

City of Scottsbluff, Nebraska

Friday, August 7, 2020

Regular Meeting

Item Reports1

Discuss Impact of COVID-19 on LB840 Fund Recipients.

Staff Contact: Starr Lehl

Below is the suggested approach to finalizing COVID-19 Accommodations for the City's Economic Development Program portfolio. To the extent possible—unless other and more concrete information is known for an applicant—the Accommodations included (where applicable): (1) waiver of interest from April 1 to June 30; (2) proration of job credits so that a full-time employee received credit during the Year for working 1,560 hours rather than 2,080 hours (assuming hours were decreased for 25% of the Year); and (3) forbearance of monthly payments until October 1, 2020.

These principals are attempted to be applied as uniformly as possible, while also understanding that flexibility is needed in order to preserve the structure of the existing agreement as best as possible.

COVID-19 LB 840 Approach City of Scottsbluff

Aulick Industries

We have an expired jobs-based grant with Aulick Industries.

The grant needs to be formally extended for another five years, beginning retroactively January 1, 2020 in order to continue to earn credits against grant for continued employment.

All FTEs during the Year of January 1 2020 to December 31 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate Aulick for hours in which employees may not have been able to work.

Fusion Ranch/KYS

We have an expired jobs-based grant with Fusion Ranch/KYS. The applicant was not able to earn all of the credits anticipated in the last extension/application. We also have an outstanding loan/payable monthly. Last payment received was the March payment.

The grant needs to be formally extended, beginning retroactively January 1, 2020 for most of the job creation, in order to continue to earn credits against grant for continued employment.

All FTEs during the Year of January 1 2020 to December 31 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate Fusion Ranch/KYS for hours in which employees may not have been able to work.

We will waive interest accrual on the loan from April 1 through June 30. Interest will begin to accrue July 1. This will require an amortization of the loan. We also forbear loan payments until October 1, when the first payment on the new amortization schedule would begin.

Skiles Industries

We have an expired jobs-based grant with Skiles Industries. The applicant was not able to earn all of the credits anticipated in the last extension/application.

The grant needs to be formally extended, beginning retroactively to October 1, 2018, in order to continue to earn credits against grant for continued employment.

All FTEs during the Year of January 1 2020 to December 31 2020 of the extended grant shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate Skiles Industries for hours in which employees may not have been able to work.

Eagle Med

Default occurred on this grant before COVID-19 Accommodations became necessary. Applicant sold and transferred the business before the end of the term. Applicant's guarantor still exists, and effort need to be made by legal counsel to begin collection on delinquent balance or transfer remaining amounts owed to performance by the buyer/transferee.

SWBC

We have an expiring jobs-based grant with SWBC that will run at the end of the Year. There will be additional credits that need to be applied to the balance of the grant after the Year ending July 1, 2020.

SWBC is closed, so the remaining balance must be determined. All FTEs during the Year of July 1, 2019 to June 30, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate SWBC for hours in which employees may not have been able to work due to COVID-19.

RWMC

We have a jobs-based grant with RWMC that is payable retroactively, after job creation.

All FTEs during the Year of January 1, 2020 to December 31, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate RWMC for hours in which employees may not have been able to work due to COVID-19. Payment following this Year shall be adjusted accordingly.

Dave's Welding

We have a monthly-amortized loan with Dave's Welding that is eligible for job credits to be earned against it. Dave's Welding has declined any COVID-19 Accommodations and have continued to make payments.

Webb Ortho and Jason Webb OB, PC

We have a monthly-amortized loan in process for both Agreements, with Year ending June 30, 2020 for both. Applicants are able to apply job credits to the balance of the loan. For Year ending June 30, 2020, Webb Ortho and Webb OB have agreed to a six-week proration of job credits, meaning that all FTEs are divided by 1,472 hours (rather than the agreed-upon 1,664).

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. Payments on the loan are forboreed until October 1, 2020, when the first payment on the re-amortized loan is due.

Open Door Counseling

Applicant has been in default for some time. Not eligible for COVID-19 Accommodations. Will continue collection efforts.

Walther Farms

We have a loan with Walther Farms that is payable annually, mostly with job credits, and the next "payment" due January 1, 2021. The current Year for job creation ends September 30, 2020. Walther Farms must also pay interest-only payments every calendar quarter.

The interest-only payment due July 1, 2020 has been paid. To provide similar treatment to Walther Farms as other applicants, interest is waived on the loan from July 1, 2020 to September 30, 2020, which will not require loan re-amortization since the principal amount will not change. All FTEs during the Year of October 1, 2019 to September 30, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall be divided by 1,560 hours, to accommodate Walther Farms for hours in which employees may not have been able to work due to COVID-19. Payment due January 1, 2021 will accommodate with job credit calculation.

Flyover Brewery

We have a monthly-amortized loan in process, with Year ending June 30, 2020. Flyover is able to apply job credits to the balance of the loan. For Year ending June 30, 2020, Flyover shall receive a three-month proration of job credits, meaning that all FTEs are divided by 1,560 hours.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. Payments on the loan are forboreed until October 1, 2020, when the first payment on the re-amortized loan is due.

Inventive Media

We have a monthly-amortized loan and a jobs-based grant with Inventive Media. Inventive Media has continued payments on the loan, and has met or exceed the job creation estimates for year ending June 30, 2020. No COVID-19 Accommodation to be provided.

McKiney Manufacturing

We have a monthly-amortized loan in process, with Year ending December 31, 2020. McKiney is able to apply job credits to the balance of the loan. For Year ending December 31, 2020, McKiney shall receive a three-month proration of job credits, meaning that all FTEs are divided by 1,560 hours.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. Payments on the loan are forboreed until October 1, 2020, when the first payment on the re-amortized loan is due.

Treaty Site Farms

We have a loan with Treaty Site that is payable annually, the next payment due May 31, 2021. Job credits may be earned against the loan. The current Year for job creation ends March 30, 2021.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. All FTEs during the Year of April 1, 2020 to March 30, 2021 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate Treaty Site for hours in which employees may not have been able to work due to COVID-19. Payment due May 31, 2021 will accommodate with job credit calculation.

Pioneer Animal

We have a monthly-amortized loan in process, with Year ending June 30, 2020. Pioneer Animal is able to apply job credits to the balance of the loan. For Year ending June 30, 2020, Pioneer Animal shall receive a three-month proration of job credits, meaning that all FTEs are divided by 1,560 hours.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. Payments on the loan are forboreed until October 1, 2020, when the first payment on the re-amortized loan is due.

American Doorstep

One-time grant that was previously disbursed. Assistance not subject to COVID-19 Accommodations.

Candy Barn

We have a loan with Candy Barn that is payable annually, the next payment due January 1, 2021. The current Year for job creation ends December 31, 2020.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. All FTEs during the Year of January 1, 2020 to December 31, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall be divided by 1,560 hours, to accommodate Candy Barn for hours in which employees may not have been able to work due to COVID-19.

Complete Care

We have a loan with Complete Care that is payable annually, the next payment due July 1, 2021. Job credits may be earned against the loan. The current Year for job creation ends June 30, 2021.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. All FTEs unable to work from April to June during the Year of July 1, 2019 to June 30, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall be divided by 1,560 hours, to accommodate Complete Care for hours in which employees may not have been able to work due to COVID-19. Any annual payment due will be adjusted accordingly.

Bluffs Physical Therapy

COVID-19 Accommodation unnecessary. Current application and proposed new agreement will address issues related to business shut-down, if any.

JADS Trucking

We have a monthly-amortized loan with JADS Trucking that is eligible for job credits to be earned against it. JADS Trucking has declined any COVID-19 Accommodations and has continued to make payments.

Elite Health

Default occurred on this grant before COVID-19 Accommodations became necessary. Business is closed, and action will be taken to attempt collection.

Rod Clause d/b/a Der Topher

Small business loan that is forgiven after years of operation. Not eligible for COVID-19 Accommodation.

Mitchell Care Center

Paying monthly for assistance related to area employment. No conditions or repayment requirements. Not eligible for COVID-19 Accommodation.

Bytes

We have a jobs-based grant for Bytes, with year ending December 2020. To the extent that jobs are not salaried, we adjust job credit for 1,560 hours instead of 2,080, to account for the April-June affect in business.

BSquared Farming and Trucking

We have a jobs-based grant BSquared, with year ending December 2020. To the extent that jobs are not salaried, we adjust job credit for 1,560 hours instead of 2,080, to account for the April-June affect in business.

Croell

We have a loan with Croell that is payable annually, with payment due following receipt of jobs report and COVID-19 Accommodations applied to that report. Job credits may be earned against the loan. The last Year for job creation ended June 30, 2020.

Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will require loan re-amortization. All FTEs unable to work from April to June during the Year of July 1, 2019 to June 30, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall divided by 1,560 hours, to accommodate Croell for hours in which employees may not have been able to work due to COVID-19. Any annual payment due will be adjusted accordingly.

Monument Inn/OWBF

One-time only grant with no conditions or requirements. Not eligible for COVID-19 Accommodations.

Western Farms

We have a loan repayable over three annual payments, which loan payments are eligible for job credit applications. Job credits may be earned against the amounts owed, with the first payment due June 1, 2021. The first Year for job credits began January 1, 2020 and ends

December 31, 2020. Interest did not accrue until July 1, 2020, so interest waiver is not applicable.

All FTEs unable to work from April to June during the Year of January 1, 2020 to December 31, 2020 shall be prorated to exclude three months (April, May, and June). This will mean that all FTE hours reported at the end of the Year shall be divided by 1,560 hours, to accommodate Western Farms for hours in which employees may not have been able to work due to COVID-19. Any annual payment due will be adjusted accordingly.

Factory Crimp

We have a jobs-based grant for Factory Crimp, with year ending December 2020. To the extent that jobs are not salaried, we adjust job credit for 1,560 hours instead of 2,080, to account for the April-June affect in business.

Gardner Technologies

We have a loan with Gardner Technologies, payable in one balloon payment on March 1, 2021. Interest accrues on that loan. Interest is waived on the loan from April 1, 2020 to June 30, 2020, which will adjust the amount due on the balloon date.

Gardner Technologies has not yet satisfied the conditions for its jobs-based grant, so the remaining portion of the Agreement is not eligible for COVID-19 Accommodations.

Prime Metal Products

Applicant did not close on the loan until July 2020 and business is still starting. Not eligible for COVID-19 Accommodations, as assistance approach was not affected by COVID-19 at this time.