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## Small City Support for Main Street Businesses.

### OVERVIEW.

Small cities depend mightily on their main street businesses and ambiance. Neighborhoods, development corridors and open space systems have needs that require long-term attention, but they tend to care for themselves in the short run. In the short run, when disaster occurs, main street suffers quickly and severely; mostly because the basic element of main street is the small business, usually locally owned.

Therefore, in times of crisis, main street needs support: support from customers when possible, from vendors and suppliers, and from the host city. The following discussion focuses on what small city governments can do to support their main street businesses.

### THE PROBLEM DEFINED.

Unless you own a small business, you may not be able to appreciate the nature of the problems faced in a disaster; and therefore, you may not be able to fashion solutions that are meaningful.

**Step 1.** The city decides that it wants to provide support for main street businesses.

**Step 2.** The city convenes the main street business owners to discuss the nature of the problem and the range of solutions that would be useful.

**Step 3.** The main street business owners decide they want to work with the city to fashion a support plan of action.

**Step 4.** Once the city and the main street business owners decide that a support plan of action is appropriate, the city drafts a discussion draft Action Plan on the discussion.

**Step 5.** The city and the main street business owners reconvene, discuss, revise as necessary and adopt an Action Plan; including a frequent review meeting to consider needed “on the fly” course corrections.

**SUBJECT TO MAIN STREET BUSINESS PRIORITIES:** The priority for the financial support system will be to find sources of grants and donations. Loans will be offered cautiously with the understanding that the creation of huge debts for small businesses is not a great long-term strategy. The use of grant and loan proceeds will stipulate the use of funds for business continuation efforts focused on maintaining some level of employee salaries. The monies must be spent in a timely manner on “allowable uses” for business continuity or refunded immediately to the Emergency Trust Fund.

### A HYPOTHETICAL ACTION PLAN FOR CITY SUPPORT OF MAIN STREET BUSINESSES.

#### Problem Statement:

The likely nature of the problem is money, cash flow. The needs for the money are employee salaries, rent/mortgage payments and utilities, loan repayments, taxes, insurances, supplies and others.

#### Individual Business Financial Resources:

Customer sales, rents, personal savings, friends and family donations/investments, crowdfunding, sale of “surplus” non-core assets.

#### Collective Financial Resources:

- CRA funds, city funds, federal and state assistance funds, crowdfunding, philanthropy, loans.
- SBA Loans are proving difficult to obtain. Small cities and towns with their own staff, or in collaboration with others, can create information to help small businesses obtain SBA loans.

**Organization:**

- The CRA Advisory Board serves as the coordinating organization in collaboration with the city.
- The CRA Advisory Board meets frequently to monitor program, course correct when needed.
- The city and CRA staffs serve as resources for information about federal and state programs.

**Main Street Finance Plan.**

The city and CRA staff prepare a Finance Plan based on research of all available sources of revenue for the CRA and individual businesses, including:

- City and CRA staff resources devoted to finding and providing to main street businesses the ways and means for accessing state and federal grant and loan programs...how to get the money.
- City and CRA staff resources will assist with ways the city can help reduce or postpone business costs regarding taxes, utility fees and other current expenses.
- The city and CRA, in consultation with main street businesses, will explore ways to create cash for individual businesses. The city and the CRA will, subject to main street business concurrence:
  - Establish a Main Street Emergency Trust Fund [MSETF] to collect and distribute all funds with the CRA Advisory Board as the MSETF operating/coordinating entity with city council oversight.
  - Define the “support area” to be the CRA district or a smaller main street geographic area.
  - Establish a pre-determined distribution schedule for any and all monies deposited in the Emergency Trust Fund, in consultation with the main street businesses.
  - Establish “allowable uses” for the distributed funds focused on business continuity needs.
  - Establish a real-time, transparent public digital dashboard to openly report all financial activities of the Emergency Trust Fund.
  - Assign selected *LOCAL* banks as fiduciaries to keep confidence in the system. Candidates for selection must want to serve, to be transparent to the community using the Public Digital Dashboard and to offer “best available” rates, terms with no fees.
  - Deposit available CRA monies into the Emergency Trust Fund.
  - Request assistance through crowdfunding, philanthropy and donations with local banks donating custodial services.
  - Fund the Main Street Emergency Trust Fund by:
    - Adopting an emergency MSTU (an MSBU may work but for now MSTU), with acceptance of main street businesses, for the CRA or main street district.
    - Estimating the ten-year value of the MSTU revenues with the assistance of the selected local banks and the main street businesses.
    - Selling 10-year notes to the selected local banks for the estimated amount charging no fees and offering their best terms and rates backed by a city/CRA guarantee. Community Redevelopment Act obligations should be considered.
    - Depositing the proceeds from the sale of notes to Emergency Trust Fund for distribution to main street businesses on the predetermined schedule.
    - Expecting the main street businesses to repay the notes through the MSTU taxes over ten years; pre-payment permitted.
    - Sunsetting the emergency MSTU after ten years.
    - Anticipating that some main street businesses will not survive and their property taxes may not be forthcoming until the space is re-occupied.
    - Anticipating the emergency funds will be required for nine months, through the end of 2020 (subject to main street business discussions).
- City and CRA staff services funded by the city can be provided at no charge to the CRA.

- 100% of note sale proceeds go to the Emergency Trust Fund for distribution to main street businesses subject to the pre-determined schedule and the requirement that the funds be used for “allowable uses”.
- The selected local banks will charge no fees and offer the best rates and terms permitted under their regulations; use of their Community Redevelopment Act [CRA] obligations should be helpful.

Considering the post-emergency environment, all systems, process and programs will not return to exactly as they were before. Hopefully, the good changes will be retained and the not-so-good ones will be mothballed for another emergency. The biggest potential payoffs from the emergency will be increased community trust, hometown spirit and civic pride. If the current situation is handled with candor, fairness and compassion, the bond between the mains street merchants, property owners and the city will be strong. Tailoring current actions for the post-emergency payoff is the opportunity.