

Mayor and City Council of Cumberland

WORK SESSION

City Hall Council Chambers
57 N. Liberty Street
Cumberland, MD 21502

Tuesday, April 21, 2020
4:45 p.m.

PRESENT: Raymond M. Morriss, President; Council Members: Seth Bernard, Richard Cioni, Eugene Frazier, and Laurie Marchini.

ALSO PRESENT: Jeffrey D. Rhodes, City Administrator; Michael S. Cohen, City Solicitor; Marjorie Woodring, City Clerk; Paul Kelly, Executive Director CEDC; Matt Miller, Economic Development Specialist

I. CEDC COVID-19 RESPONSE – SMALL BUSINESS RELIEF

Paul Kelly provided an outline of the CEDC's Covid-19 response, saying that the team included County members as well, adding that the effective date of the M.O.U. to consolidate with the County was January 20, 2020, so they have been working as a consolidated unit since then. Mr. Kelly's outline also included information on federal government response:

1. Education on a daily basis, new guidelines, criteria, etc., communication with local businesses, participated in webinars, teleconferences, etc., Federal response enacted legislation to protect small businesses.
2. Rolled out payroll tax credit, depending on if businesses already had a sick-leave program.
3. Rolled out programs to address liquidity problems, such as payroll protection, which is aimed at keeping employees on payroll, and it worked with local lenders. He advised that there were some log jams when the program rolled out, as lenders had priority towards their own customers, and the program was only helping businesses that were considered essential.

Mr. Kelly stated that some businesses that were staying open ended up getting a windfall from the government, which offset their costs. He advised that the federal government expanded their disaster relief program for Covid-19 to provide an initial \$10K emergency advance with no repayment, which included a \$25K bridge loan program, which was not forgivable.

Mr. Kelly stated that an issue outstanding is that the 2nd class of relief really doesn't help the small business owner. He advised that there are a group of businesses that fall through the cracks and can't take advantage of the incentives, saying that those are businesses that took advantage of the County's micro grants at \$2,500 and \$5,000. He added that the CEDC and the City have been working on a micro grant relief program.

Mr. Kelly advised that the State relief program applications were processed much quicker, but they also ran out of money quicker, and they stopped accepting applications about a week ago. He

advised that there will possibly be more money infused in these programs. He also stated that the federal government's response hasn't been the quickest, and he is aware of only one or two people who have received their federal aid.

Mr. Kelly advised on several things the CEDC has done in response to Covid-19:

- Created a Covid-19 quick-reference guide
- Created a landing page on the CEDC website which was shared with the City
- Coordinated a single message from their ED partners that they cared, were concerned, and were all coordinating together, which was sent out as an email
- Shared information via print and social media; provided links to assistance
- Created a County-wide business database, cross referenced with other local lists
- Implemented a small business outreach program
- Participated in constituent troubleshooting
- Worked with American Woodmark – re: essential vs. non-essential – working with the Health Dept. and Sheriff's Dept.

Mr. Kelly advised that Mr. Miller has been working for a year or more on trying to release funds from the City's revolving loan fund, which has a current balance of \$106K. He stated that it was originally used as gap funding. He advised that their idea is to have the Mayor and City Council consider changing this fund to a Covid-19 small business relief fund, moving from a loan to a grant program or forgivable loan. He advised that this could help that pool of small businesses that can't get a loan for various reasons, and can't take advantage of government incentives for Covid-19. He added he would like the City to authorize the funding moved from a loan to a grant program, authorize a group of people (possibly Mr. Miller, Mr. Rhodes, Mr. Tressler) to select appropriate parameters for the grant and recipient requirements, and then authorize them to use those parameters to select applicants. He also wanted the City to consider giving the CEDC marching orders that this could be a priority to help small businesses and let the CEDC take appropriate steps to get it in place. He then opened up the floor for discussion.

Mayor Morriss stated that he thought it was a great idea, and said those suggested by Mr. Kelly should work on the parameters. He mentioned establishing amounts that could help as many small businesses in the City that they can, and added that they could be forgivable or should be very lenient terms, at least in the beginning.

Councilman Frazier stated that he liked the idea of helping out the businesses, but if it's established as a total grant, once the money is gone, it's gone. He suggested doing a loan, with maybe no interest for the first 5 years, so that the City doesn't lose that money, so that we can help small businesses in the future.

There was more discussion on the parameters and specifics of the small business loans, with Solicitor Cohen advising on some issues regarding the use of these funds that may make it worthwhile to look over the documents, which he offered to do. Mayor Morriss advised on the parameters whereby barber shops and hair and nail salons can reopen, and stated that he received

an email from the Chamber of Commerce regarding sole proprietors with no employees and a new unemployment program that they may qualify for.

Mr. Rhodes and Mr. Miller discussed the state documentation on grant funds, with Mr. Miller saying the state had issued a letter relinquishing their requirements. He advised he will forward the letter to Solicitor Cohen. Mr. Rhodes also suggested making the small business loan an interest-free loan, saying it may be the simplest type of structure, considering the City is not a bank in terms of servicing loans. Mr. Miller stated that time is of the essence, and Mayor Morriss asked for the CEDC, along with Mr. Rhodes and Mr. Tressler to figure out the specifics so the CEDC can get it out to the public.

In answer to a question, Mr. Miller said there are a variety of businesses that he has spoken with that could apply – bars and restaurants, salons, etc., that have no income right now. He added that he has already gotten the ball rolling with starting to put together an application and an on-line portal.

Mayor Morriss advised that the consensus is the CEDC has the green light to get with City Staff and make it happen.

II. ADJOURNMENT

With no further business at hand, the Work Session adjourned at 5:33 p.m., and on a motion made by Councilman Frazier, seconded by Councilman Bernard, the meeting moved into Closed Session.

Respectfully submitted,

Marjorie A. Woodring
City Clerk

Minutes approved May 19, 2020