

**MINUTES
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE
REMOTE MEETING
WEDNESDAY, AUGUST 4, 2020 – 4:30 PM**

PRESENT: Chair Steve Thomson, Vice Chair Randy Mitchell; Members Kim Gossage, Tim Jones, Marcie Kelso*, Brett Kiker*; Cindy Sikorski, Commissioner John Urban (appointed member), Assistant Town Manager Becky Hawke; Town Clerk Lori Canapinno

ABSENT: Erin Schackman

This meeting was rescheduled from July 28, 2020. It was held remotely due to the social distancing requirements of the COVID-19 pandemic and the Mecklenburg County Safer at Home Order. Committee members and staff participated in the meeting using the Zoom remote meeting platform, which allows participants to connect via audio and video for live, simultaneous communication and the public was able to view the meeting in real time.

CALL TO ORDER AND DECLARE QUORUM

Mr. Thomson called the meeting to order at 4:32 pm and declared a quorum.

APPROVAL OF MINUTES

Motion by Mr. Jones to approve the minutes of the January 16, 2020 regular meeting and June 2 and June 10, 2020 special meetings. The motion was seconded by Ms. Gossage and unanimously approved.

**Ms. Kelso arrived.*

UNFINISHED BUSINESS

DISCUSS CARES ACT FUNDING AND PROGRAM IMPLEMENTATION

Ms. Hawke updated the group. Matthews will receive \$300,000 of federal CARES (Coronavirus Aid, Relief, and Economic Security) Act funding as approved through Mecklenburg County. She has been trying to get clarification from county staff on whether the projects discussed by EDAC members in its previous meeting would be eligible. They continue to make tweaks to the regulations that guide the use of this funding at the federal level. County staff has been trying to get guidelines and interpretation of these regulations and they've engaged with a lobbyist to interpret general questions and raise questions on specific uses. The goal is to try to get prior approval for projects so that everything is correct when these funds are audited. If an organization receiving funds failed an audit it would have to repay those funds so it is very important to get things right.

**Mr. Kiker arrived*

The county will be implementing what they're calling the *statement of purpose* process in mid-August - a formal submittal of any planned uses of the funding where applicants would give details on what the funding would be used for, how it relates to COVID, the amount of money being requested, and if applicants will be working with any other organizations – so that the county can renew applications, possible with the assistance of the lobbyist, and

then give applicants a green light. They're still working out the process on their end. Short of going through the official process, they can offer only nonspecific guidance. Ms. Hawke informally discussed the projects EDAC had specifically discussed and from that preliminary perspective and received preliminary feedback that all of them had some kind of problematic aspect.

She'd asked about nonprofit organizations receiving financial support to make up for the lack of funds associated with the canceled Matthews Alive festival, and was told that CARES Act funds can't be used to replace lost revenue; they'd consider this situation as lost revenue if Matthews Alive was used as the criteria. Other angles stand a stronger chance of getting approved, such as providing microgrants to make payroll. The request would be even stronger if the nonprofit was doing something directly related to coronavirus relief. The plan for business marketing – such as a *support your local businesses* campaign - is completely untested. They said marketing dollars for a public health campaign would probably be fine but they're unclear if a *buy local* campaign would be eligible. They did say that gift cards would not be eligible. Ms. Hawke feels that Matthews could make an argument that more people would be helped by a marketing campaign, but a pitch would have to be made to see how it was received. She said EDAC should consider a microgrant program as a backup plan. Some other communities are doing this; Peter Zeiler, Director of the Office of Economic Development for Mecklenburg County, could be a good resource. Some communities have designed their programs to require applicants to prove some loss of revenue, but Mecklenburg County's interpretation is that such a requirement would be problematic.

Ms. Hawke noted that Mr. Mitchell suggested something to help parents deal with the problem of at-home schooling for children. Some people might have to step out of the workforce if they have no childcare options, but perhaps this funding could be used to pay providers or pay parents. Ms. Hawke inquired about that and the county folks think it would probably be an eligible use, but they're waiting for information to come back from the lobbyist. The county is also very interested in this option. She asked if EDAC was interested in evaluating this as a possible option. The town could make a separate request for funding for this type of program as there are additional county funds that haven't yet been fully allocated. Mr. Thomson agreed that the childcare issue is definitely an economic issue.

In summary, nothing is completely clear yet. It would be best if EDAC was ready with at least a broad idea of which option(s) to pursue, maybe in a prioritized list in case one gets kicked out by the county. She would like to have the Board of Commissioners review these recommendations as soon as possible and ideally be ready to submit at the head of the line once the county portal opens up in mid-August. Ms. Hawke explained that EDAC will need to submit a statement of purpose with information on how the proposed program is COVID-related, if the work will be done with other entities and the amount of money needed. Ms. Hawke noted the good possibility that the federal government will extend the timeline for funds to be used – right now they're supposed to be spent by the end of the calendar year. That question about the timeline should be answered before the mid-August application portal opening.

Ms. Kelso asked if Ms. Hawke was aware of other Mecklenburg County towns' plans, and Ms. Hawke explained that Matthews was the only one to put in a request for this type of funding. Mr. Thomson asked about written guidance and Ms. Hawke explained that the regulation guidelines are going to be updated soon. The last version she saw mentioned direct microgrants to small businesses. She noted the clause from another part of the regulations that disallow the funds to be used to supplant lost revenue, so EDAC will have to figure out how to handle that nuance.

Mr. Thomson suggested asking the community to come to EDAC with solutions. EDAC could pose the challenges - such as childcare that would allow people to go to work, or helping people feel safer coming out to spend money in their local businesses – and ask the community for their answers. Challenges that might be discussed could include daycare/student care, marketing, and making people comfortable coming back into businesses. This type of crowdsourcing for answers would ensure that EDAC doesn't overlook any great solutions. The group also discussed microgrants and how they might be reviewed. Ms. Hawke said EDAC could submit to the county the guidelines it would use to review criteria to authorize funding, so they could weigh in on the process before it started. Then EDAC would evaluate the applications. The burden will be on EDAC to administer funds properly. Ms. Kelso

noted the need to consider staff capacity, explaining that the process of reviewing grant applications is a mammoth one. She instead suggested investing in an economic development-specific plan to create an environment that would encourage people to patronize Matthews businesses. A robust e-commerce platform would help businesses deal with the impact of the stay/safer at home orders and it would be more aligned with EDAC's goals. Mr. Thomson noted he knows of two entrepreneurs who were privately working on this type of e-commerce platform, and maybe they could apply for this funding to finish off their programs. Ms. Kelso said a good digital marketing campaign will never become unneeded. That kind of budget could create a great campaign to explore and sample the businesses that are in Matthews. Businesses have learned from COVID that they really need to be digitally ready for business.

Ms. Hawke noted that the county folks suggested that one thing that might make the difference in eligibility would be some kind of mechanism that would allow EDAC to track the resulting dollars spent at the businesses. Ms. Kelso said a good website will track the customer journey with analytics. Mr. Urban asked if businesses that already received PPP (federal Payment Protection Program) funding would be eligible for town grants, and Ms. Hawke said that's something EDAC would have to decide. She's seen some communities disallow that, and others not ask about it. The group discussed qualifying mechanisms for different funding/grant options.

Ms. Hawke said she'd prefer to see standalone, finite-timeline programs, noting that issues will arise with anything that still exists after the pandemic is over, such as a business website. It would have to be managed and funded, and the Town Attorney has already said that public dollars can't be used to enrich private businesses. The CARES Act opens up the ability to do some things that the town normally wouldn't be able to do with town funds, but it's only for a specific time period. A marketing campaign and other things of that nature would be active only during the time of CARES Act funding. The group continued discussing marketing options, analytics and post-COVID digital maintenance.

Ms. Hawke said she's comfortable saying that payroll would be eligible as long as it wasn't tied to revenue loss. Businesses and nonprofits could simply be asked if they need help making payroll. The \$300,000 would be consumed pretty quickly but it could make a difference to those who receive it. Since applicants can't be asked to demonstrate need she'd recommend a lottery system: set an application period, cap a number of applicants, and then disperse until the money is gone. EDAC would need to be very conscientious about outreach for folks who wouldn't otherwise be paying attention.

Mr. Thomson reiterated his suggestion to let the crowd figure out what the challenges are and let them help figure out how to solve them. He doesn't want EDAC members to be the ones constraining the problems they think need to be solved and what those solutions might be. Ms. Gossage liked this idea. Mr. Kiker noted that service and retail spaces are the ones that lost the most revenue while also having increased expenses – they had to prepare how to operate in the new COVID environment as well as losing capacity - and EDAC could help cover that gap of increased expenses.

The group discussed the need for detailed screening and review. They discussed possible qualifications for application, such as being in business for at least twelve months, being current with county taxes, being a registered nonprofit entity, etc.

**Ms. Sikorski departed*

Mr. Urban suggested using the town's façade grant program as a model, which reimburses expenses and requires a matching expenditure from the property owner. The application could be very simple with a list of requirements, including the base requirement of expenses related to COVID beyond revenue loss. Ms. Hawke suggested limiting the applicant pool to those with fewer than X employees to keep it within the small business community.

Motion by Mr. Mitchell to hold a special EDAC meeting on August 12 to finalize the concept of a microgrant program that includes a matching money requirement, towards both for- and non-profit organizations that have needs to address COVID-related issues. Ms. Gossage was concerned about the matching aspect – her experience with Chamber members who are struggling to renew their membership, let alone spend any more significant amounts,

tells her that requiring matching funds will end up eliminating a lot of companies and organizations that could otherwise benefit from the funds.

**Mr. Urban departed*

Mr. Mitchell amended his motion to retract the matching money requirement. The motion was seconded by Ms. Gossage and unanimously approved.

ADJOURNMENT

Motion by Mr. Mitchell to adjourn. The motion was seconded by Mr. Thomson and unanimously approved. The meeting adjourned at 6:15 pm.

Respectfully submitted,

Lori Canapinno
Town Clerk