

Watertown Economic Development Authority

September 24, 2020

Agenda Item: Coronavirus Relief Grant Disbursement**Request for Action: Adopt Resolution #2020-07EDA, Authorizing Coronavirus Relief Grant Disbursements and Agreement Execution****Department: Shane Fineran, City Administrator****Background:**

In August the Economic Development Authority developed three grant programs with the goal to aid businesses impacted by the COVID-19 pandemic.

The Coronavirus Relief Grant program provides up to \$5,000 in grant funds to support businesses in adapting and mitigating the virus and could be used for building improvements and furnishings, personal protective equipment, sanitizing supplies, training, printing and advertising, or other extraordinary costs such as revenue reduction. A total of \$150,000 was made available for the program.

The application period for this grant program ran for a two-week period between August 24th and September 4th. Information about the program was shared via direct mail, website, social media, press release, and partnership with the Watertown Area Chamber of Commerce.

At the application deadline a total of 10 applications have been received from the following businesses:

Business	
Oakwood Insurance	\$4,791.17
Mario's Italian Kitchen	\$5,000.00
The Cookie Store	\$5,000.00
R&Bs Ruby's Inc.	\$5,000.00
Luce Line Lodge	\$5,000.00
Watertown Subway	\$5,000.00
Mercantile 141	\$5,000.00
Laurie's of Watertown	\$5,000.00
Legends on Main	\$5,000.00
Chiropractic Specialists of Watertown	\$5,000.00

Staff has reviewed all applications and materials submitted and have deemed them all complete and eligible under the parameters of the program.

A grant agreement has been prepared by legal counsel to formalize the grant disbursement, claw back provisions for unspent funds, and reporting requirements. The approving resolution authorizes the EDA president and Executive Director to execute grant agreements with eligible applicants.

Funding Source:

Coronavirus Relief Funds

Attachments:

Grant Application

Grant Agreement

Resolution #2020-07EDA

WATERTOWN ECONOMIC DEVELOPMENT AUTHORITY BUSINESS CORONAVIRUS RELIEF GRANT

PURPOSE:

The City has determined that the encouragement and the financial support of economic development and redevelopment in the City is vital to the orderly development and financing of the City and in the best interests of the health, safety, prosperity and general welfare of the citizens of the City. The City Council established its Economic Development Authority to address economic development and redevelopment issues facing the community. In 2020, the critical economic development issue is the impacts of the Coronavirus on the local economy.

In March 2020, the World Health Organization declared the worldwide outbreak of COVID-19 coronavirus to be a pandemic (the "Pandemic" or "COVID-19" or "virus"). The Governor of Minnesota has issued a series of executive orders to help limit the spread of COVID-19, including declaring a peacetime public emergency, directing the closure of all schools, and ordering the closure of bars, restaurants and other places of public accommodation (the "Executive Orders"). The U.S. Center for Disease Control and Prevention (the "CDC") has issued a series of directives to limit personal interaction to slow the spread of COVID-19. These actions have had significant adverse effects on local businesses, including closure, significant reduction in revenues, and loss of employees. The continuation of these events will have devastating short- term and long-term effects on the well-being of the community.

After evaluating alternative means of assistance to help local businesses adapt business practices to protect the health of customers and employees and thereby establishing the means for successful operation, the City has determined that this assistance conforms with federal law, Department of Treasury guidance, and state law governing business subsidies and advances the general health, safety and welfare of the community as a whole.

PROGRAM DESCRIPTION

Qualifying City of Watertown businesses eligible to receive a grant in an amount not to exceed \$5,000 to pay for changes in business practices for customer and employee safety due to COVID-19. The total amount of grant funds available is \$150,000.

ELIGIBLE ACTIVITIES

The grant may only be used for costs directly related to activities needed to adapt the business to operations related to COVID-19. Eligible activities include:

- Building improvements, equipment and furnishings
- Personal protective equipment
- Sanitizing supplies
- Signage
- Employee training
- Printing
- Advertising
- Supplies needed to restart operations
- Other extraordinary costs directly related to COVID-19 – such as loss in revenue due to social distancing, mandated closures, etc.

Grant funds may be used to reimburse for expenditures made for eligible activities after March 1, 2020 and prior to the receipt of the grant if used for approved costs and can be documented.

Grant funds may be used to pay for regular business expense including payroll, rent, or to supplement lost revenue due to closures and or reduced operations to support social distancing. The grant cannot be used to pay taxes or utilities due to the City (see Pandemic Business Rebate program for utility or license fee assistance). The grant application must include a description of the plan for operating under the restrictions of COVID-19, the proposed use of grant funds and the relationship to COVID-19.

Documentation of expenses requested for reimbursement must accompany the application if already incurred. In submitting the application, the business will commit to using the grant funds only for these approved uses. Grant funds awarded shall not be used to pay expenses that have been paid for with other state or federal sources.

The City Council or City EDA will make the final determination of eligibility and the amount of the requested grant to approve.

ELIGIBLE BUSINESSES

Businesses that meet the following criteria are eligible to submit grant applications:

1. The business must be in operation at the current location within the City at the time of application and have been operating since at least January 1, 2020.
2. Eligible businesses must be within the city limits of Watertown and in commercial or industrial zoned districts or allowed by conditional use permit as defined by the City's approved Land Use Map.
3. The business must be registered with the Minnesota Secretary of State unless it is a sole proprietorship or partnership that is not required to file with the Secretary of State's Office to do business in Minnesota.
3. The business cannot be delinquent on any fees or charges with the City.
5. The grant application must be signed by the business owner.

INELIGIBLE BUSINESSES

1. Non-profit or religious organizations.
2. Corporate or multi-state chains. Franchisees are considered eligible businesses.
3. Businesses in default conditions prior to March 1, 2020.
4. Businesses that primarily derive income from any of the following: passive investment, real estate transactions, property rentals/property management.

APPLICATION

Applications will be accepting during a two-week period beginning August 24, 2020 and ending September 4, 2020. If applications exceed the funding available, the grant administrator will select loan recipients using a lottery system. Failure to submit required documentation will result in ineligibility for the grant award. Notices of award will be made the week of September 21, 2020.

AGREEMENT AND REPORTING

Upon acceptance of the application and notice of award of grant funds, the business will enter into a grant agreement with the Watertown Economic Development Authority prior to the disbursement of funds.

Grant recipients must agree to complete and submit a Grant Report Form provided by the City. The report will include documentation of activities paid for with grant funds and a description of how these activities affected operations and the response to COVID-19.

TAX IMPLICATIONS

The City of Watertown or the Economic Development Authority makes no claims or can offer any tax advice on how grant funds will be recognized or treated by others. Applicants are encouraged to speak to an accountant, attorney, or other trusted advisor as to these effects.

BUSINESS INFORMATION

Legal Business Name: State Tax ID:
Federal EIN:

Individual Corporation Partnership LLC Other:

Physical Address: City State Zip

Mailing Address: City State Zip

BUSINESS OWNER(S) INFORMATION

Owner 1 Full Name:

Address: City State Zip

Work Phone: Home Phone: Cell Phone:

Owner 2 Full Name:

Address: City State Zip

Work Phone: Home Phone: Cell Phone:

If there are more than 2 owners attach an additional sheet.

- 1) Amount Requested (cannot exceed \$5,000): _____
- 2) Has your business been in operation since January 1, 2020? _____
- 3) When did you open your business? Date: _____
- 4) Do you own other businesses in the City of Watertown? If so, please list.
- 5) Did your business revenue between March 1, 2020 and May 31, 2020 decline by 10% or more as a result of COVID-19 compared to the same period in 2019?
- Yes
- No
- Applicant should submit documentation that best demonstrates the impact and is deemed acceptable to the fund administrator. Examples of acceptable documentation include Sales Tax Reports, Period Statements from 3rd party Sales Platforms, Merchant Services Statements, and Point of Sale or Register Reports.*

- 6) What was your total business revenue for the following ranges of dates?

Total revenue: March 1 to May 31 in 2019: _____

Total revenue: March 1 to May 31 in 2020: _____

- 7) Did your business take any of these measures as a result of COVID-19? Select all that apply.
- Reduced hours for staff on payroll
- Permitted staff to volunteer to take unpaid leave (rather than layoffs, furloughs, etc.)
- Staff reassignments (e.g. by role, by business location, etc.)
- Staff furloughs
- Staff layoffs
- Other, please describe: _____

- 8) How many people were employed on March 1, and how many are currently employed (on date of application), at your business?

March 1, 2020 Part-time employees: _____

March 1, 2020 Full-time employees: _____

Current Part-time employees: _____

Current Full-time employees: _____

9) Did your business experience any of these impacts as a result of Executive Orders related to COVID-19? *Select all that apply.*

Business was directly restricted from operating, in whole or part, by an Executive Order.

Employees were restricted from working by an Executive Order.

Customers and/or revenue decreased related to activities restricted by an Executive Order.

Other impacts, please describe _____

10) What is your current permitted business operating capacity?

No restrictions

50% or lower share of normal capacity. Some revenue, some hours, some employees at work.

0% of normal capacity, Not operating, no revenue, no hours, no employees at work.

11) How has COVID-19 financially affected your business? Please include information on current operations.

12) For what purpose(s) will these funds be used?

Eligible Activities	Estimated Cost	Source of Estimate
Building improvements, equipment and furnishings.		
Personal protective equipment (PPE)		
Sanitizing supplies		
Employee training		
Interior signage		
Advertising		

Printing		
Supplies needed to restart operations		
Other extraordinary costs directly related to COVID-19		

13) What is your main industry

- Arts, entertainment, recreation
- Accommodation, food services
- Construction
- Education, related support services
- Finance, real estate
- Healthcare, social services (includes childcare)
- Manufacturing
- Professional services
- Personal services
- Retail
- Other services, please specify: _____
- Other industry, please specify: _____

Include the following attachments:

- A copy of your COVID-19 Preparedness Plan
- Proof you own or lease the space your business is located in.
- Other supporting documentation you wish to provide to the EDA to assist in understanding the applicant's situation.

Signature page to follow

STATEMENT OF UNDERSTANDING AND AUTHORIZATION FOR RELEASE OF INFORMATION

I declare that the information provided in this application and on the accompanying exhibits is true and complete to the best of my knowledge. By submitting this application, I acknowledge that an approved application is subject to State and Federal data practices information laws, and I am bound to comply with the guidelines of the Business Relief Grant. Falsifying information or failure to comply with these guidelines will result in immediate repayment of grant funds to the City of Watertown Economic Development Authority (EDA). The EDA and its staff have the right to verify any information contained in this application.

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Signature: _____ Date: _____

Printed Name: _____

Title: _____

**WATERTOWN ECONOMIC DEVELOPMENT AUTHORITY
BUSINESS CORONAVIRUS RELIEF
GRANT AGREEMENT**

THIS AGREEMENT made and entered into by and between the CITY OF WATERTOWN ECONOMIC DEVELOPMENT AUTHORITY, 309 Lewis Avenue South, a public body corporate and political subdivision of the State of Minnesota (“Grantor”) and _____, _____ (“Grantee”).

WHEREAS, on August 4, 2020, the Watertown Economic Development Authority (“EDA”) approved Resolution 2020-05EDA, which authorized the Business Coronavirus Relief Grant (“BCRG”) program; and

WHEREAS, the BCRG program is designed to support local businesses in adapting their business operations to the COVID-19 pandemic for certain eligible activities; and

WHEREAS, upon application, qualifying businesses are eligible to receive grants in an amount not to exceed \$5,000 (“BCRG Funds”); and

WHEREAS, Grantor applied for BCRG Funds by application attached as **Exhibit 1** (“Application”), for certain eligible activities specifically identified on **Exhibit 2** (“Grant Activities”); and

WHEREAS, in consideration of and in order to receive BCRG Funds, the Grantee agrees to the requirements and conditions of this Agreement.

NOW, THEREFORE, the parties do hereby agree as follows:

1. **RECITALS**

The above recitals are hereby incorporated as if fully stated herein.

2. **DISBURSEMENT OF BCRG FUNDS**

Upon execution of this Agreement, the Grantor agrees to provide the Grantee with BCRG Funds in the amount of \$_____, to enable the Grantee to carry out its Grant Activities, as described in Exhibit 2.

3. **SCOPE OF GRANT**

3.1. The Grantee shall be disbursed BCRG Funds to perform the Grant Activities, subject to the requirements of this Agreement.

- 3.2. The Grantee shall take all necessary actions to comply this Agreement and to comply with any requests by the Grantor with respect to the implementation of this Agreement.
- 3.3. Grantee commits to using BCRG Funds for the eligible Grant Activities. BCRG Funds shall not be used to pay expenses that have been paid for with other state or federal sources.
- 3.4. At the request of the Grantor, on a form to be provided, the Grantee shall submit a schedule, corresponding to the term of this Agreement, showing milestones for Grant Activity implementation and timely expenditure of funds and will provide other information as requested to assure timely use of the BCRG Funds and compliance with Grantor's reporting requirements.

4. **INDEMNITY**

- 4.1. The Grantee does hereby agree to defend, indemnify, and hold harmless the Grantor and the City of Watertown ("City"), their elected officials, officers, agents, volunteers and employees from and against all costs, expenses, claims, suits, or judgments arising from or growing out of any injuries, loss or damage sustained by any person or corporation, including employees of Grantee and property of Grantee, which are caused by or sustained in connection with the tasks carried out by the Grantee under this Agreement.
- 4.2. This section shall in no way be intended by the parties hereto as a waiver of the liability limits specified in Minn. Stat. § 466.04, as amended.

5. **DATA PRIVACY**

The Grantee agrees to abide by the provisions of the Minnesota Government Data Practices Act (Minn. Stat. § 13.01 *et seq*) and all other applicable state and federal laws, rules, and regulations relating to data privacy or confidentiality. The Grantee agrees to defend, indemnify and hold the Grantor and the City, their elected officials, officers, agents, volunteers and employees harmless from any claims resulting from the Grantee's unlawful disclosure and/or use of such protected data.

6. **SUSPENSION OR TERMINATION**

- 6.1 If the Grantee materially fails to comply with any term of this Agreement or so fails to use the BCRG Funds for Grant Activities, this shall constitute noncompliance and default. Unless the Grantee's default is excused by the Grantor, the Grantor may immediately cancel this Agreement in its entirety.
- 6.2 Any representation or warranty made by the Grantee in association with this Agreement or any other document referred to in this Agreement, or any documentation or report furnished pursuant to this Agreement, or any

representation or warranty made in order to induce the Grantor to approve the BCRG Funds or disburse the BCRG Funds, which proves to be untrue in any material respect or materially misleading of the time such representation or warranty was made, shall constitute a default of this Agreement. Unless the Grantee's default is excused by the Grantor, the Grantor may immediately cancel this Agreement in its entirety. If Grantor determines that Grantee has made a material misrepresentation in its application, including but not limited to its eligibility for BCRG Funds, the Grantor reserves the right to recover from the Grantee such disallowed expenditures.

- 6.3 The Grantor's failure to insist upon strict performance of any provision or to exercise any right under this Agreement shall not be deemed a relinquishment or waiver of the same. Such consent shall not constitute a general waiver or relinquishment throughout the entire term of the Agreement.
- 6.4 BCRG funds allocated to the Grantee under this Agreement may not be obligated or expended by the Grantee following such date of termination. Any funds allocated to the Grantee under this Agreement which remain unobligated or unspent following such date of termination shall automatically revert to the Grantor.

7. **TIME IS OF THE ESSENCE/REVERSION OF ASSETS**

Time is of the essence of the performance of the terms and conditions of this Agreement. Grantee must expend all BCRG Funds by November 1, 2020. After expiration of the November 1, 2020, deadline the Grantee shall transfer to the Recipient any BCRG Funds on hand or in accounts receivable.

8. **IMPLEMENTATION**

The Grantee shall be responsible for procurement of all supplies, equipment, services, and construction necessary for implementation of its Grant Activities.

9. **AFFIRMATIVE ACTION AND EQUAL OPPORTUNITY**

- 9.1 During the performance of this Agreement, the Grantee agrees to the following: In accordance with the Minnesota Human Rights Act, no person shall be excluded from full employment rights or participation in, or the benefits of, any program, service or activity on the grounds of race, color, creed, religion, age, sex, disability, gender, gender-identity, marital status, sexual orientation, public assistance status, or national origin; and no person who is protected by applicable federal or state laws against discrimination shall be otherwise subjected to discrimination.
- 9.2 The Grantee shall furnish all information and reports required to comply with all applicable state and federal laws, rules, and regulations pertaining to discrimination and equal opportunity.

10. **RECORD-KEEPING/GRANT REPORT**

10.1 The Grantee shall maintain records of the receipt and expenditure of all BCRG Funds. Such accounts and records shall be kept and maintained by the Grantee for a period of six (6) years following the execution of this Agreement. All records shall be made available upon request of the Grantor or the City for inspection/s and audit/s by the Grantor, the City, or its representatives. If a financial audit/s determines that the Grantee has improperly expended BCRG Funds, resulting in the Grantor disallowing such expenditures, the Grantor reserves the right to recover from the Grantee such disallowed expenditures.

10.2 Grantee must complete and submit a Grant Report Form provided by Grantor by November 30, 2020.

11. **ACCESS TO RECORDS**

The Grantor shall have authority to review any and all procedures and all materials, notices, documents, etc., prepared by the Grantee in implementation of this Agreement, and the Grantee agrees to provide all information required by any person authorized by the Grantor to request such information from the Grantee for the purpose of reviewing the same.

12. **NOTICE**

Any receipts, reports and correspondence submitted to the Grantor pursuant to this Agreement shall be directed to:

City of Watertown/EDA
Attn: City Administrator
309 Lewis Avenue S.
Watertown, MN 55388

Any notice, demand, or other communication under the Agreement to the Grantor shall be sufficiently given if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to Grantor at the at the address above. Mailed notices shall be deemed duly delivered two (2) business days after the date of mailing.

Any notice, demand, or other communication under the Agreement to the Grantee shall be sufficiently given if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally to Grantor at the at the address below. Mailed notices shall be deemed duly delivered two (2) business days after the date of mailing.

[Grantee address]

13. **WARRANTY OF LEGAL CAPACITY**

The individuals signing this Agreement on behalf of the Grantor and on behalf of the Grantee represent and warrant on the Grantor and Grantee's behalf respectively that the individuals are duly authorized to execute this Agreement on the Grantor's and Grantee's behalf, respectively and that this Agreement constitutes the Grantors' and Grantee's valid, binding and enforceable agreement.

14. **INDEPENDENT CONTRACTOR**

At all times and for all purposes herein, the Grantee is an independent contractor and not an employee of the Grantor. No statement herein shall be construed so as to find the Grantee an employee of the Grantor.

15. **DAMAGES**

In the event of a breach of this Agreement by the Grantor, Grantee shall not be entitled to recover punitive, special or consequential damages or damages for loss of business

16. **GOVERNING LAW**

This Agreement shall be controlled by the laws of the State of Minnesota.

17. **AMENDMENTS TO AGREEMENT**

Any material alterations, variations, modifications or waivers of provisions of this Agreement shall only be valid when reduced to writing as an Amendment to this Agreement signed, approved and properly executed by the authorized representatives of the parties.

18. **SEVERABILITY**

The provisions of this Agreement are severable. If any portion hereof is, for any reason, held by a court of competent jurisdiction to be contrary to law, such decision shall not affect the remaining provisions of this Agreement.

19. **ENTIRE AGREEMENT**

The entire agreement of the parties is contained herein. This Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous agreements presently in effect between the parties relating to the subject matter hereof. Any alterations, amendments, deletions, or waivers of the provisions of this Agreement shall be valid only when expressed in writing and duly signed by the parties, unless otherwise provided herein.

20. **COUNTERPARTS**

This Agreement may be executed in multiple counterparts, and all such executed counterparts shall constitute the same Agreement.

GRANTOR EXECUTION

Date:

CITY OF WATERTOWN ECONOMIC
DEVELOPMENT AUTHORITY

By: _____

By: _____

Its: _____

Its: _____

STATE OF MINNESOTA)

) ss.

COUNTY OF CARVER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by _____ and _____, the _____ and the _____ of _____, a Minnesota _____ on behalf of said _____.

Notary Public

GRANTEE EXECUTION

Grantee, having signed this Agreement, and pursuant to such approval and the proper officials having signed this Agreement, Grantee agrees to be bound by the provisions of this Agreement.

Date: _____

GRANTEE:

By: _____ By: _____

Its: _____ Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF CARVER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by _____ and _____, the _____ and the _____ of _____, a Minnesota _____ on behalf of said _____.

Notary Public
My Commission Expires _____

EXHIBIT 1
GRANT ACTIVITIES

EXHIBIT 2

GRANT ELIGIBILITY ACTIVITIES

**CITY OF WATERTOWN
ECONOMIC DEVELOPMENT AUTHORITY**

RESOLUTION NO. 2020-07EDA

RESOLUTION APPROVING CORONAVIRUS RELIEF GRANT DISBURSEMENT

WHEREAS, the COVID-19 pandemic is a novel public health emergency that has resulted in unprecedented state and local response; and

WHEREAS, via Resolution #2020-05 the Watertown Economic Development Authority (“the EDA”) created the Coronavirus Relief Grant program; and

WHEREAS, the EDA has received application from the following business for program funds to support eligible expenses in their business; and

Oakwood Insurance	\$4,791.17
Mario's Italian Kitchen	\$5,000.00
The Cookie Store	\$5,000.00
R&Bs Rubys Inc.	\$5,000.00
Luce Line Lodge	\$5,000.00
Watertown Subway	\$2,482.00
Mercantile 141	\$5,000.00
Lauries of Watertown	\$5,000.00
Legends on Main	\$5,000.00
Chiropractic Specialists of Watertown	\$5,000.00

WHEREAS, the EDA finds that the investment was made during the eligible period for expenses under disbursement of the Coronavirus Relief Funds distributed to the City of Watertown and directed by the City Council for use in providing support to local businesses; and

WHEREAS, the EDA President and Executive Director are authorized to enter into grant agreements with the noted businesses; and

NOW THEREFORE BE IT RESOLVED, the Watertown Economic Development Authority approves the disbursement of program funds under the Coronavirus Relief Grant program to the noted businesses.

Adopted by the Economic Development Authority of the City of Watertown this 24th day of September 2020.

Signature page to follow

Ken Grotbo, President

ATTEST:

Lynn Tschudi, Secretary