



City of Bowie

15901 Excalibur Road
Bowie, Maryland 20716

MEMORANDUM

To: City Council

From: Alfred D. Lott, CPM
City Manager

Subject: Bowie EDC's COVID-19 Business Recovery Plan Recommendation

Date: May 14, 2020

INTRODUCTION: On April 29, 2020 Council directed the Bowie Economic Development Committee (EDC) to prepare recommendations on how the City can assist businesses that are adversely affected by the COVID-19 pandemic. On May 4, 2020 the City's EDC Chairman attended the Council meeting and discussed with Council the approach the EDC would take to prepare their response. Council asked for the EDC's recommendations for the May 18, 2020 City Council meeting.

BACKGROUND AND DISCUSSION:

The EDC met in a Special Meeting on May 6 and discussed the problem. Members were asked for and provided their thoughts and suggestions. A draft of the EDC's recommendations was prepared and discussed at the May 13 Regular Meeting and the Chairman was directed to prepare a final draft for circulation to the EDC members.

RECOMMENDATION: We recommend that Council receive the report, ask the EDC initial questions, then refer the report to City staff for its review and to prepare for a public hearing and consideration for adoption on Monday June 1, 2020.

Attachments:

1. Bowie EDC COVID-19 Business Recovery Plan Report
2. BBIC-GBCC Recommendations for Bowie Business COVID Relief

ADL/jhk

MAYOR Timothy J. Adams

MAYOR PRO TEM Adrian Boafu

COUNCIL Michael P. Esteve • Henri Gardner • Ingrid S. Harrison • Roxy Ndebumadu • Dufour Woolfley **CITY MANAGER** Alfred D. Lott

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**Letter to The Mayor and City Council From
Economic Development Committee (EDC).
May 14, 2020**

**Recommendation to the Mayor and City Council, City of Bowie
May 14, 2020
Recommendations of the City of Bowie Economic Development Committee (EDC)
APPROVED BY EDC MEMBERS VOTE OF: 6-1**

Specific Direction from Mayor and Council:

“John H. King in conjunction with the Economic Development Committee will be directed to devise a plan to assist Bowie businesses in recovering from COVID-19. This plan should include application details and funding estimates to the City Council for review and future amendments by May 11th, 2020. The funding for this program should come from the unallocated reserve fund. Language in the FY2021 budget should be modified to recognize this action by the council.

The objective of this of this report is to develop a plan on how the City of Bowie will support all the businesses within the Bowie area in a fair and equal process. After speaking with several members of the council and hearing them agree that we should support our business, I along my colleagues am proposing that the Economic Development Committee in partnership with John Henry King put together a City of Bowie Business Relief Package in the amount of \$1.5 million – \$2 million dollars that businesses and NGO’s located in the city can apply for to go towards rent abatement, utilities, employee salaries, revenue, business modifications, and others. This program can include our displaced workforce as well.”

- Councilwoman Ndebumadu

Background:

Bowie Based Small Businesses:

According to Database USA® The City of Bowie has approximately 2,000 businesses in the City of Bowie that have less than 250 employees and revenue of more than \$40,000/year (Source: DatabaseUSA). Approximately 1,200 businesses currently pay taxes to the City of Bowie (Source: City of Bowie Finance Department).

Average Size of COVID-19 “Stimulus” Awards For Small Businesses In the Region:

The Average size of COVID-19 Grants For Small Businesses Is Between \$5,000 and \$10,000

- \$10,000/business - US Small Business Administration (SBA- Federal) Note: Originally SBA Promised Small Businesses an award of \$10,000/firm, however, this was quickly reduced to “\$1,000/employee, up to \$10,000. However, most small businesses report having received nothing from SBA EIDL Loan Fund;

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May 14, 2020

- \$6,000/employee – US Small Business Administration (SBA- Federal) Note: Of the small businesses that actually received PPP (Payroll Protection Program) funding, the average was \$6,000 per (W-2) employee. Note: PPP was awarded based on a formula that was the equivalent of 2.5 months of payroll;
- \$10,000/business (MDDOC - State of Maryland) The Governor of Maryland allocated \$50 million to small business “Emergency Grants” from the \$150 million from the state’s “Rainy Day Fund” for COVID-19 Relief efforts;
- \$5,000/business (Prince George’s County) Prince George’s County allocated \$150 million towards small business COVID 19 Relief Efforts (a separate fund was established for homeless and rental assistance) with the following stipulations: Businesses with less than 10 employees Up to \$5,000, Businesses with more than 10 employees Up to \$10,000;
- \$500,000 Total - City of Hyattsville has allocated \$500,000 for COVID Relief For business located in Hyattsville based on (very) specific criteria;
- \$2.0 Million – The City of Alexandria through its Economic Development Partnership has (publicly) discussed putting \$2 million out of its “Alexandria Investment Fund,” local incentive cash for retaining and attracting businesses, and then pair that money with federal funding the city received through the CARES Act. Nothing has been approved;
- \$7,500/business – Loudoun County, VA has authorized \$1.4 million towards COVID-19 Relief efforts with the following stipulations: “...divided so that businesses with 3-50 employees will be randomly selected for a \$7,500 grant and businesses with 51-100 employees will be randomly selected for a \$10,000 grant.”
- \$10,000/business – Anne Arundel County has announced the Small Business Customer and Employee Protection Grant Program, which is designed to assist local businesses purchase products and services needed for safe reopening in compliance with COVID-19 regulations. The program is supported with \$ 5 million from the county's allotment of funding from the federal CARES Act and will be managed by the Anne Arundel Economic Development Corporation (AAEDC), and supports the following:
 - PPE for employees
 - Protective shields/dividers
 - Sanitation products and services such as: Disinfection UV lamps Biocide/mold bomb foggers
 - Digital signage and floor/wall/window graphics
 - Technology (hardware, software, applications, online platforms) for the purposes of:
 - Wellness scans

**Letter to The Mayor and City Council From
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May 14, 2020

- Virtual meetings
- Business website upgrades
- Customer communications and marketing
- E-commerce
- Delivery vehicles and equipment
- Professional consultation services such as legal and human resources experts to understand compliance regulations
- Workforce training to help employees understand and act on compliance best practices
- The grant may be used as a reimbursement for eligible past purchases made after March 29, 2020.

Summary of the Discussion Points Made By EDC members' on COVID-19 Awards For Small Businesses:

- ***“The City of Bowie needs to be careful to under promise and over deliver. There are a number of small businesses that are frustrated over the lack of the ability of government agencies to actually make good on the promises made by elected officials – US SBA is a prime example of this;***
- ***“For an award to be meaningful it really needs to be at least \$5,000.00. \$500.00 would be nice, but it’s not enough to be meaningful when your payroll per employee is \$2,000.00/month, and your monthly rent is \$2,000.00.”;***
- ***“Making sure that we have training available to ALL businesses [in the city of Bowie] is important in addition to direct grants/loans”;***
- ***“We can’t help every business so we need to be sure that we are helping those businesses who are most in need and are located in the city limits”;***
- ***“While there is merit to looking at a three-phase approach, the money should go towards the most urgent and pressing needs such as direct grants and training. Support for redevelopment efforts for Bowie Town Center and Old Town Bowie probably will not occur in the next 12 months and therefore are best done in coordination with other bodies outside of EDC, with appropriate dollars identified in future fiscal efforts of the Mayor and City Council.”;***
- ***“Any Financial award is probably best done as a grant and not a loan. While the upfront administration of either is similar, the long-term collection and repayment process for a loan is much more involved. Also, is the City really going to Foreclose on the residence of a Bowie business owner because they were unable to repay a \$5,000 “Emergency Loan?”***

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Specific Recommendations For Mayor and Council Consideration:

- **City of Bowie should allocate (up to) \$2.0 million to be allocated as follows:**
 - **\$1.5 Million to be used in the form of Direct Grants to Bowie Based Businesses in the Amount of \$5,000.00; We recommend that the City follow guidelines set by the County as a part of their COVID-19 Economic Relief Program.**

Specifically:

 - **Business must retain jobs (certified to County) with a goal of hiring City residents for future vacancies. Recipient must maintain its operations in the City. Provide evidence that application has been submitted to either the U.S. SBA, State of Maryland, or the Prince George's County COVID Relief Funding Programs. Note: for the purpose of any grants awarded by the City, Businesses that are members of the Bowie Business Innovation Center (BOWIE BIC), the City's Business Incubator, shall be counted as "business residents of the City of Bowie" for the purpose of this recommendation from the EDC, even though Bowie State University is not technically inside the City of Bowie.**

- **Recommendation of the specific documents needed to apply (Based on County COVID19 Program):**
 - 1) **Completed Application (Submitted Electronically Through Grant Portal)**
 - 2) **2018 Business Tax Return as filed with IRS**
 - 3) **Completed IRS 4506T form**
 - 4) **2019 Income Statement or Business Tax Return**
 - 5) **Payroll/Employee Roster (for week of March 2, 2020) & Signed Employment Certification**
 - 6) **2020 Year to Date Income Statement (January – March)**
 - 7) **Evidence of Business Disruption (Caused by COVID 19)**
 - 8) **Evidence COVID19 Relief sought from SBA, State of Maryland, Prince George's County**
 - 9) **Personal Financial Statement for each owner with 20% or more ownership interest**
 - 10) **Articles of Incorporation/Organization/Formation**
 - 11) **Electronic Funds Transfer Form**

- **\$150,000 to FSC First for the purpose of administering the City of Bowie COVID-19 Relief Program;**

- **\$300,000 to the Bowie Innovation Center (BIC) and Bowie Chamber of Commerce for the purpose of providing training and assistance for Bowie Based Small Businesses through the next 12 months (Please see attached BIC Letter).**

Respectfully submitted by:

Sherman L. Ragland, II

Chairman, City of Bowie Economic Development Committee (EDC)



Recommendations to Bowie EDC for Bowie Business COVID-19 Relief Fund

The initiation of a Bowie Business COVID-19 Relief Fund presents an opportunity for the City of Bowie to directly assist Bowie business during the COVID-19 pandemic in an immediate practical way and to invest in the capacity of Bowie businesses to stabilize, pivot and scale for the future.

Business Assistance Grant

The Bowie Business Innovation Center (Bowie BIC), in collaboration with the Greater Bowie Chamber is seeking a \$300,000 grant from the City of Bowie, as part of relief funding for Bowie businesses. This grant would be used to deliver specific business assistance to the City's businesses to help strengthen their business operations and position them for business success by undertaking three phases of activity outlined below, which align with the scope of services that follows.

Under this grant, Bowie BIC will develop a Bowie Business Relief web portal that can be linked to all resource partners and form the basis of a Bowie Business COVID-19 business resource center, as webinar presentations and other information is posted there. Bowie BIC will engage a designated COVID-19 Business Relief Counselor to field questions and assist Bowie businesses with grant/loan application intake. We will promote the availability of additional free counselling services to Bowie businesses, through the City of Bowie, Greater Bowie Chamber, Small Business Development Center, Maryland Women's Business Center and Procurement Technical Assistance Center and other promotion partners. Bowie businesses also will be invited to register for free counseling sessions during Bowie BIC's monthly Open Door sessions with accountants, lawyers and other business consultants.

Bowie BIC and the Greater Bowie Chamber will jointly plan and promote two business webinars each month for Bowie Businesses on business topics. We also will collaborate with the Small Business Development Center to launch a special Bowie Business CEO Accelerator program, which we will conduct twice during the grant period.

We will capture data on the companies for every activity and survey the companies to report findings to the City of Bowie.

Business support for Bowie's nearly 1600 businesses—the vast majority of which have less than 100 employees--can be delivered in three phases over the next 12 months, using the following suggested timeframes:

- | | |
|--------------------------------|-------------------------|
| 1. Immediate Support | (June to August 2020) |
| 2. Stabilization of Businesses | (July to December 2020) |
| 3. Pivot and Sustainability | (October to May 2021) |

Bowie BIC and the Greater Bowie Chamber will assist the broad range of Bowie businesses.

1. IMMEDIATE SUPPORT

\$119,750

Bowie BIC would develop a Bowie Business COVID-19 Relief web portal for all the information on specific Bowie BIC programs and services targeted to Bowie businesses. The portal will be supported by a specific social media campaign about COVID-19 opportunities for Bowie Businesses. This information can be linked to the websites and social media feeds of the City, the Greater Bowie Chamber, FSCFirst and other resource partners. On-going surveys of Bowie businesses will be coordinated on this platform.

Bowie BIC also would engage a dedicated Bowie Business Relief Counselor for one-on-one phone meetings exclusively with Bowie businesses with questions about the Bowie Relief fund application, training opportunities, or loan packaging. Bowie BIC will promote the online availability of its Small Business Development Center, Maryland Women's Business Center and Procurement Technical Assistance Center professional Counselors. We also will promote our monthly Business Open Door sessions with accountants, attorneys and business advisors.

Bowie BIC and the Greater Bowie Chamber will collaborate to plan, promote and begin to deliver a monthly series of business webinars to address the needs of Bowie businesses at various stages of addressing COVID-19 impacts.

2. STABILIZATION OF BUSINESSES

\$88,390

Bowie BIC and the Greater Bowie Chamber will collaborate to plan, promote and deliver a monthly series of business webinars to address the needs of Bowie businesses at various stages of addressing COVID-19 impacts. These webinar presentations and recordings will be posted on the Bowie BIC portal to become an online COVID business resource center. Greater Bowie Chamber also will coordinate a series of online workshops and telephone group counseling sessions to address the new family-workplace balance issues for women and minority-owned small businesses.

3. PIVOT AND SUSTAINABILITY

\$91,860

Recognizing the imperative of helping Bowie businesses restructure their operations to succeed in a post-COVID-19 environment, Bowie BIC will collaborate with SBDC to deliver two Bowie Business CEO Accelerator programs, exclusively for the CEO's of Bowie companies. The Bowie CEO Accelerator is a 35-hour program specifically directed to the CEO-level of business management. All the online resources at Bowie BIC –free onsite counseling, technical advisory services during Entrepreneur Open Door sessions will be available to all Bowie business participants. The joint Bowie BIC and Greater Bowie Chamber business webinars continue in this phase. The Greater Bowie Chamber also will coordinate a series of online workshops and telephone group counseling sessions to address the new financial and family-workplace balance issues for women and minority-owned small businesses.

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