales, they would qualify for a $25,000 grant. A business with $50,000 in gross sales would receive a $5,000 grant, the maximum. A business with, say, $60,000 in sales would only get the capped maximum of $5,000, but could choose to opt into the program. Under this program, the documentation related to assertion of need would be changed to a self-assertion subject to verification by JEDC if they believed such verification was necessary.
2. Extend the eligibility period for expenses which currently starts on April 1 and ends on August 31, to instead end on October 31, increasing the number of months of eligible expenses to seven months from five months. JEDC recommended extending to September 30 as a means of increasing the average award size. I recommend including October as well, to further achieve larger grant sizes.
3. Allow businesses to include not only long-term debt, but also short-term debt (credit cards, lines of credit, inventory financing). The amount to allow would equal 20% of their balances, not to exceed $10,000.
4. Allow businesses to include as an eligible cost amounts spent on inventory along with utilities in preparation for the summer season.
5. Combining phases 2 and 3. In order to simplify the ordinance, Rob Palmer recommended combining phases 2 and 3. I agreed with him on that and recommend that change.
6. Adding a provision that gives the City Manager the option of prorating available grant funds to eligible businesses based on demand on phase 2 and 3.

Max E. Mertz, CPA