



## Village Manager's Office

**SUBJECT:** Restaurant Business Assistance Grant Program

**MEETING DATE:** November 10, 2020

**FROM:** Erik Hallgren, Assistant Village Manager

**BUDGET IMPACT:** The proposed restaurant business assistance grant program would be funded by General Fund reserves at an amount up to \$254,635.22

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### **Background**

The Village of Wilmette recognizes that coronavirus (COVID-19) has put a substantial burden on the Village's small business community. The Governor of Illinois issued a 'Stay at Home' order that started on Saturday, March 21. On May 5, 2020, the State implemented the 'Restore Illinois' Plan, which includes metrics and guidelines to reopen the state for business, education, and recreation. On May 28, 2020 all regions moved into Phase 3 and on June 26, 2020 all regions moved into Phase 4.

To combat the economic impact of COVID-19, the Village Board approved an economic relief program on March 24, 2020 in the amount of \$375,000. On April 14, 2020 the Village Board approved extending the economic relief program to service based businesses in the Village in the amount of \$156,000. Combined, the two programs offered \$531,000 in grants to local businesses. The intent of these economic relief programs was to provide immediate assistance to support small businesses impacted by the current public health crisis prior to the availability of state and federal assistance. Eligible local businesses can use these grants for short-term financial needs such as payroll, paying vendors, and paying suppliers. The program has the intent of preserving the Wilmette business community and local economy. At the June 9, 2020 Village Board meeting, the Village Board revisited the grant program guidelines to determine if the program should be modified. Based upon Village Board discussion it was determined that the maximum grant value for service businesses would be increased from \$1,500 to \$5,000. The last grant disbursements were made in July.

There was a total of \$531,000 approved for economic incentive grants and there has been a total disbursement of \$276,364.78, leaving \$254,635.22 of economic relief grant funds available for disbursement based upon criteria set forth by the Village Board.

The economic relief grant programs have been funded by General Fund reserves. The below chart shows the breakdown of budget and expense for each grant program.

	<b>Budget</b>	<b>Expense</b>	<b>Remaining</b>
Sales Tax Rebate Grant	\$375,000	\$218,397.65	\$156,602.35
Service Business Grant	\$156,000	\$57,967.13	\$98,032.87
<b>Totals</b>	<b>\$531,000</b>	<b>\$276,364.78</b>	<b>\$254,635.22</b>

Since that time the Restore Illinois Plan was amended to include a COVID19 mitigation plan which included steps to combat a resurgence of COVID-19. This plan was adopted by the Governor on July 15, 2020 and stated that once a region meets resurgence criteria, a tiered menu of mitigation options could be considered and if there are sustained increases in health metrics, further mitigations could be added to combat the resurgence of COVID-19.

Region 10 (suburban Cook County), of which the Village of Wilmette is included, met resurgence criteria and new mitigation requirements were put in place on October 28, 2020 due to sustained increases in positivity rates and hospital admissions. These mitigation requirements include:

- No indoor dining or bar service
- Outdoor dining and bar service permitted until 11 p.m.
- Tables must be six feet apart
- In-person gatherings limited to 25 individuals
- Indoor gatherings limited to 25% room capacity

These restrictions have the most significant impact on the Village’s restaurant sector and accordingly the Village Staff has analyzed several options to provide financial relief to these restaurant businesses.

**Discussion**

Due to the significant restrictions put in place on the restaurant sector, staff has developed three options to provide financial assistance to restaurant businesses.

It is the Village’s intent that one of these three options would only be implemented to support the restaurant sector if the mitigation requirements put in place on October 28, 2020 extend beyond four weeks, which would be November 25, 2020.

***Option #1***

- This option would replicate the original sales tax rebate program for restaurants only. This program distributed one half (1/2) of 1.00% to sales tax generating businesses. During the first round of the grant, the Village disbursed \$140,248.55 to 27 local restaurants. Staff has identified an additional 5 to 10 businesses that may be eligible and based upon available data, staff estimates that the average award for these additional restaurants to be \$2,900.
- **Option #1 of repeating the original sales tax rebate grant program for just the restaurant sector has an estimated value of \$169,249**

***Option #1 is the recommended option as it maintains the Village's flexibility to respond with additional grant funds in the future for restaurants or other impacted business sectors.***

**Option #2**

- This option would enhance the sales tax rebate program for restaurants only. This would seek to maximize the funds distributed to the restaurant sector. The program would provide an incremental one quarter (1/4) of 1% of municipal sales tax generated. This would be a total grant of three quarters (3/4) of 1%.
- **Option #2 of enhancing the original sales tax rebate grant program for just the restaurant sector has an estimated value of \$253,873**

**Option #3**

- This option would distribute funds equally amongst our restaurant sector. Based upon an estimated 37 eligible restaurants, the Village Board could set the value of the grant up to a maximum value of \$6,882 per entity. Similar to the service business grant, the Village would have the ability to increase the maximum valued based upon the total number of applicants.
- **This flat grant program for the restaurant sector has an estimated value that could range up to \$254,634**

Based upon the chosen program option, staff will finalize program rules for the restaurant business assistance grant program based upon the rules for the municipal sales tax rebate program and the Village Board's guidance. The initial eligibility guidelines are delineated below. The rules will be drafted such that the program is focused on small local businesses. The draft rules include:

**Prior Rules**

1. Have and maintain a current and valid Village of Wilmette business license;
2. Business must not have permanently ceased operations as of the date the funds are to be dispersed (businesses that have ceased operations per the Governor's "Restore Illinois" Plan and will reopen once the Governor's "Restore Illinois" Plan is updated or otherwise allowed will not be considered to have permanently ceased operations);
3. Business must generate municipal sales tax as part of its operations and sales'
4. Municipal sales tax eligible revenue must not be below \$50,000 (\$500 in municipal sales tax collections) in the calendar year 2019;
5. Municipal sales tax eligible revenue must not exceed \$7.5 million (\$75,000 in municipal sales tax collections) in the calendar year 2019;
6. Business shall not be part of a chain consisting of more than 4 units;
7. Business shall not be part of a franchise system;
8. Business shall not be a private club and must be open to the general public;
9. Business shall not be a home occupation; and
10. Business must have suffered a minimum 15% decrease in revenues from October 28, 2020 to the date of the Application when compared to the same time frame in 2019.

**New Rules**

- Fifty percent (50%) of primary sales must be from restaurant or bar service.
- Must provide indoor dining service

**Budget Impact**

The proposed restaurant business assistance grant program would be funded by General Fund reserves at an amount up to \$254,635.22



# Restaurant Business Assistance Grant Program

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**NOVEMBER 10, 2020**

# Program History

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- Two programs were previously approved to combat the economic impact of COVID-19
- Provide short-term relief to businesses impacted by business restrictions
  - Sales Tax Business Assistance Program
    - Approved March 24
  - Service Business Assistance Program
    - Approved April 14

# Program Budget

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	<b>Budget</b>	<b>Grants</b>	<b>Remaining</b>
Sales Tax Grant	\$375,000	\$218,397.65	\$156,602.35
Service Grant	\$156,000	\$57,967.13	\$98,032.87
<b>TOTALS</b>	<b>\$531,000</b>	<b>\$276,364.78</b>	<b>\$254,635.22</b>

# Program Update

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- Last grant disbursement for previous programs was July
- Restore Illinois Plan
  - Adopted by Governor on May 5
  - Wilmette and other regions moved to Phase 4 in June
- State plan was amended to include COVID-19 mitigations
  - Adopted July 15
  - Region 10 (Suburban Cook County) had new restrictions put in place on October 28

# Mitigation Plan

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- Put in place due to sustained increases in positivity rates and hospital admissions
- Mitigation requirements include:
  - No indoor dining or bar service
  - Outdoor dining and bar service permitted until 11 p.m.
  - Tables must be six feet apart
  - In-person gatherings limited to 25 individuals
  - Indoor gatherings limited to 25% room capacity

***Restrictions have most significant impact on Village's restaurant sector***

# Restaurant Assistance Program

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- Grant program would be triggered if mitigation requirements extend beyond four weeks – November 25
  - **Option #1**
    - Replicate original sales tax rebate program for restaurants only
    - *Estimated Value of \$169,249*
  - **Option #2**
    - Increase original sales tax rebate program by  $\frac{1}{4}$  of 1 percent for restaurants only
    - *Estimated Value of \$253,873*
  - **Option #1**
    - Distributed funds equally amongst restaurants; potential 37 applicants
    - *Estimated Value of \$254,634*

***Option #1 is recommended to maintain flexibility if there are future restrictions for other sectors***

# Program Rules

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## **Prior Rules**

- Have and maintain Wilmette business licenses
- Must not have permanently ceased operations
- Must generate sales tax between \$500 and \$75,000
- Shall not be part of a chain (4 units); franchise, private club, or home occupation
- Must have suffered a minimum 15% decrease from October 28 to time of application compared to same timeframe in 2019

## **New Rules**

- 50% of primary sales must be from restaurant or bar service
- Must provide indoor dining service