

AURORA BUSINESS ADVISORY BOARD

Minutes of the Regular Meeting
April 27, 2020

Board Members Present:

Garrett Walls, Nosh Tarachand, Bob Fryberger, Regina Edmondson, Carolyn Pace, Alok Sarwal, Phillip Villard

Board Members Absent:

Unexcused -, Hitesh Patel

Martin Liles (request for excused absence) moved to approve seconded by Alok – None opposed, approved absence.

Staff Present: Elena Vasconez, Leslie Epperson, Andrea Amonick

Guest Present: Jessica Prosser, Steven Wright, Trevor Vaughn

CALL TO ORDER

Meeting called to order at 11:05 am by Garrett Walls.

APPROVAL OF THE MINUTES

Mr. Walls moved to approve March minutes.

Ms. Edmondson seconded. None opposed.

March 2020 Minutes Approved.

PUBLIC COMMENTS

None

COUNCIL CONTACTS

Ms. Edmondson reached out to her CM who just had a baby boy. She posted the resources on her page.

Mr. Sarwal had no contact. He was busy with covid testing.

Ms. Pace has texted her CM Marcano and will send him the minutes. She will send out March minutes.

Mr. Tarachand contacted CM Gardner who has concerns re; thoughts on steps to protect employers on liability with restart. With the Walmart incident, if employers are granted immunity from workman's comp. GW will talk with Mr. Tarachand so that he could pass along information to the CM.

Bob Fryberger– has not heard back from CM Murrillo – has emailed her. Feels in limbo.

Andrea Amonick has contacted CM Murrillo, we have let her know that Mr. Fryberger is member in good standing and that he will stay on board until she decides what she would like to do.

Mr. Walls has been in touch with the Mayor. They have been doing outreach to businesses. Mayor has been able to hear first-hand how things are going. Mr. Walls will reach out to other CM.

Outcome: BAB members will continue to reach out to their Council Members and keep them up to date.

BAB marketplace presentation - Trevor Vaughn

From the Wayfair decision in 2018 regarding ecommerce and sales tax collection, Nexus government require vendor to collect sales tax. Not a new tax just who you can compel to collect existing sales tax.

Supreme court looked at does this overburden interstate commerce. CO more complicated with the home rule system. Cities rely on sales tax. Colorado adopted a bill that introduced economic nexus. 100,000 limit not to overburden small business. City of Aurora collects its own taxes.

5.3 million of tax collections for City of Aurora. Some companies are already remitting sales tax voluntarily – getting a portion of ecommerce sales tax.

Missing out on about 1 million of tax.

Ebay.is not.

Applications for city license spiked because of wayfarer lawsuit.

Trying to get a system in CO where we can get past those lawsuits.

Marketplace Facilitators – city can compel them to collect city sales tax – Amazon, Walmart, Expedia, eBay, Google.

City proposing to Require Marketplace facilitators to collect sales tax.

– puts retailer in difficult position when Amazon doesn't collect sales tax.

Some are licensed and remitting to the city. Amazon had collected money and gave it to the vendor to submit to City of Aurora. Amazon had turned off a feature to add sales tax. Had technical issues. Amazon needs clarity that they should be collecting for home rule cities.

Like an ordinance to make the 3rd party collections clearer, remit directly to the city, standardization and clear authority and immunity if seller doesn't pay or doesn't accurately report sales.

Have an ordinance that is ready to go. Bring forward to BAB for questions and consideration.

Mr. Walls – exemption to businesses as it is the seller's responsibility to remit those taxes.

Mr. Vaughn – Expedia will forward on those tax dollars to the hotel.

Mr. Sarwal – harsh conditions, brick and mortar businesses are going out of business, some have filed for chapter 11. Long term thoughts for businesses to stay with city and mitigate the impact of online sellers, equity with online businesses.

No other questions.

Taking to study session May 18th.

Mr. Walls asked for BAB thoughts on this.

Ms. Pace supports bringing in more tax dollars to Aurora especially from online sales.

Mr. Walls – time for online businesses to play fair. Longer term strategy for people that set up a brick-and-mortar store or by owning property. He supports this step.

Mr. Sarwal – supports this ordinance. More discussion on how to incentive brick and mortar stores and work with them to get a central hub to help them get online.

Ms. Edmonson – Agrees with the proposal.

Mr. Fryberger – Sounds reasonable.

Mr. Vaughn – Google is collecting on 3rd party transactions. Amazon turned off feature and has been challenging. Makes it difficult to pay the tax. If the marketplace pays the tax, it is easier on vendor.

Mr. Tarachand had no comment.

Garrett moved to approve and direct city staff to help with directing a letter of support.

Regina seconded. None opposed.

Mr. Walls will get letter out to Mr. Vaughn expressing BAB approval of collecting sales tax from marketplace vendors.

Follow-up Action: Mr. Vaughn to send out draft ordinance mirrors state law. May 18th going to study session. Need it in a week. Ms. Vasconez to draft letter.

City council – sales tax items:

- 1) Modification to the lodger's tax – people staying less than 30 days. Have lodger's tax not apply to people staying longer than 30 days. Sometimes airlines rent rooms for longer than 30 days, but different people are staying in the rooms less than 30 days.
 - 2) Modified language it has to be the same person in the room to be exempt from tax.
- Mr. Walls wanted to pause here and wait for Hitesh to be present for the discussion.

Mr. Vaughn stated that the City council wants to take a look at car wash policy. Car wash and laundromats are not collecting sales tax. Renting as a consumer and using should be collecting sales tax. Car Wash owners should collect sales tax on self-service car washes.

Mr. Walls – where is that in process?

Mr. Vaughn - 2 items for consideration at a future council meeting. Voted on later this year by Council.

Mr. Walls would like to hold for later discussion.

IFC – Commander Wright

IFC has been slowed down with COVID. Wanted to present several subjects a month before COVID. 6 civilian inspectors were deemed non-essential. With economy being shut down, there is nothing to inspect.

As we open up business, Commander Wright will be able to pick that back up.

1) Speed bumps approved by fire marshall -generally Fire Department doesn't approve speed bumps. Main priority is life safety.

Speed bumps do slow emergency personnel down and has caused damaged to Fire Trucks. We recommend signs and gates.

2) Ordinance to Allow battery charged electric fences. 9ft tall security fences that are electrically energized via batteries. Council member would like ordinance passed with fences being charged with a battery. FD does not approve of this. Batteries are used as a backup. Hard to know when deenergized. How to train FD how to deenergized. State legislation requires No permitting. This is concerning. What if someone gets entangled in the fence. There will be more discussion in a formal setting.

Mr. Walls commented on fences – on some properties they have the infrastructure in a shed. Sheds get hot. Some have been vandalized. Fire concerns regarding the antenna.

Outcome: Discussions at a later date

Lost quorum at 11:40am, Nosh dropped off. Nosh is now on phone 11:50am

Grant & Loan Program

Ms. Amonick – Not sure what the BAB is interested in. The City launched a joint funded program for small businesses to provide financial assistance during this time. Requirements: Retain jobs, be licensed, be open 12 months, prove financial impact. We had 1100 applications to the program.

Program Closed on April 22nd. Currently starting review of applications.

Checking eligibility. Tried to focus on store fronts. Sole props that work out of their home not excluded. Have not distributed any funds yet. In the review process now. Have started asking for financials.

Mr. Walls asked for description of funds.

Ms. Amonick - Grant were available up to 5K – businesses could self-select preference. \$400,000 for grants

Loans were 5K to 50K short term loans. – being evaluated by CEDS. No closing costs. No collateral requirements. Personal guarantees. \$600,000 for loans

There were over 1000 applications. Hope to fund 100 grants and 100 loans.

Mr. Walls – what is the status?

Ms. Amonick – We are not getting the quality financials that we thought we would.

Ms. Prosser – 798 grant request, Wards 1,3,4 had the most submitted applications – 20% from those. Representation for all wards. Looked at minority owned businesses. Equitable distribution.

Ms. Amonick – from this point forward we are going into evaluation.

Mr. Walls - how are people sending in financials.

Ms. Amonick – sending in secure link. Secure email that is encrypted.

Phillip Villard joined the conversation.

Ms. Pace – She did apply and there was no portal or instructions on how to upload. It was a lot of documents with no instructions and no secure file. She had to send via zip file. Encrypted email.

Ms. Prosser – came into secure file to a few staff members with access.

Ms. Edmondson – what is the make-up of the review and evaluation committee?

Ms. Amonick – review committee is made up of staff people who work with financials and store front commercial loans. Evaluating committee Amonick, Prosser and Gambetta. Concerns with the BAB as you represent and own businesses. Kept it to staff. Loan underwritten by CEDS.

Mr. Walls, is there any city council member reviewing loans – Do we see that as potentially problematic?

Ms. Amonick – No, I don't think so. Staff will spend quite a bit a time evaluating applications, review financials. It is not unusual for that to go through staff committee.

Ms. Prosser – trying to do this quickly and council wants money out as quickly as possible. Council has been advised. We are trying to keep it moving.

Ms. Pace – how will you prioritize the businesses – What is the rubric?

Ms. Prosser – employ employees with average median income, how many will they retain, loss of revenue by stay home order. Equitable distribution of funding.

Ms. Pace – wants employers that are good to their employees to get reward/recognition.

Ms. Amonick – there is nothing on the application that asked that question.

Follow up action: Ms. Amonick and Ms. Prosser will update next meeting.

Mr. Walls would like to hear how everyone is doing.

Ms. Pace – Got \$1000 from SBA treasury - Federal Government – Mr. Walls stated that in the somewhere is a 4-digit code that should identify what it is. Ms. Vasconez thinks it is for PPP.

Ms. Pace said US bank said she was in the queue, and they are currently out of money. Going back to work this week. Have been doing workshops with other companies. Putting in Sanitization. Addresses people concerns with food. Started a garden. Added compost delivery for Victory garden.

Ms. Edmondson – March and April were really tough. Lost 27 contracts. Had 9 employees, have 3 that left. Partnered with Mark Shaker at Stanley - 3 staff have been doing the 1000 meals a day. Overall Business will suffer until we can have large gathering.

Have not received any assistance. Regarding AER - People don't have 2019 tax return so they didn't apply. That piece should have vetted. That required due date is not fair as the 2019 taxes are not due until July. Presented as Barriers – 2019 taxes – people self-select out because they are trying to follow the guidelines. Should have been made aware on the front end not after the fact.

Ms. Amonick – I appreciate the feedback. I am sorry so many businesses had trouble and self-selected out.

Mr. Fryberger – Doing ok. 85% working remotely. Shuttered Southland branch. Not eligible for PPP. As lender not eligible to do any loans. Funds had dried up. Not eligible to participate in SBA programs. Took loss last month.

Mr. Sarwal – 2 businesses – 1 – nonprofit – has limited presence – health care clinic. Downturn in regular visits. State of CO has been providing PPE. Another business – ice cream store – 30 %

downturn. Working to keep employees on payroll. Have applied for PPE. Did not apply for Aurora city loan.

Mr. Tarachand – things have been dead. Things will change and I have a positive attitude. Have to be with crew. Have put out a lot of bids. He thinks he will be busy when the lock down is lifted. The lockdown has been a shut down.

Mr. Villard – Business is seasonal, did not apply for PPE. I'm an Electrician, considered essential. He was very busy. I did get sick and had to go to hospital – couldn't get tested. Classified as flu. Blessed more so than some others. Try to help out as much as I can.

Mr. Walls – wish Mr. Villard a speedy recovery. Hopefully you can get tested. Reach out if you need anything.

From Commercial real estate world – suffering like everyone, very difficult navigating the political waters. People asking for rent and lease differing or delayed.

It has been very difficult. Proactive early – they are working with every tenant individually. Most major banks have been horrific to deal with. Cannot get relief from those lenders. Everyone is struggling in this. We provide what we can. 1st bank has been phenomenal.

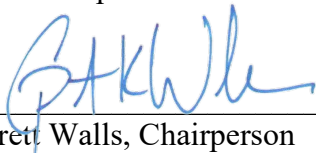
Spoke with Marty last week. Southland is hurting. CA lender and they don't care. Pushing hard to reopen.

Mr. Walls moved to adjourn.

Ms. Edmondson seconded.

Meeting adjourned at 12:41pm

APPROVED:



Garrett Walls, Chairperson



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May 11, 2020

Mayor & City Council
City of Aurora
15151 E. Alameda Pkwy., 5th Floor
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Subject: Marketplace Facilitators Proposal

Dear Mayor Coffman & Members of City Council:

At the April 27, 2020 Business Advisory Board (BAB) meeting, Trevor Vaughn, Manager of Tax & Licensing, presented a proposal from the Management Finance Committee to update the city tax code, which clarifies that a retailer includes a marketplace facilitator. Mr. Vaughn also indicated that the Management Finance Committee is considering an ordinance mandating collections for the City of Aurora.

The Board unanimously supports the Marketplace Facilitators proposal. It is the Board's position that this ordinance will allow online retailers to pay their fair share, all the while allowing the City to benefit from sales tax on sales that have been taken away from small brick and mortar businesses.

We include a couple of suggestions from Board Members to support this proposal:

- Establish a relationship with other website and sales platforms such as Weebly, Etsy, SquareSpace to make sure that they are charging the appropriate sales tax.
- Ensure that licensees who utilize online platforms that collect sales tax and transmit that tax to the licensee with the sale amount as a gross payment are compliant and remitting those sales tax revenues to the City. (Expedia Collect, Booking.com, SquareSpace, etc.)
- In the longer term, incentivize and provide support to local small and medium-sized brick and mortar businesses so that they can start doing business online. This will help bring businesses to the twenty-first century and level the playing field.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Garrett Walls".

Garrett Walls, Chairperson

GW/ev

CC: BAB Members
Elena Vasconez, Economic and Business Development Supervisor
Trevor Vaughn, Manager of Tax & Licensing