

FINANCE COMMITTEE MEETING
March 23, 2020
5:15 p.m.
City Council Chambers

The City of Jackson Finance Committee met at 5:15 p.m. on Monday, March 23, 2020 in the City Council Chambers of the Jackson City Hall. Attending were Finance Committee members Mayor Wayne Walter, Alderman Brandon Finck and Alderman Dave Cushman. Also attending were City Administrator Matt Skaret and Recording Secretary Dave Maschoff.

**CONTINUE DISCUSSION ON EMERGENCY ASSISTANCE TO LOCAL BUSINESSES
DUE TO THE COVID-19 PANDEMIC**

Skaret began the meeting with a follow-up from the discussion that was held at the Finance Committee's emergency meeting held on March 19th.

As far as the City doing a forgivable loan for businesses, Skaret said he's done quite a bit of research with the League of Minnesota Cities. He said City Attorney Brad Anderson has also done a lot of research on the matter.

Skaret explained cities aren't given the legal authority to offer something like a forgivable loan program. He said the City can do a loan with generous terms through the City's Revolving Loan Fund but the State doesn't authorize cities to do a program like this because public funds are being utilized for the benefit of specific businesses.

Finck asked how the State and Federal Governments are doing grant programs to benefit businesses. He said both Minnesota and Iowa State governments are offering \$25,000 grants to qualified businesses.

Skaret said State and Federal governments can conduct such a program but cities are not authorized to conduct such programs under State statute.

Finck asked what if the City Council declares the City in a State of Emergency.

Skaret said the City still cannot do it. He said the City could make a \$50,000 donation to an economic development group, for example, to the Jackson Economic Development Corporation (JEDC). Skaret said the City could then partner with the JEDC and have them administer the forgivable loan program if they would be willing to do so.

Cushman asked about the City partnering with the Jackson Business Development Committee (JBDC) to administer a forgivable loan program.

Skaret said the City could not partner with the JBDC because the JBDC is not incorporated.

Finck asked if the City could work through the Jackson Community Foundation verses the JEDC because the Community Foundation is also incorporated. He asked if the City's donation could be made to the Community Foundation and have the Foundation administer the forgivable loan program.

Skaret said you could probably work through the Jackson Community Foundation. He noted that City Attorney Anderson cautioned to be very careful if the City made an appropriation to another economic development group. Skaret said the law is a little bit unclear because it says up to a \$50,000 donation can be made to an economic development group. He said typically those appropriations are made to economic development groups like the JEDC and the Chamber of Commerce. Skaret noted the City does give money to the Chamber of Commerce.

Finck asked if the Chamber of Commerce is an arm of the City and if the Chamber could administer a forgivable loan program.

Skaret said the Chamber of Commerce is not an arm of the City.

Cushman asked if the Chamber of Commerce could administer a forgivable loan program.

Skaret said that may be a possibility. He noted the State Statute doesn't specify whether you can donate \$50,000 per organization or \$50,000 cumulative.

Regarding formulating a loan program, Skaret said the payback terms and the length of payback period could be structured however is desired.

If a donation was made to the Chamber of Commerce for the purpose of a forgivable loan program, Finck said the parameters of the loan program could be established with the Chamber who will administer it.

Cushman asked if the Finance Committee could work with the Chamber in processing the loan applications.

Mayor Walter said he would like to see the Finance Committee involved in determining approval of the loans to businesses.

Finck said a loan committee as a subcommittee of the Chamber could administer the loan program. He said the Chamber would appoint members to the committee that could include the Finance Committee members.

Skaret said there would need to be other people appointed to the Chamber's loan committee besides the members of the Finance Committee.

Mayor Walter asked what the utility bills be for some of the businesses that are shut down for a month.

Skaret noted the City utility bills are billed a month behind.

Finck estimated the utility bill for a restaurant is probably \$700 to \$1,200 in the winter months and less in the summer.

Mayor Walter said he wanted to get an idea of how a \$2,500 forgivable loan could help businesses in possibly covering their City utility bills for a couple of months

Finck said he thinks a \$2,500 forgivable loan would provide assistance for 60 to 90 days of utility bills.

Skaret said the Chamber of Commerce could be the conduit for the \$2,500 forgivable loan program and the Revolving Loan Fund could be utilized for those businesses that need more assistance through a zero percent interest loan.

Finck said the loan through the Revolving Loan Fund could be at zero percent interest up to a 25-year amortization.

Skaret outlined the application form for the business assistance program. He explained he tried to make the application simple and limit it to businesses that were directly affected by the Governor's Emergency Executive Order 20-04. He said the application could be modified if there are further shut down orders issued by the Governor.

Cushman asked if there would be a cap in the amount of funds available for interest-free loans through the Revolving Loan Fund.

Skaret said there is approximately \$300,000 in the Revolving Loan Fund.

Finck said the cap could be at 50 percent of the dollars currently in the Revolving Loan Fund that could be used for the zero percent interest loans.

Cushman said that amount would show good will by the City. He said the loans would be available on a first-come, first-served basis.

Skaret reviewed the Jackson Emergency Small Business Relief Program criteria and description with the Finance Committee members. He explained under the program, qualifying businesses would be eligible for a loan of up to \$15,000, zero percent interest, to help offset the financial losses for up to a 180-day period due to the Governor's Emergency Executive Order 20-04 on March 16, 2020.

Skaret said the qualifying business must be able to demonstrate a financial hardship due to the Emergency Executive Order and must be located within the City Limits of Jackson.

Skaret said the loan would be payable up to a 20-year period of time with payments deferred for 90 days after the execution of the loan. He noted in order for the loan to be approved the application has to be approved. Skaret also explained the Revolving Loan Fund Committee will review and decide whether to approve each application. He pointed out expenses considered eligible to count towards the loan amount would include utility bills such as water, sewer, garbage, electric and natural gas. Skaret said it would also include expenses such as rent, invoices from vendors, employee wages, associated taxes and benefits, property taxes, property and liability insurance and debt payments.

Finck suggested adding to the application form that the available loan dollars are capped at 50 percent of the Revolving Loan Fund balance.

Skaret reviewed the Jackson Business Assistance application with the Finance Committee members.

Finck said the application looked good.

Cushman said the application is neat and clean, not overly complicated and is straight forward.

Skaret said the next step is to talk with City Attorney Brad Anderson. He said he wants to see if Attorney Anderson is comfortable with conducting the grant assistance program through the Chamber of Commerce.

Cushman asked Skaret if he would also talk with Chamber of Commerce Director Corey Christopher about the Chamber's involvement in the assistance program in order to keep the process moving forward.

Skaret said he would talk with Attorney Anderson and Chamber Director Christopher on March 24th. He said he wants to keep the process moving forward as fast as possible.

Mayor Walter suggested also having the Revolving Loan Fund Committee meet.

Finck said a phone conference could be held with the Revolving Loan Fund Committee members.

Cushman said if the process could move along, maybe the Finance Committee could meet on Thursday or Friday, March 26th or 27th, or Monday, March 30th.

Finck said if everything regarding the forgivable business loans and interest-free Revolving Fund loan programs could be completed this week, maybe the City Council could meet in special session next week to approve the programs and begin making them available to businesses.

Cushman said that would be good to fill some business needs. He noted there's a lot of anxiety out there because of the business shut downs.

Skaret asked the Finance Committee members if they would like the \$2,500 that would be offered through the Chamber of Commerce as a forgivable loan.

Finck said he would like to see it offered as a forgivable loan.

Skaret pointed out there is a limit of \$50,000 that the City can donate towards an economic development entity. He noted the City has already budgeted \$15,000 to the Chamber for 2020 so only an additional \$35,000 could be donated by the City to the Chamber for this year. Skaret said State Law won't allow a donation of more than \$50,000 per year.

Skaret suggested the forgivable loans through the Chamber could be capped at \$2,000 per loan instead of \$2,500. He said with a \$2,000 maximum per loan, 17 forgivable loans could be awarded with a cap of \$35,000.

Finck agreed with Skaret.

Skaret said he thinks the Chamber of Commerce would have a greater sense of urgency in assisting businesses with the forgivable loan program. He said the Chamber has members who are directly impacted.

Cushman asked what if only \$20,000 is used and there is \$15,000 remaining that's not applied for through the Chamber. He asked if the remaining funds are reversible to come back to the City after this situation is all done.

Skaret said the donation to the Chamber could be made up to \$35,000.

Finck said the Chamber could receive applications and see how much that adds up to. He said the donation to the Chamber could be up to \$35,000. Finck said he thinks the individual forgivable loans should stay capped at \$2,000.

Skaret said when the program is announced it will be unveiled as a Chamber of Commerce forgivable loan program.

Cushman said the Chamber's forgivable loan program and the Revolving Loan Fund's zero-interest loan program for affected businesses should all be announced at the same time as a City-wide effort.

Finck said it seems like that's the right thing to do.

Cushman concurred with Finck.

Finck said once the loan programs are approved, it could be publicized through the Economic Development Office.

Cushman asked what the name of the program will be. He suggested it could be called the Jackson Emergency Small Business Relief Program.

Mayor Walter and Finck agreed with the name.

Finance Committee members agreed to meet on Thursday evening, March 26th to review the loan programs if they are ready so a recommendation could be made and a special City Council meeting scheduled.

Finck said two things that impress him are response times. He says he thinks the City responded quickly and swiftly and are compassionate about what they are doing.

Cushman said he likes the idea of getting details of the loan programs worked out in order to have a special City Council meeting next week.

Finck said these are unprecedented times. He said it will pass, he hopes.

Finck, Cushman and Mayor Walter thanked Skaret for all his work on this.

Skaret thanked the Finance Committee for all their work and assistance.

Mayor Walter said once these programs are approved and announced, we have to definitely make sure we "take our hats off" to Matt Skaret.

COVID-19 PROCEDURES REGARDING CITY DEPARTMENTS

Skaret said as we go forward with the Covid-19 pandemic, the situation is changing every day. He said it's probably going to require some improvisation as far as staffing and running the City's Departments.

Skaret said he would try and keep the Finance Committee members informed as much as possible. He said there will probably have to be some juggling of things as time goes.

HIRING OF SEH IN REGARDS TO ISSUES WITH LIFT STATION NO. 4

Cushman asked if hiring engineering firm SEH is the right idea when SEH is competition to Bolton and Menk. He said it seems like the fault with the Lift Station lies with Bolton and Menk and they should be the ones to explain what needs to be done to correct the problem.

Skaret explained the City wants to get an independent opinion to make sure what Bolton and Menk is telling the City is correct. He said SEH is a competitor to Bolton and Menk, but so is every other engineering firm.

Cushman asked if the City will get a fair assessment from SEH.

Skaret said he understands where Cushman's question is coming from, but he thinks that SEH will provide a fair assessment. He pointed out the City is familiar with the people working at SEH and SEH is familiar with the City. Skaret said hiring SEH in this matter is also more efficient since the City already has an established relationship with them. He said hiring SEH is the best alternative right now.

Skaret said SEH will provide the City with an assessment of whether Bolton and Menk are taking the proper and necessary steps to fix the problem.

Mayor Walter also noted that if the City has to take Bolton and Menk to court, SEH will be the City's legal expert in court.

Finck asked if SEH understands that they will be the City's legal expert if the City has to take Bolton and Menk to court.

Skaret said SEH is aware of that.

Cushman said that's more reassuring to know that SEH would be prepared to go to court on the City's behalf.

Considering what's occurred with Lift Station No. 4, Cushman said Bolton and Menk's plans for the North Highway and South Street Projects are going to be under greater scrutiny.

Finck suggested having the plans for the street projects be reviewed by the Finance or Street Committee before they're brought before the City Council for approval.

Skaret said there is one more meeting with the City staff and Engineer Greg Mitchell of Bolton and Menk. He said the plans can also be reviewed by the Street Committee to pick the plans apart. Skaret said Aldermen Dave Cushman, Larry Anderson and Donnie Schoenrock are the members of the Street Committee.

Finck said Mitchell should present the plans to the Street Committee.

ADJOURNMENT

With no further business, the Finance Committee adjourned their meeting at 6:04 p.m.

David A. Maschoff, Recording Secretary

