



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 20-0487, **Version:** 1

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