

**Tooele City Council
Work Session Meeting Minutes**

Date: Wednesday, November 13, 2020

Time: 6:00 p.m.

Place: Tooele City Hall, Large Conference Room
90 North Main Street, Tooele, Utah

City Council Members Present:

Tony Graf present through phone
Melodi Gochis
Scott Wardle
Ed Hansen
Justin Brady

City Employees Present:

Mayor Debbie Winn

Minutes prepared by Kelly Odermott

Chairman Hansen called the meeting to order at 6:00 p.m.

1. Open City Council Meeting

2. Roll Call

Tony Graf, Present by phone
Melodi Gochis, Present
Scott Wardle, Present
Ed Hansen, Present
Justin Brady, Present

3. CARES Act Funding

Chairman Hansen opened the discussion about CARES funding by asking Council Member Brady to give a brief report on the CARES committee discussions.

Council Member Brady stated there were four points discussed including removing the business license requirements, restructuring the reports, covering the costs of principal and interest of loans for covid expenses, additional grants to cover losses for the third quarter of 2020 and it was decided to continue the grant program as it is currently administered.

Council Member Gochis and Council Member Wardle asked for explanation for the decision on the business license requirement. Council Member Brady stated that the committee would like an active business license for grant awardees and they had to have one during the quarter which was used for funding requests. The committee felt that it is a requirement of the City to have a business license and that an incentive of getting one for the grant was not in line with the requirement.

Council Member Brady stated that it was recommended by CARES committee member Jess Clifford, Director of the Small Business Center, that the loans were too risky, as it was hard to prove what the loans were taken for and used for. Council Member Brady stated that Mr. Clifford was open to discussing this with anyone who had questions. Council Member Brady stated opening the losses to the third quarter would allow more businesses to apply for grant funding, without having to claim the PPP. This would allow businesses that continued to experience loss to apply for grant funding. A lot of businesses received PPP loans in the second quarter. The committee decided to run the two grants; one for second quarter and one for third quarter concurrently to meet the deadline of December 31, 2020.

Council Member Brady stated the committee reviewed the applicants for the second funding cycle. Chairman Hansen asked if there was the same problem with PPP in the second round as the first round. Council Member Brady stated he doesn't recall. Mayor Winn stated she recalled that everyone who qualified, the PPP did not kick anyone out. In the first round there were only three applicants who had losses which did not exceed PPP. Council Member Wardle asked if the amount awarded was decreased by PPP. Council Member Brady stated that was correct. The way that the FAQ is read, the City cannot give more than the loss if the business received PPP.

Council Member Graf stated there was one more issue from the committee which was discussed and that was businesses are required to have a business license for all businesses required under law. It was determined that non profits do not need a business license under the law and would then qualify for a grant. That slight change would be added to the application. The nonprofit would have to submit a 501c-3.

Council Member Gochis asked about the reports? Council Member Brady stated that it has more to do with using third quarter financials rather than second quarter. Council Member Gochis stated she received an email from business owners Tracy and Brian Shaw and they had good ideas in their email. They were in attendance at the meeting. Council Member Gochis stated the PPP was answered and she did not want to consider loans, as it is risky. Businesses can prove losses through profit and loss reports. She asked if there was a final report that had to be provided by the businesses. Council Member Brady stated that the profit and loss reports are presented. There were businesses that have done better based on the profit and loss reports. The business may have lost in one area of the business but overall, the profit and loss had a profit. The application had the information of the profit and loss. Council Member Brady stated that the

City will keep the information of the grants for future audits. Chairman Hansen stated that part of the grant was the businesses could apply for reimbursement of actual covid expenses. Council Member Brady stated there were several businesses that had line items for gloves, sanitizer and those businesses were rewarded, regardless of a profit or loss. There was a business that did make more this year and the committee did pay for the covid related items.

Council Member Gochis asked if there were any companies that applied that had 50 or more employees? Council Member Brady stated he did not hear of any. He added that the application that was used for the program was taken from another county and modified to be used by the City. This did not come from scratch. The other counties were successful and it helped build the program.

Council Member Wardle asked about fourth quarter losses? The tranche is being used for police funds to have money in 2021 for covid. Can the General Fund give grants? Council Member Brady stated that wasn't discussed. Council Member Gochis stated she didn't think fourth quarter would apply. Chairman Hansen stated that from the League of Cities and Towns the money can be used for police expenses, but has to be spent by December 31, 2020. The money would be in the General Fund and could be earmarked, but that is the question on if that can be done.

Council Member Wardle stated that he likes the change that takes PPP out, but there are businesses that are being impacted today more than earlier in the year. If a business were to have a shift of workers, the workers would have to be quarantined for two weeks. If the City is holding onto \$947,000 is there the ability to spend it outside of City costs to provide the funds? That is an important question to determine.

Council Member Wardle stated he takes a more liberal stance on business licenses as the City has been taking the taxes from the businesses all year. It is a great way to get compliance. Chairman Hansen stated he knew of contractors that thought their contractor license was adequate. Council Member Brady stated this was discussed in-depth, but it wasn't fair to have a business that had a business license in the first and second round, to then open it to everyone in the third round who hasn't had a business license. That was a concern.

Council Member Wardle asked what if the business has a business license at the time they apply? As long as a business license is needed for an application?

Council Member Wardle continued about the use of CARES money and the use of the funds by the City if the City did not have loss, then the City should be held at the same standard as the businesses that are receiving the grant. Should the City take the money, if the City doesn't have a loss? Council Member Gochis stated that is not the intent. The CARES money is to keep the economy flowing. Council Member Wardle stated that should the City take the money if the City is holding businesses to a different standard. If the taxes haven't been impacted, where is

the harm. Council Member Brady stated the covid-19 crisis will not go away on December 31. It will go into next year and the city does not know if it will get anymore money. Putting money into Tooele City now, it is giving a cushion. There will be additional costs next year. Council Member Wardle asked if there are more projects coming for covid money. Mayor Winn stated there are no more projects. Council Member Gochis stated the City didn't have to prove losses to get the money, but the money is intended to stimulate growth. Council Member Wardle stated that he did not believe the money could go into the General Fund and be used for general purposes, under the rules from October 10, 2020. The police can be paid for, and then the General Fund is reimbursed. Council Member Brady stated other counties have done it. Council Member Wardle stated if the City is up on taxes and on the revenues for water, why would the City need the money. He stated he doesn't think the money can prepay the expenses.

Council Member Brady stated that there is a million dollars left, how do we help businesses, because the businesses have to show a loss. There are still several thousand dollars in the grant, do we lose the money. Council Member Wardle stated what is wrong with that. Council Member Gochis stated she would never agree to that. The state of Utah doesn't want the city to shut down. This is money to be used to stimulate the economy.

Council Member Wardle stated there needs to be an answer on the fourth quarter losses and if that can come out of the General Fund for both grants. He will sit down with Mr. Clifford to discuss the loans. There was a brief discussion on loans and allowability of loans. It was decided that some of the Council members are not comfortable with loans and Council Member Wardle was open to the idea.

Council Member Gochis asked when the third quarter grant will be offered? Council Member Brady stated the application is being modified, hopefully before Thanksgiving. Chairman Hansen stated that there can be discussion with the loan or grant from the General Fund and asked Council Member Wardle to talk with Mr. Clifford. He stated more businesses need to apply for the money. The grant information needs to get out. Mayor Winn stated that everyone that has a Tooele City business license will get a letter about the grants. Chairman Hansen stated that would be wonderful and maybe more money could be earmarked. It has been advertised, but the letters will help.

Council Member Wardle asked to see the improved applications before they are sent out. The wording on the current application is determinantal to the businesses. Mrs. Tracy Shaw stated that she saw the application and thought they wouldn't qualify based on the wording, but they called Ms. Wimmer and found out they would qualify for some reimbursement. Council Member Brady stated it is frustrating that if a business is struggling, then why wouldn't that contact Ms. Wimmer with questions. Council Member Wardle stated the application states more than 50% in losses due to covid-19 then businesses that lost less than 50% won't apply. There are policy considerations being made and he doesn't know why it wasn't looked at. Council Member Brady stated it is fine to have the Council look at it. Mr. Jed Winder stated that he had

a 45% loss with Tooele Vision Medical, PPP covered a lot of that, but he applied to the City and was denied because the PPP covered the loss for second quarter. He printed off the third quarter and he had a more significant loss. It is not always easily seen and covid is taking a toll on businesses.

Council Member Brady stated that the money has to go to businesses that prove they have a loss. It was discussed to give a grant of money without a loss. Council Member Wardle stated it has to go to losses in expenditures, payroll, or equipment losses. Council Member Brady stated they have to protect the City because it will get audited

Council Member Wardle stated third quarter is when the losses are hitting and it will get worse in fourth quarter. Council Member Brady stated money can go into the fund for the grants. The businesses have to prove a loss. Mr. Winder stated don't put a percentage on the loss. Everyone has lost due to PPE. Ms. Shaw stated that she spent many hours proving a 50% loss on the frozen yogurt side of the business which was shut down due to covid. She spent hours going through the information, but the sales in smoothies shot up and she made more money. There are still machines and product. She got zero dollars for that because her PNL stated she did make a profit. Mr. Shaw stated that they are grateful for what they got. They are attending to help the businesses. One of their business is only in the third quarter for Snowie, but the events were shut down.

Council Member Wardle stated they are in agreement for the two different grants, they need an answer for the next quarter of losses from General Fund. When will this be discussed again and can this be put on the work session?

Mayor Winn suggested that the grants move forward with the second and third quarter programs, rather than reallocate a specific money right now, let the city get the applications in and notify the businesses. Once the requests are reviewed, if the City can afford to pay all the grants, then the City should fund the requests. The staff can come back to the Council and approve that. There are two addresses on file for businesses and the city will notify them of the grants. If there is a large amount of grants, it will take time. The money could be allocated. Council Member Wardle asked that the grant information come back to the Council. Mayor Winn stated that was brought back to the Council. The City is being protective of business private financial information as it is private. She would not want the profit and loss information public. Council Member Wardle stated the Council can be trusted with the information if it is asked for. Mayor Winn stated they are looking at how to deal with GRAMA requests. If any of the Council Members would like to review the information Ms. Wimmer is willing to review it with the Council Members. Mayor Winn stated she has not reviewed the profit and losses of any of the businesses. The recommendations for the second quarter applications did have a quick review of the applications, to ensure the committee could say it was done correctly.

Chairman Hansen suggested that application just states a loss instead of the 50%, so that it can go out quickly. The question could be asked for the legal opinion on the General Fund grants. Council Member Wardle could contact, Mr. Clifford. The item will be added to the work session for Wednesday November 18, 2020. Council Member Wardle stated that under the CARES act asked if there is a way to increase the rapid testing for businesses. He stated that there could be a preapproval of a grant for vaccinations. It may be up to \$200,000 for rapid testing. Council Member Gochis asked who that would be awarded too? Council Member Wardle stated they would have to go to someone in the community already doing rapid testing. This would help assist the medical community. Mayor Winn asked if the rapid tests are available for purchase. Council Member Brady stated at the hospital, the state is allocating so many at the hospital. Council Member Wardle stated money could be given to a medical facility, but they have to administered by a pharmacist, if it is a pharmacy, therefore the costs include the cost of administration. Generally, the rapid test shows in day five or seven. One school district has cut the quarantine time. It would be wise to look into it. Council Member Brady stated would it be wise to give money to the health department, he would hate to choose a business. Council Member Wardle stated they put it out for proposals with the local medical business and then make a decision. For a business it is easier to get the people back to work. Council Member Gochis stated she likes the Health Department or the Hospital to make that decision. Council Member Brady stated that Birches or Walgreens are charging for the tests and the Hospital cannot profit from the tests. Council Member Wardle stated that the Health Department may not have the infrastructure.

Council Member Graf stated the application was taken from three counties and used the best practices. If the City received another round of funding, then we need to help private programs for rental assistance and utility assistance. There is no mortgage assistance for Tooele County. If there is money to help the private citizens. He also stated for future assistance to install equipment, such as a sneeze guard. If there was a future program to be proactive.

The Mayor excused herself from the meeting.

Chairman Hansen stated he was surprised that businesses didn't apply. Council Member Wardle stated that he did not believe this discussion will change in 2021.

There was a brief discussion of money to individuals if there is money available in 2021.

4. Adjourn

Chairman Hansen adjourned the public meeting at 7:19pm.

The content of the minutes is not intended, nor are they submitted, as a verbatim transcription of the meeting. These minutes are a brief overview of what occurred at the meeting.

Approved this 2nd day of December, 2020

Ed Hansen, Tooele City Council Chair