

RESOLUTION NO. 3040

A RESOLUTION OF THE CITY OF SALISBURY, MARYLAND, TRANSITIONING SIXTY NINE THOUSAND EIGHT HUNDRED EIGHTY EIGHT DOLLARS (\$69,888.00) FROM THE REVOLVING LOAN FUND TO A MICRO-GRANT PROGRAM TO AID SMALL BUSINESSES IN THE WAKE OF THE COVID-19 PANDEMIC.

WHEREAS, the Mayor and City Council of the City of Salisbury have established a Revolving Loan fund to aid in the revitalization of the Downtown area; and

WHEREAS, there is currently Two Hundred Seventy Nine Thousand Five Hundred Fifty Two Dollars (\$279,552.00) in the fund and the Mayor and City Council wish to repurpose one-fourth of those funds to help businesses most affected by mandated shutdowns in the wake of the COVID-19 pandemic; and

WHEREAS, these funds were originally provided by HUD, and its approval of this repurposing was granted by its Director of Community Planning and Development in a May 14, 2020 letter, a copy of which is attached; and

WHEREAS, eligible businesses within the Revolving Loan boundaries could apply for a maximum of Two Thousand Three Hundred (\$2,300.00) for use in accordance with grant rules to pay sick leave, maintain payroll, meet increased costs, pay commercial rents/mortgages or other obligations, to purchase PPE, or to spend on safety measures to reduce the spread of COVID-19; and

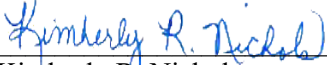
WHEREAS, applications would be reviewed by the Director of Business Development, Deputy City Administrator, and an officer of the City of Salisbury Finance Department for completeness and eligibility; and

WHEREAS, applicants would be entered into a lottery system after submitting an eligible application; and

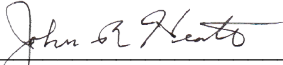
WHEREAS, funds would be disbursed to applicants selected by the lottery system.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Salisbury, Maryland that the repurposing of Sixty Nine Thousand Eight Hundred Eighty Eight Dollars (\$69,888.00) of the City's Downtown Revolving Loan Fund balance is hereby authorized.

The above Resolution was introduced, read and passed at the regular meeting of the Salisbury City Council on the 8th day of June, 2020.




Kimberly R. Nichols
CITY CLERK



John R. Heath
PRESIDENT, City Council

APPROVED by me this

10 day of June 2020



Julia Glanz
City Administrator

Memo

To: City Council
From: Laura Soper
Subject: Revolving Loan to Microgrant Program
Date: 5/19/20

In response to the COVID-19 pandemic, we would like to transition some of the existing Revolving Loan fund into micro-grants available to our Downtown Salisbury business community. Currently, the City has \$279,552 in our Revolving Loan account. This proposal would repurpose $\frac{1}{4}$ of those funds for a micro-grant program, totaling \$69,888. The grants would be available on lottery basis for qualified Downtown businesses (must be within the Revolving Loan map area) and the maximum they could apply for is up to \$2,300.

Originally, these funds were provided to the City by HUD in the early 1980s for use on a bulkheading project. When they were unable to utilize them for that purpose, the City received authorization to transition them into a Revolving Loan account to spur new business development and aid with capital improvements. Over the years, HUD has authorized the City to make changes to the Revolving Loan guidelines to allow the program to be more flexible. Included with this proposal is authorization from Charles Halm, the Director of Community and Planning Development at HUD, to repurpose these funds into a microgrant program.

The application process will be overseen by my department and in order to apply, the business must fill out an application that will require them to demonstrate either a financial need for the grant and specify what it will be used for.

Additional Program Guidelines are as follows

- Must have been established prior to March 5, 2020 and have employed no more than 25 full-time people at that time
- Businesses must have a physical location in the Revolving Loan boundaries map, be in good standing with the State of Maryland Department of Assessments & Taxation, Wicomico County, and the City of Salisbury
- Must be engaged in activities that were regulated or impacted by the COVID-19 Maryland's State of Emergency and have a license/permit associated to that regulation
- Have no pre-existing tax liens or legal judgements prior to March 5, 2020
- The following organizations are not eligible for funding
 - Non-profits
 - Medical service providers
 - Home based businesses located in a residence

- Churches
- Banks & financial institutions
- Investment real-estate entities
- Food trucks
- National franchises
- Government agencies
- Grants will be awarded on a lottery basis, and applications will be accepted during a 1 week period when the program is started.
 - Only one application per business will be considered at this time
 - Applicants must remain in business 1 year after receiving the funding.

Funds Can Be Used For:

- Provide paid sick leave to employees unable to work due to the direct effect of the coronavirus
- Maintaining payroll and/or retaining employees during business disruptions or substantial shutdowns
- Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains
- Making rent or mortgage payments
- Repaying obligations that cannot be met due to revenue losses
- Purchasing PPE or spending on safety measures to reduce the spread of COVID-19

The goal of the program is to provide funding to businesses that were most impacted by the mandated shutdowns. Businesses that were mandated to fully close (non-essential retail, salons, etc) would receive first priority in applying for the funding. (Tier 1) If funding is not fully expended on these types of businesses, secondary businesses that were impacted by partial shutdowns could apply and potentially received funding. (Tier 2)

Process

1. An applicant can apply online or by email to LSoper@salisbury.md
2. The application will be reviewed by the Director of Business Development, an officer in the City of Salisbury Finance Department, and the Deputy City Administrator for completeness
 - a. The applicant must demonstrate a tangible and immediate need for funding
 - b. The applicant must certify that the funds will be used for the tangible and immediate need
3. Once the applicants are verified and approved, they will be classified by Tier 1 or Tier 2. Tier 1 applicants must meet all guidelines of the application process and demonstrate that they were mandated to be fully closed. Tier 2 applicants must demonstrate that they were mandated to partially close or saw a reduction in income as a result of COVID-19.
4. Tier 1 applicants will receive first priority and approved applications will be entered into a lottery system. If there are funds left over after the Tier 1 lottery system, a lottery will open for Tier 2 applicants.
5. Awardees will be selected at random and will receive the grant check via mail.
6. Awardees will be required to complete a disbursement form and must be able to produce receipts within 1 month of City approval.



City of Salisbury

Jacob R. Day, Mayor

CITY OF SALISBURY



Revolving Loan Boundary Map

Salisbury Wicomico Planning Office
6/23/2014



U.S. Department of Housing and Urban Development

Baltimore Office
Bank of America Bldg Tower II
100 South Charles Street Suite 500
Baltimore, MD 21201

May 14, 2020

Ms. Julia Glanz
City Administrator
125 North Division Street
Salisbury, MD 21801

Dear Ms. Glanz:

**SUBJECT: Revolving Loan Fund
Salisbury, Maryland
Repurposing One Quarter of the Revolving Loan Fund for Emergency Grants**

Recently I had a telephone conversation with Laura Soper, the City's Director of Business Development, concerning a proposal to repurpose some of the current balance of the Revolving Loan Fund for a micro-grant program. That program would assist qualified Downtown businesses to provide funds to assist businesses with assistance for a variety of purposes, all related to the adverse impact of the COVID-19 social distancing on those businesses and their employees.

Because HUD community development assistance was the original source for the revolving loan fund, the City is asking the CPD Division in the HUD Baltimore Office to comment on this change, as it has done in the past when changes are proposed to the design of the fund.

The City followed up that conversation with your letter, which states that that City "thought it prudent to have the express approval to repurpose these funds for use in a micro-grant program to serve our business community that is suffering in the wake of the COVID-19 pandemic." A memo describing the proposed design of the program was enclosed with your letter.

We are pleased to inform you that the program design is indeed compatible with the uses of these funds originally authorized by HUD.

In addition, we also note that the CARES Act, recently enacted to provide assistance to various segments of the American people in these challenging times, included \$5 billion in Community Development Block Grant (CDBG) funding to prevent, prepare for, and respond to the coronavirus pandemic. Those funds include \$227,905 for the City of Salisbury (a CDBG entitlement grantee), its share of the first \$2 billion allocated to specific CDBG grantees.

This Office applauds the City's effort to use a portion of the Revolving Loan Fund to address the special needs of Downtown businesses at this time, certainly an effort to "respond to the coronavirus pandemic." We have absolutely no qualms about the proposed repurposing of some of the Revolving Loan Fund for the uses described in your letter and in the memo.

HUD nationally is in a mandatory telework status. If there are any questions about this matter, please feel free to contact me by phone at [REDACTED] (home phone) or [REDACTED] (cellphone) or by email at charles.e.halm@hud.gov.

Sincerely

Charles Halm

Charles Halm
Director
Community Planning and Development

cc:
Laura Soper