

**Champaign County Regional Planning Commission
Community Development Block Grant (CDBG)
Downstate Small Business Stabilization (DSBS)**

PUBLIC HEARING

Date/Time: Friday, August 28, 2020 – 8:00am
Location: Via Zoom Meeting: <https://ccrpc.zoom.us/j/91966857811>
Phone Number: 312-626-6799
Meeting ID: 919 6685 7811

AGENDA

- I. Call to Order
- II. Attendance Register
- III. Purpose of Public Hearing
- IV. Access to Project Information and Applications
- V. Amount of Funds Available
- VI. Activities Undertaken with Grant Funding
- VII. Community Development and Housing Needs
- VIII. Project: Sagamore Publishing LLC
- IX. Public Comment
- X. Project: L.A. Gourmet Catering, LLC
- XI. Public Comment
- XII. Adjournment

Champaign County Regional Planning Commission strives to provide an environment welcoming to all persons regardless of physical or mental challenges, race, gender, or religion. Please call 217-328-3313 to request special accommodations.

BENEFITING BUSINESS INFORMATION

Name of Business this application is in support of:

Supported Business Name: Sagamore Publishing LLC

Is Business operating under an Assumed Name? (see 805 ILCS 405)

_____ Yes, registered in _____ County No

Supported Business Address 1: 3611 North Staley Road

Supported Business Address 2:

Supported Business City: Champaign

Supported Business State: Illinois

Supported Business Zip: 99999-9999: 61822-8949

Supported Business Phone Number: (217) 359-5940

Supported Business SIC: <https://www.naics.com/sic-codes-industry-drilldown/>: 2731

Supported Business Authorized Signatory Contact:

Last Name: Bannon

First Name: Peter

Title: President

Daytime Phone: (217) 359-5940

E-Mail: pbannon@sagamorepub.com

Amount and Purpose of Grant Requested:

\$25,000.00 to support payroll

Project Summary:

Sagamore Publishing LLC (Sagamore) is a dominant academic publisher in the areas of Parks, Recreation, Recreational Therapy, Physical Education and Natural Resource Management. Sagamore was founded over 40 years ago by Joseph J. Bannon, Sr. and has been managed for the last 20 years by Peter Bannon. Since the company's inception, they have been located in Central Illinois and all 12 employees are residents of Central Illinois. Their books are primarily geared towards colleges in North America and have been used as classroom textbooks throughout the world. Traditionally, their books were available in print and as online text through their website. When COVID swept through North America, Sagamore's business model changed overnight. Due to the closure of colleges, many students were stranded without the courseware they would have had if classes were still on campuses. In an effort to help students across the country, Sagamore provided a student discount of their online books of 80%. While this move was the right move for the students in crisis and the long-term viability of the book publishing field, the increased discount

and resulting decreased revenue from March 8 through April 30 cost Sagamore \$90,780 of lost revenue.

Another challenge facing Sagamore was the summer school schedule and now the fall schedule. Many/most of the colleges canceled summer on-campus and online classes for 2020, and have modified fall classes directly due to the COVID-19 outbreak. The money Sagamore received from the Paycheck Protection Program (PPP) ran out after the first week of June. Without the revenue provided by summer classes and the depletion of the PPP funding, Sagamore would be left no choice but to lay off several employees during this critical time until revenues can recover. With the \$25,000 grant, Sagamore would commit to keeping paying the gap in salaries for 60 days and to keep employees for one year and until revenues start to flow.

Since the outbreak of COVID-19, Sagamore has developed contractual relationships with the two largest eBook distributors (VitalSource and Redshelf). While these distributors help Sagamore reach the students more efficiently, their payment terms with these vendors are 60 days, end of month. Initially, those terms create a permanent 60-90 day lag in payments. Based on the sales of the last two months, Sagamore projects a working capital deficit of \$60,000 to \$80,000.

In addition, with the dramatic shift to electronic textbooks and eBook distributors, all of Sagamore's books (more than 100) are in the process of being converted to specific types of eBooks and the uploads along with the associated metadata to new distribution systems. The successful implementation of this project helps to protect two-to-three current positions and will help Sagamore enter fall in a more secure position. Whether on campus or online, students will return to classes in the fall. The CDBG funds will help pay employee wages to help ensure that Sagamore is able to continue to provide educational materials for these important fields.

Author royalties are behind, in total of \$100,707. This shortfall is due to the loss of \$90,780 in revenue as a direct result of COVID-19, due to the fact that students were sent home from colleges across America and the discounts implemented by Sagamore to benefit them. Sagamore is making up the difference to their authors as quickly as possible, but without the grant, they will be forced to let employees go to be able to catch up on royalty payments. It is imperative that Sagamore retain the author base at all costs. Grant funding will allow Sagamore to stay full staffed and stable through the fall semester as they transition to newer technology for the online world.

BENEFITING BUSINESS INFORMATION

Name of Business this application is in support of:

Supported Business Name: L.A. Gourmet Catering, LLC

Is Business operating under an Assumed Name? (see 805 ILCS 405)

_____ Yes, registered in _____ County No

Supported Business Address 1: 2607 County Road 1000 East

Supported Business Address 2:

Supported Business City: Champaign

Supported Business State: Illinois

Supported Business Zip: 99999-9999: 61822-9413

Supported Business Phone Number: (217) 643-7205

Supported Business SIC: <https://www.naics.com/sic-codes-industry-drilldown/> 5812 SIC, 722320 NAICS

Supported Business Authorized Signatory Contact:

Last Name: Miller

First Name: Lauren

Title: Partner

Daytime Phone: (217) 643-7205

Home Phone: (217) 643-7205

E-Mail: laurenlagourmetcatering@gmail.com

Amount and Purpose of Grant Requested:

\$25,000.00 to support payroll

Project Summary:

L.A. Gourmet Catering, LLC (“LA Gourmet”) provides food and beverage catering for groups of 50 to 500 guests. They operate a scratch kitchen and have been open for 14 years, continuing to grow and serve clients throughout the region, and employ 42 individuals. What began as boxed lunches with a minimum order of 6 for \$6.50 and an income of \$50,000 the first year has transformed into \$8,500 minimums with \$1.5 million in sales. Seven years ago, they opened a sister company because they saw the need for a venue in Champaign County that would allow them to maintain the high level of quality and customer service they sought to provide that was not available elsewhere. They created an opportunity for LA Gourmet to change the business strategy from operating with 400 small transactions a month to 8 to 10 large transactions per month. They have increased margins and transformed the business model to meet the opportunities.

With COVID-19 closures, catering income was completely eliminated from March 15, 2020 until and into at least August 2020, since contracts are booked 12 to 18 months ahead and are for 150 to 500 guests. There was no ability to maintain income initially, and they were required complete closure from March 18 through March 30, 2020. They were hopeful to reopen after that, and also after being instructed for complete closure through April 30, 2020. Now there is uncertainty, however they do hope to restart wedding catering. LA Gourmet started offering curbside pre-ordered dinners and drink kits in an effort to generate income to cover fixed expenses during this time, which allows them to plan and eliminated food waste, and limit costs.

LA Gourmet received PPP funding for April 15 through June 15, 2020; however, with income stopped on March 15, they sent employees home to work on menus and food plans from home, while paying them from savings to keep employees from defaulting on their bills. They had thought this would solve a short-term problem while maintaining employees. The PPP funding and income now being generated is used to maintain employees and fixed expenses until event catering reopening is possible, but the demand in the current economic climate means competition with every restaurant and food service company, in a low margin sales model that will not sustain the company's expenses. Expenses will need paid first, and there is a lack of income to maintain all employees on payroll. Many employees have been temporarily laid off. The CDBG funds will help pay for remaining employee to continue to work and be paid until revenues can continue to increase.

The PPP loan temporarily helped L.A. Gourmet, however many employees have since been laid off, since there is not enough income to pay fixed expenses and maintain all staff. They have deferred mortgage and loan payments from 90 to 120 days to allow a chance for the economy to open back up. L.A. Gourmet events will now have been cancelled for 5 to 7 months before they can begin bringing in revenue again.