



**CITY OF SAINT PETER  
AGENDA & NOTICE OF SPECIAL MEETING  
ECONOMIC DEVELOPMENT AUTHORITY  
Wednesday, May 6, 2020 at Noon**

**\*\*\*Virtual Meeting Only – See below for electronic access to the meeting\*\*\***

- I. Call to Order
- II. Approval of Agenda
- III. Unfinished Business
- IV. New Business
  - i. Covid-19 Micro Loan Program – Automotive Repair Services
- V. Reports
  - i. Covid-19 Micro Loan Program Activity
- VI. Adjournment

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/517644005>

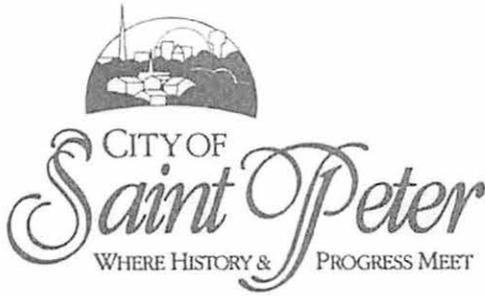
You can also dial in using your phone.

(For supported devices, tap a one-touch number below to join instantly.)

United States (Toll Free): 1 866 899 4679

- One-touch: [tel:+18668994679,517644005#](tel:+18668994679,517644005)

Access Code: **517-644-005**



## Memorandum

To: EDA Members

Date: May 1, 2020

From: Russ Wille, Community Development Director

RE: Covid-19 Micro Loan Program – Roster of Eligible Business Sectors

### ACTION/RECOMMENDATION

Consider the requested expansion of business sectors eligible to participate and receive loan funds from the Covid-19 Micro Loan Program adopted by the Economic Development Authority (EDA) and City Council.

### BACKGROUND

Numerous Saint Peter businesses are experiencing significant loss of business revenue due to the spread of the Covid-19 virus. A number of businesses have been ordered to close while those remaining open report large drops in revenue due to lower customer traffic.

As a result of the unprecedented situation, many businesses expect significant reductions in cash flow to threaten their ability to meet their immediate business financial needs.

In an attempt to be of assistance to local businesses, the City Council adopted the guidelines for the COVID-19 Micro Loan Program. The program was been designed very similar to the Construction Mitigation Micro Loan Program that was implemented in 2009 while Highway 169 was closed for reconstruction.

Under the terms of the guidelines, eligible Saint Peter businesses are eligible for loans of up to \$10,000 which would be offered at 0% interest. As in 2009, the repayment of the loans would be deferred for approximately twelve months and begin in June of 2021. When repayment begins, the note would be repaid at a rate of \$100 per month regardless of the loan amount.

While there is a \$10,000 maximum allowed, individual loan amounts are determined based upon lease, rent and/or mortgage payments and the monthly utility charges incurred by the business. The total monthly lease and utility payments will be multiplied by four (4) to determine individual maximums.

To receive the full \$10,000 offered, the business would need to demonstrate that they have lease, rent or mortgage expenses and monthly utility charges that total at least \$2,500 / month. If the eligible expenses do not total at least \$2,500 / month, the business will be eligible for less than the maximum of \$10,000.

To date, a total of 44 businesses have chosen to participate in the loan program. A total of \$396,814 in loans have been distributed in the last three plus weeks. A few more applications are in the review process or are awaiting the appropriate submittals.

Subsequent to the adoption of the guidelines, the owners of certain businesses deemed ineligible to participate in the COVID-19 Micro Loan Program requested that the EDA and City Council expand the roster of eligible businesses. These business owners represent birthing centers and allied medical professionals such as dentists or chiropractors.

The EDA considered the requested expansion at their regular April, 2020 meeting. The EDA did recommend, and the City Council later adopted an amendment to the loan guidelines to add Birthing Centers and Medical Offices to the roster of eligible business sectors.

At this time, Ty Saiki, the owner of Ty's Automotive, has requested that the EDA and City Council consider a further expansion of the loan guidelines to include "Automotive Repair Services" to the list of eligible businesses.

Although Automotive Repair Services have not been closed due to Governor Walz's Executive Orders, they have experienced a significant loss of business revenue. As people forgo motor vehicle travel, there is less wear and tear on the vehicle which would require Mr. Saiki's repair services. Less travel also means longer periods between oil changes or other regularly reoccurring and scheduled services.

I have included the email that I received from Mr. Saiki for your consideration and review.

Automotive Repair Services is defined in the adopted Zoning Code as:

*"Repair of automobiles and noncommercial trucks, motorcycles, motor homes, recreational vehicles, or boats, including the sale, installation, and servicing of equipment and parts."*

If Automotive Repair Services are to be added, I have identified about 6 Saint Peter businesses that would then become eligible. At the request of the City Administrator I did reach out and phone a few of the other auto repair businesses to inquire as to their cash flow and ask if our Micro Loan assistance would be of value. Those that I spoke to suggested that their business has been reduced but that they will intend to move forward without seeking municipal assistance. Each were glad that the City had them in mind.

If the EDA were inclined to recommend the requested expansion, a resolution to that effect has been prepared for your consideration.

#### **FISCAL IMPACT:**

It was anticipated that there would be up to 100 or so eligible businesses based upon the original guidelines adopted by the Council. So far, approximately 40% of the identified businesses have chosen to participate and \$396,814 has been distributed. Sufficient dollars remain in the revolving loan fund to adequately fund the expansion to include Automotive Repair Services.

## **Russ Wille**

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**From:** Ty Saiki <tysautomotiveservice@gmail.com>  
**Sent:** Thursday, April 30, 2020 10:50 AM  
**To:** Russ Wille  
**Subject:** Micro Loan Eligibility

Russ-

As we discussed on the phone, I would like to request to have my eligibility for the \$10,000 microloan revisited. The automotive repair facilities were deemed essential services and not required to close. However, estimates in traffic reduction have been as high as 80%. This amount of reduced travel has had a very large negative impact on my business.

From March 1, 2020 - April 30, 2020, the total number of invoices written dropped 42% from the same time period in 2019. The average dollar amount of those invoices also dropped 38%. I am a sole proprietor with no employees. The amount of eligible funds through the PPP is base on my Schedule C, therefore allows for very little. I was told by a banker that it would hardly be worth the paperwork. EIDL is based on the number of employees, so that isn't of any help either. They are not currently taking applications anyway. I have talked to Nicollet county and they are not extending the delayed property tax payment to non-escrow businesses that were not forced to close.

I am an "essential" worker with a small business that is essentially going broke trying to keep my business open. I am looking for a little help and have been told no at just about every turn.

Please consider my request,  
Ty Saiki  
Owner of Ty's Automotive Service  
Owner of St. Peter Self Storage

**CITY OF SAINT PETER, MINNESOTA  
ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION NO. 2020 -**

**STATE OF MINNESOTA)  
COUNTY OF NICOLLET)  
CITY OF SAINT PETER)**

**RESOLUTION RECOMMENDING A MODIFICATION TO THE LOAN GUIDELINES ADOPTED  
FOR THE COVID-19 MICRO LOAN PROGRAM TO ADD AUTOMOTIVE REPAIR SERVICES  
TO THE ROSTER OF BUSINESS SECTORS ELIGIBLE TO PARTICIPATE IN THE  
PROGRAM PREVIOUSLY ADOPTED BY THE CITY COUNCIL**

WHEREAS, the Saint Peter Economic Development Authority administers the City of Saint Peter Revolving Loan Fund; and

WHEREAS, the Economic Development Authority (the "EDA") was granted power to administer the loan program and to make recommendations to the City Council for disbursement of new loans; and

WHEREAS, guidelines have been established which govern and determine the criteria of the revolving loan program; and

WHEREAS, many local Saint Peter businesses have been negatively impacted by the Covid-19 virus outbreak and resulting loss of business revenues; and

WHEREAS, the ordered closing and other loss of customer traffic has created unforeseen and immediate financial difficulties for many of the businesses; and

WHEREAS, the Economic Development Authority has determined that it is both necessary and appropriate to develop a micro loan program to assist existing businesses with their immediate cash flow needs resulting from the loss of traffic and revenues due to the virus outbreak; and

WHEREAS, at a special City Council meeting held March 30, 2020, the City Council adopted the guidelines and established the Covid-19 Micro Loan Program; and

WHEREAS, the adopted loan guidelines limited participation in the loan program to certain business sectors considered to be the most immediately impacted by the closure mandated by the Governor's Executive Orders; and

WHEREAS, the owner of an Automotive Repair Service deemed ineligible to participate has requested that the EDA and City Council reconsider the roster of eligible business sectors to add Automotive Repair Services to the list of eligible business sectors; and

WHEREAS, the EDA considered the requested expansion at a May 6, 2020 special meeting.

**NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, THAT:**

1. A recommendation is made that the City Council further amend the guidelines for the Covid-19 Micro Loan Program to add Automotive Repair Services to the roster of business sectors eligible to participate in the loan program.
2. Automotive Repair Services shall be defined as, the "Repair of automobiles and noncommercial trucks, motorcycles, motor homes, recreational vehicles, or boats, including the sale, installation, and servicing of equipment and parts."

Adopted by the Economic Development Authority of the City of Saint Peter, Nicollet County, Minnesota, this the 6<sup>th</sup> day of May, 2020.

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James Dunn  
President

ATTEST:

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Rosten Wille  
Community Development Director