



## Agenda Report

20-481

Agenda Date: 4/28/2020

### REPORT TO COUNCIL

#### **SUBJECT**

Update on Small Business Assistance Grant Program and Approval of Related Budget Amendments  
[Council Pillar: Promote and Enhance Economic and Housing Development]

#### **BACKGROUND**

At its April 8, 2020 meeting, Council approved the Small Business Assistance Grant Program (Grant Program) and requested an increase to the initial allocation of \$250,000 to \$500,000 in funds for the effort. 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 would be 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 would be available for qualified small businesses and non-profits that have been deemed essential under the same order.

Applicants must meet specific eligibility requirements (Attachment 1), complete the Small Business Assistance Grant Program application (Attachment 2) and demonstrate loss of income due to COVID-19 by completing the Estimated Disaster Economic Injury Worksheet (Attachment 3).

#### **DISCUSSION**

##### **Pre-Launch Preparation and Timeline**

At the time of the April 8, 2020 Council meeting, staff presented draft program materials. Additional coordination with the City Attorney's Office on the draft grant application documents was aimed at launching an application process that was efficient, consistent and user friendly. As a result, program exclusions for franchises and 18 and over only business were deleted.

On Tuesday, April 14, 2020, the City began promoting the Grant Program by releasing a video from Mayor Gillmor announcing the program, followed by a press release and social media posts.

A dedicated webpage ([www.santaclaraca.gov/smallbusinessgrant](http://www.santaclaraca.gov/smallbusinessgrant) <<http://www.santaclaraca.gov/smallbusinessgrant>>) was created to provide final program overview, eligibility requirements and application materials. The final program materials were translated into Chinese, Japanese and Spanish and made available on Wednesday, April 15, 2020.

To further assist businesses with the application material, an instructional "how to apply" video that walked applicants through the application process was produced and posted on the Small Business Grant webpage. Using a dedicated email address, staff was able to quickly respond to questions

about the program and the same email address was used to accept the grant applications.

The City began accepting applications at 10:00 AM on Friday, April 17 and all applicants were required to submit complete applications to a dedicated email address:

[SmallBusiness@SantaClaraCA.gov](mailto:SmallBusiness@SantaClaraCA.gov) <<mailto:SmallBusiness@SantaClaraCA.gov>>. Anyone who emailed the inbox prior to the final application materials being made available on April 15 was added to an interest list. Staff ensured this group of approximately 30 people was notified via email when the final application materials were made available.

### **Application Launch and Review**

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 as of Monday, April 20, 2020, the City had received over 500 applications.

Staff began reviewing applications in the order they were received on Friday, April 17, 2020, and continued reviewing applications over the 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).

On Monday, April 20, 2020, coordination with Finance staff was accomplished to ensure the first round of grant awards could be issued beginning Friday, April 24, 2020, one week after the program opened for applications - addressing the Council's objective for a rapid response. Critical to the success of this turnaround time included 1) the use of the application as a contract with the City and 2) requiring the submission of information necessary to process the payment (e.g., a W-9 form or ACH).

Staff began notifying applicants of their status on April 22. Attachment 4 is a list of businesses that were approved for grants as of April 22.

As of the preparation of this report, there is approximately \$150,000 remaining in the Council-approved \$500,000 grant program budget, allowing for only a minimum of 15 (and maximum of 30) additional grants left to award.

### **Program Funding**

As stated in the BACKGROUND section above, prior to April 8, 2020 Council meeting the budget authorization for the Small Business Assistance Grant program was \$250,000. Council directed that the allocation for program be increased to \$500,000 and that the appropriate Budget Amendment be returned to Council for approval. The recommended action seeks Council approval for a budget amendment in the amount of \$250,000 as requested on April 8.

Given the demonstrated need for assistance to Santa Clara's small business community, in addition to the \$250,000 requested on April 8, an additional \$300,000 authorization is recommended (for a total of \$800,000). These funds would allow for the funding of an additional 30-60 small businesses depending on the mix of essential and non-essential businesses funded.

### **Next Steps**

Once all grant funds have been awarded and disbursed, Staff will shift from the program launch and application review phase to a program monitoring phase. Grant funds may only be used for payroll expenses or lease payments. Grantees receiving funding are required to:

- Certify via a written statement how many jobs were retained or how many months of lease payments for the business premises were paid allowing the business to continue operations.
- Submit evidence that the grant funds have been spent in the manner and for the purposes stated in this application within thirty (30) days of the payment date.

Grantees are also encouraged to:

- If applicable, adopt Federal and State guidance for operating their businesses (social distancing, clean down procedures, limiting in-store occupancy, etc.).
- If applicable, prioritize delivery of food and services to seniors and economically vulnerable populations.

Staff will be working to ensure the follow-up requirements are met and grant agreements can be closed out. Staff will also continue to work with the Silicon Valley Central Chamber of Commerce (Chamber) to explore opportunities to grow the fund.

### **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(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **FISCAL IMPACT**

On March 24, 2020, \$250,000 was allocated from the General Fund’s Budget Stabilization Reserve to the City Manager’s Office. At the April 8, 2020 Council meeting, staff was directed to return with appropriation actions to increase the Small Business Assistance Grant Program from \$250,000 to \$500,000. After a thorough review of existing expenditures, it was determined that savings of \$250,000 can be realized in the General Fund Non-Departmental budget from the following purposes:

- City Council Contingency Fund (\$100,000);
- City Manager Special Initiatives (\$100,000);
- Community Grants Program and Championship Teams (\$38,000);
- Miss Santa Clara (\$12,000);
- City Manager’s Office expenditure savings totaling \$315,540 [\$215,540 from Communications Division and \$100,000 from risk management and economic development]; and,

The above appropriations total \$565,540. It is recommended that \$550,000 augment the existing \$250,000 for a total program of \$800,000 and \$15,540 from the initial funding be returned to the Budget Stabilization Reserve, leaving total funding from the Reserve of \$234,460. This brings the total small business relief resources to \$800,000.

## **Budget Amendment FY 2019/20**

|  | Current      | Increase/<br>(Decrease) | Revised      |
|--|--------------|-------------------------|--------------|
| <b>General Fund</b>                                    |              |                         |              |
| <u>Expenditures</u>                                    |              |                         |              |
| City Manager's Office -<br>Materials/Services/Supplies | \$2,830,051  | \$234,460               | \$3,064,511  |
| Non-Departmental -<br>Materials/Services/Supplies      | \$7,184,692  | (\$250,000)             | \$6,934,692  |
| <u>Reserves</u>  |              |                         |              |
| Budget Stabilization Reserve                           | \$80,170,318 | \$15,540                | \$80,185,858 |

**COORDINATION**

This report has been coordinated with the City Manager's Office and Finance Department.

**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) <<mailto:clerk@santaclaraca.gov>>.

**RECOMMENDATION**

1. Note and file the Update on Small Business Assistance Grant Program.
2. Approve the related FY 2019/20 Budget Amendments, decreasing the Non-Departmental budget by \$250,000, returning \$15,540 to the Budget Stabilization Reserve and augmenting the City Manager's Office operating budget by \$234,460 for a total Small Business Assistance Grant Program cost of \$800,000 in the General Fund.

Reviewed by: Ruth Mizobe Shikada, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Final Program Overview & Eligibility
2. Final Application
3. Final Estimated Disaster Economic Worksheet
4. List of Grant Approvals as of April 22, 2020