POLICY BACKGROUND

This policy and these procedures were developed by the Bastrop Economic Development Cooperation to be used for both Type A and Type B economic development corporations in the state of Texas who operate under Chapters 501-505, et seq., of the Texas Local Government Code (TLGC). The information contained in this packet does not constitute legal advice and the Bastrop EDC recommends each economic development corporation consult with their attorney and obtain advice before proceeding.

This policy is developed to fairly and efficiently distribute economic development funds to local businesses in accordance with TLGC 501.158 for both Type A and B corporations. Specifically, this section of TLGC states projects must "promote or develop or expand business enterprise that creates or retains primary jobs". Therefore, the project must state it "promotes or develops or expands business enterprise" back to the levels prior to the economic retraction caused by the COVID-19 National Disaster. This language is the only way we at the Bastrop EDC believe this type of project qualifies under Section 501.158. The included resolution, agenda and performance agreement contain the necessary language to address these Section 501.158 requirements.

How to implement this from start to finish in two weeks? Simple. The below procedures were developed in an effort to place the funds in the hands of our local businesses in the most expedient manner possible. Here were the hurdles the Bastrop EDC faced that you may also face:

**HURDLE #1**  TLGC 505.159 requires approval by the governing authority (board, alderman or council) to approve a project and meetings require at least 72 hours' notice under Texas Open Meeting Act. There's no way around this one, but the Governor's Order allows for virtual meetings to take place (see included Agenda).

**HURDLE #2**  TLGC 505.160 requires 60 days after public notice of the project to be allowed for a petition to be filed to contest the project. This means 10% of the registered voters can petition that a project be voted on by the public, if filed within 60 days. If we wait 60 days before distributing the money, then these businesses may have already failed, and the project is not helping anyone.

**HURDLE #3**  The Bastrop EDC's accounts are administered by the City of Bastrop's finance department, and there is typically a two to four-week turnaround for payments of EDC funds. We want to be able to distribute funds as soon as approved by the board.

**HURDLE #4**  TLGC 501.158 requires a performance agreement be executed for each project to be approved by the governing authority. This can often take months to draft and work out the terms with a prospect business.

**HURDLE #5**  TLGC 505.158 requires any project over $10,000 to have two readings and approval from the municipality's governing authority (in our case city council). If this project was to be approved as one single project in an amount of $150,000 to be distributed by the Executive Director/CEO to local businesses, then this would have required city council approval and two readings of a resolution. This would have taken at least 30-45 days.
To solve these five hurdles, we decided to make each business a “project” under TLGC and to not award any one business more than $10,000, thereby removing the need for our city council to approve the “project” for each business. We now only need one public meeting and approval by the EDC board, which only requires 72 hours’ notice and posting of the agenda. We also placed into our performance agreement that the business is required to refund all money awarded should a petition be filed within the 60-day period. This allows the money to be distributed during this 60-day period instead of afterwards. We drafted one single performance agreement for each project, drafted and approved by our attorney prior to our board meeting. We mailed/ emailed them out the day the meeting agenda notice was posted. We also emailed each business the new vendor forms required by the city’s finance department as soon as the applicant provided all required documentation. This started the city’s process of setting the business up as a vendor for payment while we were receiving applications and awaiting the board meeting. Lastly, by having each business be a separate project, it required the public to petition each project separately (which in our case will be about 50-100 projects).

**PROCEDURE FOR IMPLEMENTATION**

**APPLICATION & DOCUMENTS REQUESTED:**

Instead of doing a formal application that requires drafting and sometimes approval by the board of directors, we decided to simply request three items of information. Those are:

1. Business personal property tax certificate showing the ad valorem taxes paid to the City of Bastrop for 2019, or a certificate of occupancy for the City for 2020 if the business was not open in 2019.
2. Texas Comptroller of Public Accounts sales tax statement for either February 2020 or most recent filing (for businesses that do not pay sales tax, this was not required and left blank on the spreadsheet).
3. Texas Workforce Commission’s most recent quarterly filing (January 2020 for most covering the period October-December 2019), or an email stating they are a “sole proprietorship” or have only themselves as a single employee.

This provides the EDC with all the relevant information needed to legally award a company funds under this program. These three records show: (a) the business is in the city limits, (b) is set up with the city for paying personal property taxes and is current, (c) the physical and financial size of the business, and (d) the number of employees and revenues of the business prior to the COVID-19 crisis.

**RELEASE OF INFORMATION TO MEDIA AND PUBLIC:**

1. email board with attached media and social language for release to partners and confirm date for virtual meeting; email above releases to Chamber, Bastrop Main Street Program, City and County for coordinated message and publishing;
2. set up website for banner and website with attached information; email press release to media outlets once projects are approved by board; and,
3. set up files via Dropbox or other cloud-based system to include all drafts and each business as a separate project file.

**RECEIVING INFORMATION FROM PUBLIC:**

1. One staff member will be designated to receive all the emails and calls and above information requested; they will also be setting up the hard files on our cloud drive; once they receive all the information, they will then send an email to another staff member and “cc” team that “Business A” has submitted all information, file is set up;
(2) A second staff member can then receive the applications and incorporate the data into a master spreadsheet; and, this person will also be sending in return to each business the vendor information forms necessary to process the payments, requesting that the business return the forms within one to two days of receipt;

(3) A staff member will be designated to forward any social media inquiries to the Director for approval and for response, including posts, messages and photos (if any);

(4) Director will be responding to all emails (and calling back) any business that has questions or needs additional information (forwarded to him by team); will be drafting the formula to fairly and evenly distribute the amount in this round of relief grants to present to the board;

(5) A spreadsheet with each business’ name and contact information and to include the following metrics:
   a) Project #___ (different number for each business)
   b) Business name
   c) Business phone
   d) Business email
   e) Dollar amount of 2019 City “P” taxes paid
   f) Dollar amount of 2019 City “P” tax levy value
   g) Dollar amount of February 2020 sales tax paid
   h) Total number of employees (both full and part-time) or SOLE PROPRIETORSHIP

BOARD MEETING PREP:

(1) Draft agenda to include the following language for a “special & emergency meeting” to cover the following agenda item “Presentation, discussion, and possible action on _________ EDC COVID-19 Emergency Relief Grant and Resolution R-#_____ approving of the distribution of an amount not to exceed $10,000.00 for local businesses who need to be able to “promote or develop or expand their business enterprise back to the levels prior to the economic retraction caused by the COVID-19 National Disaster”.

(2) Draft Resolution to include above language and to include language requiring the business to have “provided a signed performance agreement attached to this Resolution as Exhibit A, wherein the business agrees to use the money in an attempt to retain and train employees during this time”.

(3) Draft the spreadsheet for the board to approve as “Exhibit B” with each project labeled separately; spreadsheet to contain total metrics (ranking of businesses from 1-50 in each category) and not actual names in order to keep each business’ information confidential until after board approval (then it’s all public record subject to Texas Freedom of Information Act).

(4) Email board special meeting date and times and above information, and set meeting as soon as possible, but at least 72 hours.

(5) Draft and send performance agreement to each business either before or after the meeting, but must ensure that all are signed prior to funds being distributed.

(6) Team to coordinate on public notice and media release of information.