

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION: A) APPROVING REALLOCATION OF UP TO \$1,500,000 IN AMERICAN RESCUE PLAN ACT FUNDS, OR OTHER FUNDS AS DETERMINED BY THE COUNTY MANAGER, UNDER THE 2021 SMC STRONG SMALL BUSINESS ASSISTANCE PROGRAM (“2021 SMC STRONG”), ROUND 2, FOR ADMINISTRATION AND DISTRIBUTION OF GRANTS TO BENEFIT ELIGIBLE LOCAL SMALL BUSINESSES; AND B) AUTHORIZING AND DIRECTING THE COUNTY MANAGER TO AMEND THE AGREEMENT WITH THE SMCU COMMUNITY FUND FOR ADMINISTRATION AND DISTRIBUTION OF THE \$2,000,000 IN 2021 SMC STRONG GRANTS, AS NEEDED, TO IMPLEMENT ROUND 2 OF 2021 SMC STRONG

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that:

WHEREAS, since its emergence in early 2020, the COVID-19 pandemic has negatively impacted public health and the economy on a global scale; and

WHEREAS, locally, the pandemic both caused and magnified negative impacts on residents of the County, including regarding public health, food and housing insecurity, and childcare, among other areas; and

WHEREAS, the County has taken extensive steps to prevent and address the spread of the pandemic, including funding, supporting and coordinating testing, contact tracing, isolation, quarantine and treatment for infected individuals, public health and safety communications and interventions, issuance and enforcement of health orders, health system response and vaccination programs; and

WHEREAS, the State and local health orders issued to respond to the pandemic and to prevent and mitigate its spread also restricted certain types of economic activity which impacted the economy in the County, with revenue losses

hitting small businesses and certain economic sectors particularly hard; and

WHEREAS, as of June 15, 2021, although the State substantially lifted public health orders that had been in place limiting certain activities to mitigate the spread of COVID-19, the pandemic continues to pose risks to public health and the need to respond to those risks and to recover from the negative public health and economic impacts of the pandemic continues; and

WHEREAS, although the State and the County “reopened” on June 15, 2021, the health and economic impacts of the pandemic are still being felt throughout the County; and

WHEREAS, small businesses represent 88% of the County’s private enterprises, and these small businesses have historically provided the County a critical source of job growth and are essential to the vibrancy, diversity, and long-term sustainability of the County’s cities and local communities; and

WHEREAS, many of the County’s small businesses were hit particularly hard by the COVID-19 pandemic, as shoppers who were sheltering in their homes increasingly did their purchasing on-line, and, while some small businesses successfully pivoted to on-line models, many struggled due to a lack of technology, digital literacy, and/or adequate resources; and

WHEREAS, many small businesses continue to struggle with past due rent, supply chain challenges and difficulty hiring staff and establishing an e-commerce presence; and

WHEREAS, during the pandemic, the County, cities, large businesses, community organizations, foundations and individual donors have contributed over \$12,000,000 to

emergency relief programs for small businesses in San Mateo County, that have provided grant support to nearly 1,000 small San Mateo County businesses; and

WHEREAS, nearly 1,000 small businesses have received grants, many other small businesses have applied to the federal, state or County assistance programs and were not selected for funding; and

WHEREAS, notwithstanding the above efforts, and as noted, there remain many small businesses that continue to suffer serious direct and adverse impacts from the COVID-19 public health emergency and that have not yet received financial assistance, and to assist those businesses, this Board of Supervisors allocated Two Million Dollars (\$2,000,000) in American Rescue Plan Act (“ARPA”) funds (or funds from other sources, as deemed appropriate by the County Manager) for grants to certain small businesses located in San Mateo County to ameliorate the impacts of the COVID-19 public health emergency, subject to ARPA requirements, as applicable; and

WHEREAS, considering the foregoing, the Board entered into an agreement with the SMCU Community Fund (“Community Fund”) under which the County directed \$2,000,000 in available American Rescue Plan funds and/or other funds that may be identified from time to time to the Community Fund to make grants to small businesses that meet the following eligibility criteria under a new County-specific grant program called the 2021 SMC Strong Small Business Assistance Program (“2021 SMC Strong” or the “Program”):

- The business has not received a grant or loan from the County, State or federal government during the past 12 months;

- The business demonstrates that it was negatively impacted by the COVID-19 pandemic, as reflected in two years of tax returns;
- The business' gross income did not exceed \$120,000 in 2019;
- The business had no more than 10 employees in 2019;
- The business currently occupies a physical business space in San Mateo County; and
- If the business is a franchised business, it is independently owned and operated by a San Mateo County resident, or 50% or more of the franchisee ownership group are San Mateo County residents; and

WHEREAS, the Program included funding for 200 grants of \$10,000 each and 386 applications were received that appeared to meet the above-referenced eligibility requirements but when substantiating income eligibility documentation was reviewed for the first 80 randomly selected applicants, staff determined that approximately 75% of the applicants had gross income that exceeded \$120,000, and were therefore ineligible to receive Program grants; and

WHEREAS, based on the review of those 80 applications, staff expects that only approximately 50 grants will be awarded, leaving up to \$1,500,000 in allocated but unspent funds for small business assistance; and

WHEREAS, the review to date of the Program applicants' eligibility documentation indicates that gross income is not always the best indicator of profit margins for small businesses, especially given the circumstances created by the pandemic, when operating costs have increased quickly; and

WHEREAS, given the County's intent to assist small businesses, staff has recommended that a Round 2 of the Program be funded with unspent Program funds and that this Round 2 of Program funding include all the same eligibility criteria with the exception that the gross income cap be increased to \$500,000 for all small business applicants, except for food-related businesses, which would have a gross income cap of \$1,000,000, due generally lower profit margins for food related businesses; and

WHEREAS, to treat all Program applicants fairly, all unfunded applicants to the Program will automatically be entered into Round 2; and

WHEREAS, County partners will pursue additional Round 2 funding from cities and community partners, and any funding secured after the approval of the Round 2 Program funding that is tied to a specific geographic area will be added to the amount available for grants to small businesses located in that area, and any funding secured after the approval of the Round 2 Program funding, which is not tied to a specific area, will be distributed across the County, based on 2019 population; and

WHEREAS, the County and the Community Fund have entered into an agreement to administer the Program, and this Board desires to vest the County Manager, or the County Manager's designee, with authority to amend that agreement to incorporate the new eligibility criteria of Round 2 and to address other matters as necessary to implement the intent of this resolution; and

WHEREAS, should additional funds be received for Round 2 of the Program, the this Board desires to vest the County Manager, or the County Manager's designee, with authority to amend the agreement with the Community Fund to provide for the

administration and distribution of such additional contributions from cities, foundations or other donors; and

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED THAT the Board approves reallocation of up to \$1,500,000 in ARPA funds referenced above, or other funds as determined by the County Manager, or designee(s), for administration and distribution of grants under 2021 SMC Strong Round 2 to benefit eligible local small businesses consistent with the eligibility requirements and conditions set forth in this resolution; and

BE IT FURTHER RESOLVED THAT the County Manager, or designee, acting in consultation with County Counsel, is authorized and directed to negotiate and execute, for and on behalf of the County, an amendment to the agreement with SMCU Community Fund that provides for the distribution of up to \$1,500,000 in ARPA funds referenced above, and other funds that may be identified from time to time; that calls for the administration and distribution of these funds as grants to eligible San Mateo County businesses under 2021 SMC Strong Round 2, that reflects the eligibility requirements and conditions set forth in this resolution with no change to the SMCU Community Fund administration fee of \$75,000, for a term extended until February 28, 2022; and

BE IT FURTHER RESOLVED THAT the County Manager, or designee, is hereby authorized to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions; and

BE IT FURTHER RESOLVED THAT the County Manager, or designee(s), is

hereby authorized to apply state and/or federal funds that may be made available in connection with the County's response to the COVID-19 pandemic to reimburse the County's General Fund for all or a portion of monies expended on 2021 SMC Strong.

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