

Town of Lexington
Economic Development Office



MEMORANDUM

Date: 1/11/21

To: James Malloy, Town Manager

CC: Carol Kowalski, Assistant Town Manager for Development

From: Sandhya Iyer, Economic Development Director, Casey Hagerty, and Economic Development Coordinator

Re: Lexington Small Business, Non-Profit, Arts & Culture Relief Fund

“Throughout the phases of reopening and recovery, municipalities will need to be entrepreneurial and flexible according to the changing needs and conditions of small businesses in their community” (Cowen, Gonzales & Kaplan, 2020, p.2). The Economic Development Office has been working closely with the small business owners in the Town of Lexington and has introduced programs and projects to support the needs and demands to support small businesses survive during the COVID-19 pandemic.

Two major challenges that have been cited, in addition to the loss of revenue due to COVID-19, by the small business owners are high-cost rent and the current commercial tax base which is contributing to a vacancy rate that will soon be alarming. Since March 2020, there are three additional vacancies with more likely to come. This trend is taking place in other commercial areas beyond the center as well. Some of the restaurants that shut their operations due to COVID are Bulpan Grill & Lounge, and Sanyo. Some of the artistic stores such as FireFly Moon and Revolve that added charm to the Lexington Center have also closed their businesses.

The Economic Development Office requests to start a Lexington Small Business COVID Relief Grant funded by ARPA funding for \$250,000 and \$50,000 for Non-profit, Arts & Cultural organizations. This will be a direct funding program for small businesses to address negative economic impacts. The grant mimics some of the existing funding programs successfully executed by municipalities such as Acton, Concord, and Somerville. We hope to start the program as soon as possible to support the business to stay afloat during the winter months and to support revenue loss that occurred during the construction season. A grant amount of up to \$25,000 maybe provided to each eligible and approved local business and up to \$10,000 to local non-profits.

Funds will be allocated by way of a thorough review process by the ED Office and final approval

by the Town Manager which will be focused on delivering the greatest impacts both for owners, tenants, and workers as well as for the community. Funds are intended to help local businesses remain viable and to retain and/or create jobs despite disruptions related to COVID-19 and the Center Streetscape project.

The Economic Development Office is ready to start a short application process as soon as January 2022 and provide assistance for the economic recovery of Lexington's restaurants and retail corridors.

Eligible Uses of Funds

Funds can be used for working capital expenses, including but not limited to rent or mortgage payments, payroll expenses including healthcare, and utility expenses.

Eligibility Criteria

To be considered for an award, the applicant must meet basic program eligibility requirements:

- Less than 35 employees.
- Less than \$1.5 million in annual revenue.
- Demonstrated a significant revenue loss since the COVID-19 closures in March.

Comparative Criteria

All applicants who meet the basic Eligibility Criteria will be graded per Town program priorities, including:

- COVID-19 Impact: applicants who demonstrate a severe impact on business operations and revenue due to COVID-19 will be prioritized, especially those who face ongoing operational challenges due to the requirements and practicality of social distancing measures.
- Businessess who prioritized COVID-19 prevention such as:
 - Purchase PPE and/or adopt safer operating procedures
 - Outdoor Dining – Restaurants can utilize the funding to create outdoor dining spaces or enhance/improve their existing outdoor dining spaces to make them ADA compliant, or to purchase furniture, decking, heat lamps, umbrellas, tents, awnings, or lighting.
 - Ventilation – Install or improve ventilation systems to increase air circulation and air quality
- Brick & Mortar Businesses: Businesses with brick and mortar locations on the first floor of commercial districts will be prioritized.
- Use of Funds: Given the scarcity of precious funds, applicants that can demonstrate a clear plan for the use of the funds, and explain how the funds will positively impact the viability of

the business will be prioritized.

- **Operating Costs** – Offset payroll and benefits costs or expenses related to retaining or hiring/training employees, as well as for mortgage, rent, utilities, and inventory etc.
- **Disadvantaged Businesses:** Additional consideration will be given to businesses that can demonstrate majority ownership by women, veterans, or minorities.
 - Impact of Town Construction projects on sales and revenue of businesses.

Businesses

Priority	0 Points	3 Points	7 Points	10 Points
COVID-19 Impact	Business not impacted by Covid-19	Business is significantly impacted, but is able to operate remotely or virtually	Business is significantly impacted, but is able to operate in a limited fashion during the COVID-19 crisis (e.g. restaurant offering takeout meals)	The major impact on operations due to social distancing requirements and cannot function during Covid-19
Brick & Mortar	Business has clients or partners in Lexington but is not located in Lexington	Home based business in Lexington	Business has a physical location in Lexington located on an upper story	Business has a physical location in Lexington on the first floor of a commercial district
Use of grant funds	Incomplete or insufficient plan or description of how the money will be used or how the funds will positively impact the viability of the business	General plan for the use of the money, but the description lacks specificity or details about impact	The specific plan for use of the money with a discernable positive impact on business viability	Well-thought-out post-COVID-19 plan drafted with a clear strategy for the use of grant funds ; funds will make a clear impact on the success of the business

Impact from Center Streetscape project and other public works projects	This business has not been impacted by a public works project		Business has been significantly impacted for one season. The business is able to demonstrate a loss in revenue due to a public works project.	Business has been significantly impacted for two or more seasons. The business is able to demonstrate a loss in revenue due to a public works project.
Disadvantaged businesses		3 points will be awarded each for each category of disadvantaged business ownership <ul style="list-style-type: none"> ● Minority-owned ● Woman-owned ● Veteran owned ● LGBTQ 		

Non-profits, Arts & Cultural Organization

Priority	0 Points	3 Points	7 Points	10 Points
COVID-19 Impact	Organization not impacted by Covid-19	Organization is significantly impacted, but is able to operate remotely or virtually	Organization is significantly impacted, but is able to operate in a limited fashion during the COVID-19 crisis (e.g. indoor events, limited capacity)	The major impact on operations due to social distancing requirements and cannot function during Covid-19
Use of grant funds	Incomplete or insufficient plan or description of how the money will be used or how the funds will positively impact the viability of the organization and its patrons or partners	General plan for the use of the money, but the description lacks specificity or details about impact	The specific plan for use of the money with a discernable positive impact on business viability	Well-thought-out post-COVID-19 plan drafted with a clear strategy for the use of grant funds ; funds will make a clear impact on the revitalization of this sector
Disadvantaged businesses		3 points will be awarded each for each category For non-profits serving <ul style="list-style-type: none"> ● Minority ● Woman ● Veteran ● LGBTQ 		

Sincerely,

Sandhya Iyer, Economic Development Director
Casey Hagerty, Economic Development Coordinator

Source:

1. Cowen, Gonzales, and Kaplan (2020). *Building a New Future Together*. Small Business Whitepaper: Metropolitan Area Planning Council (MAPC)
2. Town of Acton Small Business Relief Grant Program
3. Concord Together Small Business Grant Program
4. City of Somerville COVID-19 Small Business Relief Fund
5. Needham Small Business Recovery Grant Program
6. Arlington Small Business and Nonprofit Working Capital ARPA Fund Application