

Memorandum



CITY OF DALLAS

DATE April 1, 2020

TO Members of the Ad Hoc Committee on COVID-19 Economic Recovery and Assistance:
Casey Thomas (Co-chair), Paula Blackmon (Co-chair), Tennell Atkins, Adam Bazaldua, Lee Kleinman, Adam Medrano and Chad West

SUBJECT **Follow up to the March 24 and 31, 2020 Ad Hoc Committee Meetings on COVID-19 Economic Recovery and Assistance**

As a follow-up to Briefing Item 20-598 (City Policies that Need Amending to Address Immediate Needs), attached are two specific items requested of the Office of Economic Development:

- Appendix A: Summary of the City of Dallas COVID-19 Small Business Survey (results compiled from English and Spanish responses). Additionally, live dash boards of selected responses are available here: <https://www.surveymonkey.com/stories/SM-MDWWQBT9/> and <https://www.surveymonkey.com/stories/SM-89JFGYM9>
- Appendix B: Proposal to establish a City of Dallas Small Business Continuity (CDSBC) Program, including draft versions of a Program Statement, Agenda Information Sheet, and Resolution.

Additionally, in response to the question posed by Councilmember West regarding the number of businesses and employees impacted, the below is employment and revenue for certain establishments in Dallas as provided by ReferenceUSA.

April 1, 2020

Follow up to the March 24 and 31, 2020 Ad Hoc Committee Meetings on COVID-19 Economic Recovery and Assistance

Businesses (Employees 1 to 49) - Bars, Restaurants, Movie theater, Gyms that are not chains					
SIC Code	SIC Description	Small Businesses	Jobs	Total of Sales Revenue	Average of Sales Revenue
5813	Drinking Places (Alcoholic Beverages)	230	2,570	\$226,124,000.00	\$983,147.83
5812	Eating Places	2,343	20,136	\$1,237,230,000.00	\$528,053.78
7832	Motion Picture Theaters, Except Drive-In	20	112	\$8,063,000.00	\$403,150.00
7991	Gyms	177	909	\$49,543,000.00	\$279,903.95

Source: ReferenceUSAGov. Retrieved March 22, 2020 8:24 PM, from <https://referenceusagov.com/UsBusiness>

If you have any questions please contact Courtney Pogue, Director, Office of Economic Development at courtney.pogue@dallascityhall.com.



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

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| Honorable Mayor and City Council | Joey Zapata, Assistant City Manager |
| T.C. Broadnax, City Manager | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Chris Caso, City Attorney (Interim) | M. Elizabeth Reich, Chief Financial Officer |
| Billierae Johnson, City Secretary | Laila Alequresh, Chief Innovation Officer |
| Preston Robinson, Administrative Judge | Directors and Assistant Directors |
| Kimberly Bizer Tolbert, Chief of Staff to the City Manager | |
| Majed A. Al-Ghafry, Assistant City Manager | |
| Jon Fortune, Assistant City Manager | |

Appendix A

Appendix A: Small Business COVID-19 Survey Responses (3/31/2020 5 p.m.) Total number of responses: 531

1) Have you experienced any impact on your business as a result of COVID-19?

Yes: 524

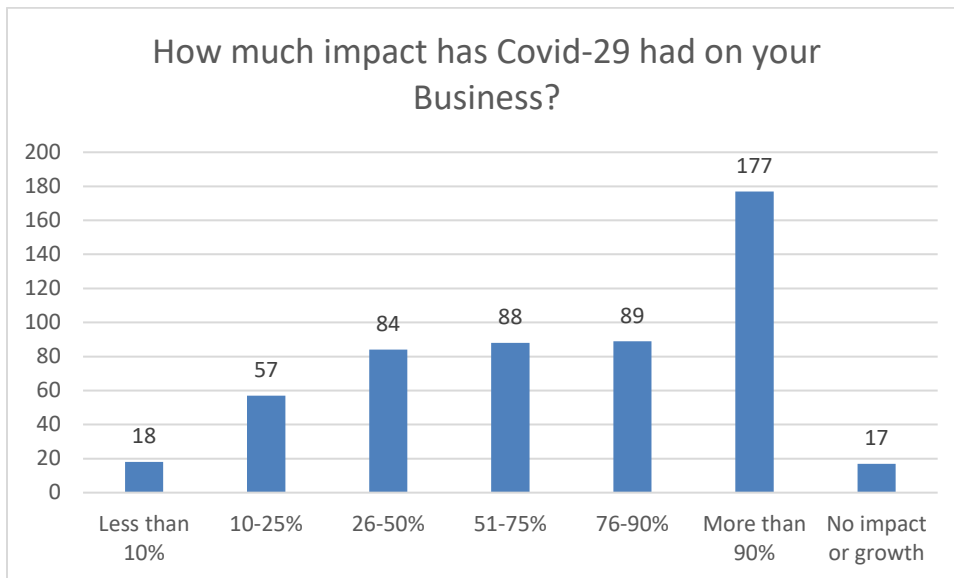
No: 6

2) Do you anticipate needing financial assistance for your business as a result of COVID-19?

Yes: 479

No: 57

3) Estimate the impact on revenue that your business has experienced due to COVID-19 since March 2020.



4) Would you prefer access to a smaller amount (\$10,000 or less) that may not be required to be paid back or a larger amount (\$10,000-\$50,000) that would be paid back at a very low interest rate over the course of 3-5 years?

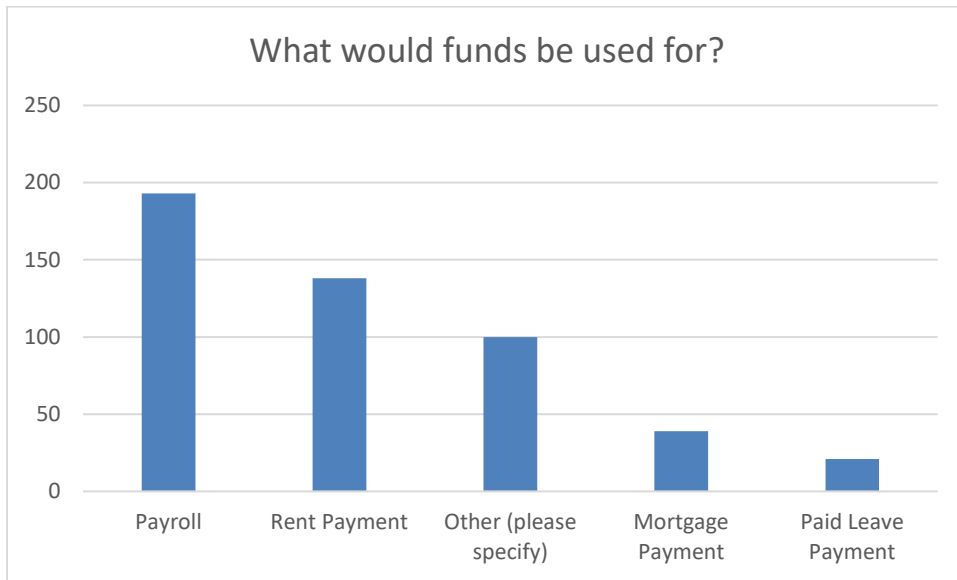
Smaller amount: 316

Larger amount: 172

Blank: 43

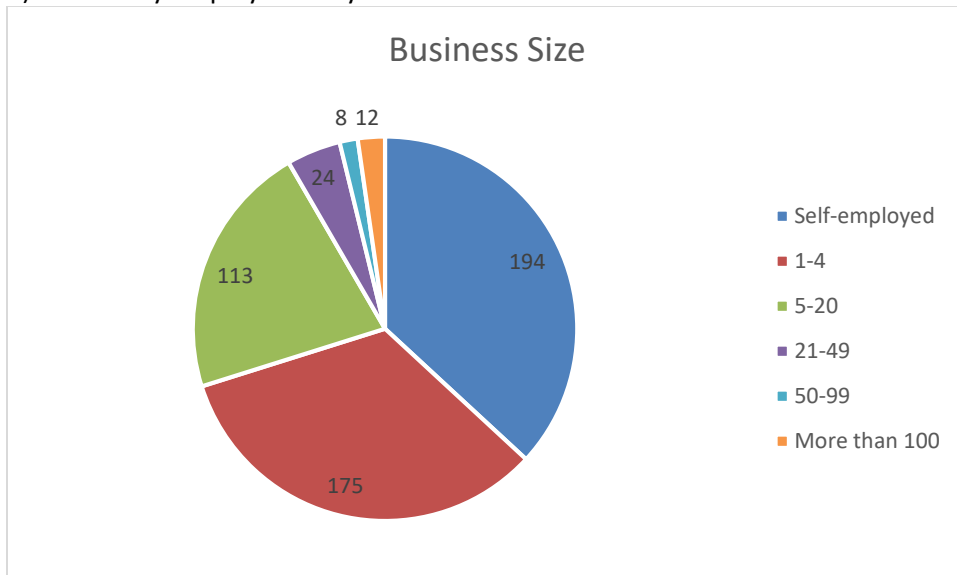
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5) What would funds be used for?



Other was a combination of factors

6) How many employees do you have?



7) What is the annual revenue for your business?

Less than \$50K	135
\$50K to \$99,999	95
\$100K to \$499,999	158
\$500k to \$999,999	56
\$1M-\$2M	41
\$2M or more	39

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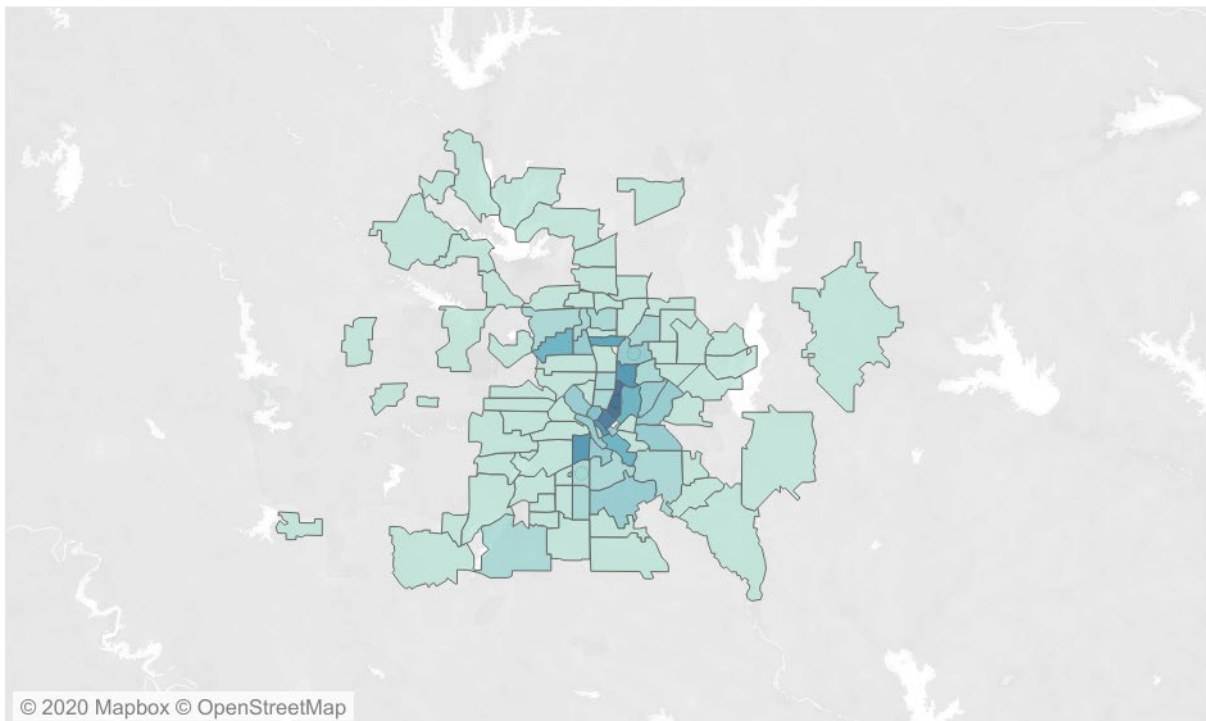
8) What is your industry?

Accommodation and Food Services	73
Administrative Services	2
Arts and Recreation	34
Construction	21
Education Services	21
Financial and Insurance	21
Health Care	29
Information Services	16
Manufacturing	10
Other Services	102
Professional Services	126
Real Estate	24
Retail Trade	31
Transportation and Warehousing	12
Wholesale Trade	7

9) What is the primary zip code for your business?



Number of Zip Code Responses to Small Business Survey



An interactive dash board of zip codes is available [here](#).

Appendix A

10) Word Cloud of open-ended responses (298 received)



Appendix B

AGENDA ITEM # XX

AGENDA DATE: [TBD] 2020

COUNCIL DISTRICT(S): ALL

DEPARTMENT: Office of Economic Development

CMO: Eric Anthony Johnson

SUBJECT

Authorize: **(1)** establishment and administration of the City of Dallas Small Business Continuity (CDSBC) Program pursuant to Chapter 380 of the Texas Local Government Code to make conditional grants to small businesses impacted by the COVID-19 Pandemic, thereby promoting local economic development by maintaining operations and retaining employment by small business in the City; **(2)** an amendment to the management agreement between the City of Dallas and Dallas Development Fund as authorized by CR 10-1349 at no cost with Dallas Development Fund (DDF), the City's Community Development Entity (CDE) to administer the CDSBC Program including underwriting the grant agreements and disbursing the funding pursuant to the CDSBC Program requirements; and **(3)** an increase in appropriations, future encumbrances, and disbursements as appropriate for a total amount not to exceed \$3,500,000.00. - Not to exceed \$3,500,000.00 - Financing: 2017 Bond Funds (Proposition I)

Total amount: \$3,500,000
Funding types: [2017 Bond]

BACKGROUND

On March 16, 2020, the City of Dallas issued emergency regulations to slow the spread of novel (new) coronavirus, now known as COVID-19, in the city of Dallas. On March 22, Dallas County issued further emergency regulations. The regulations included a prohibition on many private businesses, including but not limited to dine-in service for restaurants, and the closure of bars, lounges, taverns, private clubs, gyms, health studios, theaters and commercial amusement facilities. The regulations were issued to protect life and property and preserve critical resources while a state of disaster is in effect.

In response to the economic impact of the COVID-19 Pandemic, the City hereby establishes and provides for the administration of the City of Dallas Small Business Continuity (CDSBC) Program and appropriates funding for the CDSBC Program (the "Fund") to promote local economic development by maintaining small business operations and retaining employment within the City, in conformance with Chapter 380 of the Texas Local Government Code. The purpose of the Fund is to ensure continued

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operations of small businesses and job retention by those businesses impacted by the COVID-19 Pandemic.

The City will amend its existing no cost management agreement with the Dallas Development Fund to administer the CDSBC program at no cost for DDF to administer the CDSBC Program. DDF will disburse \$3.5 Million of 2017 general obligation bonds to small businesses in the City. Such grant assistance must meet the CDSBC Program underwriting and program requirements. The grants may be used to fund payroll expenses of impacted Dallas businesses to ensure job retention during the duration of the disaster declaration. Additional funds, including general funds, may be added to the Fund by later resolution of the city council. Also, either the City or the financial administrator on behalf of the City is authorized to accept donations or matching funds to supplement the Fund.

The \$3.5 Million in funding will be assembled by allocating \$250,000 from each of the discretionary Proposition I accounts of Council Districts 1, 2, 3, 4, 5, 6, 7, 8, 10, and 11 (Council Districts 9, 12, 13, and 14 have a zero balance), as well as allocating \$1,000,000 from the citywide Proposition I account. The citywide funding was previously allocated to the Southern Dallas Investment Fund on May 22, 2019 by Council Resolution No. 19-0803. The Southern Dallas Investment Fund has not been utilized to date so the funds are available for reallocation.

Staff recommends that \$3.5 Million be dedicated to the CDSBC Fund, and that council approve the CDSBC Program, attached hereto as **Attachment A**, and CDSBC Funding to be administered, grants underwritten and disbursed through a management contract with the City's CDE, DDF. .

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item will be provided at the Special Called meeting of the Ad Hoc Committee on COVID - 19 Economic Recovery & Assistance on Tuesday, March 24, 2020 at 4pm.

FISCAL INFORMATION

2017 Bond Funds (Proposition I) - \$3,500,000.00

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[TBD], 2020

WHEREAS, the City of Dallas has issued emergency regulations to slow the spread of COVID-19 in the city of Dallas; and

WHEREAS, to prevent the spread of COVID – 19 and to protect life and property and preserve critical resources while a state of disaster is in effect dine-in service for restaurants was prohibited and bars, lounges, taverns, private clubs, gyms, health studios, theaters and commercial amusement facilities were closed; and

WHEREAS, the COVID-9 event has had a severe negative economic impact on small businesses and jobs throughout the City of Dallas; and

WHEREAS, the City Council has established the City of Dallas Small Business Continuity (CDSBC) Program to provide assistance for small businesses impacted by the COVID-19 event to ensure small businesses and jobs are retained in Dallas; and

WHEREAS, the City Manager has selected its Community Development Entity (CDE), the Dallas Development Fund (DDF), to administer the CDSBC Program through an emergency procurement which is exempt from competitive bidding under the City Charter Chapter XXII, Section 4 and Section 252.022 of the Texas Local Government Code and in accordance with the requirements of Administrative Directive 4-5, Section 10.5.2.; and

WHEREAS, the City finds that the CDSBC Program and CDSBC Fund (defined herein) promotes local economic development and stimulates business and commercial activity in the City, in conformance with Chapter 380 of the Texas Local Government Code; and

WHEREAS, the initial funding for the CDSBC Program shall be \$3.5 Million in 2017 general obligation bond funds from Proposition I (CDSBC Fund), and the City finds that the CDSBC Program and CDSBC Fund is an economic development program as described in Proposition I.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City Council authorizes the establishment and administration of the City of Dallas Small Business Continuity (CDSBC) Program, attached hereto as **Exhibit A**, pursuant to Chapter 380 of the Texas Local Government Code to make conditional grants to small businesses impacted by the COVID-19 Pandemic, thereby promoting local economic development by maintaining operations and retaining employment by small business in the City.

SECTION 2. That the City Manager is authorized to amend the existing management agreement at no cost with Dallas Development Fund (DDF) a Community Development Entity (CDE) to administer the CDSBC Program including underwriting the grant agreements and disbursing the CDSBC Fund of \$3.5M to small businesses pursuant to

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the CDSBC Program requirements, attached hereto as **Exhibit A**.

SECTION 3. That DDF shall execute and administer grant agreements and disburse grant funds to qualified small businesses to maintain operations and retain jobs in accordance with the underwriting requirements and eligibility criteria outlined in the CDSBC Program and the economic development programs requirements in 2017 General Obligation Bond Proposition I.

SECTION 4. That the City Manager is hereby authorized to increase appropriations in an amount not to exceed \$3,500,000.00 in ECO (I) Fund, Fund 1V52, Department ECO, Unit VI23, Activity ECNR, Program: EC17VI, Object 3016 for the 2017 Bond Funds associated with the conditional grant agreement and as specified in Section 2 of this resolution.

SECTION 5. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

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City of Dallas Small Business Continuity Fund

DRAFT Program Statement

PURPOSE

The City hereby establishes and provides for the administration of the City of Dallas Small Business Continuity (CDSBC) Program to promote local economic development by maintaining small business operations and retaining employment within the City, in conformance with Chapter 380 of the Texas Local Government Code. The purpose of the Fund is to support eligible small businesses that are impacted by the COVID-19 Pandemic. The Fund will be administered by the Office of Economic Development or through selection of a third-party financial administrator.

FUNDING

The initial funding shall be \$3.5 Million in 2017 general obligation bond funds from Proposition I (CDSBC Fund). The CDSBC Funds may be awarded to a third-party financial administrator who will process grant applications, underwrite and administer the grant agreements and disburse the CDSBC Funds to eligible small businesses pursuant to the eligibility criteria outlined herein. Additional funds, including general funds, may be added at the sole discretion of the City Council. Additional outside funds as provided by private sector partners may also be added by donation to the City or by donation to the third-party financial administrator on behalf of the City. Council finds that the CDSBC Fund satisfies the purpose of Proposition I, which authorized bonds for “the purpose of providing funds for promoting economic development throughout the city” and “through the city's programs for economic development and housing including [...] making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development.”

BUSINESS ELIGIBILITY

For purposes of this program statement, eligible small businesses are those businesses that (i) are located in the City of Dallas, (ii) are restaurants, bars, lounges, taverns, private clubs, gyms, health studios, theaters, commercial amusement facilities or other impacted retail establishments, (iii) employ less than 50 employees, (iv) have been open and continuously operating in the City of Dallas for at least six months prior to March 16, 2020, and (v) can demonstrate a financial loss and inability to meet payroll that is related to the COVID-19 Pandemic.

Eligible businesses may receive a grant of CDSBC Funds in an amount equal to the lessor of (i) \$10,000 or (ii) the company's average monthly payroll total for the previous three months, multiplied by two. The eligible business must execute a grant agreement with the city or the city's CDSBC administrator to secure the grantees' commitment to job retention in consideration for the grant. The amount of the grant may be reduced if the grantee is able to get assistance from other sources including state or federal disaster relief or if the grantee or grantees' employees are able to receive Texas Workforce Commission benefits directly or if the grantee is eligible to receive insurance proceeds for their losses. The public purpose of the grant shall be to maintain business operations or retain jobs despite business interruption caused by the COVID-19 Pandemic. Grantees shall execute a grant agreement committing the Grantee to retain 80%

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of jobs held on February 29 as documented in the application in consideration of the grant funds and provide the City with documentation showing that the Grantee maintained certain employment levels at least six months after the date of payment of the financial assistance. No more than one grant payment will be made per business.

Complete applications will be processed on a first-come, first-served basis. Incomplete applications will be rejected. Eligibility for the grant and execution of the grant agreement will include review of the application and supporting documentation including but not limited to:

1. Confirmation that business is engaged in activities that are regulated by the City of Dallas and contains appropriate licenses and permits to operate in the City.
2. Verification that entity is registered with Secretary of State as a valid business
3. Documentation that revenue has declined by 25% or more as a result of the COVID-19 crisis.
4. Completed and signed IRS W-9 Form
5. Documentation to verify the economic hardship suffered as a result of the COVID-19; including tax returns, financial statements, and other financial and employment data.

A copy of the application is attached as reference; the City or third-party administrator reserve the right to make changes to the application.

Grants shall not be awarded to persons or entities who have outstanding city liens or tax liens, who are party to a lawsuit against the City, who are currently in default under any other agreement with the City, or who have in the previous 5 years been party to a contract with the City that was terminated due to default.