



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: April 9, 2025

RE: Use of Economic Recovery Fund, for the Creation of the Route 80 Business Assistance Grant Program

Summary

The Members are asked to approve:

1. The creation of an initial pilot Route 80 Business Assistance Grant Program to make up to \$5 million in grant funding from the Economic Recovery Fund (“ERF”) available to support certain Morris County, New Jersey small and medium sized businesses and non-profits (collectively “SMEs” or “businesses”) that have suffered negative financial impact as a result of the Route 80 sinkholes closures.
2. Delegation to Chief Executive Officer to contribute up to an additional \$15 million from other governmental (Federal, State or County) funding and/or unrestricted gifts or grants, or dedicate previously received unrestricted gifts or grants, to fund the Route 80 Business Assistance Grant Program, subject to review of any federal terms and conditions by the Attorney General’s Office.
3. Delegation to Chief Executive Officer to impose additional requirements as may be required by law as a condition of accepting governmental (Federal, State or County) funding, provided that the requirements are consistent with the parameters of the program, subject to review of any federal terms and conditions by the Attorney General’s Office; and
4. Delegation to Chief Executive Officer to approve individual applications to the Route 80 Grant Program in accordance with the terms set forth in this memo and the attached program specifications.

Background

On March 8, 2025, Governor Murphy issued Executive Order 383 declaring a state of emergency following geophysical hazards created along eastbound Interstate 80 (I-80) in Morris County, New Jersey due to sinkholes, resulting in the temporary closure of a portion of the roadway. In response to this emergency and the associated impact to small and medium sized businesses in the area, the

New Jersey Economic Development Authority (NJEDA) is proposing the launch of an emergency relief grant program which will provide short-term financial support for small and medium New Jersey businesses in affected areas. The sinkholes, which first appeared in December 2024 and have continued into April 2025, have led to extensive closures of I-80, particularly in Morris County. These closures have significantly impacted local commerce, with businesses experiencing decreased revenue due to reduced customer access and disrupted supply chains.

Program Details

The pilot Route 80 Grant Program is tailored as a support measure to SMEs impacted by the closure of Route 80 due to sinkholes. The Route 80 Business Assistance Grant Program will provide grants from \$1,000 up to \$15,000 to New Jersey-based SMEs with up to 50 full-time equivalent employees (“FTE”) as reported on their 4th Quarter 2024 WR-30 form with the NJ Department of Labor and Workforce Development (“DOL”) and have a physical commercial location in Morris County, New Jersey that suffered negative financial impact as a result of the Route 80 closures.

As the Authority continues to monitor the economic impact needs of the SMEs impacted by Route 80 closures, the Authority may bring to the Board additional programs with varying parameters depending on available funding.

To fund this program, staff requests authority from the Members to utilize Economic Recovery Fund (“ERF”), funds of up to \$5,000,000 to fund the Route 80 Assistance Grant Program. As enacted, P.L. 2020, c. 8, expanded EDA’s general powers and specific ERF authority. ERF was expanded to include grantmaking for projects by SMEs and EDA’s general power was expanded to include making grants for projects, including, but not limited to, grants for working capital and payroll purposes, during a period of an emergency declaration and for the duration of the economic disruption due to the emergency.

Eligibility

In order to be eligible for this program, the SME must have been in operation on December 1, 2024. Applicants must be a SME with no more than 50 FTEs. Applicants must certify to a negative financial impact that is greater than \$1,000 for the first quarter of 2025, after applying business interruption insurance received.

The SME must have a physical commercial location in Morris County, New Jersey (e.g., an office, a physical point of sales, a warehouse, manufacturing facility, etc.). The SME must have sustained negative financial impact to their commercial location as a result of the Route 80 closures. Eligible SMEs must be able to certify to the loss of revenue.

At the time of approval, the SME must be registered to do business in the State of New Jersey, which can be evidenced by a valid Business Registration Certificate from the Division of Taxation. If the SME is not recognized by the Division of Taxation, then the SME must provide proof of registration with the State prior to December 1, 2024 and a valid Business Registration Certificate (BRC). No grant agreement will be executed without a current registration status from the Division of Taxation or a valid BRC.

The SME must have tax clearance, which will be confirmed with the New Jersey Division of Taxation or through the submission of a tax clearance certificate prior to the SME being approved.

Entities can submit only one application per EIN. Accordingly, businesses with multiple locations within Morris County but only one EIN will be limited to one application, however, all revenues and impacts will be considered during the approval process.

Additional eligibility requirements will apply to ensure that federal funds, if available, can be used for this program or to reimburse the Authority for use of its funds for this program. This may include, but is not limited to:

- applicants must acknowledge and agree to the requirement that grant proceeds can only be used for reimbursement of working capital expenses,
- a restriction on duplication of benefits that could exclude potential applicants that have already received business interruption assistance, and
- a requirement that the applicant demonstrate that it has had negative financial impact as a result of the Route 80 closures.

Prohibited businesses include, but are not limited to: gambling or gaming activities; the conduct or purveyance of “adult” activities, services, products or materials; any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of-business” or similar sales; sales by transient merchants, Christmas tree sales or other outdoor storage; any activity constituting a nuisance; or any illegal purposes. These prohibitions are consistent with other Authority programs.

Award Size and Determination

The minimum award size under the Route 80 Business Assistance Grant Program is \$1,000 with a maximum award of \$15,000, capped at the lesser of applicant’s FTE jobs as described below, or the negative financial impact for the 1st quarter of 2025. Grant funding can only be used for working capital expenditures. Thus, no other direct use of funds is allowed, including, but not limited to, capital expenses, such as remediation or construction.

- 0-5 FTEs: \$5,000
- 6-20 FTEs: \$10,000
- 21-50 FTEs: \$15,000

The Authority will rely upon the negative financial impact as provided by the applicant and will evaluate the reasonableness of the certification based on the 2024 revenues provided by the applicant. The Authority shall consider the applicant’s insurance proceeds received in evaluating the negative financial impact.

FTE Determination

To determine the number of FTEs for the purpose of calculating eligibility, the Authority will utilize the New Jersey WR-30 filings with the NJ Department of Labor (DOL). The Authority shall use the 4th quarter 2024 WR-30 filings. Implied FTE calculations will be rounded to the nearest FTE (e.g., 2.49 FTE would be counted as 2 FTE for the program, whereas 2.50 FTE would be counted as 3 FTE). The calculation of FTEs is based on weeks worked and wages compared to the State’s minimum wage as reported on the WR-30 filing.

Eligibility Verification Process

Staff is recommending that in addition to the eligibility parameters already stated above, the applicant must satisfy the Division of Taxation's requirement to ensure that the SME does not have tax debts due to the State and must certify that it does not owe any taxes, subject to repayment if the certification is not correct. The applicant will complete a simplified debarment legal questionnaire, and disqualification issues will be reviewed under existing delegated authority, including the delegated authority approved by the Board on October 14, 2020.

As part of the grant application, the SME's chief executive officer or equivalent officer must self-certify that the SME:

- Was in operation on December 1, 2024; and
- Has sustained a negative financial impact at their commercial location as a result of the Route 80 closures due to sinkholes.

Similar to the application process developed for the COVID grant programs, the Authority will use automation and interactivity such that businesses are immediately alerted if they enter information that may indicate ineligibility or trigger a manual review, giving them the opportunity to confirm that their responses are correct or choose not to proceed if they are ineligible. Recognizing the urgency to launch the Program as soon as approved by the Board, the Authority will publicize the application opening date through issuance of a Notice of Funding Availability and via information on its website, its social media channels, and outreach to the media and stakeholders.

Consistent with the approach taken in the COVID and Henri/Ida grant programs, the Members should be aware that in order to handle the volume of applications expected during this period, the Authority will be automating a number of the processing steps based on business rules as outlined in this memo. These streamlined processes were highly effective and allowed the Authority to review, approve and disburse a significant amount of funding to a large number of businesses as quickly as possible to meet the urgent need. Consistent with COVID and Henri/Ida grant programs, delegated authority is sought for the Chief Executive Officer to approve individual applications in accordance with the terms set forth in the attached program specifications. Because the specifications are streamlined and will result in non-discretionary decisions, the delegated authority requested for approval also includes the delegated authority to decline applications.

Businesses whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 days but no longer than 10 days). The Managing Director of legal Affairs will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which must be approved, and a Final Administration Decision issued, by staff in accordance with delegated authority.

Staff is also requesting delegated authority for the Chief Executive Officer to accept governmental (Federal, State or county) funding and/or unrestricted gifts or grants that would be used to fund the Route 80 Business Assistance Grant Program. Should governmental requirements required by law restrict the ability for the Authority to utilize any of the parameters described herein, staff will revisit the program requirements with the Members for modification and alignment with

governmental requirements. If governmental requirements are in addition to these parameters, staff is seeking delegated authority to add these requirements. Additionally, staff is requesting delegated authority to use previously received or new unrestricted private unrestricted gifts. To the extent federal funding may be available, the terms and conditions of such funding will be subject to review by the Attorney General's Office.

Due to the unanticipated financial hardships being faced by SMEs, and pursuant to N.J.A.C. 19:30-6.1A(b)1(iii), which permits the Members to establish fees based on hardship to prospective applicants as a result of an emergency, the Authority will collect no fees from the applicant for this program.

The attached product specifications further describe the program details and minimum eligibility requirements the applicant must meet to be considered for a Route 80 grant.

Application Process

The Authority will use a tiered application process to streamline the allocation of funding, prioritizing businesses based on their proximity to Route 80 exit 34 sinkholes. In the first phase, businesses situated within a 5-mile radius, based on their zip code will be eligible to submit their applications, granting them initial access to the funding pool. This approach is designed to support local businesses that are likely to be most impacted, ensuring that they receive the opportunity to benefit from the available resources first. By prioritizing these nearby businesses, the Authority aims to address immediate needs within the closest communities.

Following the initial phase, and subject to funding availability, the application process will also open to businesses located between 5.01 and 10 miles from the sinkhole site. Finally, businesses situated more than 10 miles away, but still located within Morris County will have the opportunity to apply, should funding be available.

The funding is allocated on a first-come, first-served basis, determined by the submission date of each application. This structured approach aims to balance the urgency of local needs with the equitable distribution of resources, while encouraging timely participation from businesses across all tiers, which is subject to funding availability. Should the initial \$5M be expended before the funding needs identified in all three phases have been met, the CEO will determine, based on the requested delegated authority, whether to expand the funding pool up to an additional \$15M from other governmental funding and/or unrestricted fits or grants to meet these needs.

Recommendation

Approval is requested for:

1. The creation of an initial pilot Route 80 Business Assistance Grant Program ("Route 80 Grant Program") to make up to \$5 million from ERF in grant funding to support Morris County, New Jersey small and medium sized businesses and non-profits (collectively "SMEs" or "businesses") that have suffered negative financial impact to their commercial location as a result of the Route 80 sinkholes;

2. Delegation to Chief Executive Officer to contribute up to an additional \$15 million from other governmental (Federal, State or County) funding and/or unrestricted gifts or grants, or dedicate previously received unrestricted gifts or grants, to fund the Route 80 Business Assistance Grant Program, subject to review of any federal terms and conditions by the Attorney General's Office;
3. Delegation to Chief Executive Officer to impose additional requirements as may be required by law as a condition of accepting governmental (Federal, State or County) funding, provided that the requirements are consistent with the parameters of the program, subject to review of any federal terms and conditions by the Attorney General's Office; and
4. Delegation to Chief Executive Officer or delegate to approve individual applications to the Route 80 Business Assistance Grant Program in accordance with the terms set forth in this memo and the attached program specifications.



Tim Sullivan, CEO

Attachments:

Exhibit A – Route 80 Business Assistance Grant Program Specifications