

COMMUNITY REDEVELOPMENT AGENCY BOARD

SPECIAL MEETING

April 30, 2020

MINUTES

Present:

Arlene Schwartz
Antonio V. Arserio
Joanne Simone
Anthony Caggiano, Vice Chair
Tommy Ruzzano, Chair

Also Present:

Cale Curtis, Interim Executive Director
David Tolces, Weiss Serota Helfman Cole & Bierman, P.L.
(virtually)

The special meeting of the Margate Community Redevelopment Agency having been properly noticed was called to order at 4:05 p.m., on Thursday April 30, 2020. A roll call was taken, followed by a moment of silence and the Pledge of Allegiance.

This was a virtual public meeting held via Zoom. David Tolces, Board Attorney, read the Findings and Procedure for a Virtual Public Meeting. Those physically present in the meeting Chambers were: Chair Tommy Ruzzano, Cale Curtis, Interim Executive Director, Joseph Kavanagh, City Clerk, and Rita Rodi, CRA Coordinator.

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- 1A. **RESOLUTION 637:** APPROVING THE ADOPTION AND IMPLEMENTATION OF THE GUIDELINES AND APPLICATION FOR THE 2020 EMERGENCY REIMBURSEMENT GRANT FOR SMALL BUSINESSES IN THE MARGATE COMMUNITY REDEVELOPMENT AREA IMPACTED BY COVID-19.

After David Tolces, Board Attorney, read the resolution title, Mr. Caggiano made the following motion seconded by Mr. Arserio for discussion:

MOTION: SO MOVE TO APPROVE

Cale Curtis, Interim Executive Director, introduced the item. He explained that staff put together a comprehensive draft outline and application based on Board member's comments from the April 21, 2020 meeting. He said answers to the series of questions he had sent to them were needed in order to finalize the document. He said there were also some comments received via email that would be shared and there were several members of the public that wished to comment.

Joseph Kavanagh, City Clerk, read an email from Mary Frances Heller, Director of Property Management, Heller USA Industrial and Commercial Realtors, 5571 North University Drive, Coral Springs. Her email indicated that her company managed industrial property with 12 small business tenants located at 5431-5441 N.W. 15th Street within the MCRA District. She requested that small industrial businesses not be excluded, noting that they paid taxes in the City.

Mr. Curtis clarified that the application limited the grant to storefront businesses and while warehouse businesses did not have a storefront, he said there was no reason to exclude them. He said the intent was to exclude home based businesses.

Ms. Heller called into the meeting and thanked the Board for sharing her comments and the clarification.

Ms. Schwartz noted that businesses located within office buildings would also be included. Mr. Arserio clarified that storefront was meant for brick and mortar businesses versus online and home based businesses.

Percy Johnson, President, Disability Caucus of Broward County, said he was familiar with Margate's history of supporting small businesses and he asked that the Board keep 25 percent set aside for minority and veteran owned businesses.

Michael Garcia, Chair of The Hispanic Vote, thanked the Board for setting aside funding to help businesses in Margate, noting that it was possibly the only city in Broward County to do so. He said COVID-19 had disproportionately

affected minorities and minority businesses as a result. He said The Hispanic Vote supported Margate's initiative. He said while there were federal funds being made available, not everyone would receive it or have the ability to access it. Mr. Garcia offered his assistance to help get the word out about the grant. He said he would be interviewing other municipal officials in the following week and he invited Chair Ruzzano to speak about the program.

Damara Holness, President, Broward County Democratic Black Caucus, and daughter of Mayor Dale Holness, commented on the importance of the 25 percent that would be set aside for minority and veteran owned businesses, noting how the pandemic had disproportionately affected the minority community and veterans. She said the County had been working very hard to provide information to small businesses from the Small Business Administration (SBA) and the State but the funding was limited and in some cases the larger small businesses with up to 499 employees received funding.

Mr. Arserio agreed with Ms. Holness and noted that some larger businesses were also able to obtain funding because the businesses operated under different entities. He asked that the guidelines indicate that the grant was limited to one per address or per suite number.

Corey Shearer, past president of the Broward County Democratic Black Caucus, said he had roots in Margate and had watched the city grow. He thanked the Board and others who spoke about the program and he praised the work of the Northwest Focal Point Senior Center. He commented that the government had fallen short on helping small businesses and small people. He said the local government was sometimes the last resort and he commended Margate's proactive actions in its response to the needs of small businesses and veterans.

Chair Ruzzano stated that he would like to increase the available grant funding from \$100,000 to \$2 million in an effort to help as many businesses as possible noting that the role of the MCRA was to address slum and blight and without some assistance now, businesses would close. He said the funding per business should increase from \$2,500 to \$5,000 or be based it on one month's rent plus utilities.

Mr. Caggiano commented that he was fine with the phase one grant program of \$100,000 that had been discussed previously but that he was shocked by the \$2 million amount; he suggested revisiting the program funding in a few weeks. He expressed a concern about staffing requirements.

Ms. Simone said she was speechless and more facts were needed before she could agree to the increase, including the number of businesses in the MCRA, the number of veteran and minority owned businesses, and businesses owned by Margate residents since the Board had agreed to set aside 25 percent for those groups. She questioned where the \$2 million would come from, noting that there was only about \$700,000 available in the property improvement grants budget.

Chair Ruzzano said it would be difficult to come up with the numbers. He said he did not think there was a right amount but that he wanted to increase it so future Board meetings would not be needed to discuss it. He said he did not look necessarily look at the funds coming from the property improvement grants; rather it could come from the overall budget. Ms. Simone commented that where the funds could be legally taken from would need to be discussed with the MCRA attorney and Interim Executive Director.

Ms. Simone said she was not in favor of holding the 25 percent aside; she would rather have it structured so that all businesses that applied would get something and all would be treated equally and there would not be any favoritism or possible discrimination. She noted that business owners who lived outside the City had higher expenses for travel and gas and should not be penalized.

Mr. Arserio said he agreed with Mr. Caggiano and Ms. Simone about the proposed amount, but his view was there would be no priority; rather, that 25 percent should be reserved for Margate resident owned businesses and 25 percent for minority and veteran owned businesses. He said he was fine with raising the amount a little bit but he was not sure if it was responsible to spend \$2 million even if it were available. He commented that it might be better to spend \$100,000-\$200,000 and re-evaluate it in two weeks.

Ms. Schwartz asked Attorney Tolces whether the program was discriminatory. David Tolces, Board Attorney, said the program itself was not discriminatory but it would depend on how it was implemented as to whether there would be any facts to support any claim that it was discriminatory. He explained that historically set asides or preferences for minorities or disadvantaged businesses were typically implemented as a result of some type of factual study that

showed disparate treatment. He said being a community redevelopment agency was an important distinction because CRA's were established to prevent and eliminate slum and blight. He said an intent of the program was to help prevent the creation of slum and blight and if it involved setting aside a certain amount specifically for minority or veteran owned businesses, there would be legal support to do so. After a certain period of time, if those funds that were set aside were not utilized, they could be made available to the general grant fund. He said he was comfortable with what was being proposed.

Ms. Schwartz commented that it was unfortunate that they did not have information on the number of businesses that could be helped. She said it was important to help Margate resident owned businesses because the funds being used were from Tax Increment Financing (TIF) which was generated by people who lived and owned homes in Margate. She reminded the Board that there was a certain amount of money that needed to be used to pay for elements outlined in the Developer Agreement including an amphitheater, community center, and parking garage. She agreed that MCRA staff was limited. She said she preferred to start with \$100,000 or so and then consider a second phase. Mr. Arserio agreed with revisiting the program funding in two weeks and making adjustments at that time.

Cale Curtis, Interim Executive Director, said that there were 1,200 businesses in the MCRA that could qualify for the program. He said the number of businesses owned by minorities was unknown, but data showed that there were at least three veteran owned businesses. He said he appreciated Chair Ruzzano's desire to help as many businesses as possible, but additional steps would need to be taken to amend the budget to free up \$2 million. He suggested keeping the program amount capped at \$100,000 and then use the data to make adjustments and establish funding for the next round. He acknowledged that there would be hiccups because it was a new program.

Ms. Simone said she wished she had received the information from Mr. Curtis earlier because hearing that there 1,200 businesses in the MCRA changed her thought process to where it made sense to set aside monies for different groups. She initially thought money was going to be given to everyone so it did not make sense to separate the funds. Mr. Curtis clarified that the program amount discussed at the last meeting was \$100,000 with individual businesses receiving \$2,500 each which would have helped only 40 businesses. He explained the challenges he had in obtaining the requested data in a timely manner.

Chair Ruzzano said he thought the number of businesses might be 400 versus 1,200. He said he would like the Board to consider increasing the amount to \$250,000 to maybe help 100 businesses. Mr. Curtis explained that 1,200 was the number of business addresses within the MCRA District and they might not all be eligible based on the criteria that had been established.

Discussion ensued about the amount that should be allocated for the grant program and the amount each business should receive. Mr. Arserio suggested reducing the cap to \$2,000 per business to help more businesses. Chair Ruzzano said that \$2,000 would help but not save them noting that many businesses paid \$3,000-\$5,000 in monthly rent. He said he would be agreeable with \$2,500 for phase one. He asked the Board for consensus.

Ms. Schwartz commented that the MCRA did not have a good history with its grants and being that there was so much uncertainty with the numbers and the amounts the businesses would ask for, she suggested evaluating the response and data after the application deadline for phase one. Ms. Simone said she liked the application but would like to include on it whether the business had received any other financial aid such as the SBA's Payroll Protection Program. It was agreed that the information would be used for reference purposes only. Mr. Caggiano agreed with easing into the program and working out any kinks before increasing the amount from much more than \$100,000. Mr. Curtis suggested that the question about additional funding be two-part: whether the business had applied for funding; and, if so, the amount that was received. He reiterated that the information would be used for data collection purposes only.

Discussion continued on the application form and guidelines.

Several Board members asked whether the grant should be one per business address/unit or whether an owner that had multiple businesses with different LLC's in the MCRA would qualify for multiple grants. Attorney Tolces said the Board would need to decide and to be consistent in how it wished to handle it. He noted that businesses that previously received grants from the MCRA would be excluded.

Mr. Arserio commented that MCRA tenants should be excluded from the grant but the Board might want to consider extending another month's rent to them.

A copy of the grant application form from the meeting back-up was displayed and Chair Ruzzano led the Board through it item by item starting with page one.

Chair Ruzzano asked the Board members for consensus on the up-to grant amount per business. The Board gave consensus for up to \$2,000 per business. Mr. Arserio pointed out that if a phase two were done, the amount would need to be consistent.

Chair Ruzzano said he wanted to add in that sole proprietors would also be eligible. Mr. Curtis noted that the employee requirement of 1 to 15 would also include the owner.

Chair Ruzzano acknowledged that the funding for the grant program would be \$100,000.

Board members discussed and agreed that \$25,000 would be for Margate resident-owned businesses, excluding mobile businesses and home based businesses. Board members agreed \$25,000 would be for veteran-owned businesses and \$50,000 for all other Margate businesses.

Discussion ensued about non-conforming businesses and other businesses that could be excluded from the grant. Mr. Curtis referenced a list in the meeting back-up which identified possible businesses to exclude. Chair Ruzzano said all businesses could use the help and he was not in favor of excluding non-conforming businesses. Attorney Tolces explained the term non-conforming, noting that the goal was to discontinue non-forming uses and it would be a policy decision as to whether the Board wished to give them grant money. There was a short discussion about whether to include a question on the application as to whether the business was ordered to shut down, but it was agreed that it would just complicate the process. Discussion continued about non-conforming businesses and Mr. Curtis noted that body shops were also non-conforming and needed to be added to the list. Several Board members raised questions about various businesses such as tint shops, body shops, bars and night clubs. Chair Ruzzano suggested giving the grant to all businesses. Mr. Curtis said the simplest way to manage the program would be to include all businesses that met the small business criteria but he wanted the Board to be aware of the non-conforming businesses and other categories that they might choose to exclude. He suggested going through the list one by one.

Ms. Schwartz said she accepted the list to exclude those businesses listed for phase one. Chair Ruzzano said he was in favor of including all the businesses on the list as they were all Margate businesses that had been affected. Mr. Arserio said he accepted the list of exclusions "as is". Back and forth discussions continued with questions about including such businesses as storage warehouses and liquor stores. Mr. Caggiano said he would accept the list "as is". Ms. Simone said she also accepted the list "as is".

Mr. Curtis said Staff had given him three additional businesses to consider: body shops, massage businesses, and medical marijuana facilities which he said would fit under the Medical Facilities category. He asked the Board members if they were in agreement with adding body shops and massage facilities to the list of exclusions. Mr. Caggiano and Mr. Arserio voiced their agreement. Mr. Curtis confirmed consensus had been given for the list of excluded businesses. Chair Ruzzano commented that the was opposed to the exclusions.

Chair Ruzzano acknowledged that MCRA tenants would be excluded as well as past MCRA grant recipients and franchise or business chains. Mr. Arserio suggested putting a timeline on the past grant recipients. Board members gave consensus for a five-year time limit.

Mr. Curtis asked for consensus on home based businesses and mobile businesses such as mobile groomers, food trucks, mobile repair shops, etc. Board members gave consensus.

Chair Ruzzano moved on to page two of the application and there was general agreement on the following:

7. Businesses needed to be opened for more than six months
8. Number of current employees must be between 1-15
9. Provide number of staff employed prior to the COVID-19 shutdown
10. Current (through March) on commercial rent or mortgage
11. Current (through March) on utilities.

Mr. Curtis stated that if the business was not current on their bills through March, they would not be eligible.

12. No outstanding City of Margate liens
13. No outstanding Code Enforcement violations.
14. No outstanding Legal Judgments against the business

Mr. Arserio clarified that a "Yes" answer to items 12, 13, or 14 would disqualify the applicant. Board members Schwartz and Simone voiced their agreement.

Mr. Curtis indicated that question 15 would be added for data collection purposes which asked if the applicant had received any State or Federal funding and the amount.

Chair Ruzzano moved on to page three of the application. Mr. Curtis clarified that the applicant could apply for any combination of the identified expenses up to \$2,000.

Chair Ruzzano read through the list of required documents which included:

1. Current Margate Business Tax Receipt
2. Bank statements, credit card statements, or other documents through March to verify payments were made
3. Documents evidencing number of employees
4. Completed IRS W-9
5. Deed evidencing ownership of property, and current mortgage or current business lease
6. Utility bills for March and April defined as Margate utility bill, Florida Power & Light, Florida Public Utilities, and Waste Management for solid waste and recycling
7. Documentation indicating proof of payment for Ad Valorem taxes
8. Documentation indicating business owner residency in Margate
9. Documentation that indicates business owner was a U.S. Veteran
10. Minority Business Enterprise or Disadvantaged Business certification

Mr. Curtis read the last statement, "Incomplete Applications Will Be Rejected" and reiterated that resubmittals would be accepted as new applications for purposes of administering this program on a first come, first served basis. He said this was avoid having applicants put their name on an incomplete application and submit it the first day as a way to be line. He said all applications needed to be fully complete with all documents in the checklist; otherwise they would get rejected and they would go back to the beginning. Mr. Arserio commented that applications should be reviewed on a first come, first served basis but the funding should not be approved on a first come, first served basis, and he explained the difference. Mr. Curtis concurred.

Chair Ruzzano asked about the documentation a business would provide if they were a one-man show and it did not have the other forms or a 1099. Mr. Arserio said sole proprietors would need to include their 1040 form.

Chair Ruzzano briefly addressed the last page, the Legal Disclaimer. Mr. Curtis drew the Board's attention to the last paragraph which indicated that it might take up to three weeks for reimbursement checks to be mailed once completed applications were received.

Mr. Arserio asked that proper messaging be done over the next 5-7 days prior to the release of the application promoting it through a paid ad on Facebook, En USA, Margatenews.net, etc., to ensure that the program was properly advertised so everyone had a fair opportunity to apply for the program. Mr. Curtis suggested moving the start date for receiving applications to May 11th so there would be a week in which to promote it.

Attorney Tolces directed attention to the Legal Disclaimer on page 4 and pointed out that the Margate CRA was subject to the public records law and any documents provided by applicants might be subject to production as explained on the document. He said the MCRA's ability to go back to a business in the event it provided false information would be limited to small claims court. He said there was a provision that said the MCRA had the right to obtain reimbursement if anything provided by the applicant was false. He said the application submittal was not a guarantee of assistance and the business would be agreeing that they needed to maintain a valid Margate business tax receipt at all times.

Ms. Schwartz asked who would be responsible for screening the applications. Mr. Curtis said Paul Robinson would be the lead and Rita Rodi would provide support, along with Ms. Taschereau, Director of Development Services, and review by the Finance Department.

Mr. Arserio thanked Attorney Tolces for including the information about the Florida Public Records Law and he asked if something could be added to indicate that if someone were exempt from public records disclosure, they should submit proper credentials to indicate so. Attorney Tolces agreed to include verbiage on the form.

Chair Ruzzano asked the date applications when applications would be accepted. Mr. Curtis said he would be comfortable going live on Friday, May 8, 2020.

Ms. Schwartz suggested there be a start time. Mr. Curtis said applications would only be accepted in-person in Development Services and date stamped.

Chair Ruzzano summarized that the grant program funding was for \$100,000 with \$2,000 per business, and 25 percent would be for minority owned businesses, 25 percent for veteran owned businesses and the remaining 50 percent for all others. He asked the Board if they would be interested in budgeting additional funds if the program was successful.

Mr. Arserio said he would be and he would also consider including MCRA tenants. Ms. Simone asked where the \$100,000 would be coming from in the budget. Mr. Curtis suggested that it be taken from the Contingency line in the FY 2019-2020 budget.

No public comments were received.

ROLL CALL: Ms. Simone, Yes; Mr. Arserio, Yes; Ms. Schwartz, Yes; Mr. Caggiano, Yes; Mr. Ruzzano, Yes. The motion passed 5-0.

2. BOARD MEMBER COMMENTS

Ms. Simone: She reiterated that all the Board members were united in their desire to do what was best for the businesses and their ideas were the same but stated in different ways.

Mr. Arserio: He agreed with Ms. Simone and said they sometimes got passionate about their ideas and it was a good team effort. He said there were not many cities in the state and nationally offering such a program and he emphasized the need to get the word out.

Ms. Schwartz: She expressed appreciation for everyone's input and the sharing of ideas. She commented that it would be nice if the Sun-Sentinel would write an article about the program and suggested it also be sent to the Broward League of Cities.

Mr. Caggiano: He commented that the Board put together an amazing program to help its businesses. Even though each member had different views on amounts mentioned, he said they came together with one thought of saving the City during a dire time. He said the pandemic could go on for a while and he commented about the need to be financially prepared as the City headed into hurricane season. He noted that the City and MCRA would be getting less funding next year due to the downturn. He asked everyone to be polite to their neighbors.

Mr. Ruzzano: He thanked the Board members for their efforts in getting this program done quickly and efficiently. He thanked staff for their efforts. He commented about Margate's efforts to help its businesses.

Cale Curtis, Executive Director, thanked everyone for their teamwork and staff for all their efforts in putting the program together.

There being no additional business, the meeting adjourned at 6:25 p.m.

Respectfully submitted,

Transcribed by Rita Rodi, CRA Coordinator

Tommy Ruzzano, Chair