



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY MANAGER

**File #:** 20-837

Board Meeting Date: 11/10/2020

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Manager

**Subject:** Agreement with the SMCU Community Fund to Administer and Distribute \$1,000,000 in CARES Act Funds to Assist Small Businesses Directly and Adversely Impacted by COVID-19

**RECOMMENDATION:**

Adopt a resolution:

- A) Approving an allocation of \$1,000,000 in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to SMCU Community Fund for administration and distribution to benefit small businesses located in San Mateo County that have been directly and adversely impacted by the COVID-19 public health emergency; and
- B) Authorizing and directing the County Manager, or designee, to negotiate and enter into, on behalf of the County, an agreement with the SMCU Community Fund for the administration and distribution of \$1,000,000 in CARES Act Funds to benefit small businesses located in San Mateo County that have been directly and adversely impacted by the COVID-19 public health emergency and providing for a fee to the SMCU Community Fund not to exceed \$75,000 for administration and expenses related to the grant program, for a term of November 10, 2020 through December 30, 2020.

**BACKGROUND:**

On March 24, 2020, the Board of Supervisors approved the allocation of \$3,000,000 to seed the "San Mateo County Strong Fund" ("SMC Strong Fund") a COVID-19 recovery fund. At that meeting, the Board directed that \$1,000,000 of these SMC Strong Funds would be used to assist San Mateo County small businesses adversely affected by COVID-19.

On April 14, 2020, the Board approved a countywide small business assistance program ("Small Business Assistance Program"). The program included partnering with the SMCU Community Fund ("Community Fund"), a non-profit entity established by the San Mateo Credit Union, to distribute \$10,000 grants to small businesses located throughout San Mateo County that have been impacted

by COVID-19.

Over 1,200 small business owners submitted applications to the Small Business Assistance Program. Contributions by cities, foundations and other donors, increased the total available for grants to \$3,500,000. This funding provided \$10,000 grants to 350 small businesses in need located throughout San Mateo County.

The program administered in coordination with the Community Fund got money out to small businesses in need very quickly last spring. However, the public health emergency conditions resulting from COVID-19 pandemic have continued and although the economy has begun to open, approximately two-thirds of the small businesses in the County that applied for grants through the Small Business Assistance Program were not assisted in the first round of grants funded by SMC Strong and they continue struggle and remain in need of help.

**DISCUSSION:**

As mentioned, owing to a lack of funding, most of the small businesses that applied for grant assistance through the Small Business Assistance Program to address COVID-19-related adverse impacts did not receive any grant assistance. Many of these businesses continue to suffer adverse impacts as a direct result of the COVID-19 public health emergency. Due to the availability of CARES Act funds, staff recommends that \$1,000,000 in CARES Act funds be allocated to the Small Business Assistance Program administered by the Community Fund. This additional funding would allow for the award of grants in the amount of \$10,000 each to one hundred San Mateo County businesses.

Under the terms of the Small Business Assistance Program, a small business needed to meet each of the following criteria:

- (a) the business is a for-profit company with at least two employees;
- (b) the business has a primary office, storefront, or business space that is open to the public and located within the geographical boundaries of the County;
- (c) since March 2019, the business has had all applicable and required business licenses, permits or other government-issued registration documents;
- (d) the business has either (i) the equivalent of ten or fewer full-time equivalent employees as of February 15, 2020 or (ii) less than \$2,500,000 in annual gross revenue; and
- (e) the business has suffered a demonstrated reduction in gross revenue due to COVID-19 of at least twenty-five percent (25%).

Staff recommends that these same eligibility criteria be applied to determine eligibility for this additional round of small business assistance funded by the CARES Act.

Funds in the original Small Business Assistance Program were distributed countywide based on per capita population in the cities and mid-coast, south coast and North Fair Oaks unincorporated areas. The grants were awarded to eligible applicants based, generally, on order of receipt of applications (i.e., first come, first served).

The County recognized that some areas of the County were under-represented in the initial round of small business grants. To address that concern, the Board approved a \$230,000 pilot program with the Renaissance Entrepreneurship Center (“Renaissance”) to assist low income business owners in

targeted zip codes. Funding for that program was recently increased by the Board to an amount not to exceed \$2,500,000, with a maximum fee for administrative and program expenses of \$500,000.

Given that the Renaissance program is in place to focus on targeted areas of the County, staff recommend that this additional CARES Act funding for the Small Business Assistance Program be distributed to the next 100 eligible applicants who applied for, but did not receive, a grant through the SMC Strong small business assistance grant program, based on order of receipt of applications.

The County Manager will work in coordination with the County Counsel to prepare and execute, on behalf of the County, an agreement with Community Fund that implements this resolution. The Community Fund will receive an administrative fee of not to exceed \$75,000 for this work.

**FISCAL IMPACT:**

This agreement with the Community Fund will be fully funded by CARES Act funds. There is no impact on the General Fund associated with this agreement.