

## **Exhibit B - Appropriation Study to Award \$20,000 to Lucky Ones Coffee LLC.**

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Pursuant to Section 10-8-2 of the Utah Code Annotated, the following factors and analysis were considered in award of this contract and are the basis for its consideration. More specifically, staff finds the following statutory requirements within Section 10-8-2 have been considered:

- (3) It is considered a corporate purpose to appropriate money for any purpose that, in the judgment of the municipal legislative body, provides for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality subject to this Subsection (3).
  - (a) The net value received for any money appropriated shall be measured on a project-by-project basis over the life of the project.
  - (c) The municipality may consider intangible benefits received by the municipality in determining net value received.
  - (e)
    - (i) Before a municipality provides notice as described in Subsection (3)(d)(ii), the municipality shall perform a study that analyzes and demonstrates the purpose for an appropriation described in this Subsection (3) in accordance with Subsection (3)(e)(iii).
    - (ii) A municipality shall make the study described in Subsection (3)(e)(i) available at the municipality for review by interested parties at least 14 days immediately before the public hearing described in Subsection (3)(d)(i).
    - (iii) A municipality shall consider the following factors when conducting the study described in Subsection (3)(e)(i):
      - (A) what identified benefit the municipality will receive in return for any money or resources appropriated;
      - (B) the municipality's purpose for the appropriation, including an analysis of the way the appropriation will be used to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality; and
      - (C) Whether the appropriation is necessary and appropriate to accomplish the reasonable goals and objectives of the municipality in the area of economic development, job creation, affordable housing, and elimination of a development impediment, job preservation, the preservation of historic structures and property, and any other public purpose.

### **Analysis**

Lucky Ones Coffee is requesting \$20,000 in business expansion assistance. These funds would be put to use providing new jobs, wages, offsetting rent cost, purchasing equipment for a new coffee camper and to market and promote the business (Exhibit A). Fundamentally altering the business plan and increasing net revenues in years two and three of their business, plan, and the grant would help Lucky Ones toward a path to a sustainable business plan and enable them to continue to expand their mission and fill the needs of our community through employment of individuals with disabilities. Lucky Ones have recently established a non-profit arm of their business, which we believe opens doors to other programs and funding sources. This grant will be with the LLC.

**Criteria #1** – The organization must demonstrate a sound business plan that strongly supports prioritized Goals of the current City Economic Development Plan.

*The applicant worked closely with their board along with a local, informal advisory committee, which included two City Council members and small business owners to develop a sound business plan (included in Exhibit A). The 3 year outlook, of which they are in the beginning of year 2, shows, upon receipt of a grant:*

- a) *Over \$30,000 in increased income in their current location in year the first year of the grant (May 2020), and another, incremental \$35,000 on top of that in year ending in ;*
- b) *Expansion of a new mobile coffee camper that is estimated to generate approximately \$17,600 in new income; along with approximately \$20,000 in new expenses in year one; but*
- c) *Generate \$7,000 in profits from the Camper in year 2;*
- d) *Four incremental jobs, projecting to 8 new jobs by year 3.*

**Criteria #2** – Organizations must commit to and demonstrate the ability to do business in the City limits no less than three years. Funding cannot be used for one-time events. *Lucky Ones is in the beginning of the second year of a recurring lease that automatically renews for 3, one year terms. They will need to maintain a business in Park City limits for one additional year after their current lease expires on February 13, 2021 or have to reimburse a proportional share of any grant.*

**Criteria #3** — The organization must produce items or provide services that are consistent with the Economic Development Work Plan and align with the City's General Plan to enhance the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the City. The organization must either conditionally agree to participate in or to expand programs or services, or otherwise provide evidence of existing services and initiatives consistent with the goals stated in Park City's Biennial Strategic Plan in the sectors of: Housing, Transportation, Energy and Social Equity.

*The Park City Council Goals, Priorities and Long Term Strategic Plan can be found here ([link](#)). Under the goal of Inclusive and Healthy Community, the desired outcomes of, “live and work locally”, and “diverse and tolerant population”, along with “mental, physical and behavioral health” are all noted.*

*Staff finds that Lucky Ones is a unique business that blends retail, community gathering, and social equity opportunities as described in Exhibit A. Committing funds will provide services that are both consistent with strategy two of the City's Economic Development Plan ([ED Plan link](#)) in terms of expanding a local business, and aligns with community moral wellbeing goals. Specific examples include employment of 17 individuals with differing abilities and having a training program at the high school and post high transition where employees learn real life job skills. Lucky One's programs celebrate diversity and foster inclusion through the mission of creating employment and social opportunities for individuals with differing abilities.*

**Criteria #4** – The organization must demonstrate substantial contribution to the central goals of the City’s General Plan, including specific and significant commitment to the majority of the main sectors of:

- a. Fostering a strong sense of community vitality and vibrancy;
- b. Respecting and conserving the natural environment;
- c. Promoting balanced, managed, and sustainable growth;
- d. Supporting and promoting diversity in people, housing, and affordability;
- e. Supporting a diverse, stable, and sustainable economy;
- f. Preserving a strong sense of place, character, and heritage.

*Staff finds Lucky One’s goals and mission align with the future development plan of Park City through their intention to bring the community together via their commitment to green/sustainable business practices, partnerships with other not for profits, and participation in hosting, supporting, and selling coffee at community events. Lucky Ones Coffee offers a unique customer service experience by providing employment for individuals in the community with different abilities and education for the broader population that these individuals are talented and capable. This mission fits with Park City’s priority of Social Equity. Lucky Ones have already in their first year demonstrated success in breaking down barriers and creating equal opportunities for everyone in our community.*

**Criteria #5** – Fiscal Stability and Other Financial Support: The organization must have the following: (1) A clear description of how public funds will be used and accounted for; (2) Other funding sources that can be used to leverage resources; (3) A sound financial plan that demonstrates managerial and fiscal competence.

*Lucky Ones continue to leverage volunteer hours from staff parents and other donations in kind. They have created a non-profit to promote their mission and expand their brand. The not for profit will open up other funding doors also... Since enrolling a local advisory group of small business owners, and experts in for and not for profit business they have focused and prioritized current and anticipated resources. They also anticipate a \$6,000 grant from Utah Department of Workforce Services.*

*Lucky Ones proposes the following allocation of funds of a \$20,000 grant:*

<i>Marketing &amp; Branding</i>	<i>\$4,000;</i>
<i>Staffing (2 staff + 1 manager/event)</i>	<i>\$10,000;</i>
<i>Equipment &amp; Licensing</i>	<i><u>\$6,000.</u></i>
<i>Total</i>	<i>\$20,000</i>

*More specifically from their application:*

*With a \$20,000 Economic Development Grant we will spend \$4,000 on branding and advertising. We will spend \$1,200 on advertising to create awareness of our newest expansion and the numerous events we will be present for. Merchandise branding is one of the most profitable items within Lucky Ones. Using \$2,800 to expand our inventory*

will allow us to service online and in-store orders quickly. By expanding our inventory with the \$2,800 it will allow us to go from profiting \$3,300 to \$6,300. With that amount of profit we can keep our inventory large enough to complete any order instantly, continuously through the years.

With Lucky Ones coffee camper we are able to staff specifically for an event, raising profitability and lowering the amount of payroll specific to the coffee camper. With \$10,000 we would be able to staff 30-40 events. By putting our brand out into that many events within the year we can create a recognizable brand that will drive contributions to our 501(c) 3 and increase sales within Lucky Ones Coffee.

Lastly, \$6,000 will go towards appropriate permits and equipment. Equipment inside the camper would consist of small wares, brewer, refrigeration, Panini press, and airpots.

**Criteria #6** –The organization can forecast at the time of application the ability to achieve direct or indirect economic/tax benefits equal to or greater than the City’s contribution.

*In terms of direct financial benefit to the municipality, the applicant is forecasting \$190,945 in sales at the end of 2020 (may 2020), which equates to \$3,819 in direct sales tax to Park City ( $\$216,945 \times .02$  (city’s percentage)). In May 2021, the end of year sales are estimated at \$229,133 or \$4,583 directly to PCMC. If that growth in gross sales continues into a 3<sup>rd</sup> year at the same 20% rate, we forecast sales of \$274,960 or \$5,499. In summary, the direct sales tax to PCMC over 3 years is estimated at \$13,901.*

*When combined with the indirect benefits of 17 employees and local spending coming from those wages over three years, staff forecasts benefits greater than \$20,000.*

**Criteria #7-** The organization should show a positive contribution to diversifying the local economy by increasing year-round business opportunities, creating new jobs, and increasing the local tax base.

*The grant will support expansion of their business via a mobile coffee camper. Staff believes that will increase sales year over year, paving the way for a more sustainable business plan. The funds will provide wages to salaried and part time staff and offset costs of equipment needed to diversify into the coffee camper. The part time jobs fill a void for people with disabilities that are traditionally up to 80% unemployed which shows a positive contribution to diversifying the local work force and opening up year round employment, which increases the local tax base.*

*Exhibit 1 – Grant Application, including 3 year business plan*