

**MINUTES OF THE TOWN OF FLORENCE COUNCIL WORK SESSION HELD ON MONDAY, AUGUST 31, 2020, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.**

**SPECIAL NOTICE REGARDING PUBLIC MEETINGS**

*Due to the risks to public health caused by the possible spread of the COVID-19 virus at public gatherings, the Town of Florence has determined that public meetings will be indefinitely held through technological means. Meetings will be open to the public through technological means. In reliance on, and in compliance with, the March 13, 2020 Opinion issued by Attorney General Mark Brnovich, and in conjunction with the Emergency Proclamation signed by Mayor Tara Walter, on March 18, 2020. The Town of Florence provides this special advance notice of the technological means through which public meetings may be accessed. While this special notice is in effect, public comment at meetings will only be accepted through written submissions, which may or may not be read aloud during meetings.*

**CALL TO ORDER**

Mayor Walter called the meeting to order at 6:00 pm.

**ROLL CALL:**

Present: Tara Walter, John Anderson, Karen Wall, Michelle Cordes, Judy Hughes  
Absent: Kristen Larsen

**WORK SESSION ON THE CARES ACT FUNDING.**

Mayor Walter stated that due to the economic downturn as a result of the COVID-19 pandemic, Town Council has challenged Town staff to propose a program whereby funds can be invigorated into the local economy. The proposal before the Council is a result of the suggestions received from our business community, those gathered by the Chamber of Commerce, and has been framed by discussions that staff has had with Council in the recent past, including the Work Session held on August 10, 2020.

Mayor Walter stated that the Returning Stronger Grants are the resulting plan that will be discussed at this work session. The grants reimburse businesses for their assistance in protecting public health during the COVID-19 pandemic. Eligible businesses, non-profits, and foodbanks will be able to receive reimbursements for the public health measures that they implemented. This program would provide community funding of up to \$500,000 for Personal Protection Equipment (PPE) and physical equipment costs that enhance the safety of visitors and staff of their Florence-based business, including home-based businesses or non-profit. Brick-and-mortar businesses would also be eligible for a reimbursement for rent, mortgage, water, sewer, and electrical utility costs in the months of March, April, and May, as these utilities further promoted the health and safety of the general public and workforce. Each business would be eligible for up to \$10,000 reimbursement between the differing types of public health expenses (PPE, foodbank reimbursements, and rent/utilities). Funding would be on a first-come-first-served basis, until the maximum amount of \$500,000 is reached.

Mayor Walter stated that in Florence, 63 small businesses have already received Payroll Protection Program forgivable loans of up to \$150,000, and one Florence business received a loan of between \$150,000 and \$300,000. These businesses range from non-profit organizations to LLCs and independent contractors to self-employed businesses. Staff does not have the data on how many may have also applied for or received Economic Injury Disaster Loans or other Small Business Administration (SBA) grants/loans. Applicants will be required to sign an affidavit certifying that they have not received other federal funds to cover the costs for which they are requesting reimbursement.

Mayor Walter stated that businesses would have until October 31, 2020 to apply to the Town for reimbursement of these expenses. An application will be developed, and businesses will submit receipts and a completed and signed application, including the affidavit. Applications would be reviewed by an internal Audit Panel, selected by the Town Manager. This panel exists simply to ensure that applications are complete, and that they meet program criteria. As applications are approved, the team will forward recommendations to the Town Council at the next available regular council meeting.

Mayor Walter stated that staff recommends that the Florence Returning Stronger grant provide up to \$500,000 to local small businesses, reimbursing successful recipients for costs associated with improving public health.

Mr. Benjamin Bitter, intergovernmental and Communications Manager/PIO, stated that staff has tried to come up with a program or plan that would provide money to local businesses in a way that is legal, easy to apply for and would provide the maximum amount of money going into the local economy. Staff has developed a program and has discussed this with the Budget Committee and each Councilmember.

Mr. Bitter provided an overview of the Returning Stronger Grant Program, Helping Florence Businesses Improve Public Health, which entailed the following:

- AZCARES Fund
  - Florence was allocated \$3.1M from the Governor's AZCARES Fund.
  - These funds are meant to cover the costs of Public Safety response to the COVID-19 pandemic.
    - Has covered the costs for last fiscal year and will cover the cost for this fiscal year.
  - To receive the funds, we submitted payroll costs/projections from March 1st, 2020 through December 31st, 2020.
  - The town's public safety expenses during this time justified the \$3.1M reimbursement into the General Fund.
- Local Economic Support
  - In light of the heavy economic toll this pandemic has had on local businesses, Council asked Staff to propose a program to infuse money into the local economy.
  - The Returning Stronger Grant Program is a combination of Council feedback, local business feedback, best practices, and legal safeguards that will allow the Town to reimburse businesses for the measures they have undertaken to assist the Town in fulfilling its role to protect public health.
- Comments from the Chamber
  - Improve the County-owned lot on North Main with benches and semi-permanent structures to facilitate a farmer's market or similar.

- Invest an amount into the Rodeo Grounds to bring it back to something that people want to come to rather [than] a last resort.
  - Condemn those buildings that pose a risk to the health and welfare of our citizens and restore or at least stabilize.
  - Hire or set up a temporary SBDC office in Florence, perhaps coordinate with Chamber for a specific dedicated person working with only Florence businesses to maximize grant/loan assistance and info.
  - I would suggest supporting any existing businesses that have the need, then have the town target one of the old Main Street building(s) that needs the least amount of work needed. Use the funds to assist the owner bring it up to code.
  - On the question posed on disbursement, I would suggest the Sheriff's Posse & the American Legion are ideal candidates. Both only exist to serve the town and residents with no financial gain. The cancellation and/or delay of events for non-profits hits them, and subsequently the community at large, especially hard.
  - Additional Fire Station at Arizona Farms Road and Felix Road
  - New Town Indoor Gym & Fitness Center.
  - I'd like to see the bricks and mortar businesses that were mandated to shut down be compensated for the weeks they were shut down. Maybe 1k per week to the business itself and x amount of dollars per employee. Maybe compensate all brick and mortar businesses during the shutdown but help the ones that were mandated to shut down the most. Business is still very weak in town, maybe that issue needs to be addressed as well? Another type of food bank for the residents that were affected financially by the shutdown. Purchase masks and hand sanitizer for all brick and mortar businesses to hand out to customers to use.
  - Offer [COVID-19]testing, thermometers, and masks free to the small business in the community.
  - How about providing cotton masks for every store to hand out and a bottle of hand sanitizer for each business?
  - Some of the projects suggested are long term projects that are capital projects.
- Other Communities
- Looked at allocations received from the State
  - Looked at how much they distributed to the community at large
  - Many communities received double than what the Town received, yet the Town will be distributing the same amount to the community
    - Town wants to be as flexible as possible while still complying with the legal constraints outlined.
  - The average amount being disbursed is 14%; the Town is disbursing 16%

City	County	Allocation	Amount to Community	% to businesses	Amount reserved	% reserved	Amount for internal use	% for internal use	Documentation?
Pinal County	Pinal	\$ 27,170,006	\$ 5,400,000	20%		0%	\$ 21,770,006	80%	App., Criteria
Apache Junction*	Pinal/Maricopa	\$ 4,887,430	\$ 1,221,858	25%		0%	\$ 3,665,573	75%	App., Criteria
Casa Grande	Pinal	\$ 6,731,338	\$ 999,350	15%	\$ 4,531,988	67%	\$ 1,200,000	18%	App., Criteria
Coolidge	Pinal	\$ 1,507,410	\$ -	0%	\$ -	0%	\$ 1,507,410	100%	n/a
Eloy	Pinal	\$ 2,253,079	\$ 167,725	7%	\$ -		\$ 2,085,354	93%	Program descriptions
Maricopa	Pinal	\$ 5,984,522	\$ 559,563	9%	\$ -		\$ 5,424,959	91%	App., Criteria **Final allocation amounts
Queen Creek*	Pinal/Maricopa	\$ 5,842,506	\$ 500,000	9%					App., Criteria, Article
Superior	Pinal	\$ 364,855	\$ 97,000	27%	\$ 169,000	46%	\$ 95,000	26%	Email
Average Pinal				14%					

City	County	Allocation	Eligibility criteria										
			Outside of boundary?	Rent?	Months?	Utilities?	PPE?	Non-profits?	Home-based?	Max award?	2nd Round?	Max award?	
Pinal County	Pinal	\$ 27,170,006	N	Y	6	Y	EGIPSTW	N	N	N	\$ 15,000	Y	\$ 30,000
Apache Junction*	Pinal/Mar	\$ 4,887,430	N	Y	4	Y	EGISW	Y	Y	N	\$ 10,000	N	n/a
Casa Grande	Pinal	\$ 6,731,338	N	Y	3	Y	EGIPSTW	Y	Y	N	\$ 10,000	N	n/a
Coolidge	Pinal	\$ 1,507,410	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eloy	Pinal	\$ 2,253,079	Y	n/a	Y	Y	Y	Y	n/a	n/a	n/a	n/a	n/a
Maricopa	Pinal	\$ 5,984,522	Y	Y	3	N	Y	Y	N	No cap	?	?	n/a
Queen Creek*	Pinal/Mar	\$ 5,842,506	N	N	n/a	n/a	Y	N	Y	\$ 12,500	N	n/a	n/a
Superior	Pinal	\$ 364,855	N	N	n/a	n/a	N	N	n/a	n/a	N	n/a	n/a

E = Electric  
G = Gas  
I = Internet  
P = Phone  
S = Sewer  
T = Trash  
W = Water

- Updated Town Recommendation

- Recommendation is to remain as broad as possible to be able to get as much money as possible into the local economy to provide stability into the businesses that they need.
- Reimburse expenses that have assisted in improving the “public health” within the Town of Florence.
- Under U.S. Treasury guidance, CARES funds must be spent by December 31, 2020. To ensure adequate processing time, the Town should receive applications through October 31, 2020
- Grants should be provided instead of loans. Loan processing requires immense administrative burden and slow processes.
- Do not duplicate or overlap programs offered by Pinal County or the Federal Government.
- Must have held a Town business license as of January 1st, 2020, and currently hold a valid Town business license.
- Cannot reimburse for lost revenue.
- food banks, and non-profits within the Town of Florence.
- Brick-and-mortar businesses are eligible for up to \$10,000 per business of Rent/Utility reimbursement. They are also eligible to apply for PPE and modification reimbursements.
- Florence-based Non-profits and home-based businesses are entitled to apply for PPE reimbursement in an amount up to \$10,000 per business.
- Food banks are eligible for up to \$10,000 of reimbursement for services provided to the community. Receipts are required for reimbursement.
- Cap total grant allocation at \$500,000 to local businesses (in line with Casa Grande and Maricopa, who each received more funds than Florence).
- First come, first served basis.
- Businesses must sign an affidavit certifying that they have not received any other federal funding to cover these costs (e.g., SBA loan, Local First AZ loan).

- Eligibility Criteria

- Brick-and-mortar businesses can also apply for utility reimbursement for water, wastewater, and electrical utilities paid for up to three months. This is not available for nonprofits or home-based businesses.
- As these services are necessary for the public health of the community, they are deemed eligible for reimbursement.
- The combined maximum grant award between rent/mortgage assistance, protective equipment reimbursement, and utility reimbursement is \$10,000 total per business.

- Reimbursement will be for costs incurred in connection with enhanced sanitization, employee safety, and customer safety, which may include, but is not limited to:
  - Disinfection of interior spaces and other high touch areas of small businesses
  - Provision of personal protective equipment(including respirator masks, general face masks and gloves) for employees and customers, and the implementation of policies and practices that require employees and customers to wear respirator and/or general face masks
  - The installation and maintenance of any physical barriers, such as Plexiglass shields, booths, or other barriers designed to limit the exposure of customers and employees to droplets and/or aerosols
  - Creation of signage and programs designed to allow for delivery of goods, or curbside pickup of goods, along with the dedication of parking areas for such purposes
  - Installation and maintenance of additional hand sanitizer stations
  - Installation and/or maintenance of HVAC systems to include MERV 13 or higher air filters
  - Employment expenses related to the above activities
- Application/Approval Process
  - Eligible entities will submit an application, a copy of applicable receipts, and supporting documents.
  - An Audit Panel, designated by the Town Manager, will review the application for completeness and conformity with eligibility criteria.
    - Panel does not determine “right or wrong” but “completeness of submittal.”
  - Audit Panel will gather completed applications and place these on the Consent Agenda for the next available Town Council agenda.
  - Every two weeks, Council will have a chance to approve the recommendations of the Audit Panel.
- Affidavit
  - Applicants will be required to sign an affidavit as part of their application, certifying that they have not and will not receive other Federal funds for these same expenses.
    - Federal and State mandate
  - Other programs include the Payroll Protection Program, Charitable Giving Incentives, Economic Injury Disaster Loan, Employee Retention Tax Credit, Unemployment Benefit reimbursement, Economic Stabilization Fund, and the Arizona Small Business Rent and Mortgage Relief Grant program (administered by LocalFirstAZ), among others.
    - If applicants have received these funds, they must show that those funds have been used to cover costs not associated with the costs for which they have applied for reimbursement under the Returning Stronger Grants.
- CARES Act Funds
  - Major Industry Loans - \$208 billion
  - Small Business Loans - \$300 billion
  - Paycheck Protection Program - \$300 billion
  - From Federal Guidance

Nonexclusive examples of ineligible expenditures<sup>2</sup>

The following is a list of examples of costs that would not be eligible expenditures of payments from the Fund.

4. Expenses that have been or will be reimbursed under any federal programs, such as the reimbursement by the federal government pursuant to the CARES Act of contribution by States to State unemployment funds.

- Direction
  - Town staff will adapt this recommendation to the desires of Council and present the ultimate program guidelines and application materials for Council Action at the September 8, 2020 Town Council Meeting.
- Reference
  - Education/other: \$43.7 billion (estimated)
  - Individuals: \$560 billion (estimated)
  - Public Health: \$153.5 billion
  - Big Corporations: \$500 billion
  - Small businesses: \$377 billion
  - State and local governments: \$339.8 billion
  - Safety net: \$26 billion
- Funding Options
  - In addition to traditional SBA funding programs, the CARES Act established several new temporary programs to address the COVID-19 outbreak.
    - Payroll Protection Program
      - This loan program provides loan forgiveness for retaining employees by temporarily expanding the traditional SBA9(a) loan program.
    - EIDL
      - This loan will provide economic relief to small business and non-profit organizations that are currently experiencing a temporary loss of revenue.
    - SBA Express Bridge Loans
      - Enables small businesses who currently have a business relationship with an SBA Express lender to access up to \$25,000 quickly.
    - SBA Debt Relief
      - The SBA is providing a financial reprieve to small businesses during the COVID-19 pandemic.

Councilmember Hughes asked to increase the amount to \$1,000,000 rather than the \$500,000. She would not like to see anyone turned away within the timeframe. She liked that the home-based businesses are included since they are vital to the community. She would also like for staff to assist businesses on what they can be reimbursed for, such as scheduled dates and times for them to come and meet with staff.

Mr. Bitter stated that there are several avenues in which staff can assist the businesses in determining what they can be reimbursed for. The application is very simple and straight-forward and as businesses are applying for funding, he expects there to be dialogue between the applicant and the Audit Panel. With regards to the amount, Council can elect to raise the cap on funding at a future meeting if they are getting close to the \$500,000, dependent on how much has been expensed to date.

Councilmember Cordes inquired when the application process will start.

Mr. Bitter stated that if Council approves the program at the September 8, 2020 Council meeting, staff can start taking applications on September 9, 2020. The draft application will be included in the September 8, 2020 agenda packet.

Vice-Mayor Anderson inquired about HVAC units for the non-profit's buildings. He inquired if they could apply and if they can obtain more than \$10,000 since the systems can cost as much as \$30,000.

Mr. Bitter stated that the Town does not have the expertise to determine the type of HVAC system they are requesting, and this would utilize most of the budgeted funds. The Town is trying to provide a basis in which they can obtain some funding for reimbursement for the outlined items. The entities can then use the funding however they choose once they receive the reimbursement.

Vice-Mayor Anderson stated that it would be difficult for non-profits to utilize this program.

Mr. Bitter stated that the gift clause with the Arizona State Constitution prohibits the Town from providing funding without receiving equal value in return. If the Town were to purchase an HVAC system, it would be a public investment in a private entity, whether it is a non-profit or a business.

Councilmember Cordes stated that the Town is supporting non-profits as they are listed; however, the Town is unable to fund large purchases.

Councilmember Wall stated that many of the requests are divided between two categories: supporting individual business with reimbursing them for Covid-19 related expenses; and ways to improve the economic health of the entire town's businesses. She is supportive of both efforts. She would like to see the Town focus on supporting the individual businesses at this time. She would also support a program for marketing for all Town businesses through Local First Arizona or another type of support program.

Councilmember Wall stated that the redrafted proposal is reasonable. It may not meet everyone's needs or wants; however, it is a great compromise and presents leadership in comparison with what other communities are doing. She is in support of the proposal as it has been presented.

Mayor Walter posed several scenarios regarding reimbursement.

Mr. Bitter explained how the various scenarios would be processed. He explained the importance of the affidavit. He noted that there are mechanisms in place in this budget and future budgets for marketing. There is an Economic Development Director position in the budget with the focus being on marketing the downtown area and the Town as a whole. They have also budgeted for the wayfinding signs. The Greater Florence Chamber of Commerce has also applied for a \$50,000 grant from the Arizona Office of Tourism which would require a \$25,000 match.

Mayor Walter stated the programs are being put in place to have Florence come back stronger, post Covid-19.

Vice-Mayor Anderson is in support of increasing the program amount to \$1 million. He stated that many of the letters received are for things that cannot be covered by the program. He inquired if staff is going to respond to them.

Mr. Bitter stated that staff will respond to the letters and this work session will serve as a primer for future discussions. The Town is committed to the business community and we want to see them succeed. Florence is doing what it can to adjust to the new normal post Covid-19.

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Councilmember Wall stated in discussion with staff, she suggested that rent on Town properties not be increased as previously planned; however, she did not see this in the proposal. She would prefer that the rents be increased once the economy is healthier. She also suggested that the Town cover rent or mortgage for the Town businesses for more than the three months outlined. It took more than three months for them to see improvements in their economic health. She suggested that the rent/mortgage reimbursement be for six months.

Councilmember Cordes stated that the rent increase would be reviewed in October. She also asked for the rent/mortgage reimbursement be for six months. The businesses may have only been closed for three months; however, the businesses are still being impacted.

Mayor Walter and Vice-Mayor Anderson are also in support of increasing the rent/mortgage reimbursement for six months.

Councilmember Cordes asked that Mr. Roger Biede, Executive Director, Greater Florence Chamber of Commerce, update the Council on feedback received from the businesses.

Mr. Bitter stated that the comments he collected were included in the presentation.

Councilmember Cordes stated that emails were received today. She asked that comments be submitted a minimum of 24 hours before a meeting to ensure that Council is able to research, follow-up and provide a response at the meeting.

#### ADJOURNMENT

On motion of Vice-Mayor Anderson seconded by Councilmember Wall, and carried (5-0) to adjourn the meeting at 6:53 p.m.



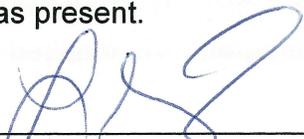
Tara Walter, Mayor

ATTEST:



Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on August 31, 2020, and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, Town Clerk