

ECONOMIC DEVELOPMENT ADVISORY BOARD
VIRTUAL MEETING HOSTED AT MUNICIPAL BUILDING COUNCIL CHAMBERS

May 7, 2020

The Economic Development Advisory Board of the City of Norman, Cleveland County, Oklahoma, met in the Municipal Building Conference Room at 201 West Gray on the 7th day of May, 2020, at 8:30 a.m. Notice and agenda of the meeting were posted at the Municipal Building 48 hours prior to the beginning of the meeting.

MEMBERS PRESENT:

Mr. Matthew Allen
Dr. Alexander Holmes
Mr. Edd Painter
Ms. Chris Purcell
Mr. Chuck Thompson, Chairman

MEMBERS ABSENT:

Mr. Hossein Farzaneh
Mr. Ben Graves

OTHERS PRESENT:

Ms. Brenda Hall, City Clerk
Ms. Maureen Hammond, Norman
Economic Development Coalition
Ms. Sara Kaplan, Retail Coordinator
Mr. Scott Martin, Chief Operating
Officer, Chamber of Commerce
Mr. Darrel Pyle, City Manager
Mr. Darry Stacy, Cleveland County
Commissioner
Ms. Kathryn Walker, City Attorney

Item 1. Welcome and introductions.

Chairman Thompson welcomed everyone to the meeting.

Item 2. Approval of the October 23, 2019, meeting minutes.

Member Purcell moved that the minutes be approved and the filing thereof be directed, which motion was duly seconded by Member Painter;

Items submitted for the record

1. Norman Economic Development Board minutes of October 23, 2020

Item 2, continued:

and the question being upon approval of the minutes and upon the subsequent directive, a vote was taken with the following result:

YEAS: Members Allen, Holmes, Painter, Purcell, and Chairman Thompson

NAYES: None

Chairman Thompson declared the motion carried and the minutes approved and the filing thereof was directed.

Item 3. Discussion and possible action regarding an economic stimulus recovery package for small businesses to be included in a potential General Obligation Bond election.

Mr. Darrel Pyle, City Manager, said in December 2019, it became clear that NORMAN FORWARD (NF) revenues would not be sufficient to deliver the NF projects voters and the Citizens Advisory Committees had envisioned. He said Council and Staff saw an opportunity to go back to the voters and ask for additional funding to complete those projects at a level desired by the public and to satisfy community needs. He said as Staff began to work on language for voters the pandemic hit and the City shifted focus although Staff continued to work on NF funding needs. He said the City began to see businesses struggling and federal government stepping up with the Coronavirus Aid, Relief, and Economic Security (CAREs) Act to help local businesses. He said Council started discussing how the City of Norman could help small businesses that may be falling through the cracks and suggested moving forward with the NF funding request as a well as request for additional money for those small business that did not qualify for the CAREs Act funding to help with small business recovery.

Mr. Pyle said Staff put together a business needs survey that went out to business owners identified through a handful of mailing distribution lists. He said the online survey was conducted from April 17 through April 30, 2020, to assess business sentiment during the Stay-at-Home order and 384 responses were received. He said Staff is presenting the survey results to the Economic Development Advisory Board (EDAB) so EDAB can formulate some recommendations for Council before the first Council meeting in June, when the ballot language will be reviewed by Council for an August election.

Mr. Pyle said the survey results gave the City a pretty clear indicator of what the business climate was like and highlighted the results. He said a 30.7% of the responding businesses have between one and five employees; 16.8 % have six to ten employees; 23.9% are sole owner-operator; 12.1% have eleven to twenty employees; 9.7% have twenty to fifty employees; and a couple of business have 100 or more employees. He said 90% of the businesses operate one location in Norman.

Item 3, continued:

There were many industry segments represented that include agriculture; gas/oil; manufacturing; wholesale trade; construction; finance/insurance; real estate; educational services; scientific/technical services; health care; entertainment/recreation; food service; and public administration.

Mr. Pyle said 62.6% of the businesses have been in operation for more than ten years, 13.6 % have been in operation for six to ten years; 10.5% have been in operation for three to five years; 9.9% have been in operation for one to two years; and the remaining businesses have been in operation less than one year. He said 49.2% of the businesses are owned by women; 9.3% are franchises; 10.6% are minority owned; 9% are cooperatively owned; 6.4% are veteran owned; 4.2% are out-of-state owned; 0.6% are public traded companies; and the remaining are locally owned, family owned, privately owned, mom and pops, or non-profits.

When asked if their business is owned or leased, 59.3% replied they are owned, 33.7% replied they are leased, and the remaining replied they are home-based businesses or not applicable having no physical space.

When asked if their business has an on-line sales component, 70.9% replied yes and 29.1% replied no. When asked approximately what portion of the overall business is due to online sales, 65.6% replied not applicable, 24.8% replied zero to 25%, and the remaining replied 26% to 50%, 51% to 75%, and more than 75%.

When asked if the business is considered essential or non-essential under the City's emergency proclamation, 58.9% replied essential, 34.6% replied non-essential, and the remaining were unsure.

When asked how the COVID-10 affected businesses, 85.6% replied they lost revenue; 59.2% had to cancel important event gatherings (which they depend heavily upon); 47.1% closed their business either voluntarily or as mandated; 46.6% had added expenses to mitigate public safety risks (i.e. cleaning supplies, gloves, masks, etc.); 36.1% had employees work from home; 35.3% changed their business hours; 34.8% had employee absences due to voluntary self-quarantines, school closures, fear of exposure, etc.; 32.7% established an alternative business mode of operation to sell and deliver products that business did not provide before the pandemic; 32.2% had to lay-off employees or displace the workforce; 23.3% enhanced secondary modes of business operations to sell and deliver products; 2.9% changed insurance rates; and several write-in answers were submitted.

When asked how their business revenue was changed due to the pandemic, 35.7% replied they had more than a 75% decrease in business; 22.6% replied they had a 26% to 50% decrease in business; 15.2% replied they had a zero to 25% decrease in business; 13.9% replied revenue had not changed significantly; and the remaining had more than 75% increase in sales.

Item 3, continued:

When asked if the business disruption continued how many businesses will be at risk of closing permanently, 26.6% replied one to three months; 21.6% replied more than six months; 20.1% replied three to six months; 19.8% replied it was not a concern; and the remaining replied less than one month or were unsure.

When asked what businesses were most concerned about, 65.5% replied losing work (i.e., clients, projects, sales); 47.8 % replied paying rent, mortgage, utilities, etc.; 45.5% replied employee's financial welfare; 42% replied customer traffic; 31.3% replied making payroll this pay period and beyond; 23.5% replied losing employees; 17.5% replied getting inventory and supplies; 13.6% replied assessing government support related to the COVID-19 Public Health Emergency; 4.7% replied workers' compensation claims and/or potential lawsuits against the business; and several write-in answers submitted.

When asked what type of business assistance would be most helpful, 52.7% replied access to capital in the form of loans and/or grants; 42% replied information on financial assistance over the next 90 days; 31.7% replied information on how to protect employees and/or customers from COVID-19; 21% replied assistance on preparing to reopen business; 9.8% replied immediate guidance on how to modify their business model; 9.5% replied technical training on social media; 5.9% replied information on costs and risks for providing new services (i.e., delivery); 5% replied professional assistance with human resources; 4/4% replied assistance in preparing business plans and financial documents; and several write-in answers were submitted.

Mr. Pyle said business sectors requesting grants or loans include construction; manufacturing; retail trade; real estate/rental/leasing; professional scientific/technical services; educational services; health care/social assistance; entertainment/recreation; accommodation and food services; public administration; and non-profits. He said business sectors requesting information on financial assistance within the next 90 days include construction; manufacturing; retail trade; finance/insurance; real estate/rental/leasing; professional scientific/technical services; health care/social assistance; entertainment/recreation; accommodation and food services; and non-profits.

When asked if the business had applied for funding from any federal economic stimulus packages including the Small Business Administration (SBA) Payroll Protection Program (PPP) or Economic Injury Disaster Loan (EIDL), or from other sources, 64.6% replied they had applied for PPP; 29.9% replied they applied of EIDL; 22.8% replied they did not apply for funding; 7.7% replied they applied for a traditional SBA loan; 4.8% replied the applied for a line of credit or loan from a bank; 0.3% replied for applied for Oklahoma Manufacturing Reboot Program: and several write-in answers were submitted.

When asked the current status of the application for funding, 47.5% replied they had received no funding; 28.6% replied they have not received a response; 3.3% replied they were denied funding; and several write-in answers were submitted.

Item 3, continued:

When asked for a reason the business did not apply for funding, 37.4% replied they were not eligible; 16.8% replied they were not aware of the options; 6.5% replied they had trouble with the paperwork; and several write-in answers were submitted.

Mr. Pyle said 23.5% of survey respondents indicated they would like to be contacted for business assistance so the City will be ramping up that process to help guide businesses to the proper channels to keep their businesses healthy. He said the City needs to define parameters for a Business Recovery Package to fill gaps in federal and state assignment for the more severely impacted and/or restricted businesses; assist businesses with locating grants and loans; and creating a Technical Assistance Package. He said other ideas include commercial rent assistance, a local "stimulus" package, and publicly funded advertising/marketing.

Mr. Pyle said Oklahoma City was able to prepare a \$5.5 million program out of their MAPS funding, which is why they were able to help businesses so quickly. He said if the City were to provide a similar program, the City would need to look at how much funding should be set up as a revolving loan program; how much funding should be set up as grant program; and how much funding should be set up for other recovery options; who would process applications; and what would be cap amounts for each program to prevent a business from requesting the entire amount of funding available.

Mr. Pyle said Oklahoma City developed a \$1.5 million program for small business incentives with cap amounts of up to \$10,000 (for payroll and training); a \$3 million small business loan program (some revolving and some forgivable); and \$500,000 for small business technical assistance for businesses with up to 50 employees. The Oklahoma City application period was open about three weeks and 600 plus applications were submitted and they had assistance from a local bank that did the underwriting process for them. He said Oklahoma City also developed a website specifically to help the business community access funds. He said Staff provided Oklahoma City's criteria and applications to EDAB for review. He said if City of Norman Staff processed the applications, how overwhelmed would the system become if the City received 600 plus applications? He said any program would not become available until September if it were voter approved in an August election.

Chairman Thompson said 364 businesses responses does not seem like a large number of businesses he believes to be in the community and September seems to be a long time for businesses to wait for assistance. Mr. Pyle said when the City performs citywide polling of all of the voters when trying to get information to help Council determine if a question will go before the voters, the goal of the polling firm is to obtain 400 fully completed surveys that is deemed statistically significant to determine 98% accuracy that voters support or oppose an issue.

Ms. Sara Kaplan, Retail Coordinator, said it is hard to get an exact count of businesses in Norman, but believes there are approximately 4,621 based on available data. She said in terms of how many emails went out, it was approximately 1,500 plus.

Item 3, continued:

Commissioner Holmes said 382 businesses is a very small percentage of businesses that are in Norman and does not really give a good picture of where the gaps in funding are. He said consumers do not have the money to buy products right now as many are out of work and consumers need to start spending before businesses can recover.

Mr. Pyle agreed the City does not know much except some indications of what the outstanding needs may be. He said the City will be polling the electorate in May and the polling company is putting together questions about NF projects, a bundle of civic building projects, and a business recovery program. He said Council will have some voter insight before being asked to approve any ballot language and they could choose not move forward if voters do not support a small business “stimulus” program. He said in terms of the ultimate need of the business community, this survey is just a snapshot at a strange time and the environment will be different by the time funds are available should the voters approve.

Ms. Kathryn Walker, City Attorney, said if there is a second wave of COVID-19 that causes shutdowns or other impacts to small businesses the City will be in a much better position to respond if there is a revolving fund created to have an ongoing stream of revenue to help small businesses. She said Council is focused on taking care of the small businesses and filling the gaps where the federal funds were not really helpful.

Commissioner Holmes asked where those gaps are and Mr. Pyle said banks went through hundreds of applications, but there were many applications the banks were unable to satisfy. Chairman Thompson said there were certain tax designations, i.e., non-profits, that were not eligible for federal funding. He said the Treasury and SBA did a good job so the first wave included employers, but the PPP Program was an all-out get the money out the door so the loans were unsecured with no recourse and little criteria. He said on April 10th the government rolled out the self-employment program that included all 1099 documentation, which determined the amount of funding available to each business. He said the employer’s side was based on payroll, rent, and utilities and if someone was self-employed their gross income was used. He said the criteria for self-employed businesses recently changed to allow gains to be determined off of net income, which changed the amount of funding that could be available to a sole proprietor. He said a lot of small business owners generally run all expenses, i.e., vehicles, rent, etc., through their business expenses so not many self-owned businesses make a net profit and that is what the SBA was looking at when determining funding requests. He said that really wiped out the eligibility of a lot of self-employed businesses so he believes there are a relatively large group of businesses that were missed in that part of the PPP. He said the CAREs Act has other funds available that have not been accessed so the next wave of financial help will have funds for the self-employed and single owner businesses that were ineligible before.

Mr. Pyle said everyone has their own vision of what the business climate will look like in September as students return to Norman. He said knowing funds may not be available until September, there may be an opportunity to provide some focus on emerging businesses that may have taken vacant spots created from the COVID-19 pandemic response.

Item 3, continued:

Commissioner Painter asked if the Oklahoma City loans are recourse or non-recourse and Mr. Pyle said he has not read the criteria in depth, but will be happy to review that. He said in order to have a successful revolving loan program there needs to be some type of recourse.

Commissioner Allen said Oklahoma City had a technical assistance program to assist businesses with things such as creating an online presence for online ordering, etc. He said if businesses need assistance they are paired with providers and program funding will basically pay the provider for their service. He said that program was very innovative in helping people get the help they needed and thought this might be something Norman could consider.

Mr. Pyle said, hopefully, around August when the world kind of feels normal again. He said some businesses had to make changes and were able to adapt. He said Oklahoma City set aside \$500,000 for technical assistance, but believes the demand for that money will far exceed the available funding so some businesses will not benefit. He believes the changes businesses adapted to will continue into the future with a bigger online presence, door-to-door delivery, etc.

Chairman Thompson asked Mr. Darry Stacy, Cleveland County Commissioner, to update EDAB on what Cleveland County is planning. Mr. Stacy said the County is just beginning to interview consultants to help work through the federal funding process. He said in regards to the CAREs Act, \$1.5 billion was distributed to the State and 55% of that will be used for State needs and 45% will be used for municipal and county needs. He said that figure varies across the United States (U.S.) and many governors are sending that money directly to their counties through the State to be dispersed among the municipalities. His concern about doing a bond in Norman, is that bond money would be budgeted dollars and may not be reimbursable in the CAREs Act whereas Oklahoma City used money through existing available funds, which may be reimbursable through the CAREs Act. He said there is a lot of money that is still going to be available to be expended through the end of this calendar year. He said the County will be looking at how these dollars are distributed through the State and how Cleveland County can actively qualify for the money and counties may have to work with cities within their counties to obtain those dollars.

Chairman Thompson said if the City of Norman and Cleveland County were able to coordinate, they could have access to a lot of money to help their communities so that should be fully explored to capture as much of the funding as possible.

Mr. Pyle said recognizing that everyone is not certain about all the rules attached to the federal funding, if there is a mechanism to allow the City of Norman's economic development community to develop a revolving loan fund out of a portion of those federal dollars allocated to Cleveland County then that could be a wonderful thing. He said if it is determined that federal dollars will be available to fill the gaps, maybe the City will not have to ask voters to approve a bond package.

Item 3, continued:

Chairman Thompson said the PPP and EIDL Programs were designed for support of employees and that is why it is called the Paycheck Protection Program. He said the City of Norman is a contract partner with NEDC along with the University of Oklahoma (OU), Chamber of Commerce, Sooner Centurions, and Moore-Norman Technology Center so there is a lot of great leadership in Norman.

Chairman Thompson said NEDC could be a good nexus point, but the real work could come out of the economic development groups already in existence for ideas or vetting of how to help entrepreneurs and businesses sustain themselves through these kinds of times, such as pandemics. He felt it would be a good idea to put together programs that can be deployed when needed. He asked City Staff to do more research on the type of programs needed to guide business managers and owners to guide them to available resources and to continue to explore existing dollars that may be available.

Mr. Pyle said one of the great services the City can provide its elected officials is to adequately identify and map out where the City thinks all the resources are going to come, in what quantities, and through what channels. He said Council is very conscience of not wanting to duplicate PPP's already available. He said the City should be able to create a dashboard of where the funding sources are, the channels of distribution, and what may be available local.

Chairman Thompson said he would highly recommend a meeting between himself, Mr. Pyle and Mr. Stacy to discuss other programs.

Chairman Thompson said EDAB should meet again before June and asked Commissioners if they agreed, which they did.

Items submitted for the record

1. PowerPoint presentation entitled, "Reboot Norman – Business Need Assessment," dated May 7, 2020

Item 4. Miscellaneous Discussion.

None

Item 5. Adjourn.

The meeting adjourned at 9:50 a.m.