



Legislation Text

File #: RES 20-037, **Version:** 1

Subject:

Consider adopting a resolution approving grants to businesses under the Harrisonburg Business Recovery Grant program developed by the City's Economic Development Department and approved by City Council

Presented By: Chris Brown, Secretary of EDA and City Attorney

the City has received 9.2 million dollars under the federal CARES Act. Localities are allowed to use the CARES Act funds for COVID-19 related costs arising between March 1, 2020 and December 30, 2020. The CARES Act specifically permits localities to use CARES Act funds to assist businesses which have been adversely affected by the COVID-19 pandemic thru grants and other assistance.

On August 2, 2020, City Council approved a spending plan for a portion of the CARES Act funds. That spending plan included \$750,000 appropriated for assistance to local businesses through a Harrisonburg Business Recovery Grant program developed and administered by the Harrisonburg Department of Economic Development. The program is designed to provide some economic relief to small businesses located in the City. You can find the details of the program in the first couple of pages of the CARES Act application pdf attached to this email. Generally, under the program an applicant must be located in the City, have between 1 and 100 full-time employees, have between \$25,000 to \$5 million in gross revenue, and demonstrate a 25% loss of revenue due to COVID-19. Grant funds can be used for a variety of business purposes but must be spent by the end of December. Grant amounts are up to \$10,000 and are based on the number of employees of the applicant.

The City's Department of Economic Development has received, reviewed, and approved 79 business grant applications. The EDA has no responsibility to review the applications. The list of businesses to receive grants and the amount of those grants is found on the last two pages of the Resolution pdf attached. You will note that the total amount of the grants is \$422,700 so the City will do a second round of applications and grants this fall. If the total amount of the grants does not reach the \$750,000 allocation, the remaining funds will be reallocated by City Council for other COVID-19 related expenditure.

As you may recall from our last meeting when the EDA approved a grant to Sage Bird Cidery, local governments are not allowed to make grants directly to for-profit-businesses, but the Virginia Code, Section 15.2-4905, specifically allows a locality to give money to Economic Development Authorities to make grants to businesses for economic development. Like the Sage Bird Cidery grant, the EDA will be a pass thru entity only, with no liability to the EDA or its members. The EDA will receive funds from the City and pass them on to the applicants. This will be handled by the City's Director of Finance and Mr. Shull as Economic Development Director.