



Agenda Report

20-323

Agenda Date: 8/19/2020

REPORT TO ECONOMIC DEVELOPMENT, COMMUNICATIONS, AND MARKETING COMMITTEE

SUBJECT

Update on the Small Business Assistance Grant Program and Discussion on Potential Allocation of \$1.59 Million in CARES Act Funds

BACKGROUND

At the April 8, 2020 City Council meeting, the Council approved allocating \$500,000 in one-time funds to create a Small Business Assistance Grant Program (Grant Program) to provide financial assistance to non-profits and small businesses in the City of Santa Clara (City) that have been negatively impacted by the novel coronavirus (COVID-19) pandemic. A key objective of the program was a quick City response of grant funds to small businesses.

The approved Grant Program provides one-time grants to small businesses and non-profits with at least one but no more than 25 full-time employees who demonstrate a loss of income due to COVID-19. Grants of \$10,000 were made available for qualified small businesses and non-profits that have been deemed non-essential under the County of Santa Clara Public Health Department Order dated March 16, 2020. Grants of \$5,000 were available for qualified small businesses and non-profits that have been deemed essential under the same order. Grant funds may be used for payroll expenses or lease payments.

The Grant Program began accepting applications at 10:00 a.m. on Friday, April 17, 2020. The City received more than 200 applications within the first ten minutes and has received over 800 applications to date. Staff began reviewing applications in the order they were received on Friday, April 17, 2020, and continued reviewing applications over that initial weekend. Applications were reviewed for completeness and program eligibility. As of Monday, April 20, 2020, 70 applications had been reviewed, and 33 were approved and processed for awards totaling \$240,000. The remaining applications were either pending based on submission of additional information or did not meet program requirements (e.g., businesses not in Santa Clara or businesses that did not have a business license).

Due to continuing demand, the City Council approved two additional rounds of funding, once on April 28, 2020 and once on May 26, 2020, totaling \$600,000. These actions brought the overall Grant Program funding to \$1.1 million. To support the continued growth of the program's grant fund, the City partnered with the Silicon Valley Central Chamber of Commerce (Chamber) to fundraise. The combined effort of the City and Chamber has generated an additional \$50,000.

To date, the City has awarded 155 grants for a total of \$1,110,000 (Attachment 1) and staff is continuing to review applications while we await additional funds from donors. With the additional

funds raised by the City and the Chamber, we will only be able to award no more than 10 grants to Santa Clara businesses.

DISCUSSION

The City recently received an allocation of CARES Act funding from the State totaling \$1,590,000. The funds can be used to cover unbudgeted expenses incurred from March 1, 2020 through December 31, 2020 to address the public health and public safety impacts of COVID-19.

There is a continuing need for assistance in Santa Clara. The CARES Act funding is not targeted toward any specific COVID-impacted group. Staff believes that there are three principal areas in which this funding may be used. They include:

1. Provide additional funding for the Small Business Grant program. There are many businesses that applied for the grant funds that were not funded because the program reached its capacity at \$1.1 million. With the additional \$50,000 in private funding, an additional 5 to 10 businesses could qualify for assistance.
2. Develop a new program to provide assistance to businesses to address COVID-related safety improvements. In addition to social distancing, many businesses are also required to install improvements/safety features for the protection of workers and patrons. These improvements include plexiglass and other barriers.
3. Provide additional funding for the Emergency Rental Assistance Program (ERAP). This \$1.3 million program was launched in June 2020 to provide rental assistance to qualifying Santa Clara residents impacted by COVID-19. Many jobs were lost due to the pandemic, making it difficult for residents to make lease payments. ERAP provides assistance of up to 3 months' rent to qualifying participants. Staff anticipates being able to serve approximately 250 households with the existing funding.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is not a fiscal impact associated with this report.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

This item is to receive input from the Committee in order to provide an recommendation to the full Council for action to fund: (1) Small Business Grant Program, (2) New Program for Businesses to install COVID-related safety improvements, and/or (3) additional funding for the Emergency Rental Assistance Program.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Small Business Grant Program Grantees - As of August 7, 2020