

City of Bloomington Common Council

Legislative Packet – 2nd Addendum (Issued on Tuesday, 31 March 2020)

Wednesday, 01 April 2020

Special Session

Starting at 6:30 PM and to be immediately followed by a

Committee of the Whole

A Draft Version of the "City of Bloomington Economic Stability & Recovery Working Group Recommendations" is contained herein

Please see the note on the [Agenda](#) addressing public meetings during the public health emergency

For a schedule of upcoming meetings of the Council and the City's boards and commissions, please consult the City's [Calendar](#).

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City of Bloomington Economic Stability & Recovery Working Group Recommendations

Prepared for Mayor John Hamilton

March 26, 2020

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Overview & Summary Recommendation

This memo provides initial guidelines for economic stabilization and recovery.

The brief provides Mayor John Hamilton and City of Bloomington leadership with policy recommendations for economic stabilization and revitalization following the COVID-19 crisis. It was prepared by the Economic Stabilization & Recovery (ES&R) Working Group convened by Mayor Hamilton, and will be updated as the public health and economic situation evolves. While the initial draft focuses on actions the City can take in its economic response, it is written with an eye to the regional economy, given Bloomington's interconnectedness with surrounding communities. The ES&R team is working to engage partners across Monroe County and the region to develop ongoing relief efforts.

Unemployment has risen as we see an economic domino effect.

National unemployment has skyrocketed. Initial Monroe County unemployment filings leapt to approximately 1,000 claims in the week ending March 21. The leisure and hospitality industries were hardest hit early in the crisis, affecting restaurants, hotels, and their suppliers. Anecdotal evidence points to an impact on other services facing closings and cancellations, everything from retail to small manufacturing and HVAC services. A domino effect is expected as businesses become unable to pay suppliers, landlords, and mortgages.

Wraparound support is also recommended for employers and individuals.

The City of Bloomington can join with partners across sectors to provide wraparound funding and non-funding support for employers and individuals, aligned with developing state and federal initiatives.

The City can support and develop non-funding aid for employers by:

- Promoting access to [centralized information resources](#) and technical assistance through entities like the Indiana Small Business Development Center, so businesses know how to engage with these resources.
- Hosting procurement summits with partners to enable businesses throughout the region to learn how to sell products and services to government entities and major industries.
- Identifying mechanisms for short-term regulatory relief, such as extending license renewals.

Businesses face immediate working capital needs.

Bloomington's business community reports its most critical need is immediate working capital in amounts under \$50,000 within 1-2 months. This aligns with gaps in existing and expected capital from SBA Disaster Loans, government aid, traditional, and alternative financing sources.

City of Bloomington funding support should fill gaps.

We recommend creating small-dollar, rapidly-deployed capital with short-term deferral, no interest, and simple eligibility criteria. This may be combined with funding to leverage existing capital resources at lower interest rates to expand capacity in the medium-term.

The City can leverage the following public funds:

Their use should be overseen by an administrative body with public and private representation:

- Food & Beverage Tax funds: Leverage up to \$2 million in F&B Tax funds, if approved, or a similar amount from an alternate source, such as Community Revitalization Enhancement District (CRED) Funds.
- BUEA Funds: Leverage \$500,000 from the Bloomington Urban Enterprise Association (BUEA) with a majority split between arts grant funding and micro loans for businesses excluded from F&B Tax fund coverage.

Engage partners across the county and region to roll out and adapt this support.

Ongoing collaboration across our region is key to reaching employers while adapting resources amidst global changes. The duration and reach of this crisis is unknown, so these efforts must be sustainable.

Timeline and initial next steps:

The ES&R Working Group recommends the following steps to align with the Common Council:

Friday, March 27	Mayor Hamilton and ES&R discuss initial feedback.
Weekend	ES&R begin to share the draft with their executive boards and other partners for feedback, to leverage their expertise from across the community.
Monday, March 30	ES&R revises the policy memo.
Tuesday, March 31	ES&R presents to the Sustainable Development Committee.
Wednesday, April 1	Memo presented to Bloomington Common Council.

Purpose / Scope of Document

Purpose

Initial Draft

This document aims to provide the ES&R Working Group’s recommendations to Mayor Hamilton and senior City leadership and to help the administration formulate local economic stabilization and revitalization policy, especially as it pertains to City-originated taxpayer funded support and other local non-funding support mechanisms. Given Bloomington’s interconnectedness within the regional economy, the ES&R team is also working to engage partners across Monroe County and the region to develop ongoing relief efforts.

Additional Drafts

Following feedback from the Mayor, a revised draft will be distributed to key constituents, including BEDC, Chamber, DMI executive board members, and other agreed upon individuals in order to solicit external input by noon Saturday, 3/28/2020.

Once external expert feedback has been integrated, a third draft will be prepared for City Council to be distributed at noon on 3/31/2020, as per Council request, and to other governmental constituencies including County government. The Council's Sustainable Development Committee will review the document on 3/31/2020. Full Council to review 4/1/2020.

Additional Uses

The purpose of the document may expand to educate additional leaders and community stakeholders, including County and regional officials, employer leadership, union leadership, and other partners listed in later sections of this document.

This paper is built to align with guidance from FEMA's Economic Recovery Support Function field guide, which states the following: "The Economic RSF, as well as every other RSF, has three key operational activities. These are to produce a needs assessment, develop options to address recovery needs, and develop and help to implement a strategy to support recovery."¹

Scope

Geography

A strong regional economy is critical to the success of our community as a whole. However, local governmental funding sources are often limited to footprints from which the funding is generated. The distribution of Food & Beverage Tax fund and BUEA funds must align with their legislated footprint in the city of Bloomington.

Target Recipients

The ES&R Working Group has been charged with evaluating local funding options to bolster the significant federal stimulus program, the Coronavirus Aid, Relief, and Economic Security (CARES) Act approved on March 27, any potential State of Indiana stimulus which may follow, traditional banking and CDFI funding options that have been already made available to potential recipients, SBA emergency loan funds, and other grant/loan funds available from myriad sources.

¹ Economic Recovery Support Function Field Manual, March 2019, page 38

The Working Group recognizes that the most appropriate use of local economic stabilization funds may be limited bridge loans to smaller employers (as defined by the SBA, which are variable by industry sector and available [online](#)), at-risk individuals, including independent contractors and artists, and arts organizations.

Equity Lens

The ES&R Working Group recognizes the importance of maintaining a strong focus on equity in the execution of recommendations. It will therefore require the programs' administrative function to develop and implement specific equity measures in its programs, thereby elevating the prioritization of underserved constituencies including minority- and women-owned businesses and businesses/individuals with disability limitations.

Excluded Recipients

In light of the limits of local stimulus funding, the ES&R Working Group recommends that the following organizations/uses of local economic stabilization funding be excluded from initial consideration, pending evaluation of phase one activities:

- Large employers (as excluded by SBA)
- Individuals with gross annual incomes or joint filing incomes that align with federal stimulus parameters
- Gambling concerns (as defined by SBA)

Focus on Gap Funding

Given the passage of the \$2 trillion federal stimulus package, which provides wide-ranging national support to communities and individuals (see appendix), the ES&R Working Group targets local economic stimulus funding on gaps in any federal and forthcoming state funding. This may include:

- Individuals and/or organizations not covered by federal funding
- Bridge funding pending the availability of federal/state programs
- Grant funding for a subset of targeted organizations

Wraparound Support

Support for employers extends beyond pure funding solutions and may be needed at different points in time depending on the duration of this crisis. Therefore, this memo outlines funding and non-funding support that is both already available and can be created to help employers and individuals weather this crisis.

Dissemination of Recommendations

Recommendations made within the policy document may apply to Bloomington's partner geographies in the regional economy. Thus, the ES&R Working Group advises that its recommendations be shared, once vetted by City administration, with officials of Monroe

County, Ellettsville, Stinesville, Owen County, Lawrence County, Greene County, Morgan County, and Columbus. Given that aspects of the recommendations will affect individuals who commute to and from further reaches of the state, the Working Group recommends that the recommendations be made available to counties and municipalities statewide.

Overview of the Bloomington Economy

As an economic hub in South Central Indiana, Bloomington has significant connectivity to surrounding communities. The Bloomington Metropolitan Statistical Area (MSA) includes Monroe and Owen Counties. Total populations are:

Location	Population (2019)
Bloomington MSA	169,230
Monroe County	148,431
Bloomington	84,058 ²

Total payroll employment

Total payroll employment for Monroe County stood at 63,888 in quarter 3 of 2019. This is the number of jobs that are tied to employers physically located in this community. Prior to the COVID-19 crisis, a summary of total payroll employment for Monroe County was:

Location	Jobs	Establishments	Qtr wages	Avg weekly wage
Monroe County total	63,888	2,858	\$720,097,818	\$867

(Based on latest available data from 2019 quarter 3). Source IBRC

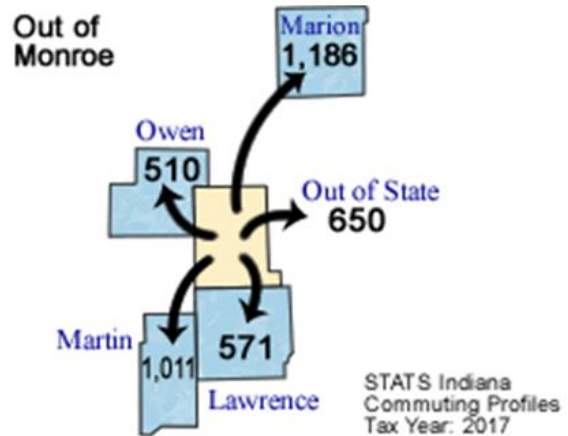
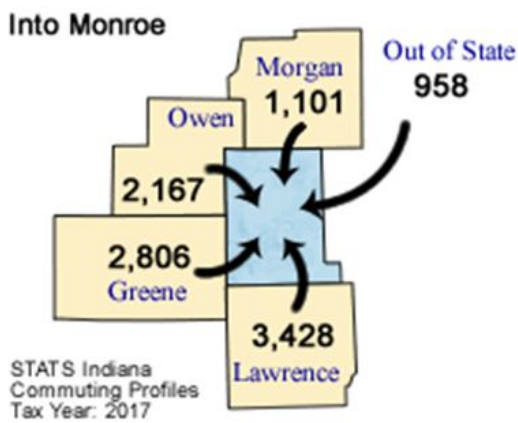
Commuting patterns for employment

Total payroll employment is distinct from the total number of residents that are employed, because many individuals commute in the region for work. Commuting patterns are as follows:

² StatsAmerica: the latest 5-year estimates from the American Community Survey.

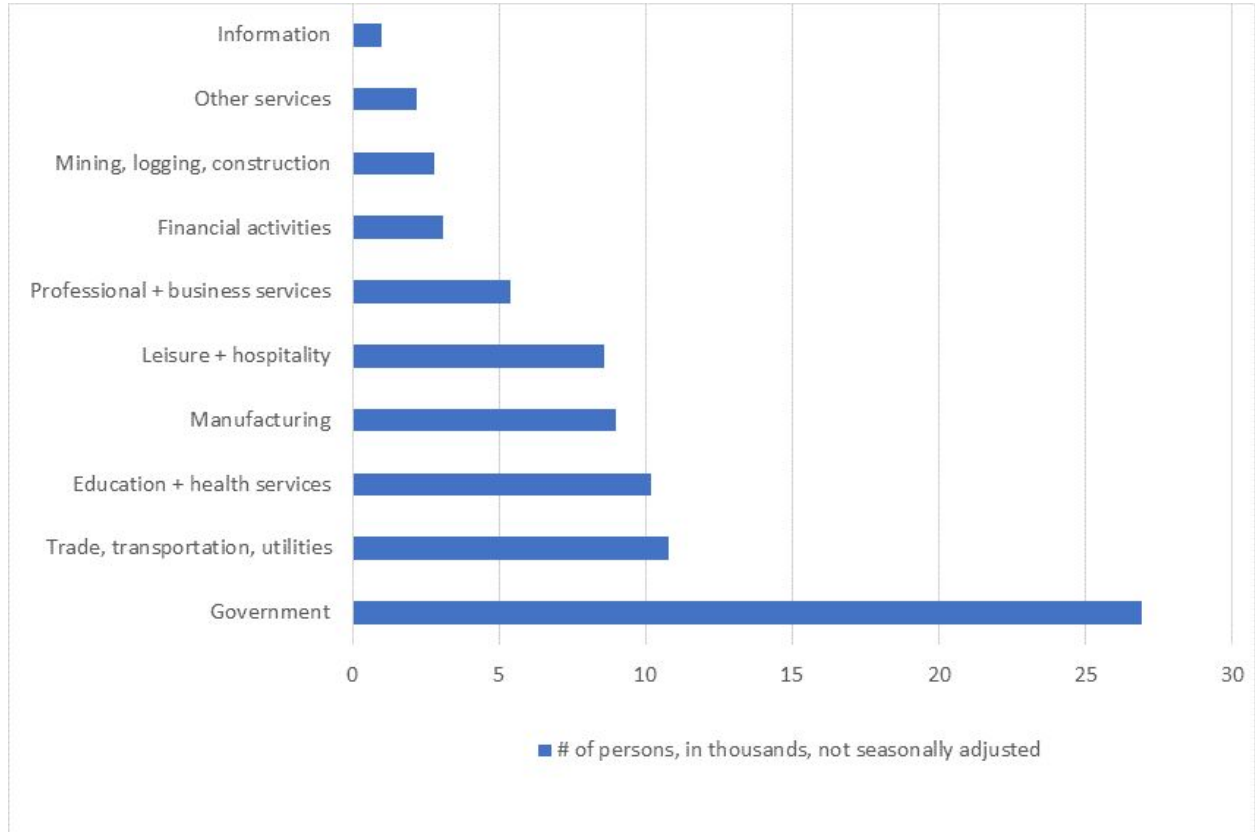
# of people who live and work in Monroe County (estimate)	75,151*
# commuting into Monroe County for work	16,280
# commuting out of Monroe County for work	6,172
<i>Based on Indiana IT-40 returns for tax year 2017</i>	<i>*May include retirees, homemakers, unemployed</i>

Top five counties sending workers into - and - receiving workers from Monroe County:



Employment by Industry

Bloomington MSA employment breakdown (December 2019 data)³



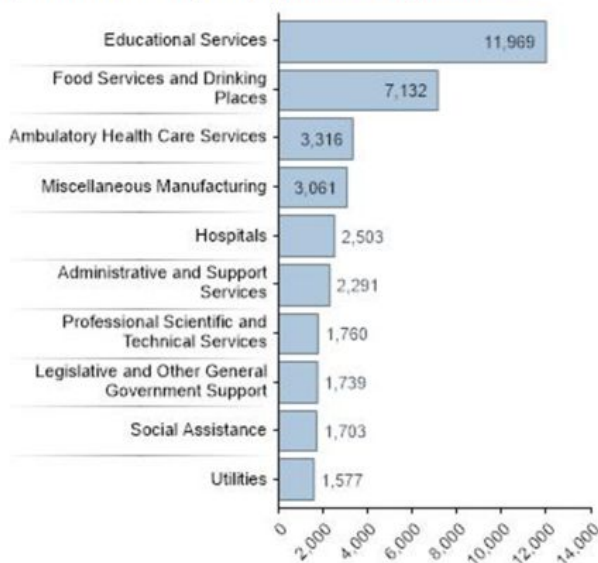
³ Source: https://www.bls.gov/eag/eag.in_bloomington_msa.htm

Definitions:

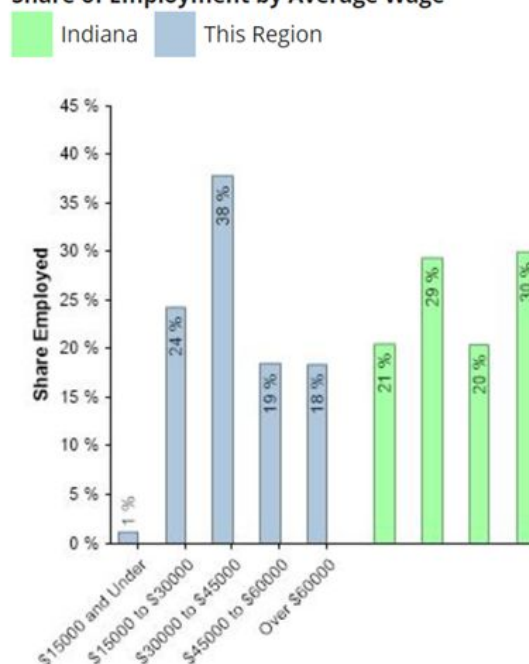
- *Government: federal, state, local government*
- *Trade, transportation, utilities = wholesale trade, retail trade, transportation and warehousing, utilities*
- *Education and health services = educational services, health care, social assistance. Education includes K-12, junior colleges, colleges, universities, professional schools, technical and trade schools, etc.*
- *Information = publishing industries (except internet), motion picture and sound recording, broadcasting (not internet), telecom, data processing and hosting, other info services*

Across Monroe County proper, the top ten industries by employment are as follows.

Top 10 Industries by Employment (3-digit NAICS)



Share of Employment by Average Wage



Economic impact of the crisis

Nationally, Moody’s has identified [five especially vulnerable sectors](#) in this crisis: mining/oil and gas, transportation, employment services, travel arrangements, and leisure and hospitality. Based on a [Brookings Institution analysis](#), the Bloomington metro has just over 10,000 jobs in industries that are at high risk, for a 15% share of all jobs in the metro (see [appendix table here](#)). Editor’s note: it appears this data may apply to the larger metropolitan statistical area, which extends beyond Monroe County.

Jobs interfacing with the public were impacted earliest, with some workers facing layoffs, some moving to remote work (such as in education), and others remaining on board as essential employees. According to the IBRC approximately 29,000 individuals in Monroe County are employed in jobs involving daily direct interaction with the public—including local health services, hospitality, and education. This is a large segment of the workforce first impacted by COVID-19 changes, out of a total estimated Monroe County payroll employment of 65,000.

A record [3.28 million Americans filed unemployment claims](#) in the week ending with March 21, compared to the prior week ending with March 14. These levels are higher than those of the Great Recession. National and state figures compare as follows:

Unemployment claims (initial)	Week ending March 21	Week ending March 14
National	3.28 million	282,000
Indiana	61,635	2,596

Source: [NPR](#)

In this community, Monroe County unemployment filings rapidly increased in mid-March:

Year	Month	Week	Initial Claims	Pct. Change from Same Week Last Year
2020	March	Week ending the 7th	21	0%
2020	March	Week ending the 14th	18	29%
2020	March	Week ending the 21st	934	5738%

Source: [Hoosiers by the Numbers](#). Indiana Department of Workforce Development (DWD), Unemployment Insurance Statistics. This table was produced by DWD and the Indiana Business Research Center. ⁴

Impact on restaurants

Based on comments shared by restaurants to City Council members, in addition to having to close their doors to dine-in business, restaurants have lost about 35% of their assets due to perishable food that had to be thrown out or given away, which will have to be repurchased upon reopening. Many employers have laid off staff temporarily, with no guarantee of rehiring for the same number of jobs and little indication of date of rehire. Any relief being considered for displaced employees should be aligned with the Department of Workforce Development and any federal relief.

Impact of the crisis on the hospitality industry

According to Visit Bloomington, hotel business in Bloomington for the week of March 15, 2020 was down 65 percent and was expected to be down over 80% for the week of March 22. As of March 26, five Bloomington hotels are completely closed.

April and May are two of the busiest months of the year in the local tourism industry due to the many events at the end of IU's academic year. An 80% drop in April and May 2019 room rentals (99,000) represents a loss over \$12 million. Those dollar figures don't include day trippers, which account for several more million dollars each month of local economic impact.

⁴ Note: Initial and continued claims counts displayed here may not agree with official counts posted elsewhere due to exclusion of denied initial claims and use of the compensable week rather than the filing week for inclusion in the counts (i.e. eliminates multiple week claims filed at the same time).

For comparison prior to the crisis: according to the 2018 Monroe County Tourism Economic Impact Report, delivered to Visit Bloomington on March 26, 2020, tourism has had the following impact in this community:

Tourism spending was \$419 million in 2018, as follows:

Food and beverage	\$145 million
Retail	\$89 million
Lodging	\$82 million
Transportation	\$82 million
Entertainment and recreation	<u>\$21 million</u>
	\$419 million

Tourism supported 6,814 jobs in Monroe County in 2018. Visitors to Bloomington spend approximately \$160 per person per day.

Impact on small businesses

The Small Business Development Center at Ivy Tech Community College, Bloomington has reported an increase of approximately 20 new clients daily, most of which are related to SBA loan needs. Clients include but are not limited to many in the food/beverage industry, as well as retail, and small manufacturing. The SBDC also reports an increase in contractors the week of March 23 (HVAC) due to cancelled jobs.

The biggest challenges of SBDC clients during COVID-19 include: laying off employees (how to do so and how to file with WorkOne), understanding their financial situation, positioning for the future given COVID-19, and gathering paperwork to file for the SBA loan program. Many clients still incorrectly think the Federal funds coming in will be in grant form. As of March 26, the SBA has not been clear on how it will deploy these funds.

In calls to 911 Chamber members and two electronic surveys from March 13–March 26, small businesses report 1) a complete absence of customers, 2) an inability to make payroll, and 3) an inability to fulfill prior commitments to vendors. Immediate needs range from understanding the HR ramifications of layoffs and questioning staff about their health to cash-flow planning and financial forecasting. SBA loan information was the most sought after information, followed closely by information about anticipated Federal legislation.

Forecasting

Little information is available at this time, given the need for more inputs, such as unemployment claims and unemployment insurance numbers. There is a lag in this data. More information will come from IBRC and other sources once it is available.

Sources of relief for businesses

Government Funding

Local funding

Food & Beverage Tax

City Council resolution 20-05, which passed by a vote of 9-0 on March 25, 2020 requested that the Food & Beverage Tax Advisory Commission (FABTAC) authorize up to \$2 million dollars to be leveraged from the City’s portion of the Food & Beverage Tax fund. The resolution specifically states, regarding use of the fund:

“The City would use such funds to support food and beverage establishments, other businesses that promote tourism, and employees of such establishments and businesses with the City of Bloomington. Such support may include, but is not limited to, grants and/or an interest free loan Program.”

Passage of the resolution by Council requires six?? additional steps before funding can become available for distribution to recipients:

1. FABTAC must authorize use of the funds according to the Council’s recommendation. (Vote scheduled via special session for 3/27/2020)
2. The City must advertise for 10 days following approval of the FABTAC its intention to allocate funding for a revised purpose (3/29/2020–4/8/2020)
3. The State Board of Accounts must agree to the redeployment of F&B Tax funds for purposes envisioned in the Council resolution.
4. City Council must authorize expenditures via an Appropriation Ordinance (Votes scheduled for 4/1/2020 and currently 4/7/2020, although the latter appears premature relative to the public notice period).
5. City administration must revise its allocation of currently earmarked F&B tax proceeds and other tax resources to ensure continuity of current F&B tax commitments, notably the Convention Center design fee commitments. [timing/process tbd]
6. Final approval by IN Department of Local Government Finance.

The ES&R Working Group recommends that F&B tax funds, if approved, or alternate funding if necessary, be made available for public distribution in two tranches. This is to ensure that initial investment processes are proven to be effective and controlled:

First Tranche (week 4/13/2020)	\$1,000,000
Second Tranche (week 5/4/2020)	<u>\$1,000,000</u>
	\$2,000,000

The availability of the F&B Tax funds remains uncertain at the time of this writing, as per the City's Controller. Pending a response from the State Board of Accounts, the ES&R Working Group has not invested significant time in determining alternative funding sources, but would recommend a quick pivot to that activity in the event the State Board of Accounts deems use of F&B Tax funds unacceptable. The Controller expects a ruling from the State Board of Accounts after the 3/27/2020 FABTAC meeting and before the 4/1/2020 City Council meeting.

BUEA Funding

The ES&R Working Group recommends a request to the BUEA for \$500,000 (assuming that the F&B Tax request or similar is approved). BUEA funds, which are significantly more limited in size but more flexible in use than the F&B Tax fund, may be available with approval by the BUEA board. BUEA funds are limited to constituents living within or programming that benefits Bloomington's Enterprise Zone.

The Working Group recommends that BUEA funding be applied for the following purposes:

Operational Support for ES&R Administration	\$25,000
Emergency Art Grant	\$200,000
Micro-Loan Program for Entities not covered by F&B	\$250,000
Emergency Economic Independence Scholarships	<u>\$25,000</u>
	\$500,000

BUEA board approval will be required to facilitate the above recommendation. The BUEA is currently scheduled to meet on 4/8/2020, but may be called for a special session as required to accelerate approval processes.

It should be noted that BUEA funds, if approved, would become available immediately for use in support of the Operational Support and Art Grant programs. Economic Independence Scholarships are reimbursements to individuals living within the Enterprise Zone, but policies may be requested by staff and approved by the BUEA to temporarily adjust reimbursement procedures to further unburden recipients.

Bloomington Art Commission Grants For the Arts

The \$40,000 Grants for the Arts Program, if approved by the BAC, will suspend all program/project support funding for 2020 and shift the entire grant program to provide operational grants to arts and cultural non-profits/organizations affected by the COVID-19.

Additional Funding Sources

The ES&R Working Group has reviewed additional funding sources. It does not, at this time, advise use of those for purposes of local stimulus, especially in light of the CARES Act by the US Senate on 3/25/2020. However, the ES&R Working Group reserves the right to recommend

potential future allocations for some or all of the following sources, pending ongoing needs and as eligible for use:

- Food & Beverage Tax
- BUEA
- Bloomington Arts Commission Grants for the Arts Program
- CRED Fund
- Housing Development Fund
- City Operating Funds
- City Rainy Day Fund
- TIF Bond Funds

Restriction details for some of the above funds may be found in Appendix 1.

State funding

The State of Indiana has not yet announced direct funding relief for businesses, as of 3/26 at 5:00 pm). Although there appears to be Department of Labor Dislocated Worker Grant (DWG) funding available to states, see [here](#).

3/26 Update: Indiana DWD suspension of one week waiting period before paying unemployment benefits as required by Indiana Code 22-4-14-4. Suspension shall be retroactive to March 8, 2020.

Federal funding

The federal government has passed two phases of relief funding related to COVID-19, with a third phase nearing completion on the night of Wednesday, March 25.

SBA Economic Industry Disaster Loans

The US Small Business Administration has officially declared an economic disaster throughout the state and Hoosier small businesses are now eligible for \$50B in Economic Injury Disaster Loans (EIDL).

Under EIDL, small businesses, small agricultural cooperatives, and nonprofits across the state are eligible to apply for low-interest loans up to \$2 million to help overcome the temporary loss of revenue due to the COVID-19 outbreak. These loans may be used to pay fixed debts, payroll, accounts payable and other bills incurred during this public health emergency. The loan interest rates for small businesses and nonprofits are 3.75% and 2.75%, respectively, with terms up to 30 years.

To qualify for disaster loans, applicants must demonstrate credit history, the ability to repay the loan, and proof of physical presence in Indiana and working capital losses. ISBDC anticipates that the loan application process will take 8–12 weeks from start to end.

There have been other recent announcements from the White House and Congress to provide additional loan relief for small businesses. We do not know how these will be deployed by SBA, but it is likely some of them would be done through the normal SBA loan guarantee programs through banks and other lenders as it is a faster path for small business owners.

Non-governmental funding options

Small Business Relief Fund

[Small Business Relief Initiative](#) supports local businesses facing financial loss from the COVID-19 pandemic. As part of the initiative, the [Small Business Relief Fund](#) will issue \$500 matching grants to qualifying businesses that raise at least \$500 on GoFundMe.

Velocities

Velocities, the partnership among Bloomington, Columbus, and Elevate Ventures, has \$200,000 available in an ideation fund for startups to prove out their idea. Up to \$20,000, meetings every other month.

Flywheel Fund

Flywheel Fund is a member-managed capital fund based in Bloomington, Indiana, that invests in early-stage and high-potential startups. Launch is likely in May. Up to \$25,000, meetings quarterly.

Artist Centered Relief

- Bloomington Film and Theatre Academy - <https://www.thebaft.org/covid>
- Art Alliance of Greater Bloomington is starting a fund - more details soon
- Indiana Music Industry Relief Fund (Women/Non-Binary):
<https://www.midwaymusicspeaks.org/imirf>

CDFI loan options

The following CDFI loan products are currently available to otherwise eligible borrowers in Monroe County. They are divided into two categories: new products developed specifically in response to COVID-19 and relevant pre-existing CDFI loan products.

CDFI COVID-19 New or Modified Loan Products

Bankable (SBA Community Advantage lender CDFI covering entire state)

- Product: QuickBridge loan program—offers a micro-sized loan for the purpose of providing relief to small businesses in Indiana.
 - Amount: \$500–50,000
 - Term: ≤3 years
 - Interest Rate: 8%.
 - Fees: None
 - Deferral Period: 30 days from closing
 - Turnaround: Approval estimated in 2–5 days, from date of submission
 - Prepay penalty: No
 - Underwriting: Not full underwrite, “lenient” review

Bankable states these loans are “geared towards businesses remaining in operation during the pandemic” as a complement to the SBA EIDL program.

Accion Chicago (Small business CDFI, covering entire state of Indiana)

- Product: Emergency Line of Credit
 - Amount: up to \$25,000
 - Term: 3 years–12 months interest-only payments, 2-year term begins in 13th month
 - Interest Rate: 9%
 - Fees: 4% origination fee, deducted from initial disbursement
 - Deferral Period: 12 months interest-only
 - Turnaround: approval and funding in 1 week
 - Prepayment penalty: No
 - Underwriting: Expedited—with clean 2019 credit report, approval is based on Jan/Feb 2020 revenue
- Product: Small Business loan
 - Amount: up to \$100,000
 - Term: ≤3 years
 - Interest Rate: 9% or 15%, depending on credit score
 - Fees: 4% origination fee, deducted from initial disbursement
 - Deferral Period: 90% deferral for first 3 months
 - Turnaround: approval estimated in 2 weeks from complete submission
 - Prepayment penalty: No
 - Underwriting: Full

Relevant, Existing CDFI Loan Products

Community Reinvestment Fund (CRF—small/medium business CDFI based in MN, covering entire state of Indiana)

- Product: SBA 7(a) loan
- Amount: minimum \$150,000–\$5,000,000
- Term: 10,15, or 25 year amortization period depending on collateral
- Interest Rate: Prime +2.75% (7% today)
- Fees: \$3000 packaging fee, or 1% of principal, whichever greater; good-faith deposit due at closing
- Deferral Period: 30 days
- Turnaround: approval estimated in 1 month from complete submission
- Prepayment penalty: Phases out incrementally over 3 years
- Underwriting: Full

Community Investment Fund of Indiana (CIFI—CDFI created by state IHEDA covering entire state of Indiana)

- Product: small business loan
- Amount: Flexible, approximately \$10,000–\$350,000
- Term: Flexible, maximum 10 years
- Interest Rate: Flexible, typically Prime + 3%
- Fees: 1% origination fee
- Deferral Period: 30 days
- Turnaround: approval estimated in 4–6 weeks from complete submission
- Prepayment penalty: Flexible
- Underwriting: Full

Local Banking Loan Options

In a survey of seven local lending institutions, none has new products specifically created in response to COVID-19. Each is working with current customers to modify loan rates, defer payments, or coach them in applying for the SBA loan. Each reported that they anticipate federal legislation that will create products they will administer for local small businesses. Specifically, they expect that the SBA loans will be expanded and will shift to allow banks to approve them.

The Keeping American Workers Employed and Paid Act would provide \$350 billion to help prevent workers from losing their jobs and small businesses from closing due to economic losses caused by the COVID-19 pandemic. The Paycheck Protection Program would provide 8 weeks of cash-flow assistance through 100% federally guaranteed loans to small employers

who maintain their payroll during this emergency. If the employer maintains its payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven, which would help workers to remain employed and affected small businesses and our economy to recover quickly from this crisis. This proposal would be retroactive to February 15, 2020, to help bring workers who may have already been laid off back onto payrolls.

Paycheck Protection Program (CARES Act)

Small employers with 500 employees or fewer, as well as those that meet the current Small Business Administration (SBA) size standards, would be eligible to apply for the loans. Self-employed individuals and “gig economy” individuals would also be eligible. Covered payroll costs include salary, wages, and payment of cash tips (up to an annual rate of pay of \$100,000); employee group health care benefits, including insurance premiums; retirement contributions; and covered leave.

- The size of the loans would equal 250 percent an employer’s average monthly payroll. The maximum loan amount would be \$10 million.
- The cost of participation in the program would be reduced for both borrowers and lenders by providing fee waivers, an automatic deferment of payments for one year, and no prepayment penalties.
- Loans would be available immediately through existing SBA-certified lenders, including banks, credit unions, and other financial institutions, and SBA would be required to streamline the process to bring additional lenders into the program.
- The Secretary of Treasury would be authorized to expedite the addition of new lenders and make further enhancements to expedite delivery of capital to small employers.
- The bill would provide \$350 billion to support these loans.
- The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million.
- Express loans provide borrowers with revolving lines of credit for working capital purposes.

Non-financial relief

With the increasing availability of stimulus funding, the role of supportive services to help navigate the myriad options becoming available will become increasingly helpful to community organizations and individuals.

Additionally, governmental agencies can assist businesses and nonprofits by providing temporary relief from licensing and other regulations.

Following are a preliminary list of supportive services:

- Maintain and update a centralized resource page: monroecountycovid-19.org—a community home for resources from all sectors, including financial resources, HR and legal, NPOs, local, state, federal, and health care.
- Frequent Zoom meetings to share necessary information with the business community.
- Create a “Navigation Center”
 - A hotline—phone, text, chat, email—where founders, entrepreneurs, and business owners (FEBO) can call for help in navigating the information overload.
- Promote one-on-ones with the Executive Director of the Mill and the Entrepreneur-in-Residence for Velocities
 - Weekly business owner “tap-in” via Zoom for personal and business check-in
- Promote daily virtual programming at The Mill via Zoom and Slack
- Technical assistance (ISBDC, gener8tor)
 - After seeing how hard our small businesses have been hit (already) from the COVID-19 outbreak, gener8tor in partnership with the IEDC created a free, week-long program for Indiana small businesses and entrepreneurs to identify and leverage critical resources in order to weather this ongoing public health crisis.
 - Program Dates: March 30–April 3
 - Sign-up Deadline: March 25 at 11:59 PM ET
 - In addition to webinars, gener8tor will host dedicated, daily office hours for small businesses to digitally meet with business advisors. Their team will work one-on-one with companies to address the various issues small businesses are facing during the COVID-19 outbreak.
 - https://www.gener8tor.com/emergency-response-program/indiana?mc_cid=f698086aa6&mc_eid=f92907f46e
- Implement “virtual farmers market” for local, small agricultural producers to connect online with individual and organizational buyers—software selected, development in progress, to be launched in early April via partnership between City’s Parks & Recreation Department and Department of Economic & Sustainable Development.
- Procurement:
 - From the Field Manual for the Economic Recovery Support Function (ERSF) from EDA, as quoted by Tom Guevara: “...organize procurement summits that allowed businesses throughout the region to learn how to sell products and services to government entities and major industries.” This is particularly useful if state governments are going to get a piece of the CoV-2 bailout.
 - Encourage governments to procure anything and everything from local businesses. For example, maybe City of Bloomington Social Services Funding can be used to purchase prepared meals from local restaurants that can be used to feed the food insecure. This has the benefit of keeping people employed (economic multiplier) and enabling those that need immediate help with food to get it. The City and County can ramp up spending with local businesses for complementary stimulus.

- Regulatory:
 - Suspend business license fees
 - Extend renewals of licenses for the next few months.
- Therapy subsidy for Mill members
 - Business owners will need as much help with personal resilience as they do with their business. If you're a member of The Mill, we'll pay 100% of the first therapy visit and 50% of each additional.

Policy / Program options

This section describes Bloomington's specific community needs in the context of existing resources, assesses what policies/programs are feasible in the short-, medium, and long term, and recommends preliminary proposals for the City and its partners to consider.

The Working Group aims to provide immediate relief to Bloomington businesses negatively impacted by COVID-19 in the form of grants and/or affordable loans. The reallocation of Food and Beverage Tax revenue should be used to bridge the gap, while small businesses and non-profit corporations wait for SBA disaster assistance, traditional loans, or lines of credit, which can take anywhere from 2 weeks to 6 months to arrive.

The goals of these policies are:

- Helping small businesses and nonprofits survive the COVID-19 crisis
- Retaining employment and prioritizing assistance for maintaining wages or rehiring workers
- Helping businesses avoid predatory lenders
- Maintaining the provision of goods and services for Bloomington's residents
- Sustaining the tourism and place-based economy to ensure economic and cultural rebound after the pandemic

Bloomington-Specific Needs

More detailed information about Bloomington's economy and the effects of COVID-19 on the city and Bloomington MSA is available above. The following information is based on an informal survey conducted by the Greater Bloomington Chamber of Commerce in the past 10 days, designed to elicit information about the specific, immediate needs of Monroe County businesses in light of the pandemic.

Key findings

- No businesses suggested that their immediate need for critical support exceeded \$50,000

- Normal range of expected loan/grant amounts based on small business feedback: \$15,000 to \$35,000
 - Based on a \$2 million allocation with an average award of \$25,000—this program could help 80 businesses
- The critical period is the immediate term: Impacts are already being felt, bills are overdue, and federal resources are likely several months away.

Gaps in Existing Resources

Based on examination of current capital availability, expected governmental aid, and market demand, we have identified the following gaps in resource availability.

- Immediate capital deployable in under two months at rates below 8% interest
 - CDFI capacity can provide immediate cash flow for businesses who qualify and can afford subprime interest rates
- Short- and Long-term working capital for micro businesses
 - Businesses with fewer than 10 employees are less likely to receive SBA assistance and less likely to pass underwriting standards
- Short-term support for non-collateralized businesses
 - Most available short-term sources of capital require some collateral

Bloomington's business community reports their most critical needs are immediate (within 1–2 months) working capital in amounts under \$50,000. This is unsurprisingly consistent with gaps in existing and expected capital availability from government aid and both traditional and alternative financing sources.

Based on the cross-analysis of the specific needs of the greater Bloomington community and gaps in currently available sources of funding, we recommend creating small-dollar, rapidly deployed capital with short-term deferral, no interest, and simple eligibility criteria. This may be combined with funding to leverage existing capital resources at lower interest rates to expand capacity in the medium-term.

Critically, to ensure rapid deployment and leeway to survive a yet-undetermined crisis period, these solutions must prioritize simple, easily administrable if not categorical eligibility criteria. Similarly, these financing options must be implemented by those with the expertise and capacity to make quick financial underwriting and risk assessment decisions, and the infrastructure to swiftly receive and review applications and disburse capital. CDFI industry and local lending experts heavily emphasized this factor.

To pursue that objective, we propose to create some or all of the following financing options:

COVID-19 Small Business Bridge Loan

This product is designed to provide working capital to support small businesses' most critical needs during the next two months, likely to be the most devastating period of the pandemic. It is not designed to generate an ROI, but aims to recoup its investment if possible.

Based on the applicant pool, the Working Group may choose to add further priorities or change eligibility criteria in the subsequent weeks.

- Signatory Lender: City of Bloomington (or COVID-19 public entity)
- Amount: \$1,500–\$50,000
- Interest Rate: 0%
- Amortization Period: 2 years
- Deferral period: 3 months before first payment due
- Fees: None
- Turnaround: ≤1 month
- Prepayment Penalty: None
- Eligibility requirements:
 1. Must be a small business or 501(c)(3) nonprofit corporation with under 250 FTE.
 2. Borrowers must comply with Bloomington's Living Wage Ordinance.
 3. Borrowers must be physically located within the City of Bloomington.
 4. Borrowers must demonstrate a significant decrease in revenue due to COVID-19. (25% decrease in revenue automatically qualifies, but is not required.)
 5. Borrowers must be able to demonstrate an ability to pay back the loan within 24 months of the award
 6. Borrowers must guarantee that funds will go to support wages, payroll costs, rent or utilities, and/or other immediate, essential expenses. Funds may not be distributed to equity investors or owners.
- Underwriting: Loan Committee of at least 5 volunteer members, including at least 3 members (rotating membership permitted) of local lending institutions. Other members may be Business leaders, public officials, industry experts, or qualified technical assistance providers.
- Administrative function: possibilities include COVID-19 entity; authorized local lending partner; City Controller's office.

COVID-19 Micro Business loan

This product is designed to provide working capital to support micro-businesses (2-10 employees), who are less likely to meet underwriting requirements for other available capital. This program is designed to be a grant to most vulnerable businesses in our community, while recouping the investment if the microbusiness survives long-term.

- Signatory Lender: City of Bloomington or COVID-19 public entity
- Amount: \$1,000–\$5,000

- Interest Rate: 0%, forgivable
- Amortization Period: 1 year
- Deferral period: 12 months before balloon payment due
- Fees: None
- Turnaround: ≤2 weeks
- Prepayment Penalty: None
- Eligibility requirements:
 1. Must be a small business with under 11 FTE
 2. Borrowers must comply with Bloomington's Living Wage Ordinance.
 3. Borrowers must be physically located within the City of Bloomington.
 4. Borrowers must demonstrate a significant decrease in revenue due to COVID-19. (25% decrease in revenue automatically qualifies, but is not required.)
 5. Borrowers must be able to demonstrate an ability to pay back the loan within 24 months of the award
 6. Borrowers must guarantee that funds will go to support wages, payroll costs, rent or utilities, and/or other immediate, essential expenses. Funds may not be distributed to equity investors or owners.
- Underwriting: Same Loan Committee of at least 5 volunteer members, including at least 3 members (rotating membership permitted) of local lending institutions. Other members may be Business leaders, public officials, industry experts, or qualified technical assistance providers. This should be the same committee that reviews COVID-19 small business loans. Businesses cannot receive both products.
- Administrative function: possibilities include COVID-19 entity; authorized local lending partner; City Controller's office.

COVID-19 Blended CDFI Loan

This product is designed to provide working capital to support small businesses and nonprofit entities in the medium term, in the event of a prolonged pandemic, delayed bounceback, or lull due to Bloomington's educational market cycle. It is designed to generate a small ROI to enable support from participating entities, but merely to recoup the public contribution.

The public contribution would be in the form of loan loss reserves, which would help offset risk to encourage CDFIs or participating lenders to take on below-market interest loans for businesses at risk. Participating lenders would agree to pay back whatever remained of the loss reserves after a designated period. CDFIs have indicated they could lend at least \$2 for every \$1 contributed in loss reserves.

- Signatory Lender: CDFI and/or local lending partner
- Amount: \$1,000–\$100,000
- Interest Rate: 6.5% (8% charged by CDFI partner, 5% charged by CDFI Friendly Bloomington or other local lending partner)
- Amortization Period: 2.5 years

- Deferral period: 6 months interest-only payments, 2-year term begins immediately thereafter
- Fees: None
- Turnaround: ≤1 month
- Prepayment Penalty: None
- Eligibility requirements:
 1. Otherwise eligible under participating lenders' loan policies (likely significant)
 2. Must be a small business or 501(c)(3) nonprofit corporation with under 250 FTE.
 3. Borrowers must comply with Bloomington's Living Wage Ordinance.
 7. Borrowers must be physically located within the City of Bloomington.
 8. Borrowers must demonstrate a significant decrease in revenue due to COVID-19. (25% decrease in revenue automatically qualifies, but is not required.)
 9. Borrowers must be able to demonstrate an ability to pay back the loan within 30 months of the award.
 10. Borrowers must guarantee that funds will go to support capital expenses: including but not limited to wages, payroll costs, rent or utilities, debt service, property maintenance, and/or other immediate, essential expenses. Funds may not be distributed to equity investors or owners.
- Underwriting: Completed by participating lenders.
- Administrative function: Other than drafting/closing initial agreement for loan-loss reserve commitment, this program would be administered by participating lenders.

Administrative Structure for Relief Distribution

Intake Process

Pending development by Response Team.

Evaluation Process

Pending development by Response Team.

Distribution Method(s)

Pending development by Response Team.

Repayment/Reconciliation Process

Pending development by Response Team.

Measurement of Results/Reporting

Measurement of Results

Specific measurement of results of any local funding relief program will depend upon the specifics of the products/programs implemented. Given the relatively short implementation window, measurements may focus initially on implementation steps, including but not limited to:

- Application volume
- Service levels in application review
- Approval/rejection percentages
- Size/type of recipient organization and/or number of individuals
- Timeframe of relief delivery from point of approval

Longer term measurements would include loan default rates, return to cash flow stability measurements, jobs protected or created, etc.

Reporting

The ES&R Working Group anticipates a robust reporting requirement, including to the Mayor, City Council, regional stakeholders, and directly to the public. The pace and structure of these reports is to be determined by the Mayor.

In the meantime, and as noted below, the ES&R Working Group recommends the development of an economic indicators dashboard accessible to the public.

Partners and how to engage them

The ES&R Working Group recommends, in light of the increasingly possible approval of F&B Tax funding and likely continuing stabilization efforts for at least 6 months, that it begin or continue coordination with partner agencies, organizations, and individuals to better align efforts and improve outcomes. These may include the following (* indicates this entity has already been engaged by this team during this initial crisis):

Category	Entity	Notes / what to engage on
Federal resources	US Economic Development Administration	Chicago field office
Federal resources	Office of Senator Todd Young* Office of Senator Mike Braun Office of Rep. Trey Hollingsworth*	Info on how federal appropriations will reach this community
Federal resources	USDA	

State resources	Indiana Economic Development Corporation*	Info on statewide resources; IEDC has also requested feedback on needs
State / regional resources	Department of Workforce Development / WorkOne Region 8 workforce board*	Employment resources
State / regional resources	Indiana Small Business Development Center / Gayle and Bill Cook Center for Entrepreneurship*	SBA Disaster Loans Business coaching
Regional	Regional Opportunities Initiative*	Regional industry data and forecasts for the Uplands Region
Regional	Economic development organizations / chambers in neighboring communities* <ul style="list-style-type: none"> ● Indy Partnership ● Radius Indiana ● EDOs for Morgan, Owen, Lawrence, Greene, Brown Counties, Columbus 	Connecting efforts within the regional economy
Government	Governmental agencies across Monroe County <ul style="list-style-type: none"> ● Monroe County Commissioners, Council* ● Town of Ellettsville Manager, Council* ● Stinesville as applicable ● Townships as applicable 	Collaboration in developing policies and response mechanisms, as applicable
Government	City of Bloomington boards and commissions BAC, BUEA, BCOS, EDC, RDC HAND (HUD)	
Sector: higher education	Indiana University <ul style="list-style-type: none"> ● Office of the Provost* ● Government Relations Economic Engagement ● Centers: IBRC,* IU Public Policy Institute,* Rural Engagement ● School-based expertise (O'Neill School, Kelley School, Informatics) Ivy Tech Community College	

	<p>Bloomington</p> <ul style="list-style-type: none"> ● Office of the Chancellor ● Workforce Alignment 	
Sector: tourism / hospitality	<ul style="list-style-type: none"> ● Visit Bloomington* ● Downtown Bloomington Inc/Main Street* ● Monroe Convention Center* 	
Sector: non-profit / philanthropy	<ul style="list-style-type: none"> ● CFB, United Way, CFBMC, unions, etc 	
Sector: telecommunication	<ul style="list-style-type: none"> ● Smithville ● AT&T ● Comcast 	
Sector: financial	<ul style="list-style-type: none"> ● Old National ● First Financial ● IUCU ● German American ● Owen County State Bank ● Peoples State Bank ● Fifth/Third Bank 	
Sector: utilities	<ul style="list-style-type: none"> ● Duke* ● Hoosier Energy / SCI REMC 	

* indicates this entity has already been engaged by this team during the initial crisis

Next steps/ further work to be done

The ES&R Working Group recognizes that the policy recommendations outlined above are focused on the initial, short-term economic stabilization programs that are most urgently needed. Implementation of these recommendations will require focused attention over the next 15 days in order to most effectively distribute initial funding support recommended above.

Concurrent with initial efforts, the ES&R Working Group must develop and implement measurement and evaluation programs to assess the effectiveness of first tranche distribution in order to optimize additional funding phases.

However, presuming that Bloomington’s economy begins to stabilize within 6–12 months, the Working Group will accelerate work on mid- and long-term revitalization recommendations to increase the chances of a full economic recovery. This additional work can be organized as follows, which is based on the availability of current federal stimulus funding, the mid-term effects of the recovery project, and long term economic development needs.

Formation of Planning Subgroups

The ES&R Working Group recommends that three sub-groups be formed to address each period of economic recovery, including:

Team	Scope	Task Description
Response Team	0–4 months (to coincide with the current horizon for federal stimulus)	Development of local stimulus products and implementation; development of a resource team to guide recipients through options.
Recovery Team	4–12 months	Develop recommendations and programs to provide revenue generating opportunities for community organizations and individuals
Thrive Team	12–36 months	Evaluate training, reskilling, infrastructure needs for long term economic vitality

Response Team Activities

Activity	Collaborating Partners	Due Date
Develop ES&R Administrative Structure	Local Commercial Banking CDFI Networks	4/3/2020
Develop Measurement & Reporting Mechanisms	Office of the Mayor, City Council, FABTAC	4/10/2020
Determine & Implement Federal & State Reimbursement Protocols	SBDC, SBA Lenders	4/10/2020

Recovery Team

Activity	Collaborating Partners	Due Date
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Evaluate Civil City in-year 2020 cost reductions/budget reallocations	All City Departments	4/30/2020
Develop economic indicators dashboard	Mill COB Innovation DWD IBRC	tbd
Develop 4–12 month economic model	tbd	tbd
Develop short-term revenue generation plans (e.g., events to replace IU Graduation, Mothers Day, etc.)	tbd	tbd

Thrive Team

Reforecast 36-month Civil City tax receipts	Controller (Underwood) Monroe County (McKim)	6/1/2020
Develop City infrastructure project reprioritization	tbd	tbd
Develop workforce training and reskilling plan	tbd	tbd
Develop Community Economic Recovery/Development Plan	tbd	12/31/2020

CEO Roundtable

In addition to the recommendation to the Mayor to form the above teams as quickly as possible, the ES&R Working Group recommends that the Mayor convene a roundtable of important economic development stakeholders in the community to begin crafting long-term “Thrive Team” activities. The proposed roundtable may include, but is not limited to representatives from 100+ FTE employers as well as representative organizations of smaller employers and certain key individuals in the community with economic development expertise:

Organization	Representative
Solution Tree	Jeff Jones
Centerstone	Mat Orrego
Envisage	Ari Vidali
Cook Group	Pete Yonkman
Catalent	tbd
TASUS	Melanie Walker
Indiana University	Fred Cate
IU Health	Brian Shockney
BEDC	Jennifer Pearl
Bloomington Chamber	Erin Predmore
DMI	Pat East
IU Public Policy Institute	Tom Guevara
Individual Resource	John Fernandez

Note: The above information may be adjusted with integration from ROI's regional employment profile data.

Conclusion

The COVID-19 pandemic has created immediate economic hardships for Bloomington's business sector, non-profit organizations, and individuals. The urgency of the moment requires an initial focus on the creation of short-term relief programs, which is the primary focus of this policy recommendation document.

However, the pandemic also offers the community an opportunity to position itself for vibrancy and an acceleration of the growth that was already underway before the current emergency. Resources may be available to the community to aid in that long-term opportunity, including:

- Economic Development Administration funding to build a spec building in the Trades District for growth company expansion from the Mill. Could be a PPP with Cook and/or IU and could be managed by the Mill as formal expansion space

- Development of a formalized plan to leverage Informatics/AI activities into off-campus IP investments
- Collaboration with IU to develop wet lab facilities in the community to accelerate expansion of the life science sector

In sum, the community has already come together to support struggling organizations with an unprecedented sense of unity. An urgent need remains to find and fill gaps in short-term, external stimulus funding. The community must also begin to focus on midrange recovery efforts in anticipation of an end to federal and state stimulus support while organizations and individuals are not fully stabilized. And finally, Bloomington's future vibrancy will depend on assembling a "dream team" of long-term economic planners to consider how best to prioritize economic development projects in the pipeline, adjust to the post-COVID new reality and, where possible, leverage new and unforeseen opportunities that may stem from it.

The ES&R Working Group is pleased to participate in any way in all of the above.

Acknowledgements

Thank you to the following individuals who contributed to the development of this memo:

Tom Guevara	Ellyn Sallee (BEDC)
John Fernandez	Clark Grenier (BEDC)
Carol Rogers (IBRC)	Melissa Acton (Senator Young's office)
Steve Bryant (SBDC)	Adina Abramowitz
Talisha Coppock (DBI)	
Mike McAfee (VisitBloomington)	

[END]

APPENDIX 1: Local Funding Guidelines

Following are guidelines for some potential local funding sources:

BUEA

The BUEA has relatively broad funding authority to benefit the zone and Indiana Code § 5-28-15-14 mandates, in relevant part, that the BUEA “[s]erve as a catalyst for zone development. Under Indiana law, the BUEA may “[i]nitiate and coordinate any community development activities that aid in the employment of zone residents, improve the physical environment, or encourage the turnover or retention of capital in the zone.” Ind. Code § 5-28-15-14(b)(1). There is no specific definition of “community development activities,” and that term should be interpreted to give it the broadest possible meaning. Elsewhere in Article 28, community development is similarly defined in various ways to include improvements to the physical environment, loans to businesses, and any activity that encourages the turnover or retention of capital.

The only other restriction in the funding for these activities is that the BUEA may not fund anything that has the purpose of or that results in a pecuniary benefit to its officers or directors.

Community Revitalization Enhancement District (CRED) Funds

The City's two CRED Districts are governed by Indiana Code 36-7-13. A CRED may be created when there are "significant obstacles to redevelopment of the [CRED]" due to any of the following problems:

1. Obsolete or inefficient buildings
2. Aging infrastructure or ineffective utility services
3. Utility relocation requirements
4. Transportation or access problems
5. Topographical obstacles to redevelopment
6. Environmental contamination
7. Lack of development or cessation of growth
8. Deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings
9. Other factors that have impaired values or prevent a normal development of property or use of property.

To address these problems, CRED funds may be used for:

- The acquisition of land

- Interests in land
- Site improvements
- Infrastructure improvements
- Buildings
- Structures
- Rehabilitation, renovation, and enlargement of buildings and structures
- Machinery
- Equipment
- Furnishings
- Facilities
- Administration expenses associated with such a project
- Operating expenses
- Substance removal or remedial action to the area

There is no case law interpreting the boundaries of these categories. CRED funds may also be used as an incentive for certain developer agreements. Indiana Code § 36-7-13-18 allows the City to enter into an agreement with a developer (which has a technical definition) and if the developer meets or exceeds specified benchmarks, the developer is paid a specified amount of CRED funds.

Tax Increment Financing (TIF) Funds

Indiana Code § 36-7-14-39(b)(3) governs the ways that Tax Increment can be spent. It permits Tax Increment to be spent, among other things, to:

(G) Reimburse the unit for expenditures made by it for local public improvements (which include buildings, parking facilities, and other items described in section 25.1(a) of this chapter) that are physically located in or physically connected to that allocation area.

(J) Pay expenses incurred by the redevelopment commission for local public improvements that are in the allocation area or serving the allocation area. Public improvements include buildings, parking facilities, and other items described in section 25.1(a) of this chapter.

Indiana Code § 36-7-14-39(b)(3)(G), (J) permits a redevelopment commission to use Tax Increment “for local public improvements.” These provisions do not restrict how Tax Increment can be spent on local public improvements. That is to say, these provisions are not limited to the up-front costs associated with a project. Compare Ind. Code § 36-7-14-39(b)(3)(J) (“Pay expenses incurred by the redevelopment commission for local public improvements . . .”) with Ind. Code § 36-7-14-39(b)(3)(L) (“Pay the costs of carrying out an eligible efficiency project (as defined in [Ind. Code §] 36-9-41-1.5 . . .”).

There is no specific definition of “local public improvement.” Indiana Code § 36-7-14-39(b)(3)(G), (J) include “buildings, parking facilities, and other items described in [Indiana Code § 36-7-14-25.1(a)]” within “local public improvement.” Indiana Code § 36-7-14-25.1(a) includes “the total cost of all land, rights-of-way, and other property to be acquired and redeveloped.”

The legislature intended this broad, non-exhaustive definition of “local public improvement.” By keeping “local public improvement” general, the definition is able to adapt to “take care of the necessities of the future.” *Dep’t of Pub. Sanitation of City of Hammond v. Solan*, 97 N.E.2d 495, 501 (Ind. 1951) (declining to “announce a hard and fast rule defining a ‘public local improvement’ that will be binding upon legislatures and courts in future years”). However, it is important to acknowledge the limitations that the Indiana Court of Appeals has placed on this language. See *Redevelopment Comm’n of Town of Munster v. Indiana State Bd. of Accounts*, 28 N.E.3d 272, 277-80 (Ind. Ct. App. 2015).

APPENDIX 2: Federal Funding Summary

Phase 2: Families First Coronavirus Response Act

*The Kaiser Family Foundation provides a detailed [breakdown of the act here](#).
An explainer of what employers need to know about the act is [posted here](#).*

The following Phase 2 summary was also provided by the office of Senator Todd Young. It is [posted online here](#).

On March 18, the Senate voted to pass the Families First Coronavirus Response Act, which is now law. This package provides relief to families, workers, and businesses affected by the coronavirus, including providing free testing, food aid, and unemployment assistance.

Food Assistance

- Provides funding for nutrition assistance programs, including:
 - 500 million for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
 - \$400 million for the emergency food assistance program to help states and food banks distribute food for low-income people through local agencies
 - \$250 million for nutrition programs for seniors, including home-delivered meals.
- Allows states to provide additional, temporary SNAP benefits to families with children whose schools have closed due to the public health emergency.
- Permits certain school meal program requirements to be waived to ensure food is provided despite school closures.
- Waives federal SNAP work requirements temporarily

Sick and Emergency Leave

- Creates emergency paid sick leave for eligible employees who are sick or quarantined; as well as for caregivers of quarantined family members or children.
- Full-time workers will be guaranteed 80 hours of paid leave, prorated for part-time workers. Payments will be capped at \$511/day for sick employees, or at two-thirds of pay for those caring for family members capped at \$200/day.
- Provides temporary paid family leave for an additional 10 weeks to care for children whose school or daycare facility has closed due to the health emergency.
- Payments will equal two-thirds pay with a cap at \$200/day.
- Small businesses with fewer than 50 employees may apply for hardship exemptions.

- Provides refundable payroll tax credits for employers to offset payments for sick leave and family leave requirements

Fighting Coronavirus

- Requires private and public health plans to provide full coverage for COVID-19 visits and testing.
- Provides \$1 billion to the Public Health and Social Services Emergency Fund to allow for COVID-19 testing for the uninsured.
- Gives states additional emergency federal medical assistance.
- Provides liability protection to certain personal respiratory protective device manufacturers to increase the production of devices in high demand.

Phase 3: CARES Act (Expanded)

The Senate approved on 3/25 the largest ever federal stimulus relief bill—the CARES Act. On 3/27 the bill passed the HView the IEDC breakdown of the bill [here](#). The IEDC states that the Senate and the administration have been collaborating closely with House leadership over the previous weeks in a bid to ensure smooth, quick adoption of the Senate bill.

Economic Development Administration (EDA)

EDA receives \$1.5 billion in supplemental funding, directed to the Economic Adjustment Assistance account. The agency also receives surge hiring authority, to allow EDA to properly staff the agency during this crisis; a 2% carve out of the supplemental funds is directed toward ‘salaries and expenses’ to support the surge.

Community Development Fund (CDBG)

CDBG receives \$5 billion in supplemental funding. \$2 billion will be distributed according to the 2020 allocation formulas within 30 days. \$1 billion will be distributed to states to combat the spread of COVID-19 within 45 days, in amounts determined by the Secretary of HUD based on best available data and need. The balance of the supplemental funding will be distributed to states based on a formula determined by the Secretary of HUD using best available data on COVID-19 and associated economic and housing disruptions.

USDA Rural Development (USDA-RD)

USDA-RD receives \$145.5 million in funding; \$20.5 million for the Rural Business-Cooperative Service that will make \$1 billion in lending authority available, \$100

million in grants for rural broadband service, \$25 million in grants for distance learning and telemedicine.

Hollings Manufacturing Extension Partnership (MEP)

MEP receives \$50 million to support MEP centers and waives the statutory cost-match requirement.

Minority Business Development Agency (MBDA)

MBDA receives \$10 million in grant funding to support technical assistance to minority business development centers and minority chambers of commerce for counseling for minority business on available COVID-19 related resources.

Federal Emergency Management Agency (FEMA)

FEMA receives \$45.4 billion for response and recovery, including \$400 million for grants for fire/ems, emergency management, and food & shelter providers.

Department of the Interior (Interior)

Bureau of Indian Affairs receives \$453 million, Bureau of Indian Education receives \$69 million, Indian Health Services receives \$1.032 billion, Office of Insular Affairs receives \$55 million.

National Endowment for the Arts & Humanities (NEA)

NEA receives \$150 million in total; \$75 million for the National Endowment for the Arts and \$75 million for the National Endowment for the Humanities; money will be used to assist state arts and humanities agencies and partners.

Small Business Administration

The Small Business Administration is receiving an enormous amount of funding and significant program adjustments to help small businesses weather and survive the crisis. A sample of the numbers includes:

- \$349 billion for loan guarantees,
- \$675 million for Small Business Administration salaries and expenses,
- \$240 million for small business development centers and women's business centers for technical assistance for businesses,
- \$10 billion for emergency EIDL grants,

- \$17 billion for loan subsidies,
- \$100 billion for secondary market guarantee sales

Programmatic changes appear to be primarily channeled through the 7(a) loan program. Key provisions include:

Paycheck Protection Program

- Creation of the Paycheck Protection Program (PPP)
- Helps small businesses, 501(c)(3)'s, 501(c)(19)'s, and 31(b)(2)(c)
- Limited to under 500 employees
- Includes independent contractors, sole proprietors and the self-employed
- Entities must have been operational by 2/15/20; had payroll, paid taxes
- Covered loan period is 2/25/20 through 6/30/20
- Maximum loan amount via 7(a) set to \$10 million through 12/31/20
- 100% loan guarantee through 12/31/20
- Eligible expenses include payroll, insurance, rent, mortgage and utilities
- Borrower cannot apply/carry both PPP and Economic Injury Disaster Loan (EIDL) for COVID-19, but can carry previous, non-COVID-19 EIDL and participate in PPP
- Borrower must good-faith certify that funds are needed for COVID-19 related purposes, the funds will be used to retain workers, and that their request is not duplicative with other SBA funds for the same purpose
- Waives borrower and lender fees
- Waives credit elsewhere requirements
- Waives collateral and personal guarantees
- Sets maximum interest rate of 4%
- No prepayment fees
- Defers payments on PPP loan for 6–12 months
- Delegates authority to all existing 7(a) lenders to expedite approvals/distributions
- Authorizes bank and non-bank lenders to participate in PPP program
- New lenders in program can only participate in PPP and not other 7(a) loans
- Amount spent by borrower in the first 8 weeks from loan origination may be forgiven; amount reduced proportionate to reductions in workforce as compared to previous year; if rehires made during 8 week period, no penalty in reflection of possible layoffs early in the 8 week period
- Allows inclusion of additional money paid to tipped workers
- Anything not forgiven or repaid by 12/31/20 will convert to a max 10 year loan at a max 4% interest rate; loan will remain 100% guaranteed

Emergency Injury Disaster Loan (EIDL)

- Eligibility expanded to include tribal businesses, cooperatives, ESOP's, individual contractors, sole proprietors, and private non-profits with less than 500 employees
- Waives credit elsewhere requirement for advances and loans below \$200,000

- Waives personal guarantee for advances and loans below \$200,000
- Waives 1-year-in-business requirement for advances and loans below \$200,000
- SBA has greater flexibility in determining borrower eligibility
- Entities eligible to apply for EIDL may request an advance in the form of an emergency grant of up to \$10,000
- SBA must distribute EIDL emergency grant within 3 days
- Applicants are not required to repay emergency grant, even if they are ultimately denied EIDL

Other provisions

- Additional funding provided to Small Business Development Centers (SBDCs) and Women's Business Centers (WBCs)
- Match requirements for WBCs are waived for 3 months
- State Trade Expansion Program funds from FY18 and 19 will be made available through FY '21
- Requires SBA to subsidize 6 months of payments on existing 7(a), 504, or microloans beginning with the next payment.

Unemployment Insurance

The stimulus bill offers considerable resources related to unemployment insurance. At present, this section includes final sticking points that are delaying passage of the bill.

- Creates a temporary Pandemic Unemployment Assistance (PUA) program for those not traditionally covered by unemployment insurance (UI), including the self-employed, independent contractors, or those with limited work history
- Provides an additional \$600 per week in recipients of UI and PUA for up to 4 months
- Provides an additional 13 weeks of UI after state UI expires
- Federal government will cover 100% of the cost of the first week of UI if states waive the 1 week waiting period to begin benefits
- Federal government will reimburse states for 50% of the costs incurred through 12/31/20 of unemployment benefits for state agencies and nonprofits
- Federal government will pay 100% for 'short-time' programs in states with existing programs in law and 50% of costs for states that begin 'short-time' programs during the covered period

For Businesses

A series of tax credits to ease the burden of keeping staff on payroll.

- Employee retention benefit: 50% refundable payroll tax credit during COVID-19 crisis for businesses that either fully or partially shut down OR have a 50% decrease in receipts versus the same quarter in the previous year and continue to pay employees.
- Based on qualified wages paid to employees during crisis, tied to number of employees (100+ full time employees = wages paid when they are not providing

services due to COVID-19 and less than 100 full time employees = wages paid regardless of business closure status)

- Covers up to \$10,000 paid per employee, including benefits, for the period 3/13/20–1/31/20
- Payroll tax deferred, payments to be spread over 2 years
- Net operating losses (NOLs) modification: NOLs arising in FY18, 19, and 20 can be carried back 5 years
- AMT credits available as refundable credits through 2021 can be claimed as a refund now
- Allowable deductible interest expenses are increased from 30% to 50% for 2019 and 2020.

Economic Stabilization

The bill provides massive resources for economic stabilization primarily through the Department of the Treasury and the Federal Reserve.

- \$500 billion for the Treasury Exchange Stabilization fund for loans, loan guarantees and other investments, including: \$25 billion for air passenger carriers, \$4 billion for air cargo; \$17 billion for business important to national security; \$454 billion for the Federal Reserve's lending facilities to eligible businesses, states and municipalities
- Eligible entities must: have no alternative financing available, loans must be secured, loan terms must be less than 5 years, loan cannot be forgiven, no buy backs or dividend payments until the loan is repaid or 1 year from loan origination; must maintain 90% of 3/24/20 workforce until 9/30/20
- Any Federal Reserve lending must be broad-based, verification borrow is not insolvent, no other financing available, and loans cannot be forgiven.

Coronavirus Relief Fund

An injection of funding for states, tribes and local governments to combat the spread and aftermath of COVID-19

- Provides a \$150 billion grant fund for states, to be distributed proportional to population size, with a minimum of \$1.25 billion for states with the smallest populations.
- Funding is for state, local and tribal governments to use in response to the COVID-19 crisis.

Rebates

Cash payments to U.S. residents

- All U.S. residents with an adjusted gross income of up to \$75,000 for individuals and \$150,000 for couples will receive a cash rebate of \$1,200 (ind) or \$2,400 (couples)
- Includes all taxpayers with work-eligible SSN, including those with low or no income

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- Rebate amount decreases by \$5 with for every \$100 over the threshold, with individuals AGI over \$99,000 completely phased out, \$146,000 for head of household with at least 1 child phased out, and \$198,000 for couples phased out.
- An additional \$500 will be given for each child per household.

As you can see, this bill is massive in both funding and scope. A fourth aid bill is all but certain to come in the weeks ahead, with additional funding and program fixes and adjustments. IEDC will continue to engage Congress and the administration throughout this crisis. Please continue to engage your elected officials on the importance of a swift, substantial and sustained federal response to this crisis.

APPENDIX 3: How other counties/municipalities are responding

- [Full database of capital resource responses from other cities/community partners](#)
 - Includes non-Indiana CDFI responses, municipal loan funds
- [International Economic Development Council Webinar: Preparing for COVID-19](#)
- Los Angeles Economic Development Corporation (LAEDC):
 - [LAEDC Coronavirus Response page](#)
 - Main areas of focus/key takeaways:
 - LAEDC's 17 steps to cope with new business/operational challenges
 - [City of LA Resilience Toolkit](#)
 - California SmartMatch to strengthen local supply chains
- City of Toronto Economic Development & Culture:
 - [City of Toronto Coronavirus Response page](#)
 - The City of Toronto has created a response team, "Team Toronto", consisting of investment and attraction agencies, and the chamber of commerce to report business functions to the government.
 - Working with landlords and tenants. Landlords are reluctant to give up rent and small businesses are not in a position to pay their rent on April 1. Deferring property taxes and any other fees that people will pay to the city. More information below.
 - SARS Outbreak in 2003 prepared them for COVID-19
 - Focused on the physiological impact on social distancing and reluctance to attend large gatherings.
 - Main areas of focus/key takeaways:
 - Postponing Ontario's budget release and will currently release economic and fiscal updates
 - Project initial impacts to economy
 - Reduce consumer and business spending
 - Decreases in exports and non-residential business investment
 - Deployed Economic Recovery and Support Taskforce (Team Toronto)
 - Extending grace periods
 - Employee protections
 - Establishing contingency fund
 - Access to employment insurance
 - Expanding small business advisory services
 - 24-hour retail delivery exemption
- Galveston Economic Development Partnership, Galveston, TX:
 - [GEDP Coronavirus Response page](#)
 - Strong regional collaboration with the Greater Houston Partnership
 - GEDP has responded to many economic hardships in their community before: hurricanes, oil spills, etc.
 - Main areas of focus/key takeaways:
 - Reactivated business recovery loan program to focus on COVID-19

- 3.25% APR/ 180 Days
 - Gap funding until other funds are organized
 - Created business continuity & disaster preparedness toolkit
- [Grella Partnership Strategies](#)
 - Reassess → Respond → Reinvent
 - Health
 - Business
 - Policy
 - Supply Chain
 - Workers
 - Recommendations by Mike Grella:
 - Incentives are important short term
 - Break the cycle of permanent subsidies and lost debt
 - Create communities with a healthy tax basis so critical services like health care and access to funds are available
 - Economic development focus is primarily on high paying, quality jobs. Jobs coming back will be remote work or part time
- [Grant County Economic Growth Council Coronavirus Response page](#)
- [Grant County Economic Growth Council Fund](#)
 - Extension of the [Revolving Loan Fund](#)
 - Can receive up to \$7,500
 - Businesses eligible if...
 - Operating in Grant County
 - Have less than 30 employees
 - Current on all taxes
 - Not a franchisee
 - Terms
 - No prepayment for 6 months
 - Interest-only Payments for 6 months
 - Full repayment by month 24 (in two years)
 - Interest rate of 3.00%
 - Fund used for
 - Offsetting losses related to the Coronavirus
 - Helping companies sponsor sick pay for workers.
 - Preventing staff reductions

APPENDIX 4: Questions/Issues to Consider

- Make certain there is a legal precedence for a public municipality/county to use taxpayer funds as capital investment dollars and the mechanisms to deploy said capital. Keep in mind that these funds are being repurposed from the original intent of why the dollars were collected.
- If there is a decision to move forward with public funds in an investment capacity identify the industries...the loan committee should be comprised of at least one proven industry expert amongst the team
- Assess the probability of legal actions taken by the borrower(s) and those rejected to receive public tax dollars, meaning, how does the public entity pick winners and losers? Loan criteria must be very clear under these circumstances
- Is there an affirmative action element in the lending to balance and encourage minority business involvement
- Consider leveraging loan and investment expertise by having Elevate Ventures in the loan review process. They typically co-invest so they know how to work side-by-side with banks or other capital market investors. They understand deal structure for repayment probability and have a proven track record which is measurable from a public accountability standpoint. Demand best practices if it is decided to pursue this pathway
- What is the interest and term rate of the loans and how will you keep the community informed about how their tax dollars are being spent and the success rate.
- Can bankruptcy be used as a way to default on the loan
- Is the loan collateralized through assets
- Should the community require a co-investor
- Ethically if a public entity makes a loan to a business can they do business with them more or less frequently than a business that did NOT receive no loan but is in the same business/service
- Can a city or county employee be a shareholder of a publicly funded business that needs rescue?
- Alternatively, determine a set dollar value for loans then coordinate with the Community Foundation to aid in the distribution of the funds
- Is there a loan denial requirement from another lender before coming to the Economic Recovery Loan Committee? For instance, the SBA loan requires that a bank must decline your loan request before you are eligible for a loan. This insures the borrower is serious about their business
- Could TIF dollars be used if the business relocates or currently resides in a TIF district

APPENDIX 5: "Parking Lot" Issues

Commercial Utility Deferral

For San Diego, they are doing a utilities moratorium. Are we considering/recommending such a thing? Can someone work on this? "Commercial Utility Deferral: This program immediately helps business owners by suspending water billing fees, removing penalties for late payments, and ensuring there are no commercial account shut-offs. This mirrors previous relief provided to families in San Diego struggling to make payments to keep current during uncertain times."

San Francisco Survey Form

https://oewd.org/sites/default/files/Invest%20In%20Neighborhoods/COVID-19%20Resiliency%20Fund%20Application%20Form_%20v03.11.2020.pdf

We should research matching programs such as Indiana's Next Level Fund, which makes targeted investments in Indiana venture capital funds and Indiana businesses in order to generate competitive investment performance as well as support increased entrepreneurship and innovation in the State.

As of 3/26/20, The Bloomington Arts and Culture COVID-19 Impact Survey - 152 respondents (51% of respondents identify as Independent Contractors)

Need to confirm following note from earlier draft:

- Formstack has donated a super-user account for data collection (via a form) and to reduce workflow, e.g. when a FEBO submits their information via the form, it is stored in the cloud and can be submitted to the right parties.
- Jennie Moser of Jennie Moser Design is secured for 15-20 hours to build a website and pull together any other technology that we need to make applying for loans, grants, etc. easier

Resolving Childcare need

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