

## RESOLUTION NO. 1179

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, ESTABLISHING A BUSINESS SUPPORT PROGRAM IN RESPONSE TO THE NOVEL CORONAVIRUS (COVID-19).

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**WHEREAS**, on January 31, 2020, the United States Department of Public Health and Human Services Secretary Alex Azar declared a public emergency for the novel coronavirus (COVID-19) beginning on January 27, 2020; and

**WHEREAS**, on February 29, 2020, Governor Jay Inslee signed a Proclamation declaring a State of Emergency exists in all counties in the State of Washington due to the number of confirmed cases of COVID-19 in the state; and

**WHEREAS**, the United States Centers for Disease Control and Prevention identifies the potential public health threat posed by COVID-19 as high, and has advised that person-to-person spread of COVID-19 will continue to occur and the best way to prevent a calamitous explosion of cases is to prevent infected people from coming in close contact with healthy ones; and

**WHEREAS**, on March 16, 2020, Governor Jay Inslee imposed restrictions prohibiting gatherings of fifty (50) people or more and implementing measures to contain the spread of the virus; and

**WHEREAS**, on March 17, 2020, the Center for Disease Control and Prevention issued recommendations limiting gatherings to ten (10) persons or fewer; and

**WHEREAS**, on March 23, 2020, Governor Jay Inslee imposed a "Stay Home, Stay Healthy" order requiring every Washingtonian to stay home unless they are engaged in an essential activity and banning all gatherings for social, spiritual and recreational purposes and ordering all businesses to close unless they are designated as an essential business; and

**WHEREAS**, on March 23, 2020, Mayor Kit Kuhn of Gig Harbor issued a proclamation that a local emergency exists due to the COVID-19 outbreak and that emergency operations are in effect as granted under RCW38.52.070 and Gig Harbor Municipal Code Chapter 9.12; and

**WHEREAS**, while the practice of social distancing is critical in mitigating the rate of spread of the COVID-19 virus, it is having significant negative economic effects on small businesses and workers; and

**WHEREAS**, disruptions to workers and small businesses are serious, as small businesses are the backbone of our economy, and provide the foundation of employment, services for the community, and revenue in order for cities and other public agencies to continue to provide essential services for the public welfare and benefit; and

**WHEREAS**, citizens who have lost their primary source of income may be unable to afford to stay home or practice social distancing which could have a negative impact on the public's health; and

**WHEREAS**, state agencies and partners are working to swiftly respond to the economic impact that the COVID-19 pandemic is having on Washington State; and

**WHEREAS**, the Gig Harbor City Council recognizes that one of its essential functions is to secure the health and welfare of Gig Harbor's citizens; and

**WHEREAS**, small business plays a vital role in the overall health and welfare of Gig Harbor's citizens; and

**WHEREAS**, resources are necessary to help small businesses survive and certain small businesses reasonably require public aid in order to survive; and

**WHEREAS**, the Washington State Department of Commerce has advised the City that it can expect a distribution of CARES Act funding in the amount of \$323,100 for reimbursable expenses related to COVID-19;

**NOW THEREFORE**, the City Council of the City of Gig Harbor, Washington, resolves as follows:

**Section 1.** The City Council hereby adopts the recitals expressed above as Findings of Fact in support of this Resolution.

**Section 2.** The City Council directs that \$308,000 from the Civic Center Debt Reserve Fund be used to establish the COVID-19 Small Business Stabilization Account.

**Section 3.** The Mayor is authorized establish a grant program consistent with the criteria described in Exhibit A, attached hereto.

**Section 4.** The Mayor is authorized to enter into grant agreements with selected applicants consistent with the criteria and process described in Exhibit A.

**Section 5.** The Mayor is authorized to enter into an agreement with the Washington State Department of Commerce for reimbursement of the funds used

to establish the Small Business Stabilization Account through the Coronavirus Relief Fund for Local Governments.

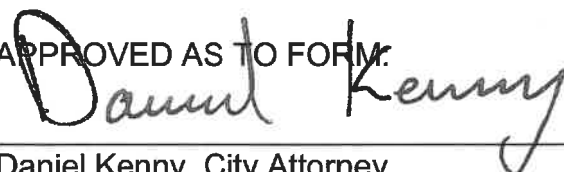
**Section 6.** The provisions of this Resolution shall become effective upon adoption and shall continue until further formal action of the City Council.

**PASSED** by the City Council this 28th day of May, 2020.

  
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Kit Kuhn, Mayor

AUTHENTICATED:

  
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Molly Towslee, City Clerk

APPROVED AS TO FORM:  
  
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Daniel Kenny, City Attorney

**EXHIBIT A**  
**COVID-19 SMALL BUSINESS STABILIZATION FUND GRANT CRITERIA & PROCEDURES**

**Purpose**

To assist small, locally owned Gig Harbor-based for-profit businesses, the City of Gig Harbor is committing up to \$308,000 to the COVID-19 Gig Harbor Small Business Stabilization Grant Account, an emergency fund that provides grants in amounts starting at \$1,500 to qualifying small businesses. Grants may be awarded to applicants who meet the following criteria for financial support:

**Criteria**

1. The business must have had a Gig Harbor business license and a physical location in the City of Gig Harbor on or before March 1, 2020.
2. The business has ten full time equivalent employees or fewer.
3. Grants cannot be made to businesses owned, or partially owned, by managers, officers, directors or public officials associated with Pierce County or the City of Gig Harbor.
4. The business must have experienced a loss of income due to COVID-19. Proof of hardship must be provided.

**Process:**

The City will work with the Pierce County Economic Development Department to establish a grant application, along with a process for collecting grant applications and determining if an applicant has met the criteria above.

Applications must be submitted within one week after formal announcement of the grant application process to be eligible for consideration. A specified application deadline will accompany the announcement of the program and the applications for the grant.

Following the deadline for application submission, the City will enter into an agreement with each qualified applicant to award a grant of at least \$1500.00. In the event that the total number of qualified applicants exceeds 205 in number, the City will randomly select 205 of the qualified applicants to receive the \$1500 grant award. If there are fewer than 205 total qualified applicants, the entire \$308,000 Small Business Stabilization Account will be divided equally between the applicants.

**Grant funds eligible for:**

1. Payment of rent or required monthly loan payments
2. Payments of essential wages, taxes, and normal benefits to employees essential to maintain business.
3. Normal operating costs that are included in "cost of goods sold" on businesses' income statement (raw materials for manufacturers,

- component pieces for assemblers, items for resale for retailers, food for restaurants. etc.)
4. Normal operating expenses that are included in "operating expenses" on businesses' income statement (utilities, insurance, professional services, etc.)
  5. Normal draw or wages on a weekly or monthly basis to owner

**Grant funds ineligible for:**

1. Any expense that would not be considered an eligible business expense by IRS rules
2. Expenses that have been covered by funds previously received from state, federal and/or county grants
3. Political contributions
4. Bonuses to owners or employees
5. Wages to any member of owner's family who is not a bona fide employee
6. Charitable contributions
7. Gifts or parties
8. Draw or salary to owner that exceeded the amount that they were paid on a weekly or monthly basis for the same period last year
9. Pay down or pay off debt by more than required in underlying debt instrument.