



# CITY OF MCKINNEY, TEXAS

## Legislation Details (With Text)

**File #:** 20-0487 **Name:** O.P.E.N. Business Grant Program  
**Type:** Agenda Item **Status:** Agenda Ready  
**In control:** City Council Work Session  
**On agenda:** 6/16/2020 **Final action:**  
**Title:** Presentation on the Tri-City Collin County Operational Plan for Economic Normalization (O.P.E.N.) Business Grant Program (Collin County CARES Act Funding).  
**Indexes:**  
**Attachments:** 1. Presentation

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Presentation on the Tri-City Collin County Operational Plan for Economic Normalization (O.P.E.N.) Business Grant Program (Collin County CARES Act Funding).

**COUNCIL GOAL:** Direction for Strategic & Economic Growth

**MEETING DATE:** June 16, 2020

**DEPARTMENTS:** City Manager's Office  
McKinney Economic Development Corporation (MEDC)

**CONTACT:** Kim Flom, Assistant City Manager  
Peter Tokar, MEDC President & CEO

### ITEM SUMMARY:

- The City of McKinney has been working with Allen and Frisco in the development of a shared business grant program to utilize a portion of the Collin County CARES Act Direct Allocation.

### BACKGROUND INFORMATION:

- Collin County received \$171.4M in CARES Act Funding from the Department of the Treasury to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency.
  - \$50M Direct Cost Program allocated to cities based on Census population from COVID related costs (\$10,098,347.55 allocated to McKinney).
  - \$45M - Emergency Housing and Living Program for the entire County, distributed through the cities of McKinney, Plano, Frisco and Allen (\$30M initial funding with \$15M in reserve). Currently being administered through the EHLA Program.
  - \$5M for COVID 19 testing for uninsured residents of the County
  - \$71.4M Unallocated by the County
- On May 19, the Council approved an Interlocal Agreement with Collin County to provide the

framework for the distribution of CARES Act Funding (Direct Cost Program \$10M), from the Department of the Treasury, through Collin County, to the City of McKinney.

- CARES Act Direct Allocation funds can be used for economic support to those suffering from business interruption due to COVID-19 related business closures.
- The City and MEDC have been working with Frisco and Allen in order to develop a tri-city approach, titled O.P.E.N., across the three communities.
- A shared approach has the following benefits:
  - Pooled funds leverage the ability to select a qualified third-party administrator utilizing reasonable administration fees.
  - Owners of businesses with locations in several communities will not have to work through several different application types.
  - Collaborative effort shortens the deployment schedule of the grant program.
  - Unified program presents a shared approach in using the same source of federal funds, which may be beneficial in the event of future review or audit.
- O.P.E.N. parameters are still under final review, but include:
- McKinney proposed maximum grant: Full Closure = \$25,000. Partial Closure = \$18,750. Allen proposed maximum grant = \$25,000. Frisco proposed maximum grant = \$50,000.
- Staff proposes allocating \$3,000,000 to \$5,000,000 of CARES Act Direct Allocation funding for this program. At that range, the O.P.E.N. program could fund up to 160 to 200 businesses at the maximum grant allocation of \$25,000.
- Award based on review and confirmation of eligible expenses:
  - Payroll
  - Contract Labor
  - Supplier Payments
  - Rent, lease, mortgage interest payments (principal payments are not eligible expenses)
  - Insurance
  - New or expanded technology applications/Wi-fi
  - Utility payments for business properties
  - Critical business operation costs
  - PPE and sanitation supplies/equipment
  - Interest on other business debt obligation
- Eligible businesses:
  - Must have endured a full or partial closure due to COVID-19.
  - 100 or fewer employees per business location.
  - No more than \$10 Million in Gross Annual Revenue per business location.
  - Must submit required business documentation.
- Ineligible businesses:
  - Non-Profits

- Non-Storefront & Home-Based Businesses
  - Sexually/Adult-Oriented Businesses
  - Professional Services deemed essential by local/state government
  - Lobbying organizations and political organizations subject to Internal Revenue Code 527
  - Gambling- related Businesses, including casinos, racing operations or other activities whose purpose involves gambling
  - Any businesses engaged in illegal activities under federal, state or local laws
  - Any business that is otherwise prohibited by federal or Texas law
  - Any business that is ineligible or precluded to receive federal or State of Texas funding under federal law (including but not limited to the CARES Act) or Texas law
  - Multi-level marketing concerns
  - Governmental/taxing agencies/departments
  - Businesses in default or arrearage on past or current federal or state financing or funding programs.
  - Businesses involved or affiliated with personal or corporate indictment, arraignment or conviction of criminal offenses.
- Timing: If approved, the grant application window is anticipated to open sometime in July.
  - Administration: A third-party administrator (TPA) is proposed to create the application, conduct reviews and issue payment. Administrative fees are not anticipated to exceed 10%.
  - The tri-city team continues to work through some of the details of the guidelines. Any changes proposed will be shared verbally with Council at work session.

**FINANCIAL SUMMARY:**

- As proposed, this program would utilize between \$3,000,000 to \$5,000,000, approximately 30%-50% of the Direct Cost Program allocation of CARES Act funding from Collin County.

**BOARD OR COMMISSION RECOMMENDATION:**

- N/A