



Legislation Details (With Text)

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Title:	Authorize the City Manager to finalize and execute a forgivable loan Agreement with Medearis Foods Inc. dba Cocoa Save A Lot at 1208 Dixon Blvd. utilizing American Rescue Plan Act funding. Approve staff to perform all necessary budget actions related to this agenda item. (Community Services Director)				

Sponsors:

Indexes:

Code sections:

Attachments: 1. Save A Lot American Rescue Plan Funding Forgivable Loan Agreement - 4-12-21

Date	Ver.	Action By	Action	Result
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CITY COUNCIL AGENDA ITEM

Memo Date: April 7, 2021

Agenda Date: April 13, 2021

Prepared By: Angela Essing, Economic Development Manager

Through: Nancy Bunt, Community Services Director

Requested Action: Authorize the City Manager to finalize and execute a forgivable loan Agreement with Medearis Foods Inc. dba Cocoa Save A Lot at 1208 Dixon Blvd. utilizing American Rescue Plan Act funding. Approve staff to perform all necessary budget actions related to this agenda item.

BACKGROUND:

A community staple for the last 26 years, Save A Lot has been providing groceries to the residents of Cocoa. The Medearis family has owned the store for the last thirteen years. They have provided a needed neighborhood convenience and have employed as many as 16 throughout the best of years. Prior to closing on March 31, 2021, they had 12 employees of which 11 were Cocoa residents. With the closing of the Save A Lot and the Harvey's Market the Dixon Boulevard neighborhood has become a food desert. Finding affordable, fresh food will be difficult as the next closest grocery store is Aldi's and Wal Mart, both of which are several miles away.

With 12% of the residents of Cocoa not having transportation, this store is an immense asset and convenient to all the neighborhoods between Cambridge Elementary and Endeavour Elementary, especially Cocoa Hills.

The store closed on March 31, 2021 due to trouble with the supply chain resulting in cash flow exhaustion brought on by and sustained throughout the current COVID-19 pandemic. The loan is

available due to the City receiving an estimated \$4.38 M in funding from the American Rescue Plan Act (H.R. 1319). The American Rescue Plan allows Cities to provide aid to impacted industries and allows the City to provide grants to eligible employers that have eligible workers that perform essential tasks.

The City has designed the agreement to fund Save A Lot at \$450,000 with a five-year forgivable loan (20% per year). The funds will be allocated: 1) up to \$200,000 for inventory, 2) up to \$110,000 for capital repairs/improvements, 3) up to \$40,000 for rental arrears and a maximum of 3 months rental assistance and/or wages at \$30,000 and 4) past due invoices of no more than \$70,000. After five years of maintaining the business at 1208 Dixon Blvd. the loan will be forgiven at 100%. However, despite the funding provided under the Agreement, Council needs to be aware that there are no guarantees that Medearis Food will be able to stay in business for any given length of time, and Medearis Food could close again even though funding has been provided by the City to assist with reopening the business.

City Council will enter into an agreement with Medearis Foods Inc., which contains terms and conditions to receiving funding, as well as provisions should the grantee fail to meet the terms. The maximum funding will be \$450,000. A draft Agreement is attached to the Agenda Item and a copy has been presented to Medearis Food for review and comment. Staff is requesting that the City Manager be given the authority to finalize and execute the Agreement.

STRATEGIC PLAN CONNECTION:

Goal 2: Retain and expand business and industry. Objective 2.2: Retain existing industry and jobs. A. The City should identify incentives that meet the needs of existing businesses seeking to expand.

BUDGETARY IMPACT:

Finance staff has created a new American Rescue Plan (ARP) fund to track all of the revenue and expenditures related to the monies received under the Plan. The total budgetary impact of this agenda item will be \$450,000. Staff is requesting Council approval to perform all necessary budgetary actions for this agenda item. Due to the uncertainty of the timing of receipt of the ARP monies versus distribution of the debt issuance to Medearis Foods, Inc., it may be necessary to utilize General Fund unassigned fund balance and assigned fund balance for Economic Incentives temporarily.

PREVIOUS ACTION:

N/A

RECOMMENDED MOTION:

Authorize the City Manager to finalize and execute a forgivable loan Agreement with with Medearis Foods Inc. dba Cocoa Save A Lot at 1208 Dixon Blvd. utilizing American Rescue Plan Act funding. Approve staff to perform all necessary budget actions related to this agenda item.