



1 City of Racine, Wisconsin
2 COMMON COUNCIL

3 **AGENDA BRIEFING MEMORADUM (ABM)**

4 **COMMITTEE:** Full Common Council **LEGISLATION ITEM #:**

5 **AGENDA DATE:** April 20, 2020 Common Council

7 **DEPARTMENT:**

8 **Prepared By:** James M. (Jim) Palenick, City Administrator

9 **Reviewed By:** Cory Mason Mayor

11 **SUBJECT:**

12 **An action item request by Mayor Mason seeking authorization and approval to amend the FY2020 City**
13 **Budget to redirect \$650,000 in City funding to provide emergency assistance grants to small**
14 **businesses in the City of Racine negatively impacted by the economic shut-down required to combat**
15 **the novel coronavirus pandemic.**

17 **EXECUTIVE SUMMARY:**

18 **On March 23rd, the City Announced and awarded 18 separate forgivable loans/grants to City of**
19 **Racine small businesses negatively impacted by the novel coronavirus pandemic and the economic**
20 **shut-down associated therewith. These awards were made possible by the prompt development of a**
21 **“Small Business Emergency Fund” created by redirecting \$250,000 in Federal, Community**
22 **Development Block Grant Funds to this program. At the time of this competitive call for applications**
23 **to the program, the city received 139 requests totaling some \$1.5Million in requests – indicating the**
24 **depth of the need.**

25 **Since the roll-out of that program, we have seen the shutdown extended such that it will likely**
26 **continue through Governor Evers’ update of the “Safer At Home” restrictions through May 25th –**
27 **leading to an even more impactful economic situation and impact to our struggling local small**
28 **businesses.**

29 With the goal of keeping our small businesses alive and potentially capable of restarting and
30 remaining in business after the restrictions are lifted, and for the long-term, it is critical that a second
31 round of emergency assistance be made available to a broader range of the affected businesses.

32 To that end, we have identified \$650,000 in funds that can be re-directed from the FY2020 Budget to
33 fund a simplified and stream-lined program of grants to City small businesses negatively impacted by
34 the pandemic.

35 Complete details of the program guidelines are being worked out and will be finalized and available
36 by sometime next week. The Goal will be to have a simplified, one-page application with limited
37 backup documentation for the application. Businesses who exist within the City of Racine; did not
38 receive assistance through the earlier assistance program; employ fewer than 15 Full-time-equivalent
39 employees; and have had significant revenue reductions as a result of the pandemic; will be eligible to
40 apply for and receive grants (not loans) within a range likely to, based on a few scoring factors, total
41 between \$2,500 - \$7,000 each.

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43 **BACKGROUND & ANALYSIS:**

44 We will be prioritizing small businesses who:

- 45 • Exhibit and document the greatest need.
- 46 • Have attempted to innovatively find new revenues.
- 47 • Looked to cut expenses while attempting to keep some or all of their employees on the
48 payroll
- 49 • Can, with assistance, weather the shut-down and re-emerge to remain open and successful
50 post-pandemic restrictions.

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52 **BUDGETARY IMPACT:**

53 The City will re-direct \$150,000 of FY2020 designated Room Tax Funds (Account #22860 52460) that
54 were otherwise established to fund tourist promotion activities and/or the START Grant program;
55 along with \$500,000 of Sanitary Sewer Surcharge Funds (Account #40101 52420) that were otherwise
56 budgeted to extend Sanitary sewer infrastructure in Reichert Court to support the @NorthBeach
57 project infrastructure. Thus cumulatively funding this Emergency Small Business assistance program
58 for \$650,000. Likely allowing for 100-120 total grants.

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60 **OPTIONS/ALTERNATIVES:**

- 61 1.) To approve the action item request by Mayor Mason seeking authorization and approval to
62 amend the FY2020 City Budget to redirect \$650,000 in City funding to provide emergency
63 assistance grants to small businesses in the City of Racine negatively impacted by the
64 economic shut-down required to combat the novel coronavirus pandemic.

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66 **2.) To deny the action item request by Mayor Mason seeking authorization and approval to**
67 **amend the FY2020 City Budget to redirect \$650,000 in City funding to provide emergency**
68 **assistance grants to small businesses in the City of Racine negatively impacted by the**
69 **economic shut-down required to combat the novel coronavirus pandemic.**
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72 **RECOMMENDED ACTION:**

73 **To approve the action item request by Mayor Mason seeking authorization and approval to amend**
74 **the FY2020 City Budget to redirect \$650,000 in City funding to provide emergency assistance grants to**
75 **small businesses in the City of Racine negatively impacted by the economic shut-down required to**
76 **combat the novel coronavirus pandemic**

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78 **ATTACHMENT(S):**